

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31ST AUGUST 2003



LEVETT CHARLES & CO
Chartered Accountants
Registered Auditors
237 Westcombe Hill
Blackheath
London SE3 7DW

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by Guarantee)

FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2003

CONTENTS

1. Chairman's Report
2. List of Directors
3. Statement of Directors Responsibilities
4. Report of the Directors
5. Report of the Auditors
6. Profit and Loss Account
7. Statement of Financial Activities
8. Balance Sheet
9. Notes to Accounts

The following page does not form part of the Statutory Accounts

10. Detailed Statement of Financial Activities

THE BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by Guarantee)

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31ST AUGUST 2003

History and Constitution

The Blackheath School of Art was founded in 1870 and the Blackheath Conservatoire of Music in 1881, both with charitable status. The original foundations were brought together as a single charitable trust in 1983, although they operated independently until 1991.

The trust was replaced in September 1998 by The Blackheath Conservatoire of Music and the Arts Limited, a charitable company limited by guarantee, company number 3448894, incorporated on 13 October 1997. The company is regulated by a memorandum and articles of association, and is registered for charitable purposes with the Charity Commissioners - registration number 1072627.

Review of Activities

In last year's report I recorded the Board's conclusion that 2003 was likely to be a challenging year. That has indeed been the case.

With the public, for the first time in a long time, feeling generally uneasy about the economic climate, enrolments for individual tuition and classes were down as the academic year started. The Conservatoire management reacted appropriately and reduced expenditure where possible, without compromising the quality of its teaching. As the year progressed, the situation improved but not sufficiently to bridge the expenditure gap, resulting in a General Fund deficit for the current year.

The same economic climate had adversely affected the ability of the grant making and charitable trust fraternity to fund projects. While our Capital Campaign Director had been successful up to a certain level, the Board did not feel it prudent to extend her contract when it expired in April 2003.

With £40,000 raised plus £200,000 pledged against further fund raising, a significant step in the phased re-development plan went ahead with the reconfiguration of the frontage of the conservatoire building including, for the first time, access to the main Conservatoire building for disabled people. A ceremony to mark the occasion took place in May 2003 with the tape being cut by David Hall of the Foyle Foundation, one of the major donors. The improvement to the frontage has been well received by the local community.

In 2003, we also experienced a full year's impact on our accounts of a £6,000 depreciation charge on the new central heating system installed the previous year. On the positive side, in addition to adding value to the assets, it has greatly improved the working environment and, being more efficient, has reduced our annual gas consumption.

2003 was the year in which we changed from a manual accounting system to a fully computerised accounting and student management system. With increasing activity at the Conservatoire over the medium term (the year under review excepted), and with more stringent reporting requirements for the charitable sector, this was an inevitable development, but one that added another £7,000 to our costs - a very substantial challenge for a small business.

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by Guarantee)

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31ST AUGUST 2003

Operational Activities

Pupil numbers have averaged around 1700 per term, but income from class fees has not reached budgeted levels. Nonetheless, the standard of service provided to the community has been maintained at a very high level. The Performance Programme has seen some 40 concerts, classes and workshops together with termly exhibitions of children's art and presentations from the drama classes. Particularly special have been the two main student concerts, the performance of 'Snow White' by the Junior Choir and the Professors @ Play concert which formed part of the 'Access to Excellence' celebrations. The holiday course programme has been well supported, with 433 children attending.

Examination results have been good with 162 students taking instrumental examinations of whom 59% achieved a merit or distinction. There were successes too in both GCSE and A Level examinations in both Music and Italian (where all five students gained A grades).

The outreach programme, 'Imagine you can....' has been well established on a sound footing and is bringing the Conservatoire's skills and opportunities to a wider range of children in the local area in both music and art. We expect to be able to build further on this in the coming year. Partnerships has been a strong thrust this year, and the Conservatoire is now well established as a major player in arts and education in the Boroughs of Greenwich and Lewisham, and the hope must be that this can be recognised with agreements to provide future funding for this important contribution to local life and education.

