

**Charity Registration No. 1109555**

**Company Registration No. 01945780 (England and Wales)**

**THE GEMMOLOGICAL ASSOCIATION OF GREAT  
BRITAIN**

**COUNCIL MEMBERS' AND TRUSTEES' REPORT AND  
ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

**Hazlems Fenton LLP**  
**Chartered Accountants**  
Palladium House  
1-4 Argyll Street  
London  
W1F 7LD

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Members Of Council And Trustees

James Riley (Chairman)  
Cally Oldershaw FGA, DGA (Vice Chair)  
Prof. Alan Collins BSc, PhD, DSc. FInstP, CPhys,  
Steve Collins FGA, DGA  
Brian Jackson FGA, DGA  
Steve Jordan FGA, DGA  
Landy Palmer  
Richard Slater FGA, DGA

### Secretary

Jack M Ogden PhD, FSA, FGA

### Charity number

1109555

### Company number

01945780

### Principal address

27 Greville Street  
London  
EC1N 8TN

### Registered office

Palladium House  
1-4 Argyll Street  
London  
W1F 7LD

### Auditors

Hazlems Fenton LLP  
Chartered Accountants  
Palladium House  
1-4 Argyll Street  
London  
W1F 7LD

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# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

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# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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Once again I am in the happy position to report that Gem-A has had a very successful financial year. 2010 was a record year in terms of both income generated and healthy surplus, enabling Gem-A to re-invest in the future. This follows on from the encouraging 2009 results and I am confident that Gem-A is back on track after the disruptive financial challenges of 2008 and earlier. Good accounts, of course, are not just a good set of numbers. They mean well kept records and here I must thank Hayley Smith our accounts manager who has kept excellent control on our finances.

The growth area is of course our core activity - Gem education. In 2010 income from our international educational activities was up by 21% over 2009. The Education department has had a very busy year dealing with the translations of our Gemmology courses into Chinese, French and Japanese through an international team of translators. Work on an updated Diamond Diploma course is also near to completion. Other hurdles have been the on-going accreditation issues which are increasingly becoming a full time job, so much so that Gem-A has taken on an accreditation manager to help with this process, as well continuing to use the services of professional accreditation consultants. I must take this opportunity to thank my fellow board member, Landy Palmer, for all her hard work on these sometimes tedious areas of small print. This necessary red tape provides our students with the reassurance that Gem-A's qualifications are the highest level accredited qualifications of their kind worldwide and that Gem-A meets the exacting standards set by the UK government for awarding bodies.

Despite its small size the education department covers a wide range of tasks and activities none more important than the examination organisation which is run by Lucy Dean, our examination manager - who choreographs and arranges the marking of our exams worldwide which in itself is a huge feat. However, none of this would be possible without the help and support of a wide range of external supporters including, tutors, examiners and teaching centres all of whom contributed to Gem-A's success in 2010.

Some 60% of our Educational income comes from the provision of our education overseas. Although proud of its roots in the British jewellery industry and its continuing presence in the heart of London's Hatton Garden jewellery district, Gem-A is very much an international organisation. Our courses are taught in 25 countries, and are available even more widely through our distance learning programmes. This means that Gem-A Fellows, Diamond Members and Members continue to form a world-wide community of gem experts and enthusiasts. Interaction between them and with Gem-A is being increasingly facilitated by modern communication methods even to the extent of a Face book page and being on Twitter.

Such communication methods can be a double edged sword. In 2010 income from Membership subscriptions remained flat, as it has for several years. This is a reflection of the difficult times for many traditional membership organisations in a world where so many have instant access to the communities and information networks they need on the internet. At Gem-A the role of Membership is a management and Board priority to ensure its continued relevance and value to our members. The coming year will see the adoption of new ways to enhance and facilitate Member's access to gem information, the increasing online availability of Gem-A past publications and a wider range of specialist forums and event notifications for Members. In the future members will benefit from access to resources for Continued Professional Development (CPD). Membership and in particular Gem-A qualifications bring with them Professional status - the true elite of our business.

