

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

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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 2021**

Trustees	Justine Carmody FGA, Chair Christopher Smith FGA Nevin Bayoumi-Stefanovic FGA Philip Sadler FCCA, FGA, DGA Louise Goldring Joanna Hardy FGA Kathryn Bonnano Patrizzi PG, FGA (resigned 15 December 2021)
Company registered number	01945780
Charity registered number	1109555
Registered office	16 Great Queen Street Covent Garden London WC2B 5AH
Company secretary	Alan Hart FGA, DGA
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH
Chief executive officer	Alan Hart FGA

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CHAIR'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The chair presents her statement for the year.

The uncertainties we faced during the pandemic are unforgettable. Through these most intense challenges and difficulties, we have continued to provide world-class gemmology education to our students and supporting our Membership. Like many professional bodies, we have learnt a great deal during these extraordinary times, (through listening to and consulting with our students, Members, partners, industry, and other experts), as we continued to grow and reinforce our work, in line with our charitable purpose and strategic objectives. The year 2021 continued to be dominated by the pandemic and undoubtedly it was another abnormal year with ongoing impact on organisations and individuals globally. The year FY21 was certainly a better year for Gem-A than FY20, however, the Association continued to be impacted by on-going uncertainty, and unpredictability borne out of lockdowns and varying government restrictions in the regions we operate in.

The Association laid the groundwork early in the pandemic, rapidly assessing the situation on the ground and responding through agile adaptation and re-alignment of our education and Membership provision. In 2021, we continued to make significant progress in establishing better internal processes, upgrading our IT systems, and existing infrastructure, which puts Gem-A in a stronger place for the future. Thanks to the new variants of the virus, most Gem-A staff continued to work from home gradually moving towards a hybrid working model. I am grateful for the ongoing resilience of Gem-A staff through this change process.

If there is a dominant theme to this report, it is the way the Association has adapted to the online world. What was a novelty in 2020, became the norm in 2021. We continued to be flexible in allowing global Accredited Teaching Centres (ATCs) to deliver theoretical aspects of the Gem A courses online and offering examination and course deferrals to our students to support qualification completion. We reopened Gem-A London ATC to deliver education in person in a covid secure manner adhering to government guidelines for staff and students. In 2021, we delivered our first ever online conference, which has a reach of over 1,800 participants throughout the day, with an average of around 300 registrations per session. The Members of the Council and Trustees were delighted with the overwhelmingly positive feedback received on the scheduled sessions and speaker quality. Once again, we delivered our 2021 AGM online, which was well attended by Members globally. That said, there are also many, like us, who cannot wait for face-to-face events to resume, especially for gatherings with a social aspect. The future, therefore, needs to be hybrid, and the Association will be considering the return of physical events combined with the continuation of online options. As I write this report, the Gem-A Board of Trustees is planning our next Gem-A Conference to be in-person. Let us hope that nothing happens to disrupt these plans.

I am extremely grateful to the Association's staff for their hard work over the year. The content of this report is testament to their unwavering commitment and dedication. Each team at Gem-A has faced and overcome various challenges by supporting one another and recognition should be given to all staff. We have monitored the views of staff on a return to the office and many have expressed their interest in a hybrid model of working and we will be as flexible as we can, consistent with the need to deliver services to our students and Members and maintaining the important work of the Association.

During 2021, the Board of Trustees have continued to support the Association in providing strategic oversight for Gem A and are pleased to report that we have successfully overcome the impact of the pandemic on our financial performance for the year due to ongoing cost saving measures and supporting our global partners in the delivery of our education programmes. In addition to the delivery of our flagship gemmology courses and in responding to the rapid demand for online education, we continued the development of Gem A's very first asynchronous online introductory qualification, titled GemIntro, that is set to launch in 2022. GemIntro is designed for anyone seeking to start and progress their career in gemmology and will be an Ofqual Level 2 accredited qualification. In addition to English, GemIntro will also be translated in Chinese Traditional, Chinese Simplified and potentially Arabic. 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.

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 US 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 and office space for Gem A USA in New York 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

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CHAIR'S STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 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 July 2021, the impact factor for the Journal was 1.375.

