

**THE ACADEMY OF ANCIENT MUSIC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2012**

Charity Number 1085485



THE ACADEMY OF ANCIENT MUSIC

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

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THE ACADEMY OF ANCIENT MUSIC

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

REGISTERED CHARITY NAME The Academy of Ancient Music

CHARITY NUMBER 1085485

COMPANY REGISTRATION NUMBER 04109942

TRUSTEES

Adam Broadbent (to 11 July 2012)	2
Richard Bridges (appointed 25 September 2012)	2,4
Kay Brock LVO DL	1,2
John Everett	2,3*,4
Matthew Ferrey	2,4
James Golob	2,3
John Grieves	1*,2,3
Heather Jarman	
Christopher Purvis CBE (chairman)	2,4
John Reeve (appointed 16 December 2011)	2
Terence Sinclair (appointed 16 December 2011)	1,2*,4*
Dr Christopher Tadgell	2
Janet Unwin (appointed 7 March 2012)	2

1 = member of nominations committee
2 = member of development board
3 = member of audit and risk committee
4 = member of fundraising committee
* = chairman of committee

CHIEF EXECUTIVE Michael Garvey

MUSIC DIRECTOR Richard Egarr

EMERITUS DIRECTOR Christopher Hogwood CBE

SECRETARY Heather Jarman

REGISTERED OFFICE 11b King's Parade
Cambridge
Cambridgeshire
CB2 1SJ

AUDITOR Streets Audit LLP
Chartered Accountants
& Statutory Auditor
Charter House
62-64 Hills Road
Cambridge
CB2 1LA

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

THE ACADEMY OF ANCIENT MUSIC

CHAIRMAN'S STATEMENT

YEAR ENDED 31 AUGUST 2012

The financial year to 31 August 2012 was one of continuing success for the Academy of Ancient Music

The development with the greatest potential for long term impact was our appointment, in January 2012, as Associate Ensemble at the Barbican Centre in London. Securing a permanent London home at a single venue has been an objective for some time. From October 2013 we shall present an enriched London programme at the Barbican, performing large-scale repertoire in the Barbican Concert Hall and smaller-scale concerts in a new 600-seat concert hall which is currently nearing completion in Silk Street.

In June 2012 we were honoured to play a leading role in Her Majesty the Queen's diamond jubilee pageant. The orchestra's performance of Handel's *Music for the Royal Fireworks* and *Water Music* under the baton of music director Richard Egarr was enjoyed by over a million spectators on the banks of the Thames, and by television audiences around the world.

Our programme of eighteen performances in London and Cambridge reached over 11,000 audience members. At its heart was *Musical Revolutions*, a fascinating concert series curated by Richard Egarr which explored periods of particular innovation in the history of music. We were especially pleased that the series afforded opportunities for a number of outstanding young soloists and directors to make their AAM debuts.

Our traditions of recording, broadcasting and digital work continued. During the year we released the world premiere recording of music by the mid-17th-century English composer Christopher Gibbons which had been discovered by Richard Egarr in manuscript sources at Oxford and in the British Library, and made two further recordings for future release. Eight concert performances were broadcast by the BBC and other European radio stations. The orchestra continued to invest in the development of its online presence, and 1.47 million tracks were streamed through the *AAMplayer* — an area of the orchestra's website which enables members of the public to enjoy highlights from its discography for free.

The surplus on the year was £126,368, £100,000 of which has been designated by the trustees to support the ambitious future plans which are outlined on page 9 of this report. These include establishing fully our Barbican residency, launching an AAM record label through which we will continue the orchestra's distinguished recording tradition in the context of the rapidly-changing market for classical recordings, and continuing to develop the *AAMplify* new generation programme which is now well-established at the heart of our work.

In July 2012 Adam Broadbent stood down from the board of trustees after nine years of service. I am most grateful to have had the benefit of his wisdom and his unstinting support over so many years. During the year we welcomed John Reeve and Janet Unwin to the board, and Terence Sinclair not only as a trustee but also as chairman of our development board. After the year end Richard Bridges agreed to join the board. All have important and varied skills to bring to our deliberations in the period of growth.

We were very saddened to learn of the death in August 2011 of our long-standing supporter and dear friend Mo Acland. Mo played an instrumental role in the establishment of the AAM Society in the late 1990s, and members of the orchestra were honoured to be invited to perform at her memorial service in October 2011.

