

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the Charity, its Trustees and advisers	1
Chairman's statement	2 - 3
Trustees' report	4 - 8
Trustees' responsibilities statement	9
Independent auditor's report on the financial statements	10 - 13
Consolidated statement of financial activities	14
Consolidated balance sheet	15 - 16
Charity balance sheet	17
Consolidated statement of cash flows	18
Notes to the financial statements	19 - 43

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN**(A company limited by guarantee)****REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Trustees Justine Carmody FGA, Chair
Christopher Smith FGA
Nevin Bayoumi-Stefanovic FGA
Philip Sadler FCCA, FGA, DGA
Louise Goldring
Joanna Hardy FGA
Kathryn Patrizzi PG, FGA

**Company registered
number** 01945780

**Charity registered
number** 1109555

Registered office Palladium House
1-4 Argyll Street
London
W1F 7LD

Company secretary Alan Hart FGA, DGA

Independent auditor Blick Rothenberg Audit LLP
Chartered Accountants
Statutory Auditor
Palladium House
1 - 4 Argyll Street
London
W1F 7LD

Chief executive officer Alan Hart FGA

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

CHAIR'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The chair presents her statement for the year.

When embarking on my term as the Chair for the Gemmological Association of Great Britain, I could not have imagined the unprecedented challenges the Association would face as the COVID-19 pandemic spread globally and lockdowns were introduced across every continent. As with many charities and businesses, we had to show immense resilience and adaptability, in pivoting and recalibrating projects to ensure the financial robustness of the Association through the period. With the reduction in revenue streams and to maintain financial stability, operational cost cuts were made across the Association. Priority was given to ensure the continued provision of education to our existing students, member support and stakeholders in a rapidly changing operating environment. In these tough times, I am grateful for the resilience and commitment of Gem-A staff through this change process, including the switch overnight to a remote working environment. We set-up the theoretical aspects of the Gem-A courses to be delivered online, provided guidance to our Accredited Teaching Centres (ATC) on online delivery, provided flexibility to our students globally in completing their qualifications, and created ways to support students on their learning journeys. Most importantly, we rescheduled and delivered the Gem-A examinations on more than one occasion without compromising our qualification standards. Furthermore, we delivered creative new materials online (webinars) for our Members throughout the lockdown. Throughout the pandemic we have remained true to our core vision and strategic direction to provide gemmology education and to support our Members in promoting the gemmology profession and supporting the Industry.

During remote working we supported Gem-A staff with frequent communications from line managers and organised regular 'all staff online meetings' to keep staff informed on all developments. Towards the third and fourth quarter of 2020, the Association reopened the London ATC to deliver some education in person in a COVID-secure manner adhering to government coronavirus guidelines for staff and students. 2020 also meant that in-person Gem-A events, including the annual conference, graduation and planned field trips, and international tradeshow presence had to be cancelled and/or postponed. On a positive note, we delivered our very first online AGM, which was well-attended by Members globally.

During 2020 the Board of Trustees have continued to support the Association in providing strategic oversight for Gem-A and we are pleased to report that we have successfully minimised the impact of the pandemic on our financial performance for the year due to the various cost saving measures. However, during the period we also took the opportunity to refocus plans for improving Gem-A infrastructure. A much-needed overhaul of our IT provision was undertaken as we migrated to Office 365, following through to now embark on migration to a cloud-based system, creating a platform which we can develop and grow. This will particularly prove beneficial as we evolve and adopt a mix of remote and office working for our employees in a post-pandemic environment. In addition to the delivery of our flagship gemmology courses and in responding to the rapid demand for online education, we also began the development of Gem-A's very first asynchronous online introductory qualification, which will launch globally in 2021. Through development of online teaching, we will work towards strengthening our partnership with our ATC networks, and where possible, move to a blended online teaching model, providing flexibility in completing practical lab sessions. In this year we also launched our Foundation Online Distance Learning (ODL) course in Chinese Traditional and continue to explore the opportunity to introduce our ODL offering in other languages.

Following our decision to close the offices in Hong Kong and Japan, the process was formalised in the year 2020. Moving forwards, our ATCs, Members and other partners from these regions liaise directly with staff at the Association's Head Quarters and Beijing Office and will continue to do so. I'd like to thank the local teams once again in Hong Kong and Japan for their proactivity in enabling us to form strong relationships and partnerships in these regions.