In the meantime our publications are going strong. Our quarterly magazine Gems and Jewellery continues to provide a unique blend of gem-related information while the new format of the Journal of Gemmology with its instant online publication of articles as they are completed plus an annual hard copy volume seems to combine the best of both worlds. I am pleased to say the 2010 Journal of Gemmology was especially praised for its production and content.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## CHAIRMAN'S STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

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Unlike most of the gem organisations working internationally these days, Gem-A does not have satellite offices in other countries, so many members do not have the opportunity to meet our staff in the flesh. International conferences and trade shows provide a chance to do this and to keep in touch with our worldwide teaching centres, as well as promoting the Association. Details of Gem-A's calendar and activities have been covered in Gems and Jewellery, but 2010 Trade Shows at which Gem-A exhibited or was represented included IJL in London, the AGTA show in Tucson, JCK Las Vegas, the September Hong Kong Show and the November Beijing Show. There are numerous opportunities here in the UK to keep in touch through local branch activities or the Annual conference here in London not to mention the excellent conference run by our friends at the Scottish Gemmological Association.

Gem-A's wholly owned subsidiary Gemmological Instruments Ltd, under the management of Alan Clark, continues to offer a wide range of instruments and gem-related books. In particular the wholesale part of this business has been doing well, supplying other gem education bodies as well as gem and jewellery equipment retailers. Our accent on Gem-A branding continues and in particular Gem-A's affordable Travel Gem portable gemmological microscope, with excellent specifications, has been a run-away best seller and helped contribute to a profitable year. The day-to-day activities of Gemmological Instruments Ltd also include the sourcing of the instruments and stones that are part of the new course materials..

Looking to the future Gem-A is into the last phase of its five year development project (the 2008 project) and is looking to further invest its resources into the expansion of its education and membership services through improved on-line services, enhanced networking opportunities and the exchange of gemmological information for students and members worldwide. The investment in our core business activities has been vindicated providing a solid platform for the future upon which we can now build. We have just commenced negotiations for a new lease and once finalised, this will provide additional stability for future plans. We must not forget that as a UK registered charity Gem-A is dedicated to providing gemmological education to as wide an audience as possible and is currently working on opportunities to support newcomers into the gem and jewellery trade. This includes providing short on-line courses to both encourage new people into the world of gemstones and provide follow up courses in specialist areas. We also have a number of associations and companies looking to use our expertise to help their business, thus providing us with additional revenue streams and more importantly funds to invest in new equipment and staffing, both of which will enhance our overall offering.

Despite Gem-A's wide and international remit it has a very small staff who work hard sharing a bewildering variety of tasks with expertise and enthusiasm. I have mentioned some by name already, but on behalf of the Council, I truly thank all the staff for their tremendous effort, which resulted in the excellent 2010 results. I am equally grateful to my fellow Gem-A Trustees, my co-directors on our Council which I am privileged to Chair, for their support and expertise. Your trustees give their time and expertise voluntarily because they like and wish to support the work of the world's longest established provider of gemmological education. There are also the Members of the Members' Liaison Committee, Audit Committee, our Examiners, Tutors, Branch chairmen and helpers, and many others who also give their time, experience and wisdom to the Association - I thank them all as I do all our members for their continued support.

**James Riley**

Chairman

Dated: 9 June 2011

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## COUNCIL MEMBERS' AND TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2010

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The Members of Council and Trustees present their report and accounts for the year ended 31 December 2010.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with The Gemmological Association of Great Britain ("The Association")'s governing document, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

#### **Structure, governance and management**

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. It is registered as a charity with the Charity Commission.

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.

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.

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

James Riley (Chairman)

Cally Oldershaw FGA, DGA (Vice Chair)

Prof. Alan Collins BSc, PhD, DSc. FInstP, CPhys,

Steve Collins FGA, DGA

Brian Jackson FGA, DGA

Steve Jordan FGA, DGA

(Appointed 8 November 2010)

Landy Palmer

(Appointed 8 November 2010)

Richard Slater FGA, DGA

Evelyne Stern FGA, DGA

(Resigned 5 September 2010)

Jason Williams FGA, DGA

(Resigned 5 September 2010)

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.

The Association is administered by the board of trustees - 'The Council' - which may have up to 12 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.