None of our work would be possible without our many funders and supporters. In April 2012 we were delighted to join Arts Council England's national portfolio as a regularly funded organisation for the first time in our history. Regular Arts Council funding will enable us to achieve even more than we have in recent years, in particular by developing considerably our provision for the public in the UK. Yet public support is the "icing on the cake" rather than the "bread and butter" for every pound invested by Arts Council England in 2011-12 we leveraged £8.79 in contributions from other supporters and in earned income. The backbone of our financial strength remains our wonderful family of private donors and supporters — individuals and also trusts and foundations — for whose ongoing support I would express my particular thanks.

THE ACADEMY OF ANCIENT MUSIC

CHAIRMAN'S STATEMENT

YEAR ENDED 31 AUGUST 2012

I am grateful also to our loyal concertgoers for their continuing encouragement, to board and development board members for their leadership and their generous financial support, to our staff for their continuing hard work, and in particular to our wonderful musicians



Christopher Purvis CBE
27 February 2013

THE ACADEMY OF ANCIENT MUSIC

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 AUGUST 2012

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 August 2012

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status and governing instrument

The Academy of Ancient Music (AAM) is a company limited by guarantee, incorporated on 17th November 2000 and governed by a memorandum and articles of association

Organisational structure

Board of trustees

The activities of the AAM are ultimately controlled by the board of trustees, which meets at regular intervals to provide strategic direction and to monitor the work of the executive and the orchestra. During the year there were five board meetings, including an away day at which longer-term issues were discussed. The music director and staff attend meetings as appropriate.

New trustees are co-opted by the board on the recommendation of the nominations committee, and offer themselves for re-election by the members at the subsequent annual general meeting. Prior to joining the board, new trustees have meetings with the chairman, the chairman of the nominations committee, existing trustees and the chief executive. On appointment they are provided with a detailed induction pack and have meetings with other members of staff. One third of all trustees must retire annually and may offer themselves for re-election.

During the course of the year John Reeve, Terence Sinclair and Janet Unwin joined the board. Richard Bridges was appointed after the end of the year. Adam Broadbent retired as a trustee in July 2012. The trustees are very grateful for the support and wise counsel which he has brought to the AAM over almost a decade.

Nominations committee

The nominations committee, chaired by John Grieves, comprises members of the board as indicated on page 1. Its role is to ensure that procedures are in place for the nomination and selection of members of the board of trustees and development board, it has regard for the size, composition and succession needs of both boards, taking into account their required balance of skills, knowledge and experience.

Fundraising committee

The fundraising committee, chaired by Terence Sinclair, comprises members of the board as indicated on page 1, plus Chris Rocker and Madeleine Tattersall. It is a committee of the board of trustees, and its membership is approved by the board on the recommendation of the nominations committee. It meets at regular intervals, and it has the power to form, when appropriate, working parties onto which other trustees and members of the development board may be co-opted.

Its members work with the executive on the development of the AAM's fundraising strategy, play a leading role in soliciting contributions from individuals, trusts and foundations and corporate sponsors, and have responsibility for taking the lead on specific areas of fundraising as agreed from time to time.

THE ACADEMY OF ANCIENT MUSIC

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2012

Audit and risk committee

The audit and risk committee, chaired by John Everett, comprises members of the board as indicated on page 1, and is a committee of the board of trustees. It provides oversight of the accounting systems, accounting policies and financial reporting, and makes recommendations to the board on any changes that are required. Working with the executive, it reviews significant risks to the organisation, assesses their likely impact (probability and magnitude), and makes recommendations to the board on the best ways of mitigating the risk. It is also responsible for reviewing and approving the orchestra's key performance indicators. It reviews the auditors and — if necessary — recommends changes to the board for subsequent approval at the annual general meeting.

The whole board reviews financial performance at each board meeting. The trustees are satisfied that all major risks have been identified and that systems are in place to mitigate those risks.

Development board

The development board, chaired by Terence Sinclair, brings together AAM supporters who are actively engaged in introducing potential donors and raising funds for the orchestra. Trustees who serve on the development board are shown on page 1, other members during the year were Delia Broke, Kate Donaghy, Elizabeth Hartley-Brewer, Sarah Miles Williams, Annie Norton, Chris Rocker, Madeleine Tattersall and Alison Wisbeach. The development board meets twice annually to receive an update on the orchestra's progress from the executive, the chairman and whenever possible the music director, and to offer counsel on future fundraising initiatives. Development board members also

- become involved with the orchestra and gain an understanding of its workings by attending rehearsals as well as concerts, trips and AAM Society events,
- act as ambassadors and advocates for the orchestra by introducing potential supporters to its work,
- serve on working parties established by the fundraising committee to work on specific fundraising projects as appropriate from time to time,
- support the executive fundraising staff in their work as is appropriate from time to time.