Financial Review

As already indicated, from a financial viewpoint 2003 has been a difficult year. Although total income is up by 12.5% (much of this increase is due to fund raising), costs before depreciation are also up by 9.75%. The net increase in resources for the year, after depreciation, is £13,000. Whilst this is an improvement on 2002, this is principally due to fund raising efforts and the operating account must be substantially improved in the coming year. Clearly the performance in the year 2003/2004 will be critical to the future stability of the Conservatoire as will our ability to attract revenue funding. I am pleased to report that student numbers for 2003/04 are showing a significant increase again, and that outreach funding (although only providing a small margin) is also showing growth. The Board will monitor the position carefully in the coming year.

Summary

As forecast this has been a challenging year and there is a need to restore the financial health and reserves position of the Conservatoire as well as to re-examine and adjust the re-development plan in the light of the overall economic climate. None of this should detract from the continuing high quality contribution that the Conservatoire makes to the South East London community nor from the excellence of the work done by its dedicated team of administrators and professors. The Board wish to record once again their admiration and gratitude for the work done by the Principal, Marjorie Ayling, and all her staff. I would like also to record my own appreciation of the support of my fellow directors.

.....*Jeremy Blackham*.....
 Sir Jeremy Blackham KCB CRAes FRUSI BA(Hons)

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

DIRECTORS:

Chairman

Sir Jeremy Blackham KCB CRAeS FRUSI BA(Hons)

Directors

Tony Brewer MA

Barbara Clague MBE MA DipSocSt

Prue Corp BA

Dr. Marion Kimberley BSc MSc PhD

John Robson BA

John Wallace BA

Richard Wilson MA Ceng MIMechE Resigned 19th May 2003

REGISTERED NUMBER: 3448894

REGISTERED CHARITY NUMBER: 1072627

AUDITORS:

Levett Charles & Co (Blackheath)

Chartered Accountants

Registered Auditors

237 Westcombe Hill

Blackheath

London SE3 7DW

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and of the profit or loss of the charitable company for that period. In preparing those financial accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial accounts comply with the Companies Act 1985. 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.

.....*Jeremy Blackham*.....
Sir Jeremy Blackham KCB CRAES FRUSI BA (Hons)
(Director)

Date ..*24th May*...*2004*.....

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by Guarantee)

4.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST AUGUST 2003

The directors present their third annual report with the accounts of the company for the year ended 31st August 2003.

PRINCIPAL ACTIVITY

The aims of the Charity are to promote the study, knowledge, understanding and appreciation of music, fine art and the applied arts for the benefit of the inhabitants of Blackheath, Greenwich, Lewisham and the surrounding area.

DIRECTORS

The directors in office in the year were as shown on the list of officers on page 2. All the directors are guarantors and trustees.

The company is limited by guarantee, therefore there are no shareholders.

MEMBERS

The members are the guarantors of the company and each has undertaken to contribute such amount as may be required (but not exceeding £10) to the Charity's assets if it should be wound up while he or she is a member or within one year after he or she should cease to be a member, for payment of the Charity's debts and liabilities contracted before he or she ceased to be a member, and of the costs charges and expenses of the winding up, and for the adjustments of the rights of the contributories among themselves.

AUDITORS

Levett Charles & Co (Blackheath) having signified their willingness, will be re-appointed at the Annual General Meeting.

By order of the board of directors:

.....*Jeremy Black*.....

Sir Jeremy Blackham KCB CRAES FRUSI BA (Hons)
Chairman

Date. *24 May 2004*

AUDITORS' REPORT TO THE MEMBERS OF
BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by Guarantee)

We have audited the financial accounts on pages 6 to 9f which have been prepared under the historical cost convention and the accounting policies set out on page 9a.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the directors (who also act as trustees for the charitable activities of the company) are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial accounts, and of whether the accounting policies are appropriate to the charitable company's circumstances have been consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial accounts.