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 gift aid its profits to the Association.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## COUNCIL MEMBERS' AND TRUSTEES' REPORT (CONTINUED)

### *FOR THE YEAR ENDED 31 DECEMBER 2010*

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The Members of Council and Trustees has assessed the major risks to which the Association is exposed. These cover financial, governance, operational and reputational risks. During 2010 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 Council is investigating the options and obligations with regard to premises when the current lease ends in June 2012.

#### **Objectives and activities**

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 Diploma in Gemmology and the Diamond, with graduation providing eligibility as a Fellow of the Gemmological Association (FGA) or as a Diamond Member of the Gemmological Association (DGA) respectively. These are, of course, dependent on the syllabi defined by the needs of our graduates, a robust examination and assessment system commensurate with the status and reputation of these qualifications, and the support and mechanisms to encourage our Graduates to continue to maintain and develop their theoretical and practical expertise.

Information about our activities and achievements during the year can be found in the Chairman's Statement.

#### **Achievements and performance**

##### **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 build on the good financial results in 2009 to allow the Association to best promote its aims and to provide sufficient funding to best pursue the options when the current lease on the premises at 27 Greville Street, London end in June 2012. 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, China, and in developing countries which need relevant gem education to help establish them, grow their gem markets and benefit the local economies and peoples. The political problems in Afghanistan and Pakistan limited our effectiveness in those countries in 2010.

In London, Gem-A continued to provide a series of evening lectures on a variety of gem and jewellery subjects, at nominal prices, which are open to the public, as well as taking part in gem shows and related events, some of which are open to the public and some of which include free seminars. In the UK outside of London, regional volunteer Branches provided various educational event open to the public and at nominal prices. In Scotland Gem-A's affiliate The Scottish Gemmological Association held events including their annual conference organised by volunteers, open to the public, and partly funded by trade and other sponsorship. Gem-A staff also contributed articles and information to other magazines dealing with ethical and gem-education issues, and served on various gem-related advisory bodies and committees.

In 2010 Gem-A continued to play an active part in industry bodies and European Standards meetings relating to developing guidelines and terminologies to benefit consumer confidence and to reduce the opportunities for fraud. This is coupled with Gem-A taking an active position in discussions relating to ethical and environmental aspects of gem supply chains.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## COUNCIL MEMBERS' AND TRUSTEES' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2010*

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### **Financial review**

2010 saw a good financial result largely as a result of the take-up of the newly re-developed Gemmology Foundation and Diploma courses.

The Association's wholly owned trading subsidiary, Gemmological Instruments Limited, had a better year compared with 2009, showing a small profit.

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 ensure that, in the event of a significant drop in funding, they will be able to continue the Association's current activities, cover any shortfall between income and expenditure and cover maintenance and repairs to its premises. The Trustees are endeavouring to maintain reserves and to put in place a strategy to increase them.

### **Asset cover for funds**

Note 19 sets out an analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

### **Disclosure of information to auditors**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

### **Auditors**

In accordance with section 487 of the Companies Act 2006, a resolution proposing that Hazlems Fenton LLP be reappointed as auditors of the company will be put to the members.

On behalf of the board of Members of Council and Trustees

**James Riley (Chairman)**

Council Member

Dated: 9 June 2011

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## STATEMENT OF COUNCIL MEMBERS' AND TRUSTEES' RESPONSIBILITIES

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The Members of Council and Trustees, who are also the directors of The Gemmological Association of Great Britain for the purpose of company law, are responsible for preparing the Council Members' And Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Members of Council and Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Members of Council and Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The Members of Council and Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS AND COUNCIL MEMBERS AND TRUSTEES OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

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We have audited the accounts of The Gemmological Association of Great Britain for the year ended 31 December 2010 set out on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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.

#### **Respective responsibilities of Members of Council and Trustees and auditors**

As explained more fully in the statement of Council Members' and Trustees' responsibilities, the Members of Council and Trustees, who are also the directors of The Gemmological Association of Great Britain for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Members of Council and Trustees; and the overall presentation of the accounts.

#### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2010 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 1993.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Council Members' And Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS AND COUNCIL MEMBERS AND TRUSTEES OF THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 1993 require 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 accounts 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.

