

Charity Registration No. 1109555

Company Registration No. 01945780 (England and Wales)

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

LEGAL AND ADMINISTRATIVE INFORMATION

Members Of Council And Trustees	Justine Carmody FGA (Chair) Kathryn Patrizzi PG, FGA Christopher Smith FGA Joanna Hardy FGA Philip Sadler FCCA, FGA, DGA Nevin Bayoumi-Stefanovic FGA Louise Goldring	(Appointed 9 January 2019) (Appointed 9 January 2019)
Secretary	Alan Hart FGA, DGA	
Charity number	1109555	
Company number	01945780	
Principal address	21 Ely Place London EC1N 6TD	
Registered office	Palladium House 1-4 Argyll Street London W1F 7LD	
Auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor Palladium House 1-4 Argyll Street London W1F 7LD	

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

CONTENTS

	Page
Chairman's statement	1
Council Members' And Trustees' report	2 - 5
Statement of Council Members' and Trustees' responsibilities	6
Independent auditor's report	7 - 9
Group statement of financial activities	10
Balance sheets	11
Statement of cash flows	12
Notes to the accounts	13 - 30

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

During 2018 the Board of Trustees have continued to support the Association in providing the strategic direction for Gem-A mission to "Advance gemmology by education and the encouragement of best practices".

We are pleased to report that 2018 was a successful year financially for the Association. We continue to develop and improve our membership and educational offerings, and our student numbers continue to diversify and be maintained worldwide.

We have finalised all contracts and business in China in response to tightening up on the purchase limits by Chinese Nationals and tax law changes. From this we have also established a Gem-A Beijing Office that fully formalises and regularises our operations and strengthens our continuous efforts to grow within this important region through our strong network of Accredited Training Centres (ATC). With strong growth potential in the region, we proactively seek potential new business areas in Greater China through the establishment of new ATCs and we are also exploring the opportunity to introduce our courses through our Online and Distance Learning (ODL) offerings.

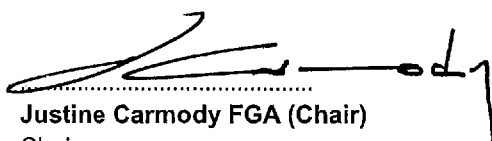
We continue to develop our presence in the United States of America, having established an independent, non-profit entity with 501(c)(3) status. Gem-A USA is designed to facilitate our world-leading gemmological education in this strategically important market. Excitingly, we are working towards JTV (Jewelry Television) becoming our first Stateside Accredited Training Centre (ATC). With JTV as a long-term supporter of Gem-A, we will provide the same Gemmology and Diamond diploma courses designed to inspire and educate the next generation of gemmologists through Gem-A USA.

The Association's flagship publication, The Journal of Gemmology, under the editorship of Brendan Laurs continues to flourish and is highly regarded internationally, with a print run of over 3,500 per quarter with all back issues being available online. Gems and Jewellery Magazine continues to be very popular with more wide-ranging articles from a growing number of specialists across the gemmological fields and continues to be co-distributed with The Jeweller Magazine with a print run of 7,100 per quarter

In November 2018, we held a very successful two-day conference at County Hall, London. The consensus of both attendees and speakers was that it continues to excel, with the break-out areas of the venue itself facilitating great opportunities for attendees to connect with each other, whilst the quality and diversity of the speakers was excellent. Throughout the year, the Association's international presence was promoted at a series of trade shows, including contributing to workshops and lectures to both support and develop our own educational offers and those of our collaborators and sponsors.

The Board of Trustees can report that the Association has had an excellent year, and I give credit to both our CEO and the continued efforts and professionalism of Gem-A staff who I would like to thank for not only their hard work, but also their passion and commitment to the Association. The Board would also like to recognise the tutors and examiners who once again have shown their outstanding commitment in maintaining our unparalleled high standards and course offerings that define us.

Finally, I would like to thank members of the Board who generously give their time and advice freely and perform an essential role in overseeing Gem-A on behalf of all its stakeholders. Moving forward, 2019 is proving to be another successful year with many exciting initiatives being put into place and a strategic direction overseen by the Board and under the leadership of our CEO Alan Hart that will allow the Association to continue to flourish.