OPINION

In our opinion the financial accounts give a true and fair view of the state of the charitable company's affairs as at 31st August 2003 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Levett Charles & Co (Blackheath)
.....

LEVETT CHARLES & CO (BLACKHEATH)
Registered Auditors &
Chartered Accountants
237 Westcombe Hill
Blackheath
London
SE3 7DW

Date: 24-05-04.

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by Guarantee)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 2003

| | <u>Notes</u> | <u>2003</u> £ | <u>2002</u> £ |
|--|--------------|------------------|-------------------|
| INCOMING RESOURCES | 2 | 761,040 | 676,147 |
| APPLICATION OF RESOURCES | 3 | 745,850 | 712,839 |
| NET (OUTGOING)/INCOMING RESOURCES BEFORE INTEREST | 4 | 15,190 | (36,692) |
| Interest Paid | 5 | (2,579) | (577) |
| Interest received | 5 | 388 | 589 |
| NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR | | <u>£ 12,999</u> | <u>£ (36,680)</u> |

STATEMENT OF RETAINED BALANCES

| | | |
|--|-------------------|-------------------|
| Balances Brought Forward | (49,661) | (12,981) |
| Net (outgoing)/incoming resources for the year | 12,999 | (36,680) |
| <u>BALANCES TRANSFERRED TO FUNDS</u> | <u>£ (36,662)</u> | <u>£ (49,661)</u> |

None of the company's activities were acquired or discontinued during the above two financial years.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | <u>2003</u> | <u>2002</u> |
|---|-----------------|------------------|
| Net (Outgoing)/Incoming Resources For The Year | 12,999 | (36,680) |
| Unrealised Gain on Revaluation of Freehold Property | - | 681,030 |
| Total Recognised Gains and Incoming Resources Relating to the Year | <u>£ 12,999</u> | <u>£ 644,350</u> |

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31ST AUGUST 2003

| | | | <u>2003</u> | <u>2002</u> |
|--|-------------------|-----------------|----------------|-----------------|
| | <u>Restricted</u> | <u>General</u> | <u>Total</u> | <u>Total</u> |
| | <u>Funds</u> | <u>Fund</u> | <u>Funds</u> | <u>Funds</u> |
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| <u>INCOMING RESOURCES</u> | <u>101,627</u> | <u>659,413</u> | <u>761,040</u> | <u>676,147</u> |
| <u>APPLICATION OF RESOURCES</u> | | | | |
| Direct Costs of Tuition | 31,180 | 519,436 | 550,616 | 510,790 |
| Premises Costs | - | 53,475 | 53,475 | 53,877 |
| Other Course Expenditure | 28 | 35,546 | 35,574 | 37,333 |
| Fund Raising and Development | 22,299 | 324 | 22,623 | 48,802 |
| Administration and Finance | <u>16,489</u> | <u>69,652</u> | <u>86,141</u> | <u>62,614</u> |
| | <u>69,996</u> | <u>678,433</u> | <u>748,429</u> | <u>713,416</u> |
| <u>NET INCOMING RESOURCES</u> | | | | |
| <u>BEFORE TRANSFERS</u> | <u>31,631</u> | <u>(19,020)</u> | <u>12,611</u> | <u>(37,269)</u> |
| Bank Interest Received | 75 | 313 | 388 | 589 |
| Inter-Fund Transfers | (507) | 507 | - | - |
| <u>FUND BALANCES AT 1-9-2002</u> | <u>110,256</u> | <u>420,083</u> | <u>530,339</u> | <u>567,019</u> |
| <u>FUND BALANCES AT 31-8-2003</u> | <u>141,455</u> | <u>401,883</u> | <u>543,338</u> | <u>530,339</u> |

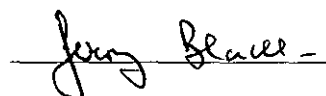
BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