One of the Association's strategic aims is to develop our presence in the United States of America. Although our plans to expand in the United States of America were put on hold due to the pandemic, we have once again embarked on this strategic aim through the recruitment of a part-time Administrative Assistant for Gem-A USA and ironing out processes for the delivery of gemmology education in North America. We are excited about the progress that has been made and we are strategically reviewing opportunities to establish new ATCs and training partners to grow our education provision in this region. Looking to the future, the Association continues to identify new regions to grow and advance its education and membership offering and we are currently in the process of increasing our presence in India through strategic collaborations, which we will announce in due course.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**CHAIR'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

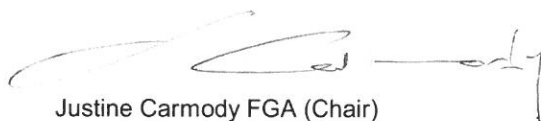
The Association's flagship publication, The Journal of Gemmology, under the editorship of Brendan Laurs continues to flourish and is highly regarded internationally, with a print run of over 2,500 per quarter with all back issues being available online. According to Clarivate Analytics' (formerly Thomson Reuters/ISI) *Journal Citation Reports* released in June 2020, the impact factor for the Journal was 0.767.

During the pandemic, the Members of the Council and Trustees made the decision to move Gems&Jewellery magazine online, however, this publication continues to be popular with wider-ranging articles from a growing number of specialists across the gemmological fields, under the editorship of Jennifer Lynn Archuletta. The Members of the Council and Trustees have made the decision to continue publication of Gems&Jewellery online for the foreseeable future.

The Members of the Council and Trustees can report that the Association has had a worthy financial performance considering global events and is now well positioned to develop itself in established regions and explore new ventures. The move to more focused online learning opens new audiences and new ways of teaching which we are now proactively developing. I give credit to both our CEO and the continued efforts and professionalism of Gem-A staff who I would like to thank for not only their hard work, but also their passion, resilience, and commitment to the Association. The Board would also like to recognise the global ATC's, tutors and our examiners who once again have shown their outstanding commitment in maintaining our unparalleled high standards and course offerings that define us.

Finally, I would like to thank members of the Board who generously give their time and advice freely and perform an essential role in overseeing Gem-A on behalf of all its stakeholders. For my own part, it has been a privilege to play a direct and active role in supporting the Association through a very challenging period and I am pleased to say that Gem-A remains a going concern. Looking forward, 2021 and 2022 will continue to be challenging due to the ongoing COVID-19 pandemic, impact of Brexit and slowing economy in many parts of the world. However, through actions taken, the Association will continue to remain adaptable, identifying new opportunities and pursuing growth in new areas. Fundamentally we continue to work to our strategic plan, and while we may need to continue to pivot in the short term overseen by the Board and under the leadership of our CEO Alan Hart, we remain confident in the Association's ability to continue to flourish and grow.

The support of our community, i.e., our Members, students and strategic partners, has been invaluable during these times and I would like to offer my deepest gratitude to everyone who has been involved with the Association over our glorious history and I look forward to your continuing support and partnership in the times ahead.



Justine Carmody FGA (Chair)

Date:

16.11.2021

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 January 2020 to 31 December 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Objectives and activities

a. Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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

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

During the year we enrolled 745 (2019: 1,447) students on our Higher Education courses that lead the successful students being able to apply to be Fellows of the Association. During the year we had 1,785 active, members (2019: 2,271) including Fellow of the Gemmological Association (FGA), Diamond Member of the Gemmological Association (DGA), Associate Members, Corporate Members and Direct Subscribers.

b. Employment policy

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

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance. The Association gives firm emphasis on increasing equality, diversity and inclusion within the profession and the Association itself and is committed to provide an equal, diverse and inclusive environment for staff and to work with our Members and the industry to achieve this.

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

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance

a. Public benefit

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

Due to COVID, we were unable to hold workshops in London, however, we delivered webinars throughout lockdown which were open to Gem-A Members and anyone who may have an interest in gem and jewellery subjects. These were available for free. Gem-A also delivered webinars introducing new issues of the *Journal of Gemmology*, which have been hugely popular. In the UK outside of London, regional volunteer branches provided various educational events open to the public and continue to do so. The Association, where possible has actively promoted these events. Gem-A staff also continue to contribute to articles and information to other-magazines dealing with ethical and gem-education issues and served on various gem-related advisory bodies and committees. Gem-A tutors also gave talks at many trade-related online events throughout 2020. Gem Hub, on the Gem-A website, is an educational resource for aspiring and professional gemmologists across a range of disciplines which includes a variety of articles dedicated to enhancing gemmological knowledge as well as informative features that delve deeper into specific topics.

In 2020 Gem-A continued to play an active part in CIBJO, The World Jewellery Confederation, with the appointment of the Gem-A CEO on the CIBJO Board, as well as industry bodies and European Standards meetings relating to developing guidelines and terminologies to benefit consumer confidence and to reduce the opportunities for fraud.

Financial review

a. Financial review

The consolidated statement of financial activities set out on page 15 of the financial statements shows how the group's incoming resources have been expended in the year ended 31 December 2020.