Justine Carmody FGA (Chair)

Chairman

Dated: 03.09.19
27.09.19

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

COUNCIL MEMBERS' AND TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2018

The Members of Council and Trustees present their report and financial statements for the year ended 31 December 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Association's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The Association's mission is 'to advance gemmology by education and the encouragement of best practices'. 'Gemmology' includes matters concerned with precious gem materials and the decorative and industrial arts which employ them, thus providing a wide remit within which the Association can develop its services.

Nevertheless, the main focus of the Association is to provide gemmological qualifications of the highest international reputation, namely the Gemmology Diploma and the Diamond Diploma, with graduation providing eligibility for election as a Fellow of the Gemmological Association (FGA) or as a Diamond Member of the Gemmological Association (DGA). These are, of course, dependent on the syllabi defined by the needs of our graduates, a robust examination and assessment system commensurate with the status and reputation of these qualifications, and the support and mechanisms to encourage our graduates to continue to maintain and develop their theoretical and practical expertise.

During the year we enrolled 1,357 (2017: 1,547) students on our Higher Education courses that lead the successful students being able to apply to be Fellows of the Association. We also taught 160 students (2017: 155) on courses that do not directly lead to a professional qualification this includes workshops attended by 116 individuals (2017: 70) to stimulate interest in the field.

Employment policy

The Association's policy is to consult and discuss with employees at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Association continues and that the appropriate training is arranged. It is the policy of the Association that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Achievements and performance

Public Benefit

During the year the Trustees had due regard to Gem-A's public benefit requirements as a Charity. The financial priority for the year was to continue improving the financial results to allow the Association to best promote its aims. Gem-A continues to expand its education around the world both in areas with a large potential market for our education, including the United States of America, China, and in developing countries which need relevant gem education to help establish and grow their gem markets and benefit the local economies and peoples.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

COUNCIL MEMBERS' AND TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

In London, Gem-A continues to hold evening lectures on a variety of gem and jewellery subjects, at nominal prices, which are open to the public, as well as taking part in gem shows and related events, some of which are open to the public and some of which include free seminars. In the UK outside of London, regional volunteer branches provided various educational events open to the public and at nominal prices. Gem-A staff also contributed articles and information to other magazines dealing with ethical and gem-education issues, and served on various gem-related advisory bodies and committees.

In 2018 Gem-A continued to play an active part in CIBJO, The World Jewellery Confederation, as well as industry bodies and European Standards meetings relating to developing guidelines and terminologies to benefit consumer confidence and to reduce the opportunities for fraud.

Financial review

The year 2018 saw an excellent financial result as a result of the continued increased educational demand in the Asia Market. The group's turnover increased from £3,607,199 in 2017 to £3,709,616 in 2018. The Association had a surplus of £97,168 (2017: £279,249).

The Association's wholly owned trading subsidiary, Gemmological Instruments Limited, had a profit of £488,243 (2017: £218). During the year ended 31 December 2018 a covenant of £101,524 was agreed which will be recognised and paid in the subsequent year.

Reserves policy

It is the policy of the Association that unrestricted funds which have not been designated for a specific use should be maintained at a sufficient level to continue operations for six months. The Members of Council and Trustees consider that reserves at this level will ensure that, in the event of a significant drop in income, they will be able to continue the Association's current activities (including the provision of education and assessment to our students and invest the necessary resource to underpin our education and assessment function), cover any shortfall between income and expenditure, and cover maintenance and repairs to its premises. As at 2018 the Association has sufficient reserves to meet the policy.

Principal funding sources

The principal funding sources for the charity are education and membership income.

Risk management

The Members of Council and Trustees have assessed the major risks to which the Association is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. These cover financial, governance, operational and reputational risks. During the year the Members of Council and Trustees continued to work with the staff of the Association to put in place management and operational procedures to mitigate these risks.