BALANCE SHEET
AS AT 31ST AUGUST 2003

| | <u>Notes</u> | <u>2003</u> | <u>2002</u> |
|--|--------------|-------------------|-------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible Assets | 7 | 1,339,294 | 1,271,553 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 39,094 | 19,327 |
| Cash at Bank and in Hand | | 14,370 | 20,724 |
| | | 53,464 | 40,051 |
| CREDITORS : Amounts Falling Due within One Year | 9 | (125,483) | (100,235) |
| NET CURRENT LIABILITIES | | (72,019) | (60,184) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>£1,267,275</u> | <u>£1,211,369</u> |
| FUNDS | | | |
| General Fund | 10 | 401,883 | 420,083 |
| Restricted Fund | 11 | 7,411 | 4,252 |
| Restricted Fund | 11 | 134,044 | 102,352 |
| Restricted Fund | 11 | - | 3,652 |
| Revaluation Reserve | | 681,030 | 681,030 |
| | | <u>£1,224,368</u> | <u>£1,211,369</u> |
| Bank Loans Falling Due After One Year | | 42,907 | - |
| <u>TOTAL FUNDS</u> | | <u>£1,267,275</u> | <u>£1,211,369</u> |

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the
board of directors



Director

Approved by the board:

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2003

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Incoming and Application of Resources

All grants received are credited to Incoming Resources in the year of receipt.

Donations and Fundraising Income are shown gross and credited to Incoming Resources in the year of receipt. The related expenditure is shown as Fundraising.

All expenditure is charged on an accruals basis.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | |
|-------------------------|-------------------------|
| Freehold Property | 1% on cost |
| Musical Instruments | 10% on reducing balance |
| Furniture and Equipment | 10% on reducing balance |
| Computer Equipment | 25% straight line basis |

Fund Accounting

Restricted Funds

Restricted Funds are funds where the donor has stipulated that a donation must be used in a certain way.

Designated Funds

Designated Funds are funds set aside and designated for a specific purpose by the directors.

Unrestricted Funds

Unrestricted Funds are those funds which the Charity may use in to further its charitable objects at its discretion.

Taxation

The company is a registered charity and is subject to neither corporation tax nor income tax.

Leased Assets

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2003

2. INCOMING RESOURCES

| | <u>2003</u> | <u>2002</u> |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Tuition Fees | 627,537 | 629,792 |
| Studio Lettings and Rent | 16,318 | 14,069 |
| Donations and Fundraising | 88,221 | 9,982 |
| Other Income | 12,437 | 5,024 |
| Sure Start Grinling Gibbons | 8,527 | - |
| National Foundation for Youth Music | 8,000 | 17,280 |
| | <u>£ 761,040</u> | <u>£ 676,147</u> |

3. APPLICATION OF RESOURCES

| | | |
|-----------------------------|------------------|------------------|
| Direct Costs of Tuition | 550,616 | 510,790 |
| Premises Costs | 53,475 | 53,877 |
| Fundraising and Development | 22,623 | 48,802 |
| Administration and Finance | 83,562 | 62,614 |
| Other Course Expenditure | 35,574 | 37,333 |
| | <u>£ 745,850</u> | <u>£ 713,416</u> |

4. NET INCOMING RESOURCES

Net Incoming Resources are stated after charging:

| | <u>2003</u> | <u>2002</u> |
|------------------------------|----------------|----------------|
| | £ | £ |
| Tutors' Fees and Staff Costs | 578,078 | 549,813 |
| Depreciation of Fixed Assets | 27,289 | 21,777 |
| Auditor's Fees | 3,460 | 3,532 |
| | <u>608,827</u> | <u>575,122</u> |

5a. INTEREST RECEIVED

| | <u>2003</u> | <u>2002</u> |
|------------------------|-------------|-------------|
| | £ | £ |
| Bank Interest Received | 388 | 589 |

5b. INTEREST PAID

| | <u>2003</u> | <u>2002</u> |
|-------------------------|-------------|-------------|
| | £ | £ |
| Bank Overdraft Interest | 349 | 577 |
| Loan Interest | 2,230 | - |

