

Registered number: 3448894

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**
operating as
'THE CONSERVATOIRE'
(a company limited by guarantee)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2007**

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**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

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for the Year Ended 31 August 2007

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**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 August 2007**

The directors present their annual report and the audited Financial Statements for the year ended 31 August 2007

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND
ADVISORS**

The name of the Company is Blackheath Conservatoire of Music and the Arts Limited. It operates under the name 'The Conservatoire'.

Principal and registered office:	19-21 Lee Road, London, SE3 9RQ
Telephone:	020 8852 0234
Facsimile:	020 8297 0596
Email:	info@conservatoire.org.uk
Website:	www.conservatoire.org.uk
Company Registration Number:	3448894 (England and Wales)
Charity Registration Number:	1072627
Company Members:	Sir Jeremy Blackham KCB – resigned 30 Sept 2007 Samantha Barrass Diana Biggs Candy Blackham – resigned 3 January 2008 Tony Brewer Roger Childs Barbara Clague MBE Peter Clossick Prudence Corp Katherine Dent – from 01 August 2007 Chris Hanson-Abbott Allan Jones David Mallen CBE – from 16 July 2007 Dr Marion Kimberley John Robson – resigned 30 December 2007 Dr Mary Stiasny Barbara Ward John Wallace – from 15 January 2007
Chairman:	Sir Jeremy Blackham KCB
Company Secretary:	Diana Biggs
Honorary Treasurer:	John Robson
Chief Executive and Principal:	Phillip Scott LRAM
The Administrator:	Jean Garforth BA DipSec
Director of Music:	Stephen Coombs ARAM ARCM

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 August 2007**

Directors during the year under review:

Sir Jeremy Blackham KCB – resigned 30 Sept 2007
Samantha Barrass
Diana Biggs
Candy Blackham – resigned 3 January 2008
Barbara Clague MBE
Prudence Corp
Katherine Dent – appointed 01 August 2007
Allan Jones
David Mallen CBE – appointed 16 July 2007
John Robson – resigned 30 December 2007
Dr Mary Stiasny
John Wallace

Auditors:

Levett Charles & Co (Blackheath)
Chartered Accountants
Registered Auditors
237 Westcombe Hill, Blackheath
London, SE3 7DW

Accountants:

McCabe Ford Williams
Chartered Accountants
Bank Chambers, 1 Central Avenue
Sittingbourne
Kent, ME10 4AE

Bankers:

National Westminster Bank Plc
5th Floor, County House
221 – 241 Beckenham Road
Beckenham
Kent, BR3 4WL

Solicitors:

Grant Saw
Solicitors
Norman House
110 – 114 Norman Road
Greenwich
London, SE10 9EH

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure of the Charity

The Company is a charity and company limited by guarantee. The governing documents are its Memorandum and Articles of Association which were last amended on 11 May 1999.

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 Company'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 Company'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.

The Company has taken advantage of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the format to reflect the special nature of its charitable activities.

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 August 2007**

The Directors

The Directors are the trustees in accordance with the Charities Act 1993 and they are also the Directors in accordance with the Companies Act 1985. The Board serves a term decided upon by themselves.

Induction and training

New directors provided with copies of the governing documents and key policy documents. In addition, we also encourage meeting existing directors, senior staff and students who benefit from our service provision.

An invitation is extended to sit in on a directors' meeting as an observer before formally joining. Training and support offered by the Conservatoire is also discussed.

Organisational structure and decision making process

The Board meets six times a year. Its finance sub-committee comprising the Hon Treasurer, one other Director and the Principal has delegated expenditure authority up to £4,999.

The Senior Management Team, comprising the Principal, The Administrator, the Director of Music and Consultant Accountant, meets regularly during term time to discuss operational and financial matters. Day to day operational decisions are made by the Principal under the direction of the Board.

Risk Assessment

A Corporate Risk Assessment has been undertaken in 2005 by the Board, management and staff and is the subject of continuous review. The assessment includes plans for managing, evaluating and monitoring major risks. The Board considers that appropriate steps have been taken to assess and control these risks.

Statement of Recommended Practice "Accounting and Reporting by Charities"

The 'Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005)' (SORP 2005) has been complied with.

OBJECTIVES AND ACTIVITIES

The Company operates in the Boroughs of Greenwich and Lewisham, in particular Blackheath, Deptford and the surrounding areas.

