

**THE YORK GATE MUSIC TRUST**  
**(A Company Limited By Guarantee and Not Having A Share Capital)**

**Registered Charity No. 1060618**  
**Company No. 3341314**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31ST JULY 2001**



# **THE YORK GATE MUSIC TRUST**

## **STATUTORY INFORMATION**

### **TRUSTEES**

The members of York Gate Music Trust, who are trustees under the Charities Act and directors for the purposes of the Companies Act are:

Sir Rodric Braithwaite  
Guy Whalley  
Curtis Price  
Jan Whitehouse

The trustees are nominated by the Royal Academy of Music.

### **PROFESSIONAL ADVISERS**

Auditors:  
Kingston Smith  
Chartered Accountants  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

Solicitors:  
S.J Berwin & Co  
222 Grays Inn Road  
London WC1X 8HB

### **CONSTITUTION**

York Gate Music Trust was incorporated on 21 March 1997. It is a company limited by guarantee and is therefore governed by its Memorandum and Articles of Association. It is also a registered charity (number 1060618).

# **THE YORK GATE MUSIC TRUST**

## **TRUSTEES' REPORT**

### **Trustees' Report**

The Trustees submit their report together with the audited accounts for the year ended 31 July 2001.

### **Objects and Policies**

The objects for which the company is established continue to be the advancement of education in the study of music for the benefit of the public by supporting, assisting or promoting the activities of the Royal Academy of Music (a charity registered with the Charity Commissioners for England and Wales with registration number 310007) principally by the provision of facilities of all types for the study of music including but not limited to the provision of buildings, land or other premises.

In order to achieve these aims, the York Gate Music Trust acquired a long leasehold interest in 1-5 York Gate, London NW1, a property adjacent to the Academy, with a view to converting it for use by the Academy in the study of music.

### **Organisation of the Charity**

The regulatory details including those of the trustees, who are the directors for the purposes of the Companies Act, are set out on page 1. The Trustees meet to review the development of the company.

### **Review of the Period**

A major internal conversion programme for the York Gate building commenced at the beginning of July 1999 and was completed during the summer of 2000. The building has been fully operational for teaching and practising purposes from September 2000.

The creation of a new hall between the Academy and the York Gate buildings was commenced in September 2000 to provide a much needed recital hall and this would also link the buildings at basement level.

### **Financial Review**

The Statement of Financial Activities shows that the company's incoming resources have been earmarked by the Trustees as funds for building works and also funds to create an endowment, the income from which will be used to defray running costs of York Gate. The charity has sufficient resources available to meet all current contractual commitments.

The Financial Statements currently show a deficit of £521,455 on the General Fund. The trustees are confident that this deficit will be eliminated either by future donations or, if necessary, by a transfer from designated funds.

# THE YORK GATE MUSIC TRUST

## TRUSTEES' REPORT

### Related Parties

The York Gate Music Trust is controlled by the Royal Academy of Music, a registered charity. Details of transactions with the Academy are given in the notes to the financial statements.

### Statement of Trustees' Responsibilities

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:


- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Registered Office:  
The Royal Academy of Music  
London NW1 5HT

On behalf of the Board

Date: 29 Nov 01

  
Curtis Price  
Trustee

# **Independent Auditors' Report to the Members of York Gate Music Trust**

We have audited the financial statements of the York Gate Music Trust for the year-ended 31st July 2001 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

## **Respective Responsibilities of Trustees and Auditors**

As described in the Statement of Trustees' Responsibilities, the Trustees, who are directors of the company's charitable activities, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if any information specified by law regarding trustees' remuneration and transactions within the charity is not disclosed.

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

## **Basis of Audit Opinion**


We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our Opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 July 2001 and of the incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Devonshire House  
60 Goswell Road  
London EC1M 7AD