Members are appointed for three-year terms of office by the board of trustees on the recommendation of the development board chairman.

All trustees and development board members give generously to the orchestra, and by doing so encourage others to do the same. Board members contributed a total of £63,878 during the course of the year, and pledged a further £135,452 to support the orchestra's development in future years.

AAM council

After the end of the year, the board approved the creation of an AAM Council which will bring together individuals involved with the AAM as ambassadors, advisers, major donors and development board members, as well as former board members. Members will meet annually to receive an update on the AAM's work, and will have regular contact with staff, including a quarterly written update from the Chief Executive.

Appraisal of the boards and committees

The board reviews its own performance on an annual basis. The trustees and the chief executive assess how the board functions as a whole, and, where appropriate, make changes. There is a similar review of the development board and committees. The chairman reviews the performance of each member of the board and development board, assessing their contribution and the possible further development of their skills. Following discussions with other board members, John Grieves similarly reviews the performance of the chairman.

Executive staff

The chief executive is vested with day-to-day responsibility for the running of the orchestra. At the year-end he was supported by eight additional staff and a PR consultant. After the end of the year a new position of Fundraising Officer was created.

THE ACADEMY OF ANCIENT MUSIC

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2012

OBJECTIVES AND ACTIVITIES

Charity objectives

The objectives of the charity are to advance the education of the public in the art of baroque and early classical music and the allied arts. There have been no changes to the charity's objectives since the last annual report.

ACHIEVEMENTS AND PERFORMANCE

The year ended 31 August 2012 was a busy and successful one for the Academy of Ancient Music. The orchestra was appointed as Associate Ensemble at the Barbican Centre in London, joined Arts Council England's national portfolio of regularly funded organisations for the first time in its history, played a leading role in the diamond jubilee celebrations of Her Majesty the Queen, won acclaim for its *Musical Revolutions* concert series in London and Cambridge, released a world premiere recording of the music of Christopher Gibbons and completed two further recordings for future release, gave debut performances with outstanding young artists including Rebecca Bottone, Jonathan Cohen, Mahan Esfahani, Alina Ibragimova and Shunsuke Sato, and extended the *AAMplify* new generation programme to London for the first time.

Diamond jubilee celebrations

In June 2012 the AAM was honoured to reach its largest-ever audience when it performed Handel's *Water Music* and *Music for the Royal Fireworks* at Her Majesty the Queen's Thames diamond jubilee pageant. The AAM's barge sailed ahead of the royal squadron as part of the largest flotilla to have mustered on the Thames for three centuries. The orchestra's performance was enjoyed by over a million onlookers, and it reached hundreds of millions more through television broadcasts around the world.

Ahead of the performance, members of the orchestra appeared live on BBC Breakfast TV, on BBC Radio 5 live, and on BBC Radio 3's *Music Matters* and *In Tune* programmes.

London and Cambridge seasons

The AAM's provision for the public in London and Cambridge continues to be at the heart of its work. Its performances in the two cities were enjoyed by over 11,000 audience members during the course of the year. In London it gave ten performances, appearing at Wigmore Hall, Cadogan Hall, the Barbican Centre and the BBC Proms. Its residency at the University of Cambridge continued with eight performances; the orchestra values its close relationships with the university's Faculty of Music, and with King's College Choir.

Central to the London and Cambridge seasons was *Musical Revolutions*, a series of ten concerts exploring the moments of intense innovation in the history of music which gave rise to the birth of the concerto and the symphony, produced the glories of the French baroque, and inspired the genesis of the Romantic era.

The season also included a one-off performance by Korean soprano Sumi Jo, with whom the AAM had toured the Far East in May 2011, seasonal performances of Handel's *Messiah* and JS Bach's St Matthew Passion, and a special performance at King's College, Cambridge celebrating the arrival of the Olympic torch in the city.

A particular highlight was the world premiere performance of a new realisation of JS Bach's The Art of Fugue at the BBC Proms. The realisation had been specially commissioned from harpsichordist Mahan Esfahani, who directed the performance. *The Observer* commented that it "made Bach's counterpoint glisten so brightly you could imagine — faint hope — you could comprehend its intricate workings".

