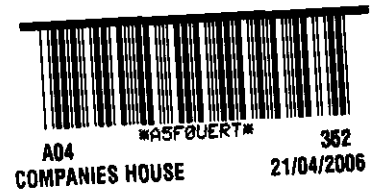


SPITALFIELDS

Spitalfields Festival Limited

Reports and Financial Statements
For the year ending 31 December 2005



SPITALFIELDS FESTIVAL LIMITED

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COMPANY INFORMATION

FESTIVAL COUNCIL (DIRECTORS):

George Law (Chair)
Andrew Blankfield
Francis Carnwath CBE
Sarah Kemp
Katharine Jenkins
John McCuin
Robin Saphra
Suki Sharples
Anthony Whitworth-Jones

COMPANY SECRETARY:

George Law

ARTISTIC DIRECTOR:

Jonathan Dove

CHIEF EXECUTIVE OFFICER:

Judith Serota

PRINCIPAL OFFICE:

Spitalfields Festival Limited
75 Brushfield Street
LONDON E1 6AA

REGISTERED OFFICE:

Field Fisher Waterhouse
35 Vine Street
LONDON EC3N 2AA

AUDITORS:

Steele Robertson Goddard
28 Ely Place
London EC1N 6AA

SOLICITORS:

Field Fisher Waterhouse
35 Vine Street
LONDON EC3N 2AA

BANKERS:

CAF Bank Ltd
25 Kings Hill Avenue
West Malling
KENT ME19 4JQ

INVESTMENT MANAGERS:

Singer & Friedlander
21 New Street
Bishopsgate
LONDON EC2M 4HR

COMPANY REGISTRATION:

3138347

CHARITY REGISTRATION:

1052043

VAT REGISTRATION:

524 7309 51

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31 December 2005.

Governing Document

The company is limited by guarantee and was incorporated on 15 December 1995. It is registered with the Charity Commission for England and Wales and is governed by its Memorandum and Articles of Association.

Organisational Structure

The affairs of Spitalfields Festival are managed by the directors, who are members of the Festival Council - shown on page 1, supported by associate members, who sit on the Finance & Legal, Artistic and Education sub-committees and the Development Working Party.

Day-to-day management is the responsibility of a permanent administrative team of nine led by the Executive Director, Judith Serota. The Executive Director has delegated authority, within terms of delegation approved by the directors, for operational matters including finance, employment, and artistic performance.

Appointment and Induction of Directors

- The minimum number of directors is three, the maximum is 30
- The current directors have the power to appoint, at any time, any person to be a director. Any director appointed throughout the year will only hold office until the next annual general meeting
- At each annual general meeting one third of the directors will retire from office. Those retiring will be determined by the length of time in office since their last election. All retiring directors are eligible for re-election
- The Festival Council meets formally 4 times each year
- Directors that served throughout the year are shown on page 1. In addition, Michael Bear served until his resignation on 27 April 2005.

New directors undergo an induction to clarify their legal obligations under charity and company law, the content of the memorandum and articles, the current financial state of the Festival, the most recent business and strategic plans, and the delegation and decision making process.

Both internal and external training will be offered to directors as necessary.

Risk Management

The directors have identified the major risks the Festival faces and have reviewed and evaluated these. Systems are in place to manage and mitigate these risks. These include clear lines of delegation of authority from Council to the administrative staff and for reporting results in turn to Council. Annual budgets are approved by Council and results reported during the course of the year. Where possible there is division of responsibility within the administrative team. Substantial Financial and Health & Safety policies are in place. Where practicable, appropriate insurance cover is taken out.

Objectives and activities

The principal object of Spitalfields Festival is to promote enjoyment and discovery of music through a programme of concerts each June and December and year-round education and community activities, encouraging and supporting the broadest range of participants to develop their experience of music.

The aims of Spitalfields Festival are to:

- Programme music in partnership with performers and composers, presenting music which ranges widely in historical period and place of origin, in venues in which it will be heard to its best advantage
- Commission and premiere new work, and provide opportunities for younger performers and composers through the development of our New Music Commission Fund
- Achieve the highest standards of musical performance
- Attract local, national and international interest

REPORT OF THE DIRECTORS (continued)

- Involve our local communities by working with partners to develop shared activities and collaborative projects
- Enable participants of all ages to develop skills in the arts through practical involvement in a range of activities appropriate to participants' needs and interests
- Increase audience diversity
- Maintain and increase loyalty to Spitalfields Festival among current attendees
- Raise the profile of the historic quarter of Spitalfields and the surrounding area
- Promote the continuing regeneration of London's East End

The strategies employed to achieve the Festival's aims are to:

- Hold a 3 week Festival in June and a 10 day Festival in December programming a range of early and new music in a variety of venues
- Commission at least 2 composers each year to write music for performance during the Festivals
- Build on our partnerships with schools and community groups and forge new relationships with other local organisations
- Engage artists for a variety of educational activities and provide appropriate support and opportunities for professional development
- Involve Festival artists in the wider community in performances to adults and children through the Community Concerts programme
- Create the conditions for a diverse mix of people to enjoy their experience
- Attain growth in audience levels by increasing numbers of new attendees
- Improve the efficiency and effectiveness of the marketing and sales functions

2005 Achievements and performance

Spitalfields Festival continues to programme a wide variety of music, primarily (but not exclusively) Western classical music and including a significant amount of early and new music, including Festival commissions. Our extensive year-round Education & Community Programme includes projects in schools, and workshops and residences with young people and adults throughout the borough of Tower Hamlets.