**Russell Tenzer (Senior Statutory Auditor)**  
**for and on behalf of Hazlems Fenton LLP**

#### **Chartered Accountants Statutory Auditor**

Chartered Accountants  
Palladium House  
1-4 Argyll Street  
London  
W1F 7LD

Dated: 17 June 2011

Hazlems Fenton LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Unrestricted funds £	Restricted funds £	Total 2010 £	Total 2009 £
<b><u>Incoming resources from generated funds</u></b>					
Donations and legacies	3	4,456	-	4,456	5,714
Activities for generating funds	4	268,657	-	268,657	250,805
Investment income	5	126	-	126	65
		<u>273,239</u>	<u>-</u>	<u>273,239</u>	<u>256,584</u>
Incoming resources from charitable activities	6	1,458,037	-	1,458,037	1,240,663
Other incoming resources	7	(9,629)	-	(9,629)	-
<b>Total incoming resources</b>		<u>1,721,647</u>	<u>-</u>	<u>1,721,647</u>	<u>1,497,247</u>
<b><u>Resources expended</u></b>					
<b>Costs of generating funds</b>					
Commercial trading activities	8	263,857	-	263,857	253,285
<b>Net incoming resources available</b>		<u>1,457,790</u>	<u>-</u>	<u>1,457,790</u>	<u>1,243,962</u>
<b>Charitable activities</b>					
Membership costs		268,099	-	268,099	271,323
Education costs		934,125	-	934,125	827,429
<b>Total charitable expenditure</b>		<u>1,202,224</u>	<u>-</u>	<u>1,202,224</u>	<u>1,098,752</u>
Governance costs	10	37,940	-	37,940	40,054
<b>Total resources expended</b>		<u>1,504,021</u>	<u>-</u>	<u>1,504,021</u>	<u>1,392,091</u>
<b>Net income for the year/ Net movement in funds</b>		<u>217,626</u>	<u>-</u>	<u>217,626</u>	<u>105,156</u>
Fund balances at 1 January 2010		<u>205,035</u>	<u>1,000</u>	<u>206,035</u>	<u>100,879</u>
<b>Fund balances at 31 December 2010</b>		<u><u>422,661</u></u>	<u><u>1,000</u></u>	<u><u>423,661</u></u>	<u><u>206,035</u></u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## BALANCE SHEETS AS AT 31 DECEMBER 2010

	Notes	Group 2010 £	2009 £	Company 2010 £	2009 £
<b>Fixed assets</b>					
Tangible assets	13	123,552	160,701	123,550	160,699
Investments	14	-	-	2	2
		<u>123,552</u>	<u>160,701</u>	<u>123,552</u>	<u>160,701</u>
<b>Current assets</b>					
Stocks		118,388	106,315	92,673	84,124
Debtors	15	165,747	149,259	243,697	115,557
Cash at bank and in hand		689,349	457,730	596,180	413,172
		<u>973,484</u>	<u>713,304</u>	<u>932,550</u>	<u>612,853</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(453,375)</u>	<u>(447,970)</u>	<u>(444,450)</u>	<u>(378,228)</u>
<b>Net current assets</b>		<u>520,109</u>	<u>265,334</u>	<u>488,100</u>	<u>234,625</u>
<b>Total assets less current liabilities</b>		<u>643,661</u>	<u>426,035</u>	<u>611,652</u>	<u>395,326</u>
<b>Provisions for liabilities</b>	17	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>
<b>Net assets</b>		<u>423,661</u>	<u>206,035</u>	<u>391,652</u>	<u>175,326</u>
<b>Income funds</b>					
Restricted funds		1,000	1,000	1,000	1,000
Unrestricted funds		<u>422,661</u>	<u>205,035</u>	<u>390,652</u>	<u>174,326</u>
		<u>423,661</u>	<u>206,035</u>	<u>391,652</u>	<u>175,326</u>

The accounts were approved by the Board on 9 June 2011

James Riley (Chairman)  
Council Member

Landy Palmer  
Council Member

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

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### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

#### 1.2 Incoming resources

All incoming resources are included in the SOFA on an accruals basis. Income from education and field trips, is recognised when the services are provided to the students and members. Donations and gifts are accounted for on a receivable basis only when the amount can be measured with reasonable certainty. Membership income is also recognised on an accrual basis.