THE ACADEMY OF ANCIENT MUSIC

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2012

UK and international touring

Enriching the lives of audiences in the UK regions and around the world remains a most important aspect of the AAM's work

The orchestra reached regional audiences around the UK through twelve performances in Bath, Birmingham, Bury St Edmunds, Chipping Campden, Edinburgh, Exeter, Ludlow, Taunton and Totnes. Touring programmes included *Rise of the Concerto* — violinist Alina Ibragimova's highly successful debut project with the orchestra — which prompted *BBC Music Magazine* to write "Four notes That's all it took for Alina Ibragimova to entrance her audience. As she began to play, there was an instant, magical hush in the audience, the glitter of the glass chandeliers seemed to blur into the background. By the end of the fiendish piece, it scarcely seemed surprising that one audience member uttered a breathless but clearly audible 'wow'". A number of touring performances were supported as part of the AAM's valued partnership with Orchestras Live, and two formed part of the Cultural Olympiad's Music Nation weekend.

Internationally, the orchestra continued to perform at some of the world's most prestigious concert venues. Highlights included a programme of Handel, Purcell and Vivaldi with soprano Lisa Larsson at the Concertgebouw in Amsterdam and, following the diamond jubilee pageant, performances of *Handel's royal music* — a programme bringing together the *Water Music*, *Music for the Royal Fireworks* and *Four Coronation Anthems* — at the Philharmonie in Luxembourg, the Palace of Versailles near Paris and the Grafenegg Music Festival in Austria.

Recording, broadcasting, digital and media

The AAM's discography of over 300 recordings remains a backbone of radio station libraries around the world. During the course of the year, a world-premiere recording of music by Christopher Gibbons was released. *The Guardian* selected the recording as its CD of the week, and wrote "These pieces have been extracted by Richard Egarr from libraries in Oxford and London, and none has been recorded before. Egarr describes [Gibbons] as the 'missing link between the pre-Commonwealth world of Williams Lawes and the Restoration baroque of Henry Purcell', and the beautifully played and sung sequence he has devised for the Academy of Ancient Music and its Choir alternates anthems and motets with organ voluntaries (performed by Egarr) and fantasias for two violins, bass viol and organ. The instrumental pieces are wonderfully imaginative, but it's the choral works that stand out with their startling modulations and expressively charged vocal lines. The finest of them starts the disc: the eight-part *Not unto us*, with its building layers of counterpoint, seems to open out into a musical space so vast it's hard to believe the whole anthem lasts fewer than five minutes."

In September 2011 the AAM recorded a disc which traces the emergence of the symphonic form over fifty years from JS Bach to Mozart and Haydn. It also completed the recording of Mozart's *Requiem* with Stephen Cleobury, the Choir of King's College, Cambridge, and soloists including Christine Rice and James Gilchrist which had been begun earlier in 2011.

The orchestra received extensive coverage on radio and television around the diamond jubilee pageant. In addition, it broadcast eight concerts during the year. Highlights included live BBC Radio 3 transmissions of Handel's *Messiah* from St John's, Smith Square on 23 December, of Alina Ibragimova's *Rise of the Concerto* programme from Ludlow, of Jonathan Cohen's *Dawn of the Cantata* programme and Richard Egarr's *Age of the French baroque* programmes, both from Wigmore Hall, and of Mahan Esfahani's *The Art of Fugue* from *The Handel's royal music* programme was broadcast from Symphony Hall in Birmingham on Classic FM and from the Grafenegg Music Festival on Austrian radio, and a performance at the International Mozart Festival in Gdansk was transmitted live on Polish radio. The orchestra was featured five times during the year on BBC Radio 3's *In Tune* programme.

The AAM continued to develop www.aam.co.uk as a major online resource for those interested in period performance. During the course of the year, 1.47 million tracks were played through the website's *AAMplayer* — a special platform enabling browsers to listen to highlights from the orchestra's discography for free. 14 new videos about the orchestra's work were released through the AAM YouTube channel, which has received over 72,000 hits since its launch in October 2010. AAM players and staff continued to contribute regularly to the orchestra's blog, and the AAM now has almost 4,000 friends on Facebook as well as 2,500 Twitter followers.