The year 2020 was a challenging year for the Association, however, we have successfully minimised the impact of the pandemic on our financial performance for the year due to the various cost saving measures. As a result of COVID-19 restrictions, the group's incoming resources decreased from £3,760,398 in 2019 to £2,803,396 in 2020.

Total expenditure for the year was £2,870,606 compared to £3,723,372. This is due to the various operational cost savings made throughout the Association, to maintain our financial stability. This resulted in a net expenditure before taxation of £67,210 in 2020 compared to a net income before taxation of £36,426 in 2019.

As a result of revaluing the freehold property by £583,988, the group recorded a net surplus for the year of £463,780 (2019: £72,230 deficit).

The Association's wholly owned trading subsidiary, Gemmological Instruments Limited, had a profit of £262,756 (2019: £592,076) before covenanted £49,367 (2019: £551,524) to the Association.

The Gemmological Instruments' Limited subsidiary, Gemmological Consulting Beijing, had a deficit of £66,624 (2019: £33,079) after paying £277,503 in royalties and licence fees to Gemmological Instruments Limited.

The consolidated statement of financial position set out on page 16 of the financial statements shows the financial position of the group at 31 December 2020.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Total fixed assets of £3,806,193 (2019: £3,349,698) consisted of tangible assets of £3,769,373 (2019: £3,221,514) and intangible assets of £36,820 (2019: £128,184). Tangible assets includes freehold property which is valued at £3,566,000 (2019: £2,982,012).

Current assets of £1,133,008 (2019: £1,508,248) comprise stock of £206,678 (2019: £235,968), debtors of £160,226 (2019: £160,296) and cash at bank of £766,104 (2019: £1,111,984).

Current liabilities of £962,781 (2019: £1,323,457) comprise bank loans and overdrafts of £139,359 (2019: £138,103), trade and other creditors of £125,072 (2019: £149,174), other tax and social security of £16,124 (2019: £18,341) and accruals and deferred income of £682,226 (2019: £1,017,839).

Non-current liabilities amounting to £1,684,892 (2019: £1,706,741) relate to the mortgage balance which is secured on the group's freehold property.

The group reports net assets of £2,291,528 (2019: £1,827,748) which comprise entirely of unrestricted funds.

b. Going concern

The year 2020 has been an unprecedented year as we saw the effects of coronavirus impacting global economies, businesses, and individual livelihoods. The Members of the Council and Trustees have considered the economic impact on the Association that have ensued following the Coronavirus pandemic that has continued since the end of the financial year. The immediate impact is that student numbers have declined due to the current pandemic, which has impacted the Association's income, especially in China. To mitigate this impact the Association put in place additional provisions for online training, furloughed staff and underwent a review of its operations with a view of reducing ongoing business costs. Following a period of consultation, the Association underwent a staff restructure, which involved staff redundancies to reduce overall operational costs. The Members of the Council and the Trustees have considered the post-year financial results, and after making enquiries, have a reasonable expectation that the Association has adequate resources to continue in operational existence and will continue to meet its liabilities for the foreseeable future, being a period of at least twelve months from the date these financial statements are approved. The Members of the Council and Trustees continue to adopt the going concern basis in preparing the financial statements.

c. Reserves policy

It is the policy of the Association that unrestricted funds which have not been designated for a specific use should be maintained at a sufficient level to continue operations for at least six months. The Members of Council and Trustees consider that reserves at this level will ensure that, in the event of a significant drop in income, they will be able to continue the Association's current activities (including the provision of education and assessment to our students and invest the necessary resource to underpin our education and assessment function), cover any shortfall between income and expenditure, and cover maintenance and repairs to its premises. As at 2020 the Association has sufficient reserves to meet the policy.

d. Principal funding sources

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

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

e. Risk management

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

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

f. Plans for the future

The trustees plan to grow the Association's education provision through an increased emphasis on Online Education and co-operating with appropriate local partners to support this development. Going forward the trustees will continue to adhere to the Association's mission statement.

Structure, governance and management

a. Constitution

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

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

Justine Carmody FGA (Chair)
Kathryn Patrizzi PG, FGA
Christopher Smith FGA
Joanna Hardy FGA
Philip Sadler FCCA, FGA, DGA
Louise Goldring
Nevin Bayoumi-Stefanovic

b. Methods of appointment or election of Trustees

The management of the Group and the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

Recruitment and appointment

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

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

In 2019, Joanna Hardy FGA was recruited as a Consultant to lead the course review and update process. The Trustees followed due process as recommended by the Charity Commission's guidelines in recruiting Trustees as paid consultants for the Association. In 2020, Joanna Hardy received a fee of £16,000 (2019: £48,000) in the delivery of the terms of service outlined within the Consultancy Agreement and as approved by the Members of the Council and Trustees.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Organisation