We continued publishing *Gems & Jewellery* magazine online and 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 Archuleta. 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, 2022 and 2023 will continue to be challenging due to the current geopolitical climate, economic downturn, impending recession, and cost of living crisis. 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:

11.09.2022

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees present their annual report together with the audited financial statements of the Charity for the year ended 31 December 2021.

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 1,154 (2020: 745) 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 1,842 active members (2020: 1,785) 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.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

COVID continued to present challenges in the Association's ability to deliver in-person workshops. However, we delivered some of our introductory gemmology workshops at our London Head Office. We also re-introduced Gem Central for our Members, students and individuals interested in gems and jewellery subjects in the second half of 2021. We continued to deliver webinars that were open for everyone to join and available for free. This included, the hugely popular, webinars introducing new issues of the Journal of Gemmology. 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 2021. 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 2021, Gem-A successfully delivered its first ever online conference, which had a reach of ~1800 participants throughout the day, with an average of around 300 registrations per session. The Association was delighted with the overwhelmingly positive feedback received on the scheduled sessions and speaker quality.

In 2021 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 2021.

The year was another challenging one for the Association, as we continued to manage the impact of the pandemic on our operations and financial performance. Despite the ongoing effects of COVID 19, the group's incoming resources rose from £2,803,396 to £2,806,596. Income from activities in China rose strongly to mitigate lower income in the UK.

Total expenditure fell from £2,870,606 to £2,526,526, due to the various operational cost savings in staff costs, charitable expenditure and administration costs. This resulted in a net income before taxation of £179,463 in 2021 compared to a net deficit before taxation of £120,208 in 2020.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial review -continued

The Association's wholly owned trading subsidiary, Gemmological Instruments Limited, made a profit of £504,627 (2020: £262,756) before covenanted £156,063 (2020: £49,367) to the Association.

The Gemmological Instruments' Limited subsidiary, Gemmological Consulting Beijing, had a deficit of £90,467 (2020: £66,624) after paying £547,465 (2020: £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 2021.

Fixed assets fell from £3,806,193 to £3,791,033 due to depreciation and amortisation charges offset by the cost of investments in additional fixed assets of £36,084. The main asset continued to be the freehold property valued at £3,566,000.

Net current assets rose from £1,133,008 to £1,564,404 mainly due to an increase in cash at bank of £517,419 driven by increased earnings from China.

Current liabilities increased from £962,781 to £1,245,075 mainly due to higher activity in China.

Non current liabilities amounting to £1,638,371 (2020: £1,684,892) relate to the mortgage secured on the group's freehold property.

The group reports net assets of £2,470,991 (2020: £2,291,528) which comprise entirely of unrestricted funds.

b. Going concern

The Trustees note that student numbers have risen in the year following the falls reported last year caused by the effects of the COVID-19 pandemic and that costs savings implemented over the last two years have ensured the group is now in a sound financial position. They, therefore, 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 2021 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.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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. Furthermore, the Association will be expanding its education provision through the introduction of a new Level 2 basic qualification in gemmology titled GemIntro. This will be an online only qualification that will provide a broad introduction to the wonderful world of gems and gemmology. The Trustees also plan to increase Membership engagement and will be focusing on the developing and delivering strategic initiatives to address the needs of our Members and build on existing Membership programmes. 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)
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.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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

A resolution proposing that Blick Rothenberg Audit LLP be reappointed as auditors will be put at a General Meeting.

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



Justine Carmody FGA
(Chair of Trustees)

Date: 11.09.2022

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STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2021

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 consolidated 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.

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

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 2021 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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 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
- certain disclosures of Trustees' remuneration specified by law are not made; 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 antibribery;
- 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Our risk assessment findings for both non-compliance with laws and regulations and the susceptibility of the group's financial statements to material misstatement arising from fraud were communicated with component auditors so that they could include them within their own risk assessment procedures and include, where appropriate audit procedures in response to such risks in their work.