THE ACADEMY OF ANCIENT MUSIC

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2012

The AAM's profile in the press was enhanced significantly during the course of the year as a result of the work of Rebecca Driver Media Relations

AAMplify new generation programme

The *AAMplify* new generation programme, which was established in 2010 to nurture the audiences, artists and arts managers of the future, continued to develop

The *AAMplify* audiences membership scheme gave hundreds of young people aged under 26 access to AAM concerts in London and Cambridge with subsidised £3 tickets

The *AAMplify* artists programme developed talented young period instrument performers through four masterclasses at the University of Cambridge and the Guildhall School of Music & Drama in London in which students sat side by side with AAM professionals

The *AAMplify* arts management traineeship programme provided opportunities for two aspiring arts professionals to enter the arts profession

FINANCIAL REVIEW

The net surplus on the year was £126,368 Total income amounted to £1,190,749, and expenditure to £1,064,381 However, this surplus included £100,000 which has been designated by the trustees to support the orchestra's ambitious plans for future years

Fundraising

Voluntary income for the year, comprising grants from trusts and foundations, gifts from individual donors, corporate sponsorship, and public funding, stood at £733,862 £157,533 was given specifically for activities taking place in future years, therefore £576,329 of voluntary income is shown in the statement of financial activities

The orchestra was grateful to receive a number of major gifts and grants from private funders during the course of the year, notably from the Dunard Fund, the John Ellerman Foundation, Matthew Ferrey and the Gatsby Charitable Foundation

It was equally grateful to join Arts Council England's national portfolio in April 2012 for the first time in its history Regular Arts Council support, worth £522,000 between 2012 and 2015, will enable the orchestra to undertake a range of new activity in the coming years In May 2012 the orchestra secured an additional grant of £240,000 from the Arts Council's *Catalyst* fund to support the further development of its private fundraising programme

During the year a number of events and initiatives took place to bring AAM audiences and supporters closer to its work

In May 2012 over 100 of the orchestra's regular Cambridge concertgoers gathered at Childerley Hall — by generous invitation of the Jenkins family — for a chamber performance and picnic celebrating the launch of the 2012-13 season The orchestra now has 275 subscribers who attend all performances in its University of Cambridge residency it is most grateful for their encouragement and support

A number of special events were held for AAM Society members and other supporters during the course of the year These included a season launch event at the home of AAM supporters John and Claire Brisby, a recital and private exhibition viewing hosted by Messum's gallery in Cork Street, receptions hosted by Andrew and Wendy Gairdner and by Sheila Mitchell on the day of the diamond jubilee pageant, an international trip to the Grafenegg Music Festival, where guests were welcomed to Schloss Grafenegg by Prince Stefan von Ratibor, and a fundraising lunch at Bourne Park generously hosted by Dr Christopher and Lady Juliet Tadgell A dinner was given by four members of the AAM development board for the AAM's most generous donors

THE ACADEMY OF ANCIENT MUSIC

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2012

In May 2012 a new Friends of the AAM scheme was launched to complement the well-established AAM Society by encouraging giving at a more modest level to the orchestra's work. By the end of the financial year over 20 Friends had joined.

The trustees are most grateful to all the AAM's supporters for their generosity, without which the orchestra's current work and future plans would not be possible.

Reserves and investment policy

The trustees operate a reserves policy which aims to keep a minimum cash balance of an average 3 months' expenditure readily available. Cash flow is monitored monthly to ensure that these levels are maintained. In the event of cash reserves dropping below this level, the organisation will work to redress the balance of costs and reserves as quickly as possible.

As at the year-end unrestricted reserves amounted to £413,740. Of this amount the trustees have designated £100,000 to provide financial security in support of the ambitious future plans outlined below.

PUBLIC BENEFIT

In reviewing objectives, developing strategies and undertaking activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit including specifically the Commission's guidance on the advancement of education and the advancement of the arts, culture, heritage or science.

PLANS FOR FUTURE PERIODS

'AAM Tomorrow': strategic plan 2012-15

The orchestra continues to work towards the delivery of the five priorities set out in its 'AAM Tomorrow' strategic plan:

- developing still further the orchestra's artistic excellence,
- giving people access to its live concerts in spite of the financial pressures facing concert venues, in particular by developing a single London home at the Barbican Centre,
- keeping baroque and classical music alive for a mass global audience in spite of the challenging record industry environment by launching an own record label and harnessing digital technology,
- educating and nurturing the audiences, artists and arts managers of the future by developing still further the *AAMplify* new generation programme,
- developing the AAM even further as a first-class organisation capable of achieving its ambitious vision.