#### 1.3 Resources expended

All resources expended are recognised on an accruals basis.

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

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	Straight line over eight years
Fixtures, fittings & equipment	33.33% straight line and 20% reducing balance

Examination and Teaching Collections are not depreciated.

#### 1.5 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.7 Stock

Stock represents gemstones, course notes and text books, and scientific and testing equipment, and is valued at the lower of cost and net realisable value.

#### 1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the charity during the year in accordance with FRS 17.

#### 1.9 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 1 Accounting Policies

(continued)

#### 1.10 Accumulated funds

Restricted funds are subject to specific conditions by donors as to how they may be used.

#### 1.11 Basis of consolidation

The accounts consolidate the results of the charity and its wholly owned subsidiary, Gemmological Instruments Limited, 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 Paragraph 397 of the Statement of Recommended Practice and section 408 of the Companies Act 2006.

### 2 Financial activities of the charity

The financial activities shown in the consolidated statement include those of the charity's wholly owned subsidiary, Gemmological Instruments Limited.

A summary of the financial activities undertaken by the charity is set out below:

	2010	2009
	£	£
<b>Gross incoming resources</b>	<b>1,452,990</b>	1,246,728
Total expenditure on charitable activities	<b>(1,202,224)</b>	(1,098,752)
Governance costs	<b>(34,440)</b>	(36,554)
<b>Net incoming resources</b>	<b>216,326</b>	111,422
Total funds brought forward	<b>175,326</b>	63,904
<b>Total funds carried forward</b>	<b>391,652</b>	175,326
<b>Represented by</b>		
Restricted income funds	<b>1,000</b>	1,000
Unrestricted income funds	<b>390,652</b>	174,326
	<b>391,652</b>	175,326

### 3 Donations and legacies

	2010	2009
	£	£
Donations and legacies	<b>4,456</b>	5,714
<b>Donations and gifts</b>		
Unrestricted funds:		
Donations and gifts	4,456	5,714
	<b>4,456</b>	5,714

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 4 Activities for generating funds

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 covenant its profits to the charity.

A summary of the trading results is shown below:

	2010	2009
	£	£
<b>Turnover</b>	<b>268,657</b>	250,805
Cost of sales and administrative costs	<b>(267,357)</b>	(256,785)
Interest receivable	-	(286)
	<u>1,300</u>	<u>(6,266)</u>
<b>Retained in subsidiary</b>	<b>1,300</b>	(6,266)
<b>The assets and liabilities of the subsidiary were:</b>		
Fixed assets	2	2
Current assets	<b>154,060</b>	102,054
Current liabilities	<b>(122,051)</b>	(71,345)
	<u>32,011</u>	<u>30,711</u>
Total net assets	<b>32,011</b>	30,711
	<u>32,011</u>	<u>30,711</u>
<b>Aggregate share capital and reserves</b>	<b>32,011</b>	30,711

### 5 Investment income

	2010	2009
	£	£
Interest receivable	<b>126</b>	65

### 6 Incoming resources from charitable activities

	2010	2009
	£	£
Membership income	<b>257,070</b>	245,599
Education income	<b>1,200,967</b>	995,064

### 7 Other incoming resources

	2010	2009
	£	£
Net loss on disposal of fixed assets	<b>(9,629)</b>	-

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 8 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2010 £	Total 2009 £
<b>Costs of generating funds</b>					
Commercial trading activities	<b>56,915</b>	-	<b>206,942</b>	<b>263,857</b>	253,285
<b>Charitable activities</b>					
<u>Membership costs</u>					
Activities undertaken directly	-	-	142,781	142,781	138,024
Support costs	76,588	16,577	32,153	125,318	133,299
Total	76,588	16,577	174,934	268,099	271,323
<u>Education costs</u>					
Activities undertaken directly	-	-	494,956	494,956	431,271
Support costs	327,474	25,523	86,172	439,169	396,158
Total	327,474	25,523	581,128	934,125	827,429
	<b>404,062</b>	<b>42,100</b>	<b>756,062</b>	<b>1,202,224</b>	1,098,752
<b>Governance costs</b>	-	-	<b>37,940</b>	<b>37,940</b>	40,054
	<b>460,977</b>	<b>42,100</b>	<b>1,000,944</b>	<b>1,504,021</b>	1,392,091

Governance costs include payments to the auditors of £13,500 (2009: £13,500) for audit fees and £5,500 (2009: £7,002) for other services.