The Trustees are continuing the policy of expanding the Association's operations overseas, particularly in China and the USA, to improve the quality of education in countries where interest in gemmology is growing fastest. The Trustees understand the financial, ethical and reputational risks involved and have ensured the co-operation of appropriate local partners to assist with the move into these new markets.

Plans for the future

The trustees plan to focus investment in the medium term on education materials and facilities. Going forward the trustees will continue to adhere to the mission statement.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

COUNCIL MEMBERS' AND TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Structure, governance and management

The Association is a company limited by guarantee governed by its Memorandum and Articles of Association dated 15 August 1985 and amended to allow for Charity status on 11 October 2005 and further amended on 23rd June 2016. It is registered as a charity with the Charity Commission.

The Members of Council and Trustees, who are also the directors for the purpose of company law were:

Justine Carmody FGA (Chair)	
Paul Greer DGA	(Resigned 3 December 2018)
Kerry Gregory FGA, DGA	(Resigned 2 October 2018)
Nigel Israel FSA, FGA, DGA	(Resigned 2 October 2018)
John Ogden FSA, FGA	(Resigned 4 December 2018)
Kathryn Patrizzi PG, FGA	
Christopher Smith FGA	
Joanna Hardy FGA	
Philip Sadler FCCA, FGA, DGA	
Nevin Bayoumi-Stefanovic FGA	(Appointed 9 January 2019)
Louise Goldring	(Appointed 9 January 2019)

Recruitment and appointment

Trustees are appointed as set out in the Articles of Association; when considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed.

None of the Members of Council and Trustees has any beneficial interest in the company. All of the Members of Council and Trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

Organisation

The Association is administered by the Board of Trustees - 'The Council' - which may have up to 10 members and 3 appointed members. The Board meets regularly and there are sub-committees and task groups covering specific governance or development issues that are constituted and which meet as required. A Chief Executive Officer is appointed by the trustees to advance the charitable mission of the Association and to manage its day-to-day operations. To facilitate effective operations, the Chief Executive Officer has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and the development of activities and services.

Induction and training

New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

COUNCIL MEMBERS' AND TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018


Related parties

The Association's wholly owned subsidiary, Gemmological Instruments Limited, provides books, equipment and sample gem materials, primarily to Members and students. Gemmological Instruments Limited may donate its profits to the Association. The Gemmological Association of Great Britain (HK) Limited is also a wholly owned subsidiary of the Association. It provides educational services in Hong Kong. Gemmological Consulting (Beijing) Co., Limited is a wholly owned subsidiary of Gemmological Instruments Limited and provides educational services in China.

Disclosure of information to auditor

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

The Council Members' and Trustees' report was approved by the Board of Members Of Council And Trustees.


Justine Carmody FGA (Chair)
Chair of the Council
Dated: ~~03.09.19~~
27.09.19

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

STATEMENT OF COUNCIL MEMBERS' AND TRUSTEES' RESPONSIBILITIES *FOR THE YEAR ENDED 31 DECEMBER 2018*

The Members of Council and Trustees, who are also the directors of The Gemmological Association of Great Britain for the purpose of company law, are responsible for preparing the Council Members' And Trustees' 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 Members of Council and Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Members of Council and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The Members of Council and Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Association 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 Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

Opinion

We have audited the financial statements of The Gemmological Association of Great Britain (the "parent charitable company") and its subsidiary ("the group") for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheets, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2018 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure and of the group's and parent charitable company's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council Members' and Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members of Council and Trustees has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Members of Council and Trustees is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Council Members' and Trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Council Members' and Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Council Members' and Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Members of Council and Trustees

As explained more fully in the statement of Council Members' and Trustees' responsibilities, the Members of Council and Trustees, who are also the directors of the Association for the purpose of company law, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members of Council and Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members of Council and Trustees is responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members of Council and Trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

Use of our report

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Russell Tenzer FCA (Senior Statutory Auditor)
for and on behalf of Blick Rothenberg Audit LLP

30/09/2019

Chartered Accountants
Statutory Auditor

Chartered Accountants & Statutory
Auditor
Palladium House
1-4 Argyll Street
London
W1F 7LD