Barbican Association

The AAM's appointment as Associate Ensemble at the Barbican Centre is a strategic development of great importance to the orchestra. It is being launched with three performances in the Barbican Concert Hall in 2012-13. From September 2013 the orchestra will give all its London performances at the Centre, presenting large-scale concerts in the Barbican Concert Hall and smaller-scale performances in Milton Court, a new hall currently nearing completion in Silk Street. It will continue to develop its educational, outreach and engagement activities in collaboration with the Barbican Centre and the Guildhall School of Music & Drama.

Record label

After the year-end the trustees approved plans for the development of an AAM record label. The first discs on the label are due for release at the beginning of the orchestra's 40th anniversary season in September 2013.

THE ACADEMY OF ANCIENT MUSIC

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2012

RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also the directors of the Academy of Ancient Music for the purposes of company law) are responsible for preparing the Trustees' Annual Report, the Chairman's statement and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the income and expenditure of the charitable company for that period.

In preparing these financial statements, the trustees are required to

select suitable accounting policies and then apply them consistently,

observe the methods and principles in the Charities SORP,

make judgements and accounting estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

there is no relevant audit information of which the charitable company's auditor is unaware, and

the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Streets Audit LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the trustees



Heather Jarman
Charity Secretary

22-2-13

THE ACADEMY OF ANCIENT MUSIC

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ACADEMY OF ANCIENT MUSIC

YEAR ENDED 31 AUGUST 2012

We have audited the financial statements of the Academy of Ancient Music for the year ended 31 August 2012 on pages 13 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly, we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at year ended 31 August 2012 and of its incoming resources and application of resources 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 Charities Act 2011.

THE ACADEMY OF ANCIENT MUSIC

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ACADEMY OF ANCIENT MUSIC *(continued)*

YEAR ENDED 31 AUGUST 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements, or
- the charitable company has not kept adequate accounting records, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit



STREETS AUDIT LLP
Chartered Accountants & Statutory Auditor

Charter House
62-64 Hills Road
Cambridge
CB2 1LA

5/4/2013

THE ACADEMY OF ANCIENT MUSIC

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	2	395,476	180,853	576,329	360,119
Activities for generating funds	3	—	—	—	3,000
Investment income	4	1,119	—	1,119	57
Incoming resources from charitable activities	5	613,301	—	613,301	715,238
TOTAL INCOMING RESOURCES		<u>1,009,896</u>	<u>180,853</u>	<u>1,190,749</u>	<u>1,078,414</u>
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income		(68,569)	—	(68,569)	(24,970)
Charitable activities	6	(793,641)	(196,679)	(990,320)	(1,031,704)
Governance costs	7	(5,492)	—	(5,492)	(3,149)
TOTAL RESOURCES EXPENDED		<u>(867,702)</u>	<u>(196,679)</u>	<u>(1,064,381)</u>	<u>(1,059,823)</u>
NET INCOMING RESOURCES FOR THE YEAR/NET INCOME FOR THE YEAR	8	142,194	(15,826)	126,368	18,591
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>271,546</u>	<u>27,539</u>	<u>299,085</u>	<u>280,494</u>
TOTAL FUNDS CARRIED FORWARD		<u>413,740</u>	<u>11,713</u>	<u>425,453</u>	<u>299,085</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared

All of the above amounts relate to continuing activities

The notes on pages 15 to 22 form part of these financial statements.

THE ACADEMY OF ANCIENT MUSIC

BALANCE SHEET

31 AUGUST 2012

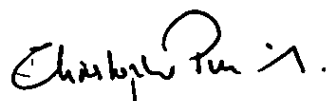
	Note	£	2012 £	2011 £
FIXED ASSETS				
Tangible assets	10		2,733	5,393
CURRENT ASSETS				
Stocks	11	13,028		12,652
Debtors	12	40,765		78,523
Cash at bank and in hand		675,276		487,082
		<u>729,069</u>		<u>578,257</u>
CREDITORS: Amounts falling due within one year	13	<u>(248,016)</u>		<u>(251,232)</u>
NET CURRENT ASSETS			481,053	327,025
TOTAL ASSETS LESS CURRENT LIABILITIES			483,786	332,418
CREDITORS: Amounts falling due after more than one year	14		(58,333)	(33,333)
NET ASSETS			425,453	299,085
FUNDS				
Restricted funds	16		21,713	27,539
Designated unrestricted funds	17		100,000	-
Unrestricted funds	17		303,740	271,546
TOTAL FUNDS			425,453	299,085

The trustees are satisfied that the charity is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477(2), and that no member or members have requested an audit pursuant to section 476(1) of the Act. However it is required to have a statutory audit under the Charities Act 2011.