  
**Kingston Smith**  
Chartered Accountants  
and Registered Auditors

Date 3rd December 2001

**THE YORK GATE MUSIC TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended 31 July 2001**

	Note	Unrestricted Funds General £	Designated £	Restricted Funds £	2001 Total £	2000 Total £
<b>INCOME AND EXPENDITURE</b>						
<b>INCOMING RESOURCES</b>						
Grants and Donations	2	332,731	482,656	868,515	1,683,902	6,436,897
Interest receivable		<u>106,406</u>	<u>154,335</u>	<u>-</u>	<u>260,741</u>	<u>289,505</u>
<b>Total Incoming Resources</b>		<u>439,137</u>	<u>636,991</u>	<u>868,515</u>	<u>1,944,643</u>	<u>6,726,402</u>
<b>RESOURCES EXPENDED</b>						
Direct Charitable Expenditure:						
Premises costs		301,038	-	2,813	303,851	245,359
Depreciation		-	-	165,694	165,694	-
Instrument costs		86,447	-	-	86,447	-
Other		<u>15,969</u>	<u>-</u>	<u>-</u>	<u>15,969</u>	<u>36,971</u>
		<u>403,454</u>	<u>-</u>	<u>168,507</u>	<u>571,961</u>	<u>282,330</u>
Management and Administration of the Charity		<u>75,408</u>	<u>-</u>	<u>-</u>	<u>75,408</u>	<u>26,120</u>
<b>Total Resources Expended</b>	3	<u>478,862</u>	<u>-</u>	<u>168,507</u>	<u>647,368</u>	<u>308,450</u>
Net (Outgoing)/Incoming Resources for the Year		(39,725)	636,991	700,008	1,297,275	6,417,952
<b>Fund Balances Brought</b>						
Forward at 1 August 2000		<u>(481,731)</u>	<u>2,456,836</u>	<u>10,374,806</u>	<u>12,349,912</u>	<u>5,931,960</u>
<b>FUND BALANCES CARRIED</b>						
<b>FORWARD AT 31 JULY 2001</b>		<u>(521,455)</u>	<u>3,093,827</u>	<u>11,074,815</u>	<u>13,647,187</u>	<u>12,349,912</u>

All of the Charity's activities relate to continuing operations. There are no recognised gains or losses in the period other than those dealt with in the Statement of Financial Activities.

**THE YORK GATE MUSIC TRUST**  
**BALANCE SHEET**  
**As At 31 July 2001**

	Note	2001 £	2001 £	2000 £	2000 £
<b>FIXED ASSETS</b>					
Tangible Assets	5		13,372,169		11,087,061
<b>CURRENT ASSETS</b>					
Debtors	7	439,672		432,737	
Cash held within designated funds		2,572,372		1,975,107	
Cash at Bank and In Hand		<u>1,053,285</u>		<u>2,842,839</u>	
		4,065,329		5,250,683	
<b>Creditors: Amounts Falling Due Within One Year</b>	8	<u>(583,692)</u>		<u>(319,932)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,481,637</u>		<u>4,930,751</u>
<b>Total assets less current liabilities</b>			<b>16,853,807</b>		<b>16,017,812</b>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	9		(2,932,500)		(3,477,500)
<b>Provisions for Liabilities and charges</b>	10		<u>(274,119)</u>		<u>(190,400)</u>
<b>NET ASSETS</b>			<u><u>13,647,187</u></u>		<u><u>12,349,912</u></u>
<b>REPRESENTED BY:</b>					
<b>Funds:</b>					
Restricted	12		11,074,815		10,374,805
Unrestricted - Designated	13		3,093,827		2,456,836
- General			<u>(521,455)</u>		<u>(481,729)</u>
	14		<u><u>13,647,187</u></u>		<u><u>12,349,912</u></u>

Approved by the Board and signed on its behalf by:

*C Price*  
.....  
Curtis Price  
Trustee

Date 29 Nov 01

*Jan Whitehouse*  
.....

Jan Whitehouse  
Trustee

Date 29 Nov 01

**THE YORK GATE MUSIC TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 July 2001**

**1. ACCOUNTING POLICIES**

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

**(a) Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and comply with the Statement of Recommended Practice on Accounting by Charities.

**(b) Statement of Financial Activities**

The company is a registered charity and accordingly a Statement of Financial Activities has been prepared in place of a Profit and Loss Account, as permitted by section 226, Companies Act 1985.

**(c) Depreciation**

Depreciation of fixed assets is charged at rates estimated to write off the value of the assets over their expected useful lives, commencing in the year following completion. Rates are as follows:

Acquisition/refurbishment	84 years	straight line basis
Museum fit-out	25 years	straight line basis
Recital Hall	40 years	straight line basis

**(d) Donations and Grants Received**

Revenue grants received are charged to the Income and Expenditure account when they are received and are either used within the year or credited to restricted funds in the Balance Sheet if the conditions apply for longer term.