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

16 Great Queen Street

Covent Garden

London

WC2B 5AH

Date: 20.09.2022

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 2021**

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Donations and legacies:	4			
Donations and legacies		3,020	3,020	172
Government grants		-	-	68,454
Charitable activities		1,716,688	1,716,688	1,861,327
Trading activities		1,086,854	1,086,854	873,443
Other income		34	34	-
Total income		2,806,596	2,806,596	2,803,396
Expenditure on:				
Raising funds		583,031	583,031	341,709
Charitable activities:	7			
Membership costs		291,524	291,524	379,336
Education costs		1,651,971	1,651,971	2,149,561
Total expenditure		2,526,526	2,526,526	2,870,606
Net income/(expenditure) before taxation		280,070	280,070	(67,210)
Taxation	13	(100,607)	(100,607)	(52,998)
Net movement in funds before other recognised gains		179,463	179,463	(120,208)
Other recognised gains:				
Gains on revaluation of fixed assets		-	-	583,988
Net movement in funds		179,463	179,463	463,780
Reconciliation of funds:				
Total funds brought forward		2,291,528	2,291,528	1,827,748
Net movement in funds		179,463	179,463	463,780
Total funds carried forward		2,470,991	2,470,991	2,291,528

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 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	27,401	36,820
Tangible assets	15	3,763,632	3,769,373
		<u>3,791,033</u>	<u>3,806,193</u>
Current assets			
Stocks	17	161,123	206,678
Debtors	18	119,758	160,226
Cash at bank and in hand		1,283,523	766,104
		<u>1,564,404</u>	<u>1,133,008</u>
Creditors: amounts falling due within one year	19	(1,246,075)	(962,781)
Net current assets		<u>318,329</u>	<u>170,227</u>
Total assets less current liabilities		<u>4,109,362</u>	<u>3,976,420</u>
Creditors: amounts falling due after more than one year	20	(1,638,371)	(1,684,892)
Total net assets		<u><u>2,470,991</u></u>	<u><u>2,291,528</u></u>
Charity funds			
Restricted funds	21	-	-
Unrestricted funds			
General funds	21	2,470,991	2,291,528
Total unrestricted funds	21	<u>2,470,991</u>	<u>2,291,528</u>
Total funds		<u><u>2,470,991</u></u>	<u><u>2,291,528</u></u>

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

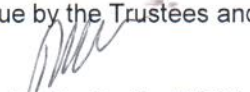
(A company limited by guarantee)

**CONSOLIDATED BALANCE SHEET (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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: 11.09.2022

The notes on pages 19 to 41 form part of these financial statements.

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	21,300	-
Tangible assets	15	3,762,361	3,767,784
Investments	16	210,000	210,000
		<u>3,993,661</u>	<u>3,977,784</u>
Current assets			
Stocks	17	51,151	79,102
Debtors	18	61,495	69,373
Cash at bank and in hand		525,768	559,760
		<u>638,414</u>	<u>708,235</u>
Creditors: amounts falling due within one year	19	(1,418,028)	(1,304,161)
Net current (liabilities)		<u>(779,614)</u>	<u>(595,926)</u>
Total assets less current liabilities		<u>3,214,047</u>	<u>3,381,858</u>
Creditors: amounts falling due after more than one year	20	(1,638,371)	(1,684,892)
Total net assets		<u><u>1,575,676</u></u>	<u><u>1,696,966</u></u>
Charity funds			
Restricted funds		-	-
Unrestricted funds		1,575,676	1,696,966
Total funds		<u><u>1,575,676</u></u>	<u><u>1,696,966</u></u>

The Charity's net movement in funds for the year was £(121,290) (2020 - £211,182).

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: 31.09.2022

The notes on pages 19 to 41 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 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	23	610,843	(287,296)
Cash flows from investing activities			
Purchase of intangible assets	14	(21,300)	(33,592)
Purchase of tangible fixed assets	15	(24,784)	(4,399)
Net cash used in investing activities		(46,084)	(37,991)
Cash flows from financing activities			
Repayments of borrowing		(46,521)	(21,849)
Net cash used in financing activities		(46,521)	(21,849)
Change in cash and cash equivalents in the year		518,238	(347,136)
Cash and cash equivalents at the beginning of the year		764,848	1,111,984
Cash and cash equivalents at the end of the year	24	1,283,086	764,848

The notes on pages 19 to 41 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 2021

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 16 Great Queen Street, London, WC2B 5AH and its principal place of business is at 2 Ely Place, London, EC1N 6TD. 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 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 effective 1 January 2015 (The FRS 102 Charities SORP), the Companies Act 2006 and Charities Act 2011.

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 consider that, in the aftermath of the Coronavirus pandemic, student numbers enrolled continue to be impacted negatively in both the UK and China, however demand for courses remains high. The Charity has moved some of its training online and reduced non-essential operational expenditure to maintain the Charity's working capital level. 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 Group 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.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Charity has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Charity, can be reliably measured.