The trustees acknowledge their responsibilities for

- (i) ensuring that the charity keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charity.

These financial statements were approved by the members of the board on the 27/2/2013 and are signed on their behalf by



Christopher Purvis CBE (Chairman)

Company Registration Number 04109942

The notes on pages 15 to 22 form part of these financial statements.

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income -

Voluntary income is received by way of grants, donations, legacies and gifts and is included in full in the statement of financial activities when receivable unless there are conditions based on the delivery of specific activities

Incoming resources from grants and fundraising efforts, where related to performance and specific deliverables, are accounted for as and when the charity fulfils these commitments

Investment income is included when receivable

Incoming resources from charitable activities are accounted for when earned

Charitable trading activities

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

Fundraising costs

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

Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees and in furtherance of the general objectives of the charity

Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal

Designated funds, where required, would be amounts set aside by the Trustees to provide the financial security for committed plans in future seasons

Fixed assets

All fixed assets are initially recorded at cost. Assets costing over £1,000 and having an expected life greater than one year are capitalised

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Office equipment - 25% straight line

Investments

Investments are stated at market value at the balance sheet date

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Recordings

Recording production costs are treated as expenditure in the period in which they are incurred

Taxation

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

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

Reserves

The AAM operates a reserves policy which aims to keep a minimum cash balance of 3 months operating costs readily available. Cash flow is monitored monthly to ensure that these levels are maintained. In the event of cash reserves dropping below this level, the organisation will work to reduce costs so as to redress the balance of costs and reserves

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Donations				
AAM Society and other donors	140,569	–	140,569	178,230
AAM Bach Patrons	–	–	–	45,000
Grants				
Amberstone Trust	5,000	–	5,000	6,895
Dunard Fund	8,334	–	8,334	–
Newby Trust	–	–	–	13,500
Sir Siegmund Warburg's Voluntary Settlement	66,666	–	66,666	33,334
K T Wong Foundation	–	–	–	9,970
Esmee Fairbairn Foundation	7,000	–	7,000	–
Constance Travis Charitable Trust	–	–	–	2,000
J Paul Getty Jnr Charitable Trust	33,333	–	33,333	33,334
Arts Council England	70,833	50,853	121,686	12,000
ABO	–	–	–	1,000
John Ellerman Foundation	–	20,000	20,000	5,000
Garfield Weston Foundation	50,000	–	50,000	–
John R Murray Charitable Trust	–	10,000	10,000	–
Gatsby Charitable Foundation	–	100,000	100,000	–
Cottisford Charitable Trust	250	–	250	–
Loveday Charitable Trust	1,250	–	1,250	–
Louisa Lewisoohn Memorial Trust	250	–	250	–
Golob Charitable Trust	3,000	–	3,000	–
Other income				
Recordings	8,991	–	8,991	19,856
	<u>395,476</u>	<u>180,853</u>	<u>576,329</u>	<u>360,119</u>

3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Total Funds 2012 £	Total Funds 2011 £
Sponsorships	–	3,000

4. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Bank interest receivable	1,119	1,119	57

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
CD sales and royalties	8,281	8,281	14,282
Engagements	455,577	455,577	565,790
Own promotions	145,002	145,002	135,166
Rental income	4,310	4,310	—
AAM Merchandise	131	131	—
	<u>613,301</u>	<u>613,301</u>	<u>715,238</u>

6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Advancement of baroque and classical music	511,988	154,361	666,349	755,663
Support costs	291,653	32,318	323,971	276,041
	<u>803,641</u>	<u>186,679</u>	<u>990,320</u>	<u>1,031,704</u>

7. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Audit fees	3,152	3,152	3,149
Legal fees	2,340	2,340	—
	<u>5,492</u>	<u>5,492</u>	<u>3,149</u>

8. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging/(crediting)

	2012 £	2011 £
Staff pension contributions	7,726	—
Depreciation	2,660	3,436
Auditors' remuneration		
- audit of the financial statements	3,152	3,149
Operating lease costs		
- Land and buildings	16,708	9,000
- Plant and machinery	1,000	1,000
Exchange (gains)/losses	<u>7,827</u>	<u>(2,286)</u>

