

THE ACADEMY OF ANCIENT MUSIC
(COMPANY NO. 4109942)
(CHARITY NO. 1085485)

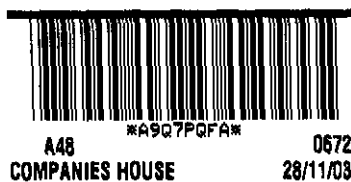
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2003

NICHOLSON & CO.

Chartered Accountants and Registered Auditors

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THE ACADEMY OF ANCIENT MUSIC

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THE ACADEMY OF ANCIENT MUSIC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2003

The directors present their report and the audited accounts for the year ended 31st August 2003.

Legal and administrative details

Status: The charity is a company limited by guarantee, incorporated on 17th November 2000 (company no. 4109942 and charity no. 1085485) and governed by a memorandum and articles of association.

Principal address: 10 Brookside
Cambridge
CB2 1JE

The charity's professional advisers are as follows:

Auditors:
Nicholson and Co.
Monument House
215 Marsh Road
Pinner
Middlesex
HA5 5NE

Bankers:
Lloyds TSB
Gonville Place Branch
95 Regent Street
Cambridge
CB2 1BQ

Bankers:
Cafcash Limited
PO Box 289
West Malling
Kent
ME19 4TA

Charity objectives: The objects of the company are to advance the education of the public in the art of baroque and early classical music and allied arts.

THE ACADEMY OF ANCIENT MUSIC

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST AUGUST 2003

Activities and review of the year

Background

This is the third annual report for The Academy of Ancient Music ('the company'), which was incorporated in 2000. This company was formed to continue the work of the ensemble The Academy of Ancient Music ('The AAM'), which was founded by Christopher Hogwood in 1973. Before 2000, the activities of the ensemble were transacted through two organisations, The Academy of Ancient Music Trust (charity no.274744) and The Academy of Ancient Music Limited (since re-named The AAM Concerts Limited, company no. 1511807).

Review of activities

In the 12 months September 2002 to August 2003, The AAM performed 71 concerts, of which 25 (35%) were in the United Kingdom and 46 (65%) were abroad. Six of the UK concerts formed The AAM's third own-promoted London season at St John's, Smith Square, where it is Resident Period-Instrument Orchestra, and a further three formed The AAM's first own-promoted Cambridge season. The 46 foreign concerts were in ten different countries as follows: USA (28 concerts), Netherlands (6), Germany (2), Greece (2), Italy (2), Spain (2), Austria (1), France (1), Hungary (1), Lichtenstein (1).

Financial results

The net surplus for the year was £40,184, made up of a trading surplus of £37,770 and an unrealised gain of £2,414 on the revaluation of investments. Total income was £863,911, comprising earned income of £770,699 (89%) and unearned income of £93,212 (11%). The unearned income was made up of: (i) project funding of £46,100 from Arts Council England's National Lottery-funded National Touring Programme to support UK tours in March and July 2003; (ii) development funding of £4,750 from Arts Council England; (iii) £1,875 from the Eastern Orchestral Board; (iv) private donations of £33,662 (including Gift Aid) from members of The AAM Society and other donors; (v) investment income of £6,824. We are grateful for this financial support, without which the company would have been unable to support its varied programme.

Reserves and investment policy

At the end of the year the company had reserves of £253,129. The reserves policy is to retain a level of funds in cash on deposit and to invest a proportion of reserves in bond and equity funds designed for charities, sufficient to provide security against the high degree of volatility in fee income.

Future plans

In 2003-04 The AAM celebrates its 30th anniversary. In addition to engagements throughout the UK, Europe and the USA, The AAM is continuing its residency at St John's, Smith Square, with a season of nine concerts, and is sustaining its new Cambridge presence with an expanded season of four concerts. The 30th anniversary season marks the start of a shift in The AAM's artistic direction: the 'triumvirate' of Christopher Hogwood, Andrew Manze and Paul Goodwin, which served The AAM between 1996 and 2003, will be replaced by a broader artistic base of guest directors. Christopher Hogwood (Director) and Paul Goodwin (Associate Conductor) will be complemented during the 2003-04 season by guest directors including Giuliano Carmignola, Stephen Layton, Pavlo Beznosiuk and Richard Egarr.

Board and Staff

Adam Broadbent and Judith Goodison joined the Board during the financial year. In addition to the three existing full-time staff positions (General Manager, Deputy General Manager, Concerts & Tours Manager), a new part-time post of Head of Development was created and filled in the course of the year.

THE ACADEMY OF ANCIENT MUSIC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2003

Directors and their interests

Those who have served as directors and trustees during the year and up to the date of this report are as follows:

Name of director

Christopher Purvis
(Chairman)
Christopher Hogwood
Heather Jarman
Christopher Tadgell
Konrad Schiemann
Adam Broadbent
(appointed on 26.2.03)
Judith Goodison
(appointed on 26.2.03)

Statement of directors' responsibilities

Company law requires the directors, who are also charity trustees, 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 surplus or deficit of the company for that year. 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 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.