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 8.

2. Accounting policies (continued)

2.4 Expenditure (continued)

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

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.

2.6 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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.

At each reporting date the Charity assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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. The Trustees consider annually whether the value of the collection has been impaired.

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. Accounting policies (continued)

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.

2.11 Taxation

The Association, a registered charity, 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 satisfies the tests set out in 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 2021 the donation amounted to £156,063 (2020: £49,367) and relates to the profits earned in 2021 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.

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 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. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds

2.15 Foreign currencies

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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 2021. 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 2021**

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

Valuation of property: the freehold property was revalued in 2020 on an open market basis as disclosed in note 15. The Trustees do not consider that the market value at the year end is materially different.

4. Income from donations and legacies

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Legacies	3,020	3,020	172
Government grants	-	-	68,454
	<u> </u>	<u> </u>	<u> </u>

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

5. Income from charitable activities

	Member- ship income 2021 £	Education income 2021 £	Total funds 2021 £	Total funds 2020 £
Income from charitable activities	208,600	1,508,122	1,716,722	1,861,327
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	2021 £	2020 £
Income	1,775,464	1,981,361
Covenant from subsidiary company	156,063	49,367
	1,931,527	2,030,728
Expenditure on charitable activities	(2,052,817)	(1,819,546)
Net (deficit)/income	(121,290)	211,182
Total funds brought forward	1,696,966	1,485,784
Total funds carried forward	1,575,676	1,696,966

7. Charitable activities expenditure

	Membership costs 2021 £	Education costs 2021 £	Total funds 2021 £	Total funds 2020 £
Direct costs				
Service provision	86,496	490,142	576,638	941,333
Bad debts	218	1,235	1,453	5,632
Travel	219	1,242	1,461	3,024
Printing, postage and stationery	2,222	12,593	14,815	14,534
Advertising	4,528	25,660	30,188	19,127
Repairs	6,292	35,653	41,945	48,685
Rates	2,041	11,565	13,606	17,332
Insurance	5,363	30,393	35,756	39,586
Cleaning	1,151	6,521	7,672	10,056
Telephone	768	4,351	5,119	4,856
Subscriptions	409	2,319	2,728	10,880
Light and heat	1,901	10,776	12,677	10,317
	111,608	632,450	744,058	1,125,362

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Charitable activities expenditure - continued

Support and governance costs

	Membership costs 2021 £	Education costs 2021 £	Total funds 2021 £	Total funds 2020 £
Share of support costs (see note 8)	174,216	987,221	1,161,437	1,364,597
Share of governance costs (see note 8)	5,700	32,300	38,000	38,938
Total 2021	179,916	1,019,521	1,199,437	1,403,535

Charitable expenditure - by activity

	Membership costs 2021 £	Education costs 2021 £	Total funds 2021 £	Total funds 2020 £
Charitable activities	111,608	632,450	744,058	1,125,362
Support and governance costs	179,916	1,019,521	1,199,437	1,404,535
	291,524	1,651,971	1,943,495	2,529,897
Total 2020	379,336	2,149,561	2,528,897	

8. Support and governance costs

	Support costs 2021 £	Governance costs 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	794,941	-	794,941	932,342
Depreciation and amortisation	61,244	-	61,244	56,249
Administration	241,579	-	241,579	311,964
Audit fees	-	25,000	25,000	25,000
Accountancy	-	13,000	13,000	13,938
Loan interest	63,673	-	63,673	64,042
	1,161,437	38,000	1,199,437	1,403,535

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

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9. Other gains/(losses)

	2021 £	2020 £
Gain on revaluation of freehold property (see note 15)	-	583,988
	<u>-</u>	<u>583,988</u>

10. Members of council and trustees

During the year, a trustee was paid £nil (2020: £16,000) for consultancy services provided and a trustee was reimbursed an amount £1,222 (2020: £3,086) for travelling expenses.

11. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £25,000 (2020 - £25,000), and accountancy services of £12,500 (2020 - £13,938).