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

GROUP STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
<u>Income from:</u>			
Donations and legacies	3	890	2,773
Charitable activities	4	2,714,137	3,304,609
Other trading activities	6	994,589	299,817
Total income		3,709,616	3,607,199
<u>Expenditure on:</u>			
Trading costs		779,748	377,011
 <u>Charitable activities</u>			
Membership costs	7	568,963	575,332
Education costs	7	2,263,115	2,375,607
Total charitable expenditure		2,832,078	2,950,939
Other	11	622	-
Total resources expended		3,612,448	3,327,950
Net income for the year/ Net movement in funds		97,168	279,249
Fund balances at 1 January 2018		1,802,810	1,523,561
Fund balances at 31 December 2018		1,899,978	1,802,810

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

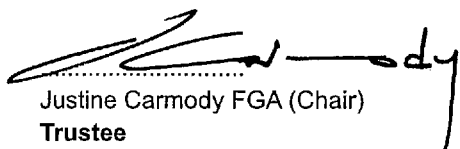
THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN


BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Notes	Group 2018 £	2017 £	Charity 2018 £	2017 £
Fixed assets					
Goodwill	13	55,339	-	-	-
Intangible assets	13	48,781	49,130	36,745	49,130
Tangible assets	14	3,235,659	3,232,928	3,234,045	3,231,045
Investments		-	-	215,000	2
		<u>3,339,779</u>	<u>3,282,058</u>	<u>3,485,790</u>	<u>3,280,177</u>
Current assets					
Stocks	16	269,651	278,977	101,186	98,457
Debtors	17	485,939	604,950	475,490	667,149
Cash at bank and in hand		1,342,746	1,127,528	752,270	1,106,346
		<u>2,098,336</u>	<u>2,011,455</u>	<u>1,328,946</u>	<u>1,871,952</u>
Creditors: amounts falling due within one year	19	(1,767,143)	(1,657,323)	(1,489,258)	(1,538,124)
Net current assets/(liabilities)		<u>331,193</u>	<u>354,132</u>	<u>(160,312)</u>	<u>333,828</u>
Total assets less current liabilities		<u>3,670,972</u>	<u>3,636,190</u>	<u>3,325,478</u>	<u>3,614,005</u>
Creditors: amounts falling due after more than one year	20	(1,770,994)	(1,833,380)	(1,770,994)	(1,833,380)
Net assets		<u><u>1,899,978</u></u>	<u><u>1,802,810</u></u>	<u><u>1,554,484</u></u>	<u><u>1,780,625</u></u>
Income funds					
Unrestricted funds		<u>1,899,978</u>	<u>1,802,810</u>	<u>1,554,484</u>	<u>1,780,625</u>
		<u><u>1,899,978</u></u>	<u><u>1,802,810</u></u>	<u><u>1,554,484</u></u>	<u><u>1,780,625</u></u>

The accounts were approved by the Members Of Council And Trustees on 03/09/19


Justine Carmody FGA (Chair)
Trustee


Philip Sadler FCCA, FGA, DGA
Trustee

Company Registration No. 01945780

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	25		410,555		228,895
Investing activities					
Purchase of intangible assets		(91,166)		(53,351)	
Purchase of tangible fixed assets		(42,624)		(32,661)	
Proceeds on disposal of tangible fixed assets		839		-	
Net cash used in investing activities			(132,951)		(86,012)
Financing activities					
Repayment of borrowings		-		(10,253)	
Repayment of bank loans		(62,386)		(66,313)	
Net cash used in financing activities			(62,386)		(76,566)
Net increase in cash and cash equivalents			215,218		66,317
Cash and cash equivalents at beginning of year			1,127,528		1,061,211
Cash and cash equivalents at end of year			1,342,746		1,127,528

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Charity information

The Gemmological Association of Great Britain is a private company limited by guarantee incorporated in England and Wales. The registered office is Palladium House, 1-4 Argyll Street, London, W1F 7LD. It is a registered charity with charity number 1109555.

The group consists of The Gemmological Association of Great Britain and all of its subsidiaries.