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

Induction and training

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

Related parties

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

Small companies exemptions

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Auditor

The auditors, Blick Rothenberg Audit LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

Justine Carmody FGA
(Chair of Trustees)

Date:

16.11.2021



THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of The Gemmological Association of Great Britain (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 December 2020 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with trustees and from our commercial knowledge and experience of educational charities;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Fund, including the Charities (Accounts and Reports) Regulations 2008, Charities Act 2011 and Charity Law, Companies Act 2006, taxation legislation and data protection and bribery;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of cash book entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HM Revenue and Customs and the Charity Commission.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Russell Tenzer FCA (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

Palladium House

1 - 4 Argyll Street

London

W1F 7LD

Date: 07.12.2021

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Unrestricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Income from:				
Donations and legacies:	4			
Donations and legacies		172	172	4,831
Government grants		68,454	68,454	-
Charitable activities	5	1,861,327	1,861,327	2,372,883
Trading activities		873,443	873,443	1,382,684
Total income		2,803,396	2,803,396	3,760,398
Expenditure on:				
Raising funds		341,709	341,709	766,779
Charitable activities:	7			
Membership costs		379,336	379,336	619,140
Education costs		2,149,561	2,149,561	2,337,453
Total expenditure		2,870,606	2,870,606	3,723,372
Net (expenditure)/income before net losses on investments		(67,210)	(67,210)	37,026
Net losses on investments		-	-	(600)
Net (expenditure)/income before taxation		(67,210)	(67,210)	36,426
Taxation	13	(52,998)	(52,998)	(108,656)
Net movement in funds before other recognised gains		(120,208)	(120,208)	(72,230)
Other recognised gains:				
Gains on revaluation of fixed assets	15	583,988	583,988	-
Net movement in funds		463,780	463,780	(72,230)
Reconciliation of funds:				
Total funds brought forward	21	1,827,748	1,827,748	1,899,978
Net movement in funds		463,780	463,780	(72,230)
Total funds carried forward		2,291,528	2,291,528	1,827,748

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

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	36,820	128,184
Tangible assets	15	3,769,373	3,221,514
		<u>3,806,193</u>	<u>3,349,698</u>
Current assets			
Stocks	17	206,678	235,968
Debtors	18	160,226	160,296
Cash at bank and in hand		766,104	1,111,984
		<u>1,133,008</u>	<u>1,508,248</u>
Creditors: amounts falling due within one year	19	(962,781)	(1,323,457)
Net current assets		<u>170,227</u>	<u>184,791</u>
Total assets less current liabilities		<u>3,976,420</u>	<u>3,534,489</u>
Creditors: amounts falling due after more than one year	20	(1,684,892)	(1,706,741)
Total net assets		<u><u>2,291,528</u></u>	<u><u>1,827,748</u></u>
Charity funds			
Restricted funds	21	-	-
Unrestricted funds			
General funds	21	1,707,540	1,827,748
Revaluation reserve	21	583,988	-
Total unrestricted funds	21	<u>2,291,528</u>	<u>1,827,748</u>
Total funds		<u><u>2,291,528</u></u>	<u><u>1,827,748</u></u>

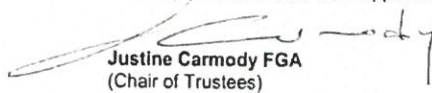
THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

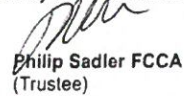
CONSOLIDATED BALANCE SHEET (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Justine Carmody FGA
(Chair of Trustees)


Philip Sadler FCCA
(Trustee)

Date:

16.11.2021

The notes on pages 19 to 43 form part of these financial statements.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

CHARITY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	-	73,261
Tangible assets	15	3,767,784	3,220,113
Investments	16	210,000	215,000
		<u>3,977,784</u>	<u>3,508,374</u>
Current assets			
Stocks	17	79,102	58,652
Debtors	18	69,373	128,307
Cash at bank and in hand		559,760	639,366
		<u>708,235</u>	<u>826,325</u>
Creditors: amounts falling due within one year	19	(1,304,161)	(1,142,174)
Net current (liabilities)		<u>(595,926)</u>	<u>(315,849)</u>
Total assets less current liabilities		<u>3,381,858</u>	<u>3,192,525</u>
Creditors: amounts falling due after more than one year	20	(1,684,892)	(1,706,741)
Total net assets		<u><u>1,696,966</u></u>	<u><u>1,485,784</u></u>
Charity funds			
Restricted funds		-	-
Unrestricted funds		1,696,966	1,485,784
Total funds		<u><u>1,696,966</u></u>	<u><u>1,485,784</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

Justine Carmody FGA (Chair)
(Chair of Trustees)

Philip Sadler FCCA
(Trustee)