12. Staff costs

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Wages and salaries	687,457	810,613	687,457	810,613
Social security costs	73,724	82,717	73,724	82,717
Contribution to defined contribution pension schemes	33,760	39,012	33,760	39,012
	<u>794,941</u>	<u>932,342</u>	<u>794,941</u>	<u>932,342</u>

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

	Group 2021 No.	Group 2020 No.	Charity 2021 No.	Charity 2020 No.
Senior Management	1	1	1	1
Lecturers and administration	10	13	10	13
General administration	8	10	8	10
	<u>19</u>	<u>24</u>	<u>19</u>	<u>24</u>

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12. Staff costs (continued)

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

	Group 2021 No.	Group 2020 No.
In the band £80,001 - £90,000	1	-
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-

13. Taxation

	2021 £	2020 £
Corporation tax		
Foreign tax on income for the year	100,607	52,998
Taxation on net income	100,607	52,998

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Net income/(expenditure) before tax	280,070	(67,210)
Net income/(expenditure) multiplied by the standard rate of corporation tax in the UK of 19 (2020 - 19%).	53,213	(12,770)
Effects of:		
Higher rate taxes on overseas earnings	69,422	52,998
Other differences leading to an increase/(decrease) in the tax charge	(22,028)	12,770
Total tax charge for the year	100,607	52,998

In the Spring Budget 2021, the UK 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. This new law was substantively enacted on 24 May 2021.

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14. Intangible assets

Group

	Course development £	Company website £	Goodwill £	Total £
Cost				
At 1 January 2021	61,451	21,056	69,174	151,681
Additions	21,300	-	-	21,300
At 31 December 2021	82,751	21,056	69,174	172,981
Amortisation				
At 1 January 2021	61,451	11,905	41,505	114,861
Charge for the year	-	3,051	27,668	30,719
At 31 December 2021	61,451	14,956	69,173	145,580
Net book value				
At 31 December 2021	21,300	6,100	1	27,401
At 31 December 2020	-	9,151	27,669	36,820

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14. Intangible assets (continued)

Charity

	Course development £
Cost	
At 1 January 2021	61,451
Additions	21,300
At 31 December 2021	<u>82,751</u>
Amortisation	
At 1 January 2021	61,451
At 31 December 2021	<u>61,451</u>
Net book value	
At 31 December 2021	<u><u>21,300</u></u>
At 31 December 2020	<u><u>-</u></u>

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15. Tangible fixed assets

Group

	Freehold property £	Fixtures and fittings £	Examination and Teaching Collections £	Total £
Cost or valuation				
At 1 January 2021	3,566,000	378,392	108,164	4,052,556
Additions	-	24,784	-	24,784
At 31 December 2021	3,566,000	403,176	108,164	4,077,340
Depreciation				
At 1 January 2021	-	283,183	-	283,183
Charge for the year	-	30,525	-	30,525
At 31 December 2021	-	313,708	-	313,708
Net book value				
At 31 December 2021	3,566,000	89,468	108,164	3,763,632
At 31 December 2020	3,566,000	95,209	108,164	3,769,373

Charity

	Freehold property £	Fixtures and fittings £	Examination and Teaching Collections £	Total £
Cost or valuation				
At 1 January 2021	3,566,000	339,085	108,164	4,013,249
Additions	-	24,784	-	24,784
At 31 December 2021	3,566,000	363,869	108,164	4,038,033
Depreciation				
At 1 January 2021	-	245,465	-	245,465
Charge for the year	-	30,207	-	30,207
At 31 December 2021	-	275,672	-	275,672

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15. Tangible fixed assets (continued)

Charity (continued)

	Freehold property £	Fixtures and fittings £	Examination and Teaching Collections £	Total £
Net book value				
At 31 December 2021	3,566,000	88,197	108,164	3,762,361
At 31 December 2020	3,566,000	93,620	108,164	3,767,784

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.

The Group has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Freehold property	2,982,012	2,982,012	2,982,012	2,982,012

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16. Fixed asset investments

	Investments in subsidiary companies £
Charity	
Cost	
At 1 January 2021	210,000
At 31 December 2021	<u>210,000</u>
Net book value	
At 31 December 2021	<u>210,000</u>
At 31 December 2020	<u>210,000</u>

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 financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/ (Loss) for the year £	Net assets/ (liabilities) £
Gemmological Instruments Limited	983,244	(409,444)	573,800	1,392,107
Gemmological Consulting (Beijing) Co., Limited	873,853	(840,738)	33,115	(25,476)

The Association's wholly owned subsidiary, Gemmological Instruments Limited (company number 00838324), 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.