Objects as set out in the Memorandum of Association

To promote the study, knowledge, understanding and appreciation of music, fine arts and the applied arts (altogether "the arts") for the benefit of the inhabitants of Blackheath, Greenwich, Lewisham and the surrounding area.

The Conservatoire offers to everyone, at every level, age and ability, the opportunity to learn and participate in the Arts – Music, Visual Art, Drama & Dance and related activities. Programmes are structured to enable coherent progression, students may join at any level appropriate to their experience and aspirations. Currently some 1,700 people attend classes and activities at the Conservatoire each week.

Activities

The year marked the 125th Anniversary of the Conservatoire's foundation in 1881 and the opportunity was taken to mark the anniversary in a series of high-profile concerts, exhibitions and community events. The core activity of the Conservatoire – the week-by-week teaching of students in a wide variety of musical, artistic and cultural pursuits – continued to develop as the variety of courses expanded.

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 August 2007**

Music

The new electric keyboards – seven were purchased at the end of the previous year – have enabled us to offer for the first time children's classes and adult classes in this easily accessible instrument. For all age groups, this has proved a popular innovation. Our early years music classes (SoundStart) for children aged 3 months to 6 years continue to be as popular as ever. This is good, given the crucial importance of music education in the pre-school years. From SoundStart, children are encouraged to enrol for Roundabout classes (for those aged 5 to 9) which, during the course of three terms, allow children to experience six instruments and further develop their generic music skills. The Fanfare programme (small group instrumental lessons for children aged 6 to 11 who are just starting lessons) has been expanded to include electric keyboard and plans are also being made to launch Fanfare Percussion and Fanfare Guitar classes from the beginning of next year. Separate choirs for children, young people and adults continue.

The Visual Arts

A wide variety of classes continue to be offered. Life Drawing, Watercolour, and Drawing & Painting for adults and a number of age-appropriate classes for children. The "Open Studio" class attracts accomplished amateurs who work independently in a variety of media under the guidance of a professional artist, who is in attendance throughout the six-hour Open Studio session. Regular exhibitions, which are usually open to the public, demonstrate the technical and creative accomplishments of artists of all ages. (During the year, we sadly lost a long-standing student, aged 97, who painted each week in our studio almost to the end of her life.) The Main Studio accommodated a public exhibition in the spring by one of our tutors, and in early July there were public exhibitions of adult student paintings and drawings and of their tutors.

Cultural Courses and Activities

Drama courses for children and young people continue to be among the most popular courses we run, and our French and Italian courses for adults gained new recruits each term this year. Cross-curricular events during the year included "A Taste of Italy" in which adult students attended evening sessions which focussed on the country's language, art, cuisine and viniculture. There was an extensive range of short holiday courses for children which included drama courses, art courses and music courses. Among the most popular of these were cross-curricular courses for younger children which combined art, dance and music skill development.

Outreach and Professional Development

The Conservatoire's Outreach and Training services in southeast London continue to place the expertise of our tutors at the service of those who are less advantaged. Those from disadvantaged areas nearby have continued to benefit from our work for the government's SureStart Programme. So successful has this work been that a video of several sessions was made so that exemplary practice could be captured and disseminated across the country. In addition, analytical research on this teaching was commissioned by SureStart and a report published.

In the field of teacher training, we continue to teach both undergraduate and postgraduate music modules for primary phase teaching degrees at the University of Greenwich. Also this year, we have designed (and successfully fundraised for) a five-month outreach programme for local maintained primary schools in Lewisham and Greenwich. "Windows" will enable children at Key Stage 2 to explore the meaning of musical heritage and gain valuable music skills while doing so. The programme is due to launch.

Capital Campaign

"Operation Facelift", our campaign to restore the external elevations of the Grade II listed building on the front of our site (the 1896 Conservatoire building), moved into top gear. The fundraising campaign which began during the previous year achieved its target sum of £150,000 in June 2007, which meant that the work could begin on schedule in July. The majority of on-site work was completed by the end of August and for the sake of clarity the decision was taken to present the entire project inside the current financial year. The work was carried out to exacting standards by heritage specialists PAYE Stonework & Restoration Ltd.

Another capital project involved the comprehensive refurbishment of all toilet facilities in both of our buildings. This was achieved by the realisation of sufficient financial surpluses from the year's activities.