1.1 Accounting convention

The accounts have been prepared in accordance with the Association's Memorandum and Articles of Association, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The Association is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Association. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of tangible assets and certain financial instruments. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Members of Council and Trustees have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus the Members of Council and Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Members of Council and Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The charity had no restricted funds for the year under review.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Association. The charity has no endowment funds for the year under review.

1.4 Incoming resources

Income is recognised when the Association is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Association has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Association has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Education and Membership income is recognised on an accruals basis with amounts received in advance being shown in deferred income.

Turnover is measured at the fair value of the consideration received or receivable and represents the sale of scientific instruments, journals and amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

All resources expended are recognised on an accruals basis.

Support costs are apportioned by analysing the level of administration time required by each activity.

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

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between trading costs and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 8.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of incorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its life on the following basis:

Goodwill - Straight line over 5 years

1.7 Intangible fixed assets other than goodwill

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Website costs - Straight line over 3 years

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	not depreciated
Fixtures and fittings	20% and 33% reducing balance
Teaching stone collections	33% reducing balance

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Depreciation is not charged on freehold land and buildings as the charity has a policy of maintaining the property to a high standard and accordingly the property has a high residual value and an indefinite useful life. Accordingly, any depreciation that would be required would be immaterial. An annual impairment review is conducted on the property and in the event that an impairment was identified, this would be recognised as an impairment loss in the income and expenditure account.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income for the year.

No depreciation is provided in respect of Examination and Teaching Collections of Gems and Stones as the charity has a policy of maintaining the Collections to a high standard and accordingly the Collections have a high residual value and an indefinite useful life. Accordingly, any depreciation that would be required would be immaterial.

1.9 Impairment of fixed assets

At each reporting end date, the Association reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Stocks

Stock represents gemstones, course notes, and text books, and scientific and testing equipment. Stock is valued on an average cost basis and is stated at the lower of cost and estimated selling price less to complete and sell. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Association's balance sheet when the Association becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Association transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Association's contractual obligations expire or are discharged or cancelled.

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

1.16 Basis of consolidation

The consolidated financial statements incorporate those of The Gemmological Association of Great Britain and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

The accounts consolidate the results of the charity and its wholly owned subsidiaries, on a line by line basis. A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Paragraph 397 of the Statement of Recommended Practice and section 408 of the Companies Act 2006. The charity has also taken advantage of the exemption afforded by section 1.12 of FRS102 in not preparing a separate statement of cash flow for The Gemmological Association of Great Britain as a separate entity.

1.17 Legal status of the Charity

In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.18 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The trading company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Critical accounting estimates and judgements

In the application of the Association's accounting policies, the Members of Council and Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Critical accounting estimates and judgements

(Continued)

Key sources of estimation uncertainty

Impairment of trade debtors

The company reviews trade receivable balances for impairment and this is performed on a regular basis. Those balances which are considered to be recoverable remain in receivables and those which are not, are impaired and the impairment loss is recorded in the income statement. In making this judgement, the company evaluates, among other factors, the duration and the financial health of and short-term business outlook for the trade receivables, including factors such as industry and sector performance. At the year end the carrying amount of trade debtors is stated in note 17.

Stock

Stock is valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends. The accounting policy of stocks is described in note 1.10. At the year end the carrying amount of stocks is stated in note 16.

Useful lives of tangible fixed assets

The cost of tangible fixed assets is depreciated over its estimated useful economic life. Management estimates the useful lives of this tangible assets to vary. Changes in the expected level of usage and technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The accounting policy of tangible fixed assets is described in note 1.8. The carrying amount of the company's tangible fixed assets in the balance sheet is disclosed in note 14 of the financial statements.