Date: 16 11 2021

The notes on pages 19 to 43 form part of these financial statements.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities	(287,296)	(75,348)
Cash flows from investing activities		
Purchase of intangible assets	(34,594)	(64,164)
Purchase of tangible fixed assets	(4,399)	(29,592)
Proceeds from sale of tangible fixed assets	-	2,595
Net cash used in investing activities	(38,993)	(91,161)
Cash flows from financing activities		
Repayments of borrowing	(21,849)	(64,253)
Net cash used in financing activities	(21,849)	(64,253)
Change in cash and cash equivalents in the year	(348,138)	(230,762)
Cash and cash equivalents at the beginning of the year	1,111,984	1,342,746
Cash and cash equivalents at the end of the year	763,846	1,111,984

The notes on pages 19 to 43 form part of these financial statements

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

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

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

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

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Gemmological Association of Great Britain meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

2.2 Going concern

The Members of Council and Trustees have considered whether the charitable company and group has been affected by the economic impact and restrictions that have ensued following the Coronavirus pandemic that has continued throughout the financial year. The immediate impact is that student numbers have declined due to global lockdown. Quarantine measures have impacted the ability to register new students and deliver exams. To mitigate the lockdown issues, the Charity has moved some of its training online, furloughed some staff and reduced non-essential operational expenditure to maintain the Charity's working capital level. The Charity is currently in a consultation period with staff in order to re-structure the business and reduce on-going costs. Having considered post year-end financial results, and reviewed financial forecasts for the forthcoming year, and after making enquiries, the Members of Council and Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence and will continue to meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.3 Income

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

Income arising through providing educational courses and course materials as well as membership and subscription income is recognised on an accruals basis with amounts received in advance being shown in deferred income.

Other trading income consists of the sale of scientific instruments, journals and amounts receivable for goods and services, including licensing fees, provided in the normal course of business, net of discounts, VAT and other sales related taxes and is measured at the fair value of the consideration received or receivable.

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

Grants are included in the consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.4 Expenditure

All resources expended are recognised on an accruals basis.

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

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

Support costs are those functions that assist the work of the charity but do not directly relate to charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between the expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 7.

2.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the consolidated statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the consolidated statement of financial activities as the related expenditure is incurred.

Government grants comprise amounts received or receivable from HM Revenue and Customs for employees on the furlough scheme under the Coronavirus Job Retention Scheme. These are recognised in the period in which they become receivable.

2. Accounting policies (continued)

2.6 Intangible assets and amortisation

Goodwill represents the excess of the cost of acquisition of incorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following bases:

Website costs	- 33 % reducing balance
Course Development	- straight-line over 3 years
Goodwill	- straight line over 5 years

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Freehold property is initially recognised at cost. After recognition, under the revaluation model, freehold property whose fair value can be measured reliably shall be carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

Fair values are determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. If there is no market-based evidence of fair value because of the specialised nature of the freehold property and it is rarely sold, except as part of a contributing business, a Charity may need to estimate fair value using an income or depreciated replacement cost approach.

Gains and losses on revaluation are recognised in the consolidated statement of financial activities, with a separate revaluation reserve being shown in the Statement of funds note.

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

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

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

Depreciation is provided on the following basis:

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of financial activities.

2.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

2.9 Stocks

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

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2. Accounting policies (continued)

2.11 Taxation

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

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The trading subsidiary donates an amount equal to its annual taxable profit, if any, under Gift Aid to its parent company, The Gemmological Association of Great Britain. During the year ended 31 December 2020 the donation amounted to £49,367 (2019: £551,524) and relates to the profits earned in 2020 by the subsidiary.

The trading subsidiaries adopt the following policies in respect of tax. The tax expense for the year comprises current and deferred tax. Tax is recognised in the corresponding profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Accounting policies (continued)

2.12 Financial instruments

The Group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price, which excludes transaction costs for those financial assets that are subsequently measured at fair value through the consolidated statement of financial activities.

Such financial assets are subsequently measured at fair value through profit or loss, where they are publicly traded, or fair value can be measured reliably, for example by using a valuation technique. Where fair value cannot be measured reliably, the financial asset is measured at cost less impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of financial activities.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated statement of financial activities.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Employee benefits

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

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

2.14 Pensions

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

2. Accounting policies (continued)

2.15 Foreign currencies

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

2.16 Basis of consolidation

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

All financial statements are made up to 31 December 2020. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

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

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. Critical accounting estimates and areas of judgement

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

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

Critical accounting estimates and assumptions:

Impairment of trade debtors

The company reviews trade receivable balances for impairment and this is performed on a regular basis. Those balances which are considered to be recoverable remain in receivables and those which are not, are impaired and the impairment loss is recorded in the income statement. In making this judgement, the company evaluates, among other factors, the duration and the financial health of and short-term business outlook for the trade receivables, including factors such as industry and sector performance. At the year end the carrying amount of trade debtors is stated in note 18.