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 August 2007**

ACHIEVEMENTS AND PERFORMANCE

The 125th Anniversary of the Conservatoire's foundation was celebrated throughout the year, culminating in the achievement of the capital campaign "Operation Facelift" reaching its successful conclusion, in the presentation of two major musical events in external venues, and in developing new strands of activity for an increasingly diverse range of student aspirations. The academic music GCSE and A-Level classes once again achieved impressive results with larger numbers of students and Associated Board graded music examination results have been significantly better this year than in recent years.

The signature musical events during the year included a performance of Benjamin Britten's cantata *Saint Nicolas* in which the title role was taken by the internationally acclaimed tenor John Mark Ainsley. Given in the church of St Margaret's, Lee, the capacity audience enjoyed also the rapidly developing standards of our adult choirs and also items given by the Percussion Ensemble and the Conservatoire Orchestra, which gave the premiere of Philip Sawyers' Concertante for Violin and Piano. The other major event took place in July when all the resources of the musicians and artists at the Conservatoire were put at the service of a fully-staged realisation of another great Britten score, *Noye's Fludde*. With sponsorship from Blackheath Opera and the Musicians Benevolent Fund, we were able to include nearly one hundred children from local primary schools who played the part of the animals. Coached by Conservatoire tutors, they achieved a great deal and seemed enthralled by a theatrical event which they will probably never forget. The performance was given at the end of our annual open day – Kaleidoscope – and, while hundreds of children and adults rehearsed at the Halls, many members of the public enjoyed the Art Exhibition in our studios and also additional brief musical performances by a variety of choirs, ensembles and individuals.

Our usual programme of "internal" concerts went on unabated, and it has been pleasing to note the increasingly high levels of performance.

Our collaboration with the MidiMusic Company in Deptford continues. For several years, this registered charity, which helps disadvantaged teenagers discover innate talent for music performance, has sent to our one-to-one instrumental and vocal programme six young people who have succeeded in passing the audition for one of these sought-after places here. Each scholarship is for one year's duration.

FINANCIAL REVIEW

The results for the year and financial position of the Company are as shown in the annexed Financial Statements.

Net incoming resources for the year amounted to £135,833 (2006 net incoming resources of £30,086). This includes £18,288 of restricted income funds as set out in the Financial Statements. It is planned to increase reserves in future years in line with the Company's reserves policy.

Reserves policy

The Conservatoire aims to have reserves that ensure that it has sufficient working capital, bearing in mind the timing of receipts from students and the payments to tutors.

Free reserves equivalent to three months' support costs are considered to provide an adequate level of working capital. This means that unrestricted free cash reserves in the region of £32,000 are required. At 1 September 2007, actual unrestricted free cash reserves were in deficit by £2,662 (2006 a surplus of £7,760).

Whilst reserves are not yet sufficient to meet the Company's policy, the directors are satisfied that there is adequate working capital available to allow the Company to meet its commitments as they fall due. In order to achieve the required level of reserves, the Company's aim is to retain a sum out of any surplus, if any, each year until reserves have reached the required level.

Reserves are monitored and reported to the Board regularly and the Reserves Policy is reviewed on an annual basis as part of the business planning cycle.

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 August 2007**

Funds

The Company has two main funds which are described in note 1 to the Financial Statements. Unrestricted funds do not include payments received in advance, held pending completion of the tuition.

The Company did not designate any funds at 31 August 2007 (2006: £nil).

In accordance with the Statement of Recommended Practice on Accounting by Charities (SORP), income is recognised to the extent that the tuition has been delivered. When payment has been received in advance for tuition taking place in the following accounting period, income is deferred.

Restricted funds can only be used in accordance with the donor's instructions for agreed programmes of work and cannot therefore form part of the unrestricted funds that are under the control of the charity's trustees.

PLANS FOR THE FUTURE

After what will be nearly seven years' service to the Conservatoire, the chairman announced his intention to resign from the Board at the end of the year. The Board therefore undertook the search for a new chairman and were delighted to announce in July that David Mallen CBE has agreed to take on this responsibility. Although he is new to the Conservatoire, he and his family have nevertheless lived in Blackheath for many years. With a professional background in Education, he has had a lifelong love of music and came to the Board's attention when he enrolled in one of the choirs.