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17. Stocks

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Gemstones, course notes, textbooks, and scientific and testing equipment	161,123	206,678	51,151	79,102

18. Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Due within one year				
Trade debtors	30,918	72,437	6,429	7,718
Other debtors	36,740	27,142	1,305	1,386
Prepayments and accrued income	52,100	60,647	53,761	60,269
	119,758	160,226	61,495	69,373

19. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank overdrafts	437	1,256	437	1,256
Bank loans	138,103	138,103	138,103	138,103
Trade creditors	197,102	97,863	171,411	55,189
Amounts owed to group undertakings	-	-	519,415	508,831
Other taxation and social security	35,269	16,124	30,215	22,826
Other creditors	35,236	27,209	1,087	633
Accruals and deferred income	839,928	682,226	557,360	577,323
	1,246,075	962,781	1,418,028	1,304,161

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19. Creditors: Amounts falling due within one year (continued)

Deferred income comprises advance payments for membership subscriptions and exams due in the next financial year.

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Deferred income brought forward	488,786	700,930	488,786	700,930
Received in the year	513,721	980,694	513,721	980,694
Amounts credited to income	(491,829)	(1,192,838)	(491,829)	(1,192,838)
Deferred income carried forward	510,678	488,786	510,678	488,786

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

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loans	1,638,371	1,684,892	1,638,371	1,684,892

Included within the above are amounts falling due as follows:

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Between one and two years				
Bank loans	138,102	138,103	138,102	138,103
Between two and five years				
Bank loans	552,413	552,414	552,413	552,414
Over five years				
Bank loans	947,856	994,375	947,856	994,375

The bank loan is repayable by 2038 and is secured by way of a fixed charge over the freehold property at 21 Ely Place, London, EC1N 6TD. Interest is fixed at 3.25% above the Bank of England base rate.

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21. Statement of funds

Statement of funds - current year

	Balance at 1 January 2021 £	Income £	Expenditure £	Balance at 31 December 2021 £
Unrestricted funds				
Unrestricted funds	1,707,540	2,806,596	(2,627,133)	1,887,003
Property revaluation	583,988	-	-	583,988
	<u>2,291,528</u>	<u>2,806,596</u>	<u>(2,627,133)</u>	<u>2,470,991</u>

Statement of funds - prior 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
	<u>1,827,748</u>	<u>2,803,396</u>	<u>(2,923,604)</u>	<u>583,988</u>	<u>2,291,528</u>

The revaluation reserve can only be released on the disposal of the freehold property.

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	3,763,632	3,763,632
Intangible fixed assets	27,401	27,401
Current assets	1,564,404	1,564,404
Creditors due within one year	(1,246,075)	(1,246,075)
Creditors due in more than one year	(1,638,371)	(1,638,371)
Total	<u>2,470,991</u>	<u>2,470,991</u>

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22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	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	2,291,528	2,291,528

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

	Group 2021 £	Group 2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	179,463	(120,208)
Adjustments for:		
Depreciation charges	30,525	40,528
Amortisation charges	30,719	34,364
Disposal of intangible assets	-	90,594
Decrease in stocks	45,555	29,290
Decrease in debtors	40,468	70
Increase/(decrease) in creditors	284,113	(361,932)
Foreign exchange differences	-	(1,030)
Foreign tax	-	1,028
Net cash provided by/(used in) operating activities	610,843	(287,296)

THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****24. Analysis of cash and cash equivalents**

	Group 2021 £	Group 2020 £
Cash in hand	1,283,523	766,104
Overdraft facility repayable on demand	(437)	(1,256)
Total cash and cash equivalents	1,283,086	764,848

25. Analysis of changes in net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	766,104	517,419	1,283,523
Bank overdrafts repayable on demand	(1,256)	819	(437)
Debt due within 1 year	(138,103)	-	(138,103)
Debt due after 1 year	(1,684,892)	46,521	(1,638,371)
	(1,058,147)	564,759	(493,388)

26. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £33,303 (2020 - £34,427).

27. Related party transactions

The remuneration of key management personnel is as follows:

	2021 £	2020 £
Aggregate compensation	105,410	94,882

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.