

FINANCE MANAGERS MEETING

WEDNESDAY 29 NOVEMBER 2006, 10.30am – 3pm
BECHSTEIN ROOM, WIGMORE HALL, LONDON



Chaired by Stephen Maddock *Chief Executive, City of Birmingham Symphony Orchestra*

A G E N D A

Stephen Maddock, *Chief Executive, City of Birmingham Symphony* welcomed attendees and began the introductions.

Bournemouth VAT case & VAT discussion

Andrew Minns, *Head of Finance, Bournemouth Symphony Orchestra* updated the meeting with the information that the High Court Appeal had been rejected. The current issue that the Bournemouth Symphony Orchestra does not meet the partial culture exemption on VAT is because the Chief Executive is salaried and sits on the board. The judge had stated that the BSO was not 'essentially voluntary', as salary is a financial interest. They would now continue with a petition to the House of Lords. A decision was expected in four to six months time (spring 2007).

Simon Baxter, *Director, Indirect Taxes Group, Deloitte* explained that there were two scenarios, one with a Managing Director (MD) on the board and one without. Both would have the same effect on the state of the organisation. Yet one was classed as culturally exempt and the other was not. Cultural exemption was designed to relieve organisations from VAT on ticket income if they run as a not for profit organisation. The legislation was put in place to stop those who have a financial interest in the organisation. The financial interest of the MD is an important factor, so why not change the salary package, as it is generally bonus related and this would therefore change the views that they have a financial interest. Another idea would be to place ticket income through another limited company, therefore it would be taxable and could be gained back through GiftAid.

Simon's presentation is available for download from the ABO website. His contact details are sibaxter@deloitte.co.uk / 023 8035 4238.

A discussion followed to compare which organisations had cultural exemption, who had Managing Director on their boards and who was claiming back pay.

Simon also gave the example of Longborough Festival, an outdoor opera festival. The festival was set up under Longborough Development Limited, a charity to run the opera. The owner gave a 'letter of comfort' to honour any losses. They were granted VAT exemption.

In December 1996 Customs & Excise declared that as from July 1996 an organisation could not claim back further than three years. In June 1996 cultural exemption was introduced.

Charities SORP

Stephen Maddock asked if the same approach to accounting was being used, in light of the last meeting, when Richard Weaver from Haysmacintyre spoke. The group compared the different accounting packages they were using, including Sageline 100, Pegasus Opera, Access and Exchequer Enterprises. For budgeting many organisations used Excel, with some using OPAS.

Andrea Keaveney, *Executive Director (Finance)*, *Royal Liverpool Philharmonic* informed attendees that governance and fundraising were shown separately in the RLPO reports and revealed that there were more costs for education, which were usually understated. Andrea noted that their activities never really fall within the financial year so they keep accounts averaged and simple.

Sinead Pratschke, *Finance Controller – Orchestra*, *Royal Opera House* reported that the opera, ballet and orchestra accounts were collated together. The requirement was that all costs were allocated across productions but this had not been transparent until now.

AOB

OPAS

OPAS Day was confirmed as 6th February 2007 at Cadogan Hall.

Instrument Insurance

The issue of Instrument Insurance was raised and several attendees noted that organisations like Alliance Cornhill expect up-to-date evaluations every three to five years. Of those who had made claims, written evaluations for new instruments were needed. Many members left the responsibility of insurance to their players or were covered in house.

The range of insurance costs was £6000 - £20,000 for between £1.2m and £4m of cover with an excess payment of between £0 and £500 for any claim.

Occupational road risk

Royal Liverpool Philharmonic Orchestra had been made aware of the occupational road risk by their insurance broker. This concerned players driving to concerts and rehearsals. The insurance broker wanted to point out that the orchestra was responsible for the insurance of the player if they were involved in a road accident en route to a concert.

Trustee Liability Insurance

This insurance was discussed to ascertain if any member had their trustees insured. Bournemouth noted that Norwich Union had provided them with umbrella insurance.

Pensions

Stephen discussed the CBSO's open final salary pension scheme. In light of the recent Age regulations a large additional employer contribution to this scheme would now be required.

DATE OF NEXT MEETING TO BE CONFIRMED