The Festival draws on a pool of 85 volunteer stewards to support our activities. Their time is given for ad-hoc attendance in the office to assist with mailings and to aid in the smooth running of all Festival events. Our biggest events rely on 20 volunteers giving up 4 hours of their time.

Good working relationships are vital to the success of the Festival, between the employees, volunteers, venues and their management, artists, patrons, audience members, and the wider community. Spitalfields Festival has a wide range of funding sources and we rely solely on such income to continue our activities.

Highlights:

- Jonathan Dove's long awaited community cantata, *On Spital Fields*, received three performances during the Summer Festival 2005
- The Festival celebrated the music and culture of Ireland this year as one of the many immigrant communities in Spitalfields

Programme:

- 50 events in the Summer Festival, in 10 venues
- 17 events in the Winter Festival, in 5 venues
- 32 Education & Community Programme projects take place in this academic year
- 12 world and 6 UK or London premieres were given this year, including Festival commissions by Jonathan Dove, Artem Vassiliev and Judith Weir.
- 22 walks, talks and exhibitions held throughout the local area each year
- Tickets are always available at £5 or under; one third of all events are completely free

REPORT OF THE DIRECTORS (continued)**People:**

- 9,072 people attended the Summer Festival, 13% more than the previous year
- 4,021 people attended the Winter Festival, making this our busiest year ever
- 3,867 people attended free daytime and evening events this year, 11% more than last year
- 6,048 people were involved in the Education & Community Programme during the 2004-2005 academic year, an 87% increase on the previous year
- Over 34,000 people have now been involved in the Education & Community programme as performers, participants and audience
- 66% of the school participants in the Education & Community Programme are Bangladeshi
- 22% of our total audiences define themselves as being from ethnic backgrounds other than 'white British'
- 45% of the ticket bookers for the Summer Festival had not attended the Festival previously

Profile:

- More than 150 positive reports about the Festival were seen in national and local press, TV, radio and the internet
- 2 concerts were recorded by BBC Radio 3, including a live broadcast of the world premiere of the Festival commission by Artem Vassiliev *Duo Concertante*

The Festival produces a full, illustrated report on its activities each August. Copies of this report are available from the Festival office.

Financial Results

The results for the year ended 31 December 2005 are shown on page 7 of the financial statements.

Fixed Assets

Details of changes in fixed assets are given in Note 13 to the financial statements.

New Music Commission Fund

The New Music Commission Fund, set up by Judith Weir to safeguard the future of newly commissioned music for the Festival, has now reached £107,077. We hope to raise an endowment which will generate enough money each year to commission a composer in every year. Our target is £200,000. Endowments made to the New Music Commission Fund will be held in reserve and invested in accordance with the Investment Policy.

Christopher Vaughan Legacy Fund

The funds are invested through Singer & Friedlander and are used to support musical education for children in the London Borough of Tower Hamlets and performances by younger musicians.

Reserves

Due to the uncertain nature of the Festival's income, and the need to plan activities up to 18 months in advance, the directors consider it prudent to hold reserves equivalent to 12 months running costs. This means building and maintaining unrestricted reserves of at least £600,000. At 31 December 2005 unrestricted reserves amounted to £471,161 (2004: £430,063).

The substantial legacy from the estate of Peter Lerwill {deceased} will be held in reserve and invested in accordance with the Festival's Investment Policy. Unspecified amounts from the capital, and any interest earned, will be withdrawn by the Festival in accordance with his wishes.

Investments

The management of the Festival's investments on a day to day basis is delegated to its investment advisers. The guidelines that have been set down are for both capital growth and income with an overall medium risk. During the year, our investment advisers changed from Brown Shipley to Singer & Friedlander.

REPORT OF THE DIRECTORS (continued)**Funding sources**

Spitalfields Festival is very grateful to all the companies, trusts & foundations, individuals and arts funding bodies who support the Festival. They are named in Notes 2,3 & 5. The Festival's multiple sources of income are essential to managing the various strands of our work. We are continually trying to build up long-term funding agreements to maintain an element of stability. Long term funders include Arts Council England - London to 2007; Bernard Sunley Charitable Foundation to 2007; Clifford Chance to 2008; Corporation of London to 2007; Hammerson plc to 2008; HSBC Insurance to 2007; London Borough of Tower Hamlets to 2008. In comparison to many arts organisations, an unusually large percentage of our raised income is from the private sector.