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2012	2011
	£	£
Wages and salaries	199,218	167,802
Social security costs	19,657	16,623
Other pension costs	7,726	—
	<u>226,601</u>	<u>184,425</u>

No remuneration was paid to the trustees during the year Fees paid to trustees for their professional services are disclosed in note 19

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows

	2012	2011
	No	No
Management	1	1
Administration	2	1
Direct charitable	5	4
	<u>8</u>	<u>6</u>

No employee received remuneration of more than £60,000 during the year (2011 - Nil)

10. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 September 2011 and 31 August 2012	<u>12,665</u>
DEPRECIATION	
At 1 September 2011	7,272
Charge for the year	<u>2,660</u>
At 31 August 2012	<u>9,932</u>
NET BOOK VALUE	
At 31 August 2012	<u>2,733</u>
At 31 August 2011	<u>5,393</u>

11. STOCKS

	2012	2011
	£	£
Stock	<u>13,028</u>	<u>12,652</u>

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

12. DEBTORS

	2012	2011
	£	£
Debtors and accrued income	8,992	47,900
Other debtors and prepayments	31,773	30,623
	<u>40,765</u>	<u>78,523</u>

13. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	23,437	9,590
Taxation and social security	12,476	18,139
Other creditors	20,041	11,922
Accruals and deferred income	192,062	211,581
	<u>248,016</u>	<u>251,232</u>

Accruals and deferred income includes £157,533 (2011 £180,900) of voluntary income raised during 2011-12 for expenditure in the 2012-13 concert season

14. CREDITORS: Amounts falling due after more than one year

	2012	2011
	£	£
Accruals and deferred income	<u>58,333</u>	<u>33,333</u>

Accruals and deferred income includes £58,333 (2011 £33,333) of voluntary income raised during 2011-12 for expenditure in the 2013-14 concert season

15. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2012 the charity had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire.				
Within 1 year	-	1,000	-	-
Within 2 to 5 years	30,984	-	9,000	1,000
	<u>30,984</u>	<u>1,000</u>	<u>9,000</u>	<u>1,000</u>

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

16. RESTRICTED FUNDS

	Balance at 1 Sep 2011 £	Incoming resources £	Outgoing resources £	Balance at 31 Aug 2012 £
Individual Donors	21,491	–	(12,318)	9,173
John Ellerman Foundation	–	20,000	(20,000)	–
John R Murray Charitable Trust	–	10,000	(10,000)	–
Gatsby Charitable Foundation	–	100,000	(100,000)	–
Newby Trust	6,048	–	(3,508)	2,540
Arts Council England	–	50,883	(50,883)	–
	<u>27,539</u>	<u>180,883</u>	<u>(196,709)</u>	<u>11,713</u>

Individual donors contributed towards the ongoing cost of the AAM's IT systems

The John Ellerman Foundation contributed towards the salary of the Chief Executive

The John R Murray Charitable Trust contributed towards the cost of the *Musical Revolutions* concert series

The Gatsby Charitable Trust contributed towards core costs

Newby Trust provided a grant towards the *AAMplify* artists programme

Arts Council England provided a grant to support the AAM's transition to National Portfolio status

17. UNRESTRICTED FUNDS

	Balance at 1 Sep 2011 £	Incoming resources £	Outgoing resources £	Balance at 31 Aug 2012 £
Designated Fund	–	100,000	–	100,000
General Funds	271,546	909,896	(867,702)	313,740
	<u>271,546</u>	<u>1,009,896</u>	<u>(867,702)</u>	<u>413,740</u>

In addition to its free reserves the charity holds a designated fund of £100,000. This fund provides the charity with a measure of financial security to support the future plans as outlined on page 9 of the Trustees' Annual Report.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Net current assets £	Total £
Restricted Income Funds:		
Individual Donors	9,173	9,173
Newby Trust	2,540	2,540
	<u>11,713</u>	<u>11,713</u>
Unrestricted Income Funds	413,740	413,740
Total Funds	<u>425,453</u>	<u>425,453</u>

THE ACADEMY OF ANCIENT MUSIC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2012

19. TRANSACTIONS WITH THE TRUSTEES

During the year, the charity has bought consultancy services from Heather Jarman to the value of £200 (2011 £155) and £200 (2011 £120) was owed to her at the year end