**(e) Expenditure**

Direct charitable expenditure represents expenditure attributable to the provision of facilities for the Royal Academy of Music, in accordance with the company's charitable objectives.

**(f) Taxation**

As a registered charity, the company is potentially exempt from taxation in respect of income received within categories covered by Section 505 of the Income and Corporation Taxes Act 1988 to the extent that it is applied exclusively to charitable purposes. The company receives no similar exemption in respect of Value Added Tax; irrecoverable VAT is included in the appropriate cost categories.

**THE YORK GATE MUSIC TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Continued)**

**2. GRANTS AND DONATIONS**

	2001 £	2000 £
<b>General</b>		
Royal Academy of Music	140,000	100,000
National Heritage Memorial Fund	156,250	-
Miscellaneous income	36,481	-
	<u>332,731</u>	<u>100,000</u>
<b>Designated</b>		
Royal Academy of Music	200,000	200,000
HEFCE Museums & Galleries Initiative	262,656	256,250
Lucille Graham Trust	20,000	-
Others	-	6,000
	<u>482,656</u>	<u>462,250</u>
<b>Restricted</b>		
Royal Academy of Music Foundation	400,000	400,000
Royal Academy of Music	25,000	25,000
National Heritage Memorial Fund	-	5,192,500
Gielgud	200,000	-
Fridart Foundation	177,638	-
Others	65,877	257,147
	<u>868,515</u>	<u>5,874,647</u>
	<u>1,683,902</u>	<u>6,436,897</u>

**3. TOTAL RESOURCES EXPENDED - GENERAL FUND**

	2001 Staff Costs £	2001 Other Costs £	2001 Total £	2000 Total £
Direct Charitable Expenditure	73,518	329,936	403,454	282,330
Management and Administration of the Charity	34,037	41,371	75,408	26,120
	<u>107,555</u>	<u>371,307</u>	<u>478,862</u>	<u>308,450</u>

Staff costs represent amounts paid for security and management of the building. The York Gate Music Trust does not directly employ any members of staff.

**Main Components of Other Costs are:**

	2001 £	2000 £
Light and Heat	35,130	15,240
Rent and Rates (including £7,083 (2000: £5,000) paid under Operating Leases)	59,482	42,850
Maintenance (including £95,000 (2000: £96,800) transfer to Long Term Maintenance Provision)	104,694	97,145
Auditors' Remuneration	1,001	880

# THE YORK GATE MUSIC TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### (Continued)

#### 4. TRANSACTIONS WITH TRUSTEES

No trustee received any remuneration from the charity and no expenses were reimbursed to them. No amounts were paid in respect of indemnity insurance.

#### 5. TANGIBLE ASSETS

##### Long Leasehold Land and Buildings

	Acquisition	Refurbish- ment	Museum Fit-out	Recital Hall	Total
Cost	£	£	£	£	£
Brought forward 1 August 2000	7,386,482	3,700,579	-	-	11,087,061
Additions	-	553,440	677,944	1,219,418	2,450,802
	<u>7,386,482</u>	<u>4,254,019</u>	<u>677,944</u>	<u>1,219,418</u>	<u>13,537,863</u>
Carried Forward at 31 July 2001	<u>7,386,482</u>	<u>4,254,019</u>	<u>677,944</u>	<u>1,219,418</u>	<u>13,537,863</u>
<b>Depreciation</b>					
Brought forward 1 August 2000	-	-	-	-	-
Charge	(87,934)	(50,642)	(27,118)	-	(165,694)
	<u>(87,934)</u>	<u>(50,642)</u>	<u>(27,118)</u>	<u>-</u>	<u>(165,694)</u>
Carried Forward at 31 July 2001	<u>(87,934)</u>	<u>(50,642)</u>	<u>(27,118)</u>	<u>-</u>	<u>(165,694)</u>
<b>Net Book Value</b>					
As at 31 July 2001	<u>7,298,548</u>	<u>4,203,377</u>	<u>650,826</u>	<u>1,219,418</u>	<u>13,372,169</u>
<b>Net Book Value</b>					
As at 31 July 2000	<u>7,386,482</u>	<u>3,700,579</u>	<u>-</u>	<u>-</u>	<u>11,087,061</u>

All assets are held for use by the Charity. No depreciation has been provided for the Recital Hall during the year as it was still under construction at the end of the period.

#### 6. CAPITAL COMMITMENT

At 31 July 2001 the company was committed to expenditure totalling £1,029,447 (2000: £3,480,250) in respect of the refurbishment of the property.