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2003

6. TUTORS' FEES & STAFF COSTS

| | <u>2003</u> | <u>2002</u> |
|--|-------------|-------------|
| | £ | £ |
| Tutors' fees, staff salaries and wages | 578,078 | 549,813 |

7. TANGIBLE FIXED ASSETS

| | Land & Buildings | Plant & Machinery etc | TOTAL |
|--------------------------|---------------------|--------------------------|------------------|
| | £ | £ | £ |
| COST OR VALUATION | | | |
| At 1st September 2002 | 1,250,000 | 89,874 | 1,339,874 |
| Additions in year | 38,126 | 57,286 | 95,412 |
| | <u>1,288,126</u> | <u>147,160</u> | <u>1,435,286</u> |
| At 31st August 2003 | 1,288,126 | 147,160 | 1,435,286 |
| | <u>1,288,126</u> | <u>147,160</u> | <u>1,435,286</u> |
| DEPRECIATION | | | |
| At 1st September 2002 | 12,500 | 55,821 | 68,321 |
| Charge for the year | 12,882 | 14,789 | 27,671 |
| | <u>25,382</u> | <u>70,610</u> | <u>95,992</u> |
| At 31st August 2003 | 25,382 | 70,610 | 95,992 |
| | <u>25,382</u> | <u>70,610</u> | <u>95,992</u> |
| NET BOOK VALUE | | | |
| At 31st August 2002 | 1,237,500 | 34,053 | 1,271,553 |
| | <u>1,237,500</u> | <u>34,053</u> | <u>1,271,553</u> |
| At 31st August 2003 | 1,262,744 | 76,550 | 1,339,294 |
| | <u>1,262,744</u> | <u>76,550</u> | <u>1,339,294</u> |

8. DEBTORS

| | <u>2003</u> | <u>2002</u> |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Amounts due within one year: | | |
| Trade Debtors | 32,802 | 13,797 |
| Prepayments | 6,292 | 5,530 |
| | <u>39,094</u> | <u>19,327</u> |

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2003

9. CREDITORS

Amounts due within One Year

| | <u>2003</u> | <u>2002</u> |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Bank Overdraft | 40,439 | 47,155 |
| Tuition Fees received in advance | 51,275 | 40,017 |
| Bank Loan Repayable within one year | 6,591 | - |
| Social Security and Other Taxes | 5,248 | 3,654 |
| Other Creditors | 21,930 | 9,409 |
| | <u>125,483</u> | <u>100,235</u> |

10. RECONCILIATION OF MOVEMENTS IN FUNDS

| | | | <u>2003</u> | <u>2002</u> |
|-------------------------------|------------------|-----------------|----------------|-----------------|
| | | | £ | £ |
| | Restricted Funds | General Fund | Total Funds | Total Funds |
| | £ | £ | £ | £ |
| <u>NET INCOMING RESOURCES</u> | | | | |
| <u>BEFORE TRANSFERS</u> | 31,631 | (19,020) | 12,611 | (37,269) |
| Interest Received | 75 | 313 | 388 | 589 |
| | <u>31,706</u> | <u>(18,707)</u> | <u>12,999</u> | <u>(36,680)</u> |
| Transfers Between Funds | (507) | 507 | - | - |
| At 31st August 2002 | <u>31,199</u> | <u>(18,200)</u> | <u>12,999</u> | <u>(36,680)</u> |
| <u>FUND BALANCES</u> | | | | |
| Brought forward | <u>110,256</u> | <u>420,083</u> | <u>530,339</u> | <u>567,019</u> |
| At 31st August 2003 | <u>141,455</u> | <u>401,883</u> | <u>543,338</u> | <u>530,339</u> |