3 Donations and legacies

	2018	2017
	£	£
Donations and gifts	890	2,773

4 Charitable activities

	Membership income	Education income	Total 2018	Total 2017
	£	£	£	£
Charitable income	475,236	2,238,901	2,714,137	3,304,609

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 The summary financial performance of the charity alone is:

	2018	2017
	£	£
Income	2,786,187	3,374,098
Covenant from subsidiary company	-	14,615
	<u>2,786,187</u>	<u>3,388,713</u>
Expenditure on charitable activities	(3,012,328)	(3,109,681)
	<u>(226,141)</u>	<u>279,032</u>
Net income/ (deficit)	(226,141)	279,032
Total funds brought forward	1,780,625	1,501,593
	<u>1,554,484</u>	<u>1,780,625</u>
Total funds carried forward	1,554,484	1,780,625
Represented by:		
Unrestricted income funds	<u>1,554,484</u>	<u>1,780,625</u>

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Other trading activities

The Association's wholly owned subsidiary, Gemmological Instruments Limited, provides books, equipment and sample gem materials, primarily to Members and students.

Gemmological Consulting (Beijing) Co., Ltd is a wholly owned subsidiary of Gemmological Instruments Limited and provides educational services in China.

The Gemmological Association of Great Britain (HK) Ltd is also a wholly owned subsidiary of the Association. It provides educational services in Hong Kong.

The summary financial performance of the subsidiaries is:

	Gemmological Instruments Ltd	Gemmological Consulting (Beijing) Co., Ltd	Gemmological Association of Great Britain (HK) Ltd
	2018 £	2018 £	2018 £
Turnover	1,025,069	595,994	15,509
Cost of sales, administration costs and taxation	(536,826)	(746,084)	(16,520)
Net profit	<u>488,243</u>	<u>(150,090)</u>	<u>(1,011)</u>
The assets and liabilities of the subsidiary were:			
Fixed assets	82,827		
Current assets	708,345	545,897	19,871
Current liabilities	(70,743)	(695,987)	(15,882)
Total net assets	<u>720,429</u>	<u>(150,090)</u>	<u>3,989</u>
Aggregate share capital and reserves	<u>720,429</u>	<u>(150,090)</u>	<u>3,989</u>

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Charitable activities

	Membership costs £	Education costs £	Total 2018 £	Total 2017 £
Rates	1,062	6,015	7,077	11,422
Insurance	3,788	21,468	25,256	38,622
Light and Heat	1,682	9,534	11,216	10,362
Cleaning	1,493	8,458	9,951	9,294
Repairs	5,714	32,379	38,093	81,561
Telephone	835	4,732	5,567	6,534
Advertising	84,444	24,922	109,366	93,839
Printing, postage and stationery	4,818	27,304	32,122	36,006
Subscriptions	2,117	11,997	14,114	11,261
Travel	4,537	24,354	28,891	51,330
Direct costs	239,679	848,012	1,087,691	1,132,607
Bad debt	-	4,102	4,102	15,434
	<u>350,169</u>	<u>1,023,277</u>	<u>1,373,446</u>	<u>1,498,272</u>
Share of support costs (see note 8)	213,825	1,211,677	1,425,502	1,437,173
Share of governance costs (see note 8)	4,969	28,161	33,130	15,494
	<u>568,963</u>	<u>2,263,115</u>	<u>2,832,078</u>	<u>2,950,939</u>
Analysis by fund				
Unrestricted funds	568,963	2,263,115	2,832,078	
	<u>568,963</u>	<u>2,263,115</u>	<u>2,832,078</u>	
For the year ended 31 December 2017				
Unrestricted funds	575,332	2,375,607		2,950,939
	<u>575,332</u>	<u>2,375,607</u>		<u>2,950,939</u>

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Support and governance costs

	Support costs £	Governance costs £	2018 £	2017 £	Basis of allocation
Staff costs	972,477	-	972,477	945,268	Membership 15% and Education 85%
Depreciation	74,607	-	74,607	39,792	Membership 15% and Education 85%
General Management and Administration	140,554	-	140,554	18,084	Membership 15% and Education 85%
Administration	269,533	-	269,533	397,914	Membership 15% and Education 85%
Travel/events	111,186	-	111,186	96,915	Membership 15% and Education 85%
Audit fees	-	23,171	23,171	19,494	Governance
Accountancy	-	18,130	18,130	30	Governance
	<u>1,568,357</u>	<u>41,301</u>	<u>1,609,658</u>	<u>1,517,497</u>	
Analysed between					
Trading	142,855	8,171	151,026	64,830	
Charitable activities	1,425,502	33,130	1,458,632	1,452,667	
	<u>1,568,357</u>	<u>41,301</u>	<u>1,609,658</u>	<u>1,517,497</u>	

Governance costs includes payments to the auditors (including VAT) of £23,171 (2017 - £19,494) for audit fees and £18,130 (2017 - £30) for other services.