Stock

Stock is valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends. The accounting policy of stocks is described in note 2.10. At the year end the carrying amount of stocks is stated in note 17.

Useful lives of tangible fixed assets

The cost of tangible fixed assets is depreciated over its estimated useful economic life. Management estimates the useful lives of this tangible assets to vary. Changes in the expected level of usage and technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The accounting policy of tangible fixed assets is described in note 2.8. The carrying amount of the company's tangible fixed assets in the balance sheet is disclosed in note 15 of the financial statements.

4. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	172	172	4,831
Government grants	68,454	68,454	-

Government grants relate to funds received for employees on furlough under the Coronavirus Job Retention Scheme.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Income from charitable activities

	Member- ship income 2020 £	Education income 2020 £	Total funds 2020 £	Total funds 2019 £
Income from charitable activities	230,830	1,630,497	1,861,327	2,372,883

6. The summary financial performance of the charity alone is:

	2020 £	2019 £
Income	1,981,361	2,447,716
Covenant from subsidiary company	49,367	551,524
	2,030,728	2,999,240
Expenditure on charitable activities	(1,819,546)	(3,067,940)
Net income/(deficit)	211,182	(68,700)
Total funds brought forward	1,485,784	1,554,484
Total funds carried forward	1,696,966	1,485,784

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Charitable activities

	Member- ship costs 2020 £	Education costs 2020 £	Total funds 2020 £	Total funds 2019 £
Direct costs	141,200	800,133	941,333	984,701
Bad debts	845	4,787	5,632	5,000
Travel	454	2,570	3,024	50,468
Printing, postage and stationery	2,180	12,354	14,534	28,524
Advertising	2,869	16,258	19,127	117,493
Repairs	7,303	41,382	48,685	143,801
Rates	2,600	14,732	17,332	13,727
Insurance	5,938	33,648	39,586	34,329
Cleaning	1,508	8,548	10,056	11,241
Telephone	728	4,128	4,856	5,644
Subscriptions	1,632	9,248	10,880	10,580
Light and heat	1,548	8,769	10,317	12,642
	168,805	956,557	1,125,362	1,418,150

	Member- ship costs 2020 £	Education costs 2020 £	Total funds 2020 £	Total funds 2019 £
Share of support costs (see note 8)	204,690	1,159,907	1,364,597	1,505,412
Share of governance costs (see note 8)	5,841	33,097	38,938	33,030
Total 2020	210,531	1,193,004	1,403,535	1,538,442

	Member- ship costs 2020 £	Education costs 2020 £	Total funds 2020 £	Total funds 2019 £
Charitable activities	168,805	956,557	1,125,362	1,418,150
Support and governance costs	210,531	1,193,004	1,403,535	1,538,442
	379,336	2,149,561	2,528,897	2,956,592

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Support and governance costs

	Support costs 2020 £	Governance costs 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	932,342	-	932,342	993,191
Depreciation and amortisation	56,249	-	56,249	60,814
Administration	376,006	-	376,006	451,408
Audit fees	-	25,000	25,000	23,000
Accountancy	-	13,938	13,938	10,030
	<u>1,364,597</u>	<u>38,938</u>	<u>1,403,535</u>	<u>1,538,443</u>

The basis of allocation for the above expenditure is split between Membership 15% and Education 85%.

9. Other gains/(losses)

	2020 £	2019 £
Losses on disposal of fixed assets	-	(600)
Gain on revaluation of freehold property (see note 15)	583,988	-
	<u>583,988</u>	<u>(600)</u>

10. Members of council and trustees

During the year, a trustee was paid £16,000 (2019: £48,000) for consultancy services provided and a trustee was reimbursed an amount £3,086 (2019: £Nil) for travelling expenses.

11. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	25,000	23,000
Fees payable to the Charity's auditor in respect of:		
All non-audit services not included above	<u>13,938</u>	<u>10,030</u>

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Staff costs

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Wages and salaries	810,613	867,885	810,613	867,885
Social security costs	82,717	88,621	82,717	88,621
Contribution to defined contribution pension schemes	39,012	36,684	39,012	36,684
	932,342	993,190	932,342	993,190

The average number of persons employed by the Charity during the year was as follows:

	Group 2020 No.	Group 2019 No.	Charity 2020 No.	Charity 2019 No.
Senior Management	1	1	1	1
Lecturers and administration	13	13	13	13
General administration	10	11	10	11
	24	25	24	25

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2020 No.	Group 2019 No.
In the band £60,001 - £70,000	-	1
In the band £90,001 - £100,000	1	1