By order of the Board



Heather Jarman
Secretary

Dated: 17th November 2003

AUDITORS' REPORT TO THE DIRECTORS OF THE ACADEMY OF ANCIENT MUSIC

We have audited the financial statements of The Academy of Ancient Music for the year to 31st August 2003 as set out on pages 5 to 12 which have prepared under the historical cost convention, with the exception of investments which are included at market value, and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As set out on page 3, the directors of the charitable company, who are also the trustees for the purpose of charity law are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations that we require for our audit or, if information specified by law regarding directors' remuneration and transactions with the company 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.

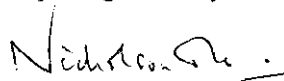
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the directors in their preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and properly 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 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 of the state of the charitable company's affairs as at 31st August 2003 and of its incoming and application of resources, including income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985 and all applicable UK Accounting Standards and in accordance with the requirements of the Statement of Recommended Practice for Accounting and Reporting issued by the Charity Commissioners for England and Wales.



Nicholson & Co.

Chartered Accountants and Registered Auditors

Monument House

215 Marsh Road

Pinner

Middlesex

HA5 5NE

Date:

THE ACADEMY OF ANCIENT MUSIC

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

31ST AUGUST 2003

	Notes	Unrestricted funds £	Restricted funds £	2003 £	2002 £
Incoming resources					
Grants	2	47,975	4,750	52,725	24,000
Donations	3	33,663	-	33,663	28,000
Investment income	4	6,824	-	6,824	5,421
Charitable trading income		770,699	-	770,699	823,635
Total incoming resources		859,161	4,750	863,911	881,056
Resources expended					
Direct charitable expenditure		691,553	-	691,553	766,235
		691,553	-	691,553	766,235
Other expenditure					
Fundraising and publicity		2,862	2,771	5,633	2,857
Management and administration		127,330	1,625	128,955	114,428
Total resources expended	5	821,745	4,396	826,141	883,520
Net incoming resources/resources expended	6	37,416	354	37,770	(2,464)
Unrealised gain on investments	7	2,414	-	2,414	(5,999)
Net movement on funds		39,830	354	40,184	(8,463)
Funds at 1st September 2002		212,945	-	212,945	221,408
Funds at 31st August 2003		252,775	354	253,129	212,945

THE ACADEMY OF ANCIENT MUSIC

BALANCE SHEET

AS AT 31ST AUGUST 2003

	Notes	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	9		<u>3,849</u>		<u>1,630</u>
			3,849		1,630
Current assets					
Debtors	10	24,750		18,020	
Current asset investments	11	46,415		44,001	
Cash at bank and in hand		<u>259,763</u>		<u>185,513</u>	
		330,928		247,534	
Creditors: amounts falling due within one year	12	<u>(81,648)</u>		<u>(36,219)</u>	
Net current assets			<u>249,280</u>		<u>211,315</u>
Total assets less current liabilities	13		<u><u>253,129</u></u>		<u><u>212,945</u></u>
Funds					
Unrestricted funds	14		252,775		212,945
Restricted funds	15		<u>354</u>		<u>-</u>
Total funds			<u><u>253,129</u></u>		<u><u>212,945</u></u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of Companies Act 1985.



Christopher Purvis
Chairman
17th November 2003

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2003

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the charity's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2000), applicable standards and the Companies Act 1985.

Fixed assets

Fixed assets are recorded at cost at the time of acquisition.

Depreciation

Depreciation has been provided at the following rate in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, on a reducing balance method over their expected useful lives.

Office equipment - 33% p.a.

Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the gain arising on revaluation.

Grants, donations and gifts

These comprise amounts receivable during the period, provided that there are no donor imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the precondition is met.

Investment income

Investment income is recognised in the accounts when it is received.

Charitable trading activities

This relates to income receivable from concerts, recordings, CD sales and royalties in the year.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences are included in the statement of financial activities.

Fundraising costs

Fundraising costs include the direct costs of fundraising and other related publicity costs.

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2003

Taxation

No provision has been made for corporation tax or deferred tax as the company is a registered charity and is therefore exempt.

2 Grants

	Unrestricted funds	Restricted funds	2003	2002
	£	£	£	£
Arts Council England - NTP	46,100	-	46,100	24,000
Arts Council England - Development	-	2,750	2,750	-
Arts Council England, East - RALP	-	2,000	2,000	-
Eastern Orchestral Board	1,875	-	1,875	-
	47,975	4,750	52,725	24,000

3 Donations

	Unrestricted funds	2003	2002
	£	£	£
The AAM Society and other donors	32,351	32,351	27,015
The AAM Concerts Limited	1,312	1,312	985
	33,663	33,663	28,000

4 Investment income

	Unrestricted funds	2003	2002
	£	£	£
Interest received	6,824	6,824	5,421
	6,824	6,824	5,421