9 Members Of Council And Trustees

None of the Members of Council and Trustees (or any persons connected with them) received remuneration during the year, however two trustees were reimbursed a total of £Nil (2017: £109) for travelling and board meeting expenses.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Employees

Number of employees

The average monthly number employees during the year was:

	2018 Number	2017 Number
CEO	1	1
Education lecturers and administration	13	9
General administration	12	16
	<u>26</u>	<u>26</u>

Employment costs

	2018 £	2017 £
Wages and salaries	853,671	825,079
Social security costs	85,612	82,585
Other pension costs	33,194	37,604
	<u>972,477</u>	<u>945,268</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2018 Number	2017 Number
Between £90,000 and £99,999	<u>1</u>	<u>1</u>

11 Other

	2018 £	2017 £
Net loss on disposal of tangible fixed assets	622	-
	<u>622</u>	<u>-</u>

12 Taxation

The Gemmological Association of Great Britain is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The company donates under Gift Aid its annual taxable profit, if any, to its ultimate parent company, The Gemmological Association of Great Britain. During the year ended 31 December 2018 the donation amounted to £101,524, which will be recognised and paid in the subsequent year.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Intangible fixed assets

Group	Goodwill £	Website costs £	Total £
Cost			
At 1 January 2018	-	53,351	53,351
Additions - separately acquired	69,174	21,992	91,166
At 31 December 2018	69,174	75,343	144,517
Amortisation and impairment			
At 1 January 2018	-	4,221	4,221
Amortisation charged for the year	13,835	22,341	36,176
At 31 December 2018	13,835	26,562	40,397
Carrying amount			
At 31 December 2018	55,339	48,781	104,120
At 31 December 2017	-	49,130	49,130

13 Intangible fixed assets

Charity	Goodwill £	Website costs £	Total £
Cost			
At 1 January 2018	-	53,351	53,351
Additions - separately acquired	-	8,100	8,100
At 31 December 2018	-	61,451	61,451
Amortisation and impairment			
At 1 January 2018	-	4,221	4,221
Amortisation charged for the year	-	20,485	20,485
At 31 December 2018	-	24,706	24,706
Carrying amount			
At 31 December 2018	-	36,745	36,745
At 31 December 2017	-	49,130	49,130

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Tangible fixed assets

Group	Freehold land and buildings	Fixtures and fittings	Teaching stone collections	Total
	£	£	£	£
Cost				
At 1 January 2018	2,982,012	311,805	103,539	3,397,356
Additions	-	37,999	4,625	42,624
Disposals	-	(1,628)	-	(1,628)
At 31 December 2018	2,982,012	348,176	108,164	3,438,352
Depreciation and impairment				
At 1 January 2018	-	164,429	-	164,429
Depreciation charged in the year	-	38,431	-	38,431
Eliminated in respect of disposals	-	(167)	-	(167)
At 31 December 2018	-	202,693	-	202,693
Carrying amount				
At 31 December 2018	2,982,012	145,483	108,164	3,235,659
At 31 December 2017	2,982,012	147,377	103,539	3,232,928

Charity	Freehold land and buildings	Fixtures and fittings	Teaching stone collections	Total
	£	£	£	£
Cost				
At 1 January 2018	2,982,012	241,207	103,539	3,326,758
Additions	-	32,021	-	32,021
At 31 December 2018	2,982,012	273,228	103,539	3,358,779
Depreciation and impairment				
At 1 January 2018	-	92,586	-	92,586
Depreciation charged in the year	-	35,148	-	35,148
At 31 December 2018	-	127,734	-	127,734
Carrying amount				
At 31 December 2018	2,982,012	145,494	103,539	3,231,045
At 31 December 2017	2,982,012	148,621	103,539	3,234,172