Governance costs also include bank charges of £18,940 (2009: £19,552).

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 9 Activities undertaken directly

Other costs relating to membership costs comprise:

Rent and rates	33,244	33,293
Cleaning	4,294	3,758
Light and heat	1,532	1,514
Dilapidation provision	-	6,000
Insurance	5,913	5,727
Repairs and maintenance	1,696	4,207
Telephone	1,949	2,213
Advertising	3,747	3,965
Printing, postage and stationery	7,538	8,106
Subscriptions	1,136	767
Travel	4,267	2,088
Freight and carriage	-	583
Publication costs	58,927	54,387
Conference costs	17,857	9,196
Honorarium	681	2,220
	<b>142,781</b>	<b>138,024</b>

Other costs relating to education costs comprise:

Rent and rates	77,570	76,831
Insurance	15,596	13,215
Light and heat	4,135	3,493
Dilapidation provision	-	14,000
Cleaning	10,364	8,671
Repairs and maintenance	3,958	9,828
Telephone	4,841	5,106
Advertising	8,743	8,263
Printing, postage & stationery	12,808	13,845
Subscriptions	2,650	1,770
Travel	9,957	4,819
Freight & carriage	487	1,345
Direct materials and teaching costs	336,525	269,792
Field trips	7,322	293
	<b>494,956</b>	<b>431,271</b>

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 10 Support costs

	Membership costs £	Education costs £	Total 2010 £	Total 2009 £
General Management and Administration	32,153	86,172	118,325	86,440
Staff costs	76,588	327,474	404,062	400,400
Depreciation	16,577	25,523	42,100	42,617
	<u>125,318</u>	<u>439,169</u>	<u>564,487</u>	<u>529,457</u>

### 11 Members Of Council And Trustees

None of the Members of Council and Trustees (or any persons connected with them) received any remuneration during the year. Minor travel expenses were reimbursed to trustees.

During the year the following trustee received income from the Charity: Cally Oldershaw received examiners fees of £1,648 (2009 - £2,148), and Brian Jackson received examiners fees of £1,411 (2009 - £1,117).

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 12 Employees

#### Number of employees

The average monthly number of employees during the year was:

	<b>2010</b>	2009
	<b>Number</b>	Number
Education lecturers and administration	<b>6</b>	6
Membership administration	<b>2</b>	3
General administration	<b>4</b>	3
	<b>12</b>	12

#### Employment costs

	<b>2010</b>	2009
	£	£
Wages and salaries	<b>397,826</b>	349,087
Social security costs	<b>42,368</b>	36,165
Other pension costs	<b>20,783</b>	15,148
	<b>460,977</b>	400,400

The number of employees whose annual remuneration was £60,000 or more were:

	<b>2010</b>	2009
	<b>Number</b>	Number
60,000 - 70,000	<b>1</b>	1

Of the employees whose emoluments exceed £60,000, 1 (2009: 1) have retirement benefits accruing under defined contribution pension schemes.