13. Taxation

	2020 £	As restated 2019 £
Corporation tax		
Foreign tax on income for the year	52,998	108,656
Taxation on net income	52,998	108,656

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****13. Taxation (continued)**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	As restated 2019 £
Net (expenditure)/income before tax	(67,210)	36,426
Net (expenditure)/income multiplied by the standard rate of corporation tax in the UK of 19 (2019 - 19%).	(12,770)	6,921
Effects of:		
Higher rate taxes on overseas earnings	52,998	108,656
Other differences leading to an increase/(decrease) in the tax charge	12,770	(6,921)
Total tax charge for the year	52,998	108,656

In the Spring Budget 2021 on 3 March 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

As the proposal to increase the rate had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The UK subsidiary company has no estimated carried forward losses at year end (2019: £nil).

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Intangible assets

Group

	Course development £	Company website £	Goodwill £	Total £
Cost				
At 1 January 2020	118,451	21,056	69,174	208,681
Additions	34,594	-	-	34,594
Disposals	(90,594)	-	-	(90,594)
Transfers between classes	(1,000)	-	-	(1,000)
At 31 December 2020	61,451	21,056	69,174	151,681
Amortisation				
At 1 January 2020	45,190	7,637	27,670	80,497
Charge for the year	16,261	4,268	13,835	34,364
At 31 December 2020	61,451	11,905	41,505	114,861
Net book value				
At 31 December 2020	-	9,151	27,669	36,820
At 31 December 2019	73,261	13,419	41,504	128,184

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****14. Intangible assets (continued)****Charity**

	Course development £
Cost	
At 1 January 2020	118,451
Additions	34,594
Disposals	(90,594)
Reclassification	(1,000)
At 31 December 2020	<u>61,451</u>
Amortisation	
At 1 January 2020	45,190
Charge for the year	16,261
At 31 December 2020	<u>61,451</u>
Net book value	
At 31 December 2020	<u><u>-</u></u>
At 31 December 2019	<u><u>73,261</u></u>

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Tangible fixed assets

Group

	Freehold property £	Fixtures and fittings £	Examination and Teaching Collections £	Total £
Cost or valuation				
At 1 January 2020	2,982,012	373,993	108,164	3,464,169
Additions	-	4,399	-	4,399
Revaluations	583,988	-	-	583,988
At 31 December 2020	3,566,000	378,392	108,164	4,052,556
Depreciation				
At 1 January 2020	-	242,655	-	242,655
Charge for the year	-	40,528	-	40,528
At 31 December 2020	-	283,183	-	283,183
Net book value				
At 31 December 2020	3,566,000	95,209	108,164	3,769,373
At 31 December 2019	2,982,012	131,338	108,164	3,221,514

Charity

	Freehold property £	Fixtures and fittings £	Examination and Teaching Collections £	Total £
Cost or valuation				
At 1 January 2020	2,982,012	335,416	108,164	3,425,592
Additions	-	3,669	-	3,669
Revaluations	583,988	-	-	583,988
At 31 December 2020	3,566,000	339,085	108,164	4,013,249

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Tangible fixed assets (continued)

Charity (continued)

	Freehold property £	Fixtures and fittings £	Examination and Teaching Collections £	Total £
Depreciation				
At 1 January 2020	-	205,479	-	205,479
Charge for the year	-	39,986	-	39,986
At 31 December 2020	-	245,465	-	245,465
Net book value				
At 31 December 2020	3,566,000	93,620	108,164	3,767,784
At 31 December 2019	2,982,012	129,937	108,164	3,220,113

The Charity owns a library of books and a collection of gems which meet the definition of heritage assets. The Trustees are of the opinion that there would be no benefit to the Charity in incurring costs to value the collections. These heritage assets have therefore not been recognised in the accounts.

The freehold property was valued on 13 August 2020 by BMCS Chartered Surveyors, an independent and RICS qualified valuer, using market based evidence for similar properties sold in the area. Had the freehold property been measured at historic cost, the carrying value would have been as follows:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Freehold property	2,982,012	2,982,012	2,982,012	2,982,012

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Fixed asset investments

	Investments in subsidiary companies £
Charity	
Cost or valuation	
At 1 January 2020	215,000
Disposals	(5,000)
At 31 December 2020	210,000
Net book value	
At 31 December 2020	210,000
At 31 December 2019	215,000

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. Fixed asset investments (continued)

Principal subsidiaries

The following were subsidiary undertakings of the Charity:

Names	Registered office or principal place of business	Holding
Gemmological Instruments Limited	England and Wales	100%
Gemmological Consulting (Beijing) Co., Limited	China	100%
The Gemmological Association of Great Britain (Hong Kong) Limited	Hong Kong	100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/ (Loss) for the year £	Net assets/ (liabilities) £
Gemmological Instruments Limited	613,431	(400,042)	213,389	974,370
Gemmological Consulting (Beijing) Co., Limited	464,711	(531,335)	(66,624)	(249,824)
The Gemmological Association of Great Britain (Hong Kong) Limited	8,694	(5,946)	2,748	9,711

The Association's wholly owned subsidiary, Gemmological Instruments Limited, provides books, equipment and sample gem materials, primarily to Members and students. The subsidiary also receives licensing income from its Chinese subsidiary for the use of its study materials.