The Charity owns a library of books and a collection of gems which have not been included in the accounts. The Trustees feel that there would be no benefit to the Charity in incurring costs to value the collections.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Financial instruments	Group		Charity	
	2018	2017	2018	2017
			£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	373,665	377,779	373,515	562,178
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	2,246,600	2,328,773	2,126,327	2,209,574
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
16 Stocks	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Finished goods and goods for resale	269,651	278,977	101,186	98,457
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
17 Debtors	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	361,862	362,779	361,712	354,421
Amounts due from subsidiary undertakings	-	-	-	196,766
Other debtors	11,803	15,000	11,803	10,991
Prepayments and accrued income	112,274	227,171	101,975	104,971
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	485,939	604,950	475,490	667,149
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
18 Loans and overdrafts	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Bank overdrafts	-	-	422	-
Bank loans	1,909,097	1,971,483	1,909,097	1,971,483
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,909,097	1,971,483	1,909,519	1,971,483
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Payable within one year	138,103	138,103	138,525	138,103
Payable after one year	1,770,994	1,833,380	1,770,994	1,833,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amounts included above which fall due after five years:				
Payable by instalments	1,419,070	-	1,356,684	1,419,070
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The long-term bank loan is secured by way of a fixed charge over the freehold property at 21 Ely Place, London, EC1N 6TD.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Creditors: amounts falling due within one year

		Group		Charity	
	Notes	2018	2017	2018	2017
		£	£	£	£
Bank loans	18	138,103	138,103	138,525	138,103
Other taxation and social security		31,569	29,348	27,900	29,348
Deferred income	22	1,259,968	1,132,582	1,077,038	1,132,582
Trade creditors		120,949	228,109	60,404	113,660
Amounts due to subsidiary undertakings		-	-	28,987	-
Other creditors		45,867	2,216	2,464	2,216
Accruals and deferred income		170,687	126,965	153,940	122,215
		<u>1,767,143</u>	<u>1,657,323</u>	<u>1,489,258</u>	<u>1,538,124</u>

20 Creditors: amounts falling due after more than one year

		Group		Charity	
	Notes	2018	2017	2018	2017
		£	£	£	£
Bank loans	18	<u>1,770,994</u>	<u>1,833,380</u>	<u>1,770,994</u>	<u>1,833,380</u>

21 Retirement benefit schemes

Defined contribution schemes

The Association operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Association in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £33,194 (2017 - £37,604).

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Deferred income

Group and charity

	2018 £	2017 £
Membership fees in advance	61,573	177,566
Education fees in advance	1,198,395	955,016
	<u>1,259,968</u>	<u>1,132,582</u>

Deferred income comprises advance annual membership and advance tuition course fees

	£
Balance at 1 January 2018	1,132,582
Amount released to income earned from charitable activities	(1,132,582)
Amount deferred in year	<u>1,259,968</u>
Balance at 31 December 2018	<u>1,259,968</u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>112,571</u>	<u>110,299</u>

Other related party transactions

The company has taken advantage of the exemption available in accordance within paragraph 33.1A of FRS102 not to disclose transactions entered into between two or more members of a group.

24 Subsidiaries

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Gemmological Instruments Limited	England and Wales	Sale of scientific and gem testing equipment, gemstones and related publications		100.00
Gemmological Consulting (Beijing) Co., Limited	China	Educational services		100.00
The Gemmological Association of Great Britain (Hong Kong) Limited	Hong Kong	Educational services		100.00

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

25	Cash generated from operations	2018 £	2017 £
	Surplus for the year	97,168	279,249
	Adjustments for:		
	Loss on disposal of tangible fixed assets	622	-
	Amortisation and impairment of intangible assets	15,691	-
	Depreciation and impairment of tangible fixed assets	58,916	39,792
	Movements in working capital:		
	Decrease/(increase) in stocks	9,327	(9,257)
	Decrease/(increase) in debtors	119,011	(347,339)
	(Decrease)/increase in creditors	(17,566)	206,955
	Increase in deferred income	127,386	59,495
	Cash generated from operations	410,555	228,895