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2003

11. RECONCILIATION OF MOVEMENTS IN RESTRICTED FUNDS

| | Valkenburg Concert Tour Fund | Bursary Fund | Development Fund | Outreach Fund | Total Restricted Funds |
|--|------------------------------------|-----------------|---------------------|------------------|------------------------------|
| | £ | £ | £ | £ | £ |
| <u>NET INCOMING / (OUTGOING)</u> | | | | | |
| <u>RESOURCES BEFORE</u> | | | | | |
| <u>TRANSFERS</u> | (400) | 6,059 | 31,624 | (5,652) | 31,631 |
| Interest Received | - | 7 | 68 | - | 75 |
| At 31st August 2003 | (400) | 6,066 | 31,692 | (5,652) | 31,706 |
| Fees Paid | | (2,507) | - | - | (2,507) |
| Conservatoire Contribution To Outreach Activity | 400 | (400) | - | 2,000 | 2,000 |
| | - | 3,159 | 31,692 | (3,652) | 31,199 |
| Fund Balances b/fwd | - | 4,252 | 102,352 | 3,652 | 110,256 |
| Fund at 31st August 2003 | - | 7,411 | 134,044 | - | 141,455 |

12. DEVELOPMENT FUND

During the year the fund continued to seek new sources of funding for its development plan. The salary and social security costs of its Campaign Director, employed until 31st May 2003, continued to be charged to the fund. The installation of new central heating facilities, at a cost of £57,286, was completed in November and capitalised. Bank debt of £55,000 was drawn down to finance the work.

The fund is charged with depreciation and loan interest in respect of Fixed Assets purchased by the fund.

13. CAPITAL COMMITMENTS

There were no significant capital commitments at the year end.

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS LIMITED
(Limited by Guarantee)

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2003

14. ALLOCATION OF NET ASSETS TO FUNDS

| | <u>RESTRICTED FUNDS</u> | | | GENERAL FUNDS | TOTAL FUNDS |
|-----------------------------------|--------------------------------|--------------------|-----------------|--------------------------|------------------------|
| | BURSARY | DEVELOPMENT | OUTREACH | £ | £ |
| | £ | £ | £ | | |
| Net Book Value of Fixed Assets | - | 131,865 | - | 1,207,429 | 1,339,294 |
| Debtors | - | - | - | 39,094 | 39,094 |
| Cash at Bank and in Hand | 7,405 | - | - | 6,965 | 14,370 |
| Net Current Liabilities | - | - | - | (125,483) | (125,483) |
| | <u>7,405</u> | <u>131,865</u> | <u>-</u> | <u>1,128,005</u> | <u>1,267,275</u> |

15. RESERVES

The Board's policy with respect to the Reserves of the Conservatoire is to ensure that the value of its net assets is sufficient to meet its obligations in the event of closure.

16. RISK MANAGEMENT

The Board has identified the principal known risks affecting the Conservatoire and has strategies in place to address these. It is committed to keeping its risk management strategies under regular review.