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2003

5 Total resources expended

	Direct costs £	Other expenditure £	2003 £	2002 £
Artists' fees	479,446	-	479,446	533,314
Wages and salaries	21,500	77,869	99,369	89,658
Social security costs	2,062	8,347	10,409	9,016
Agents' fees	7,170	-	7,170	24,468
Fixing	13,561	-	13,561	15,251
Porterage	6,914	-	6,914	7,932
Music and instrument hire	22,389	-	22,389	9,513
Venue hire and ticket commission	22,069	-	22,069	9,961
Travel and subsistence	87,005	4,818	91,823	123,388
Telephone, internet and website	-	5,187	5,187	2,664
Printing, postage, stationery and computer costs	-	7,243	7,243	6,834
Insurance	-	1,767	1,767	1,147
Training, welfare and recruitment	-	3,919	3,919	1,483
Consultancy	-	2,523	2,523	2,508
Audit fee	-	2,000	2,000	2,500
Accountancy fees	-	6,531	6,531	6,907
Depreciation	-	1,924	1,924	803
Publicity, events and entertaining	21,034	2,862	23,896	22,041
Cost of compact discs	7,477	-	7,477	4,361
Bank and merchandising charges	-	1,052	1,052	1,987
Extra research, music and printing	926	-	926	-
Subscriptions and publications	-	1,546	1,546	784
Premises costs	-	7,000	7,000	7,000
	<u>691,553</u>	<u>134,588</u>	<u>826,141</u>	<u>883,520</u>

Other expenditure includes fundraising and publicity costs and management and administration.

6 Net incoming resources/resources expended

<i>The net incoming resources/resources expended stated after charging:</i>	2003 £	2002 £
Depreciation	1,924	803
Auditors' remuneration	<u>2,000</u>	<u>2,500</u>

7 Investment unrealised gains reconciliation

	Total £
Revaluation surplus at year end	<u>2,414</u>
Balance carried forward	<u>2,414</u>

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2003

8 Staff costs

Staff costs were as follows:

	2003 £	2002 £
Wages and salaries	99,369	89,658
Social security costs	10,409	9,016
	<u>109,778</u>	<u>98,674</u>

The average number of staff employed by the charity during the year was as follows:

Management : 1 (2002 - 1), Administration : 1 (2002 - 1), Direct charitable : 1 (2002 - 1)
and Fundraising : 1 from August 2003 (2002 - Nil).

The number of employees whose emoluments amounted to over £40,000 in the year was as follows: 1

No remuneration was paid to the directors during the year. Fees paid to directors for their professional services are disclosed in note 16.

9 Tangible fixed assets

	Office equipment £	Total £
Cost		
At 1st September 2002	2,633	2,633
Additions	4,143	4,143
At 31st August 2003	<u>6,776</u>	<u>6,776</u>
Depreciation		
At 1st September 2002	1,003	1,003
Charge for the year	1,924	1,924
At 31st August 2003	<u>2,927</u>	<u>2,927</u>
Net book value		
At 31st August 2003	<u>3,849</u>	<u>3,849</u>

10 Debtors

	2003 £	2002 £
Trade debtors	7,890	5,449
Other debtors and prepayment	16,860	12,571
	<u>24,750</u>	<u>18,020</u>

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2003

11	Current asset investments	2003	2002
		£	£
	Listed UK investments	46,415	44,001
		46,415	44,001

12	Creditors: amounts falling due within one year	2003	2002
		£	£
	Trade creditors	36,741	3,707
	Other creditors	465	5,233
	Accruals and deferred income	31,813	13,479
	Other taxes and social security	12,629	13,800
		81,648	36,219

13	Analysis of net assets between funds	Unrestricted funds	Restricted funds	Total funds
		£	£	£
	Fund balances at 31st August 2003 as represented by:			
	Tangible fixed assets	3,849	-	3,849
	Current asset investments	46,415	-	46,415
	Other net current assets	202,511	354	202,865
	Total net assets	252,775	354	253,129

14	Unrestricted funds	At 1st September 2002	Incoming	Outgoing	Unrealised gain on investment	At 31st August 2003
		£	£	£	£	£
	General purpose fund	212,945	859,161	(821,745)	2,414	252,775
		212,945	859,161	(821,745)	2,414	252,775

Included in the General Purpose Fund is:

Library Fund: The trustees have designated funds for expenditure relating to the library and research. During the year under review, expenditure in the sum of £926 was incurred. The balance as at 31st August 2003 was £18,795.

Manze Fund: The trustees have designated funds for specific projects. During the year under review, the total funds in the sum of £3,500 were used in connection with the USA tours in October 2002 and March 2003. There is no balance as at 31st August 2003.

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2003

15 Restricted funds

	Incoming	Outgoing	At
	£	£	31.08.2003
Development Fund	4,750	(4,396)	354
	<u>4,750</u>	<u>(4,396)</u>	<u>354</u>

The Development Fund has been set up to enhance the Charity's fundraising capabilities. The initial funding has been received from Arts Council England.

16 Transactions with directors

During the year, the Charity has bought conducting services from Christopher Hogwood to the value of £7,500 (2002 - £61,050) and consultancy services from Heather Jarman to the value of £458 (2002 - £2,508). In addition, Christopher Hogwood has been reimbursed for providing accommodation and services in the sum of £8,400 (2002 - £7,591). All transactions have been conducted on a normal commercial basis.

17 Related parties

The Charity has received a donation under gift aid to the value of £1,312 (2002 - £985) from The AAM Concerts Limited, a company controlled by Christopher Hogwood.