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 13 Tangible fixed assets

Group	Examination and Teaching Collections	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2010	77,013	56,147	597,862	731,022
Additions	-	-	23,388	23,388
Disposals	-	-	(297,995)	(297,995)
<b>At 31 December 2010</b>	<b>77,013</b>	<b>56,147</b>	<b>323,255</b>	<b>456,415</b>
<b>Depreciation</b>				
At 1 January 2010	-	56,145	514,176	570,321
On disposals	-	-	(279,558)	(279,558)
Charge for the year	-	-	42,100	42,100
<b>At 31 December 2010</b>	<b>-</b>	<b>56,145</b>	<b>276,718</b>	<b>332,863</b>
<b>Net book value</b>				
<b>At 31 December 2010</b>	<b>77,013</b>	<b>2</b>	<b>46,537</b>	<b>123,552</b>
At 31 December 2009	77,013	2	83,686	160,701
<b>Company</b>				
	Examination and Teaching Collections	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2010	77,013	56,147	562,624	695,784
Additions	-	-	23,388	23,388
Disposals	-	-	(297,995)	(297,995)
<b>At 31 December 2010</b>	<b>77,013</b>	<b>56,147</b>	<b>288,017</b>	<b>421,177</b>
<b>Depreciation</b>				
At 1 January 2010	-	56,145	478,940	535,085
On disposals	-	-	(279,558)	(279,558)
Charge for the year	-	-	42,100	42,100
<b>At 31 December 2010</b>	<b>-</b>	<b>56,145</b>	<b>241,482</b>	<b>297,627</b>
<b>Net book value</b>				
<b>At 31 December 2010</b>	<b>77,013</b>	<b>2</b>	<b>46,535</b>	<b>123,550</b>
At 31 December 2009	77,013	2	83,684	160,699

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 13 Tangible fixed assets

(continued)

The Charity owns a library of books, which has not been included in the accounts. On 28th July 1992, the Council of Members valued this library at £100,000.

The Charity also owns a collection of gems which has not been included in the accounts which was valued at £100,000 by the Council of Members on 28th July 1992.

The trustees feel that at 31 December 2010 each of these collections are worth not less than the £100,000 valuations of 28th July 1992.

The Council of Members feel that there would be no benefit to the Charity in incurring costs to revalue the collections.

### 14 Fixed asset investments

#### Company

	Shares in group undertakings £
<b>Market value at 1 January 2010 and at 31 December 2010</b>	<b>2</b>
Historical cost:	
At 31 December 2010	2
At 31 December 2009	2

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Gemmological Instruments Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves £	Profit/(loss) for the year £
Gemmological Instruments Limited	<b>Principle Activities</b> Dealers in scientific and gem testing equipment	32,011	1,300

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

15 Debtors	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	107,363	68,298	74,187	37,507
Amounts owed by group undertakings	-	-	113,126	1,603
Other debtors	3,462	19,324	1,462	14,810
Prepayments and accrued income	54,922	61,637	54,922	61,637
	<u>165,747</u>	<u>149,259</u>	<u>243,697</u>	<u>115,557</u>

16 Creditors: amounts falling due within one year	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	54,755	161,727	50,580	98,482
Taxes and social security costs	9,264	21,085	4,514	19,338
Accruals	38,573	32,221	38,573	27,471
Deferred income	350,783	232,937	350,783	232,937
	<u>453,375</u>	<u>447,970</u>	<u>444,450</u>	<u>378,228</u>

### 17 Provisions for liabilities

Provisions for liabilities relates to potential dilapidation costs on the expiry of the lease on the premises in 2012.

### 18 Pension and other post-retirement benefit commitments

#### Defined contribution

	2010	2009
	£	£
Contributions payable by the company for the year	<u>20,783</u>	<u>15,148</u>

# THE GEMMOLOGICAL ASSOCIATION OF GREAT BRITAIN

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 19 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2010 are represented by:			
Tangible fixed assets	123,552	-	<b>123,552</b>
Current assets	972,484	1,000	<b>973,484</b>
Creditors: amounts falling due within one year	(453,375)	-	<b>(453,375)</b>
Provisions for liabilities	(220,000)	-	<b>(220,000)</b>
	<u>422,661</u>	<u>1,000</u>	<u><b>423,661</b></u>

Company	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2010 are represented by:			
Tangible fixed assets	123,550	-	<b>123,550</b>
Investments	2	-	<b>2</b>
Current assets	931,550	1,000	<b>932,550</b>
Creditors: amounts falling due within one year	(444,450)	-	<b>(444,450)</b>
Provisions for liabilities	(220,000)	-	<b>(220,000)</b>
	<u>390,652</u>	<u>1,000</u>	<u><b>391,652</b></u>

### 20 Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2010	2009
	£	£
Expiry date:		
Between two and five years	<u><b>114,613</b></u>	<u>114,613</u>