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

The Gemmological Association of Great Britain (HK) Ltd is also a wholly owned subsidiary of the Association. It provides educational services in Hong Kong. On 30 June 2020 the subsidiary ceased trading and has entered into a member's voluntary liquidation.

17. Stocks

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Gemstones, course notes, textbooks, and scientific and testing equipment	206,678	235,968	79,102	58,652

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Debtors

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Due within one year				
Trade debtors	72,437	40,894	7,718	30,241
Other debtors	27,142	16,000	1,386	3,446
Prepayments and accrued income	60,647	103,402	60,269	94,620
	160,226	160,296	69,373	128,307

19. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Bank overdrafts	1,256	-	1,256	-
Bank loans	138,103	138,103	138,103	138,103
Trade creditors	97,863	98,646	55,189	74,237
Amounts owed to group undertakings	-	-	508,831	109,329
Other taxation and social security	16,124	18,341	22,826	23,769
Other creditors	27,209	50,528	633	1,554
Accruals and deferred income	682,226	1,017,839	577,323	795,182
	962,781	1,323,457	1,304,161	1,142,174

20. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Bank loans	1,684,892	1,706,741	1,684,892	1,706,741

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Included within the above are amounts falling due as follows:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Between one and two years				
Bank loans	138,103	138,103	138,103	138,103
Between two and five years				
Bank loans	276,207	276,207	276,207	276,207
Over five years				
Bank loans	1,270,582	1,292,431	1,270,582	1,292,431

The bank loan is repayable by 2038 is secured by way of a fixed charge over the freehold property at 21 Ely Place, London, EC1N 6TD.

21. Statement of funds

Statement of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2020 £
Unrestricted funds					
General Funds - all funds	1,827,748	2,803,396	(2,923,604)	-	1,707,540
Revaluation reserve	-	-	-	583,988	583,988
	1,827,748	2,803,396	(2,923,604)	583,988	2,291,528

Statement of funds - prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Balance at 31 December 2019 £
Unrestricted funds				
General Funds - all funds	1,899,978	3,760,398	(3,832,628)	1,827,748

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	3,769,373	3,769,373
Intangible fixed assets	36,820	36,820
Current assets	1,133,008	1,133,008
Creditors due within one year	(962,781)	(962,781)
Creditors due in more than one year	(1,684,892)	(1,684,892)
Total	<u>2,291,528</u>	<u>2,291,528</u>

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	3,221,514	3,221,514
Intangible fixed assets	128,184	128,184
Current assets	1,508,248	1,508,248
Creditors due within one year	(1,323,457)	(1,323,457)
Creditors due in more than one year	(1,706,741)	(1,706,741)
Total	<u>1,827,748</u>	<u>1,827,748</u>

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2020 £	Group 2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(120,208)	(72,230)
Adjustments for:		
Depreciation charges	40,528	40,542
Amortisation charges	34,364	40,100
Disposal of intangible assets	90,594	-
Loss on the sale of fixed assets	-	600
Decrease in stocks	29,290	33,683
Decrease in debtors	70	325,643
Decrease in creditors	(361,932)	(443,686)
Foreign exchange differences	(1,030)	-
Foreign tax	1,028	-
Net cash used in operating activities	(287,296)	(75,348)

24. Analysis of cash and cash equivalents

	Group 2020 £	Group 2019 £
Cash in hand	765,102	1,111,984
Overdraft facility repayable on demand	(1,256)	-
Total cash and cash equivalents	763,846	1,111,984

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

25. Analysis of changes in net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	1,111,984	(345,880)	766,104
Bank overdrafts repayable on demand	-	(1,256)	(1,256)
Debt due within 1 year	(138,103)	-	(138,103)
Debt due after 1 year	(1,706,741)	21,849	(1,684,892)
	<u>(732,860)</u>	<u>(325,287)</u>	<u>(1,058,147)</u>

26. Related party transactions

The remuneration of key management personnel is as follows:

	2020 £	2019 £
Aggregate compensation	<u>94,882</u>	<u>113,973</u>

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

27. Prior year adjustments

The statement of financial activities has been restated such that tax on overseas earnings of £108,656 for the year ended 31 December 2019 is now reflected within the taxation charge. Previously this was classified within the cost of raising funds. This adjustment has no overall impact on unrestricted funds.