The next year or two are likely to see significant new developments with an emphasis on building on our existing commitments to the communities of southeast London, particularly those from disadvantaged areas.

The number of MidiMusic students with one-year scholarships to the Conservatoire (weekly one-to-one lessons) will be increased next year from six students to eight students per year. We are delighted by this expression of confidence in our collaboration with MidiMusic and are proud to note that these students are funded through MidiMusic by the Tom ap Rhys Pryce Memorial Trust. We intend to explore further ways in which the Conservatoire can add value to the musical experiences of MidiMusic students.

We are also planning to place more of our services into local primary schools and will be seeking funding from a variety of sources for this purpose.

This year's successful completion of "Operation Facelift" has focused our attention on further development of our unique site and we shall be considering the next phase of this work in the months to come.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net incoming resources of the Company for that period. In preparing those financial statements, 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 statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 August 2007**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

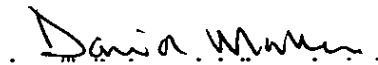
So far as the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

The auditors, Levett Charles & Co (Blackheath), will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

ON BEHALF OF THE BOARD:



David Mallen CBE – Director and Trustee

Date 11 February 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED

We have audited the Financial Statements of Blackheath Conservatoire of Music and the Arts Limited for the year ended 31 August 2007 on pages 9 to 17. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's Members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 6 the Company's directors are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, 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 Statements 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 Statements.

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 August 2007 and of its net income for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.

Levett Charles & Co (Blackheath)
Levett Charles & Co (Blackheath)
Chartered Accountants
Registered Auditors
237 Westcombe Hill
Blackheath
LONDON
SE3 7DW

Date: 6 March 2008

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2007

				(restated)	
	Notes	Unrestricted Funds £	Restricted Funds £	Totals 31 8 07 £	Totals 31 8.06 £
INCOMING RESOURCES	1				
Incoming resources from generated funds					
Voluntary income					
Operation Facelift	2	-	135,790	135,790	14,399
Windows Schools Project	2	-	15,700	15,700	-
Other		<u>2,802</u>	<u>7,190</u>	<u>9,992</u>	<u>5,970</u>
		2,802	158,680	161,482	20,369
Investment income		<u>694</u>	<u>-</u>	<u>694</u>	<u>672</u>
Total incoming resources from generated funds		<u>3,496</u>	<u>158,680</u>	<u>162,176</u>	<u>21,041</u>
Incoming resources from charitable activities					
Tuition fees receivable		763,606	-	763,606	718,935
Sure Start Grinling Gibbons		-	6,401	6,401	20,597
Studio lettings and rent		24,391	-	24,391	23,031
Other income		<u>3,958</u>	<u>-</u>	<u>3,958</u>	<u>8,529</u>
Total incoming resources from charitable funds		<u>791,955</u>	<u>6,401</u>	<u>798,356</u>	<u>771,092</u>
TOTAL INCOMING RESOURCES		<u>795,451</u>	<u>165,081</u>	<u>960,532</u>	<u>792,133</u>
RESOURCES EXPENDED					
Resources expended on charitable activities	5				
Cost of tuition		804,222	17,116	821,338	759,537
Other costs		-	-	-	-
Governance costs		<u>3,361</u>	<u>-</u>	<u>3,361</u>	<u>2,510</u>
TOTAL RESOURCES EXPENDED		<u>807,583</u>	<u>17,116</u>	<u>824,699</u>	<u>762,047</u>
NET INCOMING/OUTGOING) RESOURCES BEFORE TRANSFERS		(12,132)	147,965	135,833	30,086
TRANSFERS					
Transfers between funds	11	<u>150,718</u>	<u>(150,718)</u>	<u>-</u>	<u>-</u>
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS		138,586	(2,753)	135,833	30,086
OTHER RECOGNISED GAINS					
Gains on revaluation of fixed assets for charity's own use		<u>390,790</u>	<u>-</u>	<u>390,790</u>	<u>-</u>
NET INCOME FOR THE YEAR		529,376	(2,753)	526,623	30,086
Fund balances brought forward	11	<u>1,238,170</u>	<u>21,041</u>	<u>1,259,211</u>	<u>1,229,125</u>
FUND BALANCES CARRIED FORWARD		<u>1,767,546</u>	<u>18,288</u>	<u>1,785,834</u>	<u>1,259,211</u>