#### 7. DEBTORS

	2001 £	2000 £
Prepayments and Accrued Income	74,053	119,064
Amount owed by Royal Academy of Music		
Legacy Pool	10,000	-
Amount owed by Parent Undertaking	<u>355,618</u>	<u>313,673</u>
	<u>439,672</u>	<u>432,737</u>

# THE YORK GATE MUSIC TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### (Continued)

#### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Accruals	(38,692)	(24,932)
National Heritage Memorial Fund	(295,000)	(295,000)
Higher Education Funding Council	(250,000)	-
	<u>(583,692)</u>	<u>(319,932)</u>

#### 9. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2001 £	2000 £
National Heritage Memorial Fund	(1,182,500)	(1,477,500)
Higher Education Funding Council	(1,750,000)	(2,000,000)
	<u>(2,932,500)</u>	<u>(3,477,500)</u>

The above loans are interest free.

The balance of the National Heritage Memorial Fund loan is repayable in four annual instalments of £295,000 and is secured on the company's leasehold property. A final payment of £297,500 is due on 1 July 2006. Funds are being raised to provide for these repayments.

The Higher Education Funding Council loan is repayable in six annual instalments starting in July 2002 and finishing in July 2007. Funds are being raised to provide for these repayments.

#### 10. PROVISIONS FOR LIABILITIES AND CHARGES

	2001 £	2000 £
<b>Long Term Maintenance Provision:</b>		
Brought Forward 1 August	(190,400)	(93,600)
Expenditure during the year	11,281	-
Amount Provided In Period	<u>(95,000)</u>	<u>(96,800)</u>
<b>Carried Forward At 31 July</b>	<u>(274,119)</u>	<u>(190,400)</u>

The provision has been established to meet the charity's obligation under its lease to maintain the property in good decorative order.

#### 11. MEMBERS' LIABILITIES

The company is limited by guarantee and does not have a share capital. Each member's guarantee is limited to £1.

**THE YORK GATE MUSIC TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Continued)**

**12. RESTRICTED FUNDS**

	31-Jul 2000 £	Incoming Resources £	Outgoing Resources £	31-Jul 2001 £
Building Fund	9,748,651	690,877	(165,694)	10,273,834
Decanting Reserve	48,960	-	(2,813)	46,147
Higher Education Funding Council Loan Repayment Fund	402,196	-	-	402,196
National Heritage Memorial Fund Loan Repayment Fund	175,000	177,638	-	352,638
	<u>10,374,806</u>	<u>868,515</u>	<u>(168,507)</u>	<u>11,074,815</u>

**Building Fund**

This represents donations received and amounts transferred for the purpose of acquiring and refurbishing 1-5 York Gate, London, NW1.

**Decanting Reserve**

This represents amounts set aside to deal with disruption and relocation during the refurbishment period.

**Loan Repayment Funds**

These represent funds received specifically for the repayment of the loans referred to in note 9.

**13. DESIGNATED FUNDS**

**York Gate Endowment Fund**

The trustees recognise the importance of setting aside sufficient funds to enable the charity to fulfil its long term objective to provide facilities for use by the Royal Academy of Music as well as to display its historic collections to the general public. All amounts received which are not earmarked for the refurbishment of the building are being used to create an endowment fund, the income from which will then be used to defray the running costs of York Gate.

# THE YORK GATE MUSIC TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### (Continued)

#### 14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds	2001 Total
	General	Designated		
	£	£	£	£
Fixed Assets	-	-	13,372,169	13,372,169
Net Current (Liabilities)/Assets	(247,336)	3,093,827	635,146	3,481,637
Creditors due	-	-	(2,932,500)	(2,932,500)
after more than one year				
Provisions for	(274,119)	-	-	(274,119)
Liabilities and Charges				
	<u>(521,455)</u>	<u>3,093,827</u>	<u>11,074,815</u>	<u>13,647,187</u>

All the above funds represent realised amounts.

#### 15. OPERATING LEASES

At 31 July 2001, the company had the following commitments to be paid during the next year under non-cancellable operating leases in respect of land and buildings expiring:

	2001 £	2000 £
Over Five Years	8,500	5,000

#### 16. ULTIMATE CONTROLLING PARTY

The York Gate Music Trust is controlled by the Royal Academy of Music by virtue of the fact that its trustees are nominated by the Royal Academy of Music.