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31ST AUGUST 2003

| | <u>2003</u> | | <u>2002</u> | |
|---|--------------------|----------------|--------------------|--------------|
| | Restricted | General | Total | Total |
| | Funds | Fund | Funds | Funds |
| | £ | £ | £ | £ |
| <u>INCOMING RESOURCES</u> | | | | |
| Tuition Fees | - | 627,537 | 627,537 | 629,792 |
| Studio Lettings and Rent | - | 16,318 | 16,318 | 14,069 |
| Donations and Fundraising | 85,100 | 3,121 | 88,221 | 9,982 |
| Other Income | - | 12,437 | 12,437 | 5,024 |
| National Foundation for Youth Music | 8,000 | - | 8,000 | 17,280 |
| Sure Start Grinling Gibbons | 8,527 | - | 8,527 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 101,627 | 659,413 | 761,040 | 676,147 |
| Bank Interest Received | 75 | 313 | 388 | 589 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>TOTAL INCOMING RESOURCES</u> | 101,702 | 659,726 | 761,428 | 676,736 |
| <u>carried forward</u> | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>APPLICATION OF RESOURCES</u> | | | | |
| Direct Costs of Tuition | | | | |
| Tutors Fees | 20,242 | 394,836 | 415,078 | 394,052 |
| Social Security Costs | 340 | 18,080 | 18,420 | 13,304 |
| Course Materials | 1,052 | 13,497 | 14,549 | 12,309 |
| Instrument Maintenance | - | 2,778 | 2,778 | 2,867 |
| Exam Fees | - | 8,292 | 8,292 | 5,970 |
| Hall Hire | - | 6,479 | 6,479 | 6,573 |
| Concerts & Classes | 8,418 | 6,400 | 14,818 | 4,930 |
| Refunded Fees | - | 175 | 175 | 3,039 |
| Course Support | | | | |
| Salaries | 1,052 | 64,127 | 65,179 | 62,241 |
| Social Security | 76 | 4,772 | 4,848 | 5,505 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 31,180 | 519,436 | 550,616 | 510,790 |
| Premises Costs | | | | |
| Rates | - | 2,653 | 2,653 | 3,075 |
| Insurance | - | 7,219 | 7,219 | 5,984 |
| Electricity | - | 2,575 | 2,575 | 2,717 |
| Gas | - | 5,132 | 5,132 | 6,530 |
| Travel | - | 302 | 302 | 112 |
| Cleaning | - | 6,842 | 6,842 | 8,194 |
| Repairs & Renewals | - | 10,207 | 10,207 | 10,409 |
| Fire Protection | - | 1,038 | 1,038 | 1,021 |
| Premises Steward & Security | | | | |
| Salaries | - | 16,321 | 16,321 | 15,682 |
| Social Security Costs | - | 1,186 | 1,186 | 153 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 53,475 | 53,475 | 53,877 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>Expenditure carried forward</u> | 31,180 | 572,911 | 604,091 | 564,667 |

BLACKHEATH CONSERVATOIRE OF MUSIC AND THE ARTS
(Limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31ST AUGUST 2003

| | <u>2003</u> | <u>2002</u> |
|--|--------------------------|----------------------|
| | Total Funds £ | Total Funds £ |
| | Restricted Funds £ | General Fund £ |
| <u>BALANCES BROUGHT FORWARD</u> | | |
| Total Incoming Resources | 101,702 | 659,726 |
| Expenditure | 31,180 | 572,911 |
| Other Course Expenditure | | |
| Printing & Publicity | - | 10,866 |
| Stationery | - | 4,698 |
| Postage | - | 6,360 |
| Photocopying | - | 6,862 |
| Telephone | - | 3,910 |
| Office Replacements | - | 250 |
| Sundries | 28 | 2,600 |
| | <hr/> 28 | <hr/> 35,546 |
| Administration | | |
| Other Staff | - | 32,866 |
| Social Security | - | 2,436 |
| Professional Fees | - | 5,551 |
| Audit Fee | - | 3,460 |
| Bank Charges and Interest | 2,230 | 4,646 |
| Computer Maintenance | - | 7,281 |
| Depreciation | | |
| Computer Equipment | 7,128 | - |
| Freehold Property | 1,242 | 11,640 |
| Musical Instruments | - | 952 |
| Fixtures & Equipment | 5,889 | 820 |
| | <hr/> 16,489 | <hr/> 69,652 |
| Fund Raising and Development | | |
| Fund raising Costs | 671 | 324 |
| Development Expenditure | - | - |
| Campaign Director: Salary | 19,700 | - |
| Social Security | 1,928 | - |
| Computer Systems Upgrades | - | - |
| | <hr/> 22,299 | <hr/> 324 |
| <u>TOTAL APPLICATION OF</u> | | |
| <u>RESOURCES</u> | 69,996 | 678,433 |
| <u>NET INCOMING RESOURCES</u> | | |
| <u>BEFORE TRANSFERS</u> | 31,706 | (18,707) |
| <u>INTER-FUND TRANSFERS</u> | (507) | 507 |
| | <hr/> 31,199 | <hr/> (18,200) |
| <u>FUND BALANCES AT 1-9-2002</u> | 110,256 | 420,083 |
| <u>FUND BALANCES AT 31-8-2003</u> | <u>£ 141,455</u> | <u>£ 401,883</u> |
| | <u>£ 543,338</u> | <u>£ 530,339</u> |