None of the Company's activities were acquired or discontinued during the current and previous years
The Company has no other recognised gains or losses other than those stated above

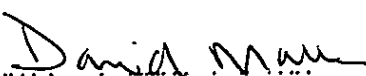
The notes form part of these financial statements

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

BALANCE SHEET
31 August 2007

	Notes	31 8 07 £	£	31 8 06 £	£
FIXED ASSETS					
Tangible assets	6		1,873,631		1,324,984
CURRENT ASSETS					
Debtors	7	116,600		34,851	
Cash at bank		<u>15,626</u>		<u>21,092</u>	
		132,226		55,943	
CREDITORS					
Amounts falling due within one year	8	<u>206,668</u>		<u>99,934</u>	
NET CURRENT LIABILITIES			<u>(74,442)</u>		<u>(43,991)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,799,189		1,280,993
CREDITORS					
Amounts falling due after more than one year	9		<u>13,355</u>		<u>21,782</u>
	12		<u>1,785,834</u>		<u>1,259,211</u>
FUNDS					
Restricted Income Funds	11				
Operation Facelift		-		14,399	
Windows Schools Project		15,700		-	
Bursary Fund		<u>2,588</u>		<u>6,642</u>	
			18,288		21,041
Unrestricted Income Funds:	11				
General Unrestricted Income Fund		723,122		584,536	
Revaluation Reserve		<u>1,044,424</u>		<u>653,634</u>	
			<u>1,767,546</u>		<u>1,238,170</u>
			<u>1,785,834</u>		<u>1,259,211</u>

ON BEHALF OF THE BOARD:


David Mallen CBE – Director and Trustee

Date 11 February 2008

The notes form part of these financial statements

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 2007

ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets. The Financial Statements have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities 2005 (SORP 2005), applicable accounting standards and the Companies Act 1985.

Incoming Resources

Income is recognised to the extent that the tuition has been delivered. When payment has been received in advance for tuition taking place in the following accounting period, income is deferred.

Financial Reporting Standard Number 1

The Company qualifies as a small company under Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cashflow statement.

Resources expended

Resources expended are recorded on an accruals basis. Resources expended on charitable activities relate to the sole activity of the Company and include the cost of supporting the generation of income.

Governance costs are audit fees for the year.

Tangible fixed assets

Tangible fixed assets are included at cost or valuation. Acquisitions over £500 in value are treated as fixed assets. Those below this amount are charged to the Income and Expenditure Account in the year of purchase.

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

Freehold Buildings	1% on valuation
Musical Instruments	10% on reducing balance
Furniture and Equipment	10% on reducing balance
Computer Equipment	25% straight line basis

Fund accounting

Unrestricted funds are available for use at the discretion of the directors, in furtherance of the general objectives of the Charity.

Restricted funds are funds subject to specific restrictive conditions imposed by donors. The purpose and use of each restricted fund is set out in the notes to the financial statements. When the conditions attached to the donation have been met, a transfer is made to the General Fund.

All income and expenditure is shown in the Statement of Financial Activities.

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
THE ARTS LIMITED**

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 August 2007

1 ACCOUNTING POLICIES - continued

Company status

The Company is limited by guarantee and the guarantors are the Members of the Company

The liability in respect of the guarantee, as set out in the Memorandum of Association, is limited to £10 per member of the Company

The Company has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of its activities

Gifts in kind

The values attributed to gifts in kind are based on a reasonable estimate of their value to the Company, or the amount actually realised. Assets given for use by the Company are recognised as incoming resources when receivable

Operating leases

Rentals applicable to operating leases are charged to the Income and Expenditure Account over the period in which the cost is incurred

Taxation

The Company is a registered charity and is subject neither to Corporation Tax nor Income Tax

2 VOLUNTARY INCOME

During the year, donations to projects undertaken during the year were received from the following:

	31 8 07
	£
<u>Cash and in kind donations</u>	
The Marlow Trust	3,000
Garfield Weston Foundation	25,000
The Foyle Foundation	25,000
The Rose Foundation	10,000
Lewisham Borough Council	5,000
Heritage of London Trust	3,000
Kirby Laing Foundation	2,000
Bernard Sunley Charitable Foundation	2,000
N M Rothschild Charities	1,000
Alan Evans Memorial Trust	1,500
The Balcombe Trust	3,000
Gibbs Charitable Trust	3,000
The Idlewild Trust	2,000
The John and Ruth Howard Charitable Trust	1,000
The Wolfson Foundation	30,000
	<u>115,500</u>
Other individuals and organisations	<u>43,180</u>
	<u>158,680</u>
<u>Included in donations are the following In Kind donations</u>	
Triniere Design – architects fees	6,714
Grant Saw – legal fees	294
	<u>7,008</u>

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
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NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 August 2007

3 STAFF COSTS

	31 8 07	31 8 06
	£	£
Salaries	169,091	138,386
Social security costs	17,397	11,450
	<u>186,488</u>	<u>149,836</u>

No employee earned £60,000 pa or more during the year.

The trustees neither received nor waived any emoluments, including expenses, during the year (2006 nil)

The average monthly number of employees undertaking the management and administration of the Company, disclosed on a full time equivalent basis, was as follows

	31 8 07	31 8 06
Salaried staff	6	6
Hourly paid staff	<u>2</u>	<u>2</u>
	<u>8</u>	<u>8</u>

The Company carries out its activities through the use of self employed tutors. The fees paid to the tutors are included within 'Cost of Tuition'. There were 80 tutors during the year ended 31 August 2007 (2006 80)

4 NET INCOME FOR THE YEAR

The net income for the year is stated after charging:

	31 8 07	31 8 06
	£	£
Depreciation - owned assets	19,358	16,834
Auditors Remuneration - audit services	3,361	3,055
- over-provided 2005	-	(545)
- Non-audit services	<u>141</u>	<u>141</u>

5 RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Direct costs of tuition	Support Costs	Total 31 8 07	Total 31 8 06
	£	£	£	£
Provision of class and individual tuition	653,503	167,835	821,338	763,944

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 August 2007**

Direct costs of tuition

	31 8 07	31 8 06
	£	£
Course support salaries	103,827	90,356
Social security	8,960	8,657
Tutor fees	422,239	433,350
Social security	19,182	17,939
Course materials	24,552	16,527
Course administration costs	45,824	39,792
Other costs	28,919	18,988
	<u>653,503</u>	<u>625,609</u>

Support costs

	31 8 07	31 8 06
	£	£
Administration costs	36,124	34,191
Administration staff salaries	56,192	40,010
Social security	8,434	2,724
Finance	6,518	6,530
Information technology	5,340	5,138
Premises Costs	46,152	41,652
Premises steward and security staff salaries	9,072	8,020
Social security	3	70
	<u>167,835</u>	<u>138,335</u>

All of the Support Costs relate to the sole activity of the Company during the year

6 TANGIBLE FIXED ASSETS

	Freehold Property £	Musical Instruments £	Fixtures and fittings £
COST OR VALUATION			
At 1 September 2006	1,290,797	32,307	76,596
Additions	166,018	2,855	1,975
Revaluations	343,185	-	-
At 31 August 2007	<u>1,800,000</u>	<u>35,162</u>	<u>78,571</u>
DEPRECIATION			
At 1 September 2006	43,271	24,209	23,963
Revaluation adjustment	(52,012)	-	-
Charge for year	8,741	1,095	5,461
At 31 August 2007	<u>-</u>	<u>25,304</u>	<u>29,424</u>
NET BOOK VALUE			
At 31 August 2007	<u>1,800,000</u>	<u>9,858</u>	<u>49,147</u>
At 31 August 2006	<u>1,247,526</u>	<u>8,098</u>	<u>52,633</u>

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
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NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 August 2007

	Furniture and Equipment £	Computer Equipment £	Totals £
COST			
At 1 September 2006	28,734	41,842	1,470,276
Additions	1,960	-	172,808
Revaluation	-	-	343,185
At 31 August 2007	<u>30,694</u>	<u>41,842</u>	<u>1,986,269</u>
DEPRECIATION			
At 1 September 2006	23,417	30,432	145,292
Revaluation adjustment	-	-	(52,012)
Charge for year	<u>728</u>	<u>3,333</u>	<u>19,358</u>
At 31 August 2007	<u>24,145</u>	<u>33,765</u>	<u>112,638</u>
NET BOOK VALUE			
At 31 August 2007	<u>6,549</u>	<u>8,077</u>	<u>1,873,631</u>
At 31 August 2006	<u>5,317</u>	<u>11,410</u>	<u>1,324,984</u>

Included in the valuation of Freehold Property is freehold land at valuation of £600,000 (2006 - £416,667) which is not depreciated. Freehold Property was valued in July 2007 by Hindwoods Hunter Payne Chartered Surveyors on an open market basis.

If Freehold Property had not been revalued then it would have been included at the following historical cost:

	Freehold Property £
COST	
At 1 September 2006	626,848
Additions	<u>160,613</u>
At 31 August 2007	<u>787,461</u>
DEPRECIATION	
At 1 September 2006	29,090
Charge for year	<u>6,057</u>
At 31 August 2007	<u>35,147</u>
NET BOOK VALUE	
At 31 August 2007	<u>752,314</u>
At 31 August 2006	<u>597,758</u>

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
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NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 August 2007

7	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		31 8 07	31 8 06
		£	£
	Trade Debtors	13,650	19,402
	Donations receivable	83,565	-
	Prepayments	19,385	15,449
		<u>116,600</u>	<u>34,851</u>

All debtors fall due for payment within one year

8.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		31 8 07	31 8 06
		£	£
	Bank loans and overdrafts (see note 10)	10,563	9,227
	Other Taxes and PAYE taxes	4,034	4,047
	Other Creditors	148,180	41,783
	Deferred Income	43,891	44,877
		<u>206,668</u>	<u>99,934</u>

Deferred Income represents tuition fees paid in advance at the Balance Sheet date

9	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
		31 8 07	31 8 06
		£	£
	Bank loans (see note 10)	<u>13,355</u>	<u>21,782</u>

10	LOANS		
	An analysis of the maturity of loans is given below		
		31 8 07	31 8 06
		£	£
	Amounts falling due within one year or on demand		
	Bank overdrafts	-	-
	Bank Loans - less than 1 yr payable by instalments	<u>10,563</u>	<u>9,227</u>
		<u>10,563</u>	<u>9,227</u>
	Amounts falling due between two and five years.		
	Bank Loans - 2-5 years payable by instalments	<u>13,355</u>	<u>31,139</u>

**BLACKHEATH CONSERVATOIRE OF MUSIC AND
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NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 August 2007

11 RECONCILIATION OF MOVEMENTS IN FUNDS

	Revaluation Reserve £	Unrestricted Funds £
At 1 September 2006	653,634	584,536
Revaluation in year	395,197	
Incoming resource	-	795,451
Outgoing resource	-	(811,990)
	<u>1,048,831</u>	<u>(16,539)</u>
Transfers between funds	<u>(4,407)</u>	<u>155,125</u>
At 31 August 2007	<u>1,044,424</u>	<u>723,122</u>

	Restricted Funds			
	Operation Facelift £	Windows Schools Project £	Other Restricted Funds £	Total Funds £
At 1 September 2006	14,399	-	6,642	1,259,211
Revaluation in year				395,197
Incoming resource	135,790	15,700	13,591	960,532
Outgoing resource	-	-	(17,116)	(829,106)
	<u>-</u>	<u>15,700</u>	<u>(3,525)</u>	<u>131,427</u>
Transfers between funds	<u>(150,189)</u>	<u>-</u>	<u>(529)</u>	<u>-</u>
At 31 August 2007	<u>-</u>	<u>15,700</u>	<u>2,588</u>	<u>1,785,834</u>

Transfers from Restricted Funds represents the following:

	31 8 07 £
Payment of tuition fees from the Bursary Fund	(5,244)
SureStart	4,715
Operation Facelift expenditure	(150,189)
	<u>(150,718)</u>

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Totals 31 8 07 £	Totals 31 8 06 £
Tangible fixed assets	1,873,631	-	1,873,631	1,324,984
Debtors	116,600	-	116,600	34,851
Cash at bank and in hand	(2,662)	18,288	15,626	21,092
Creditors falling due within one year	(206,668)	-	(206,668)	(99,934)
Creditors falling due after more than one year	<u>(13,355)</u>	<u>-</u>	<u>(13,355)</u>	<u>(21,782)</u>
	<u>1,767,546</u>	<u>18,288</u>	<u>1,785,834</u>	<u>1,259,211</u>