Future plans

A major concern for the future is funding. The Festival did not have a principal sponsor in 2005 and none is in line for the future and this leaves a substantial gap in income. The Festival is keen to generate income from the human resources that it possesses. Substantial research has been done into venue management, expansion of the box office service and merging with another educational organisation and further opportunities will be explored.

In 2006 the Festival will not only celebrate its 30th anniversary, but also Jonathan Dove's final Festival as Artistic Director in June and Diana Burrell's first in December. There will be a strand to the summer Festival embracing the music and culture of the Somali tradition.

The Education & Community Programme is set for expansion; a major four-year project has been devised and the result of a funding application to support this is pending.

The Festival will be active in seeking donations to the New Music Commission Fund.

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company's financial activities during the period and of its financial position at the end of the period. In preparing those financial statements, the directors are required to

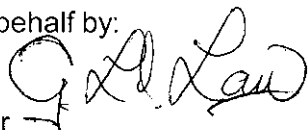
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Steele Robertson Goddard have signified their willingness to continue in office.

Approved by the Council on 14 March 2006
and signed on its behalf by:



George Law, Chair
75 Brushfield Street
LONDON E1 6AA

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SPITALFIELDS FESTIVAL LIMITED**

We have audited the financial statements of Spitalfields Festival Limited for the year ended 31 December 2005 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the charity's trustees, who are also directors for the purposes of company law, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Directors' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SPITALFIELDS FESTIVAL LIMITED (continued)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2005 and of its 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.

Steele Robertson Goddard

STEELE ROBERTSON GODDARD
Chartered Accountants
and Registered Auditors

28 Ely Place
LONDON EC1N 6AA

Date 15 March 2006

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2005

		Unrestricted	Restricted			Endowment		
			Education & Community	Christopher Vaughan Legacy Fund	Fixed Assets and Lottery	New Music Commission Fund	Total Funds 2005	Total Funds 2004
	Note	£	£	£	£	£	£	£
INCOMING RESOURCES:								
Voluntary								
Sponsors	2	25,500	22,000				47,500	140,645
Donors	3	96,038	107,967			3,196	207,201	207,136
Legacy receivable	4	82,908					82,908	375,000
Grants	5	100,525	28,555				129,080	104,881
Charitable activities	6	109,702	10,825				120,527	94,739
Activities to generate funds		1,587					1,587	2,550
Investment income	14	15,925		6,818		3,031	25,774	12,473
Other incoming resources		11,135	62			1,777	12,974	10,867
TOTAL INCOMING RESOURCES		443,320	169,409	6,818	0	8,004	627,551	948,291
RESOURCES EXPENDED:								
Cost of generating funds	7a	107,919	38,182				146,101	145,655
Charitable expenditure								
Cost of operating activities	7b	218,388	128,310				346,698	280,397
Management and administration	7c	96,266	29,632	500	5,034	500	131,932	126,460
TOTAL RESOURCES EXPENDED		422,573	196,124	500	5,034	500	624,731	552,512
Net incoming resources/(resources expended)		20,747	(26,715)	6,318	(5,034)	7,504	2,820	395,779
Gross transfers between fund	18		17,925	(17,925)				-
Profit (loss) on revaluation of investments	14	20,351		16,549		7,508	44,408	10,404
NET MOVEMENT IN FUNDS		41,098	(8,790)	4,942	(5,034)	15,012	47,228	406,183
Balances brought forward at 1 January 2005		430,063	13,169	147,329	68,720	92,065	751,346	345,163
Balances carried forward at 31 December 2005		471,161	4,379	152,271	63,686	107,077	798,574	751,346

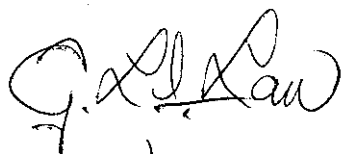
There is no material difference between the net movement in resources as disclosed and the result on an unmodified historical cost basis.

BALANCE SHEET as at 31 December 2005

	Notes	2005		2004	
		£	£	£	£
FIXED ASSETS					
Tangible assets	13		89,326		91,794
Investments	14		583,040		224,369
			<u>672,366</u>		<u>316,163</u>
CURRENT ASSETS					
Debtors	15	34,248		115,941	
Cash at bank and in hand		<u>134,476</u>		<u>381,156</u>	
		168,724		497,097	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>(42,516)</u>		<u>(61,914)</u>	
NET CURRENT ASSETS			<u>126,208</u>		<u>435,183</u>
NET ASSETS	17		<u><u>£798,574</u></u>		<u><u>£751,346</u></u>
FUNDS					
Unrestricted funds			471,161		430,063
Restricted funds					
- Education & Community			4,379		13,169
- Christopher Vaughan Legacy Fund			152,271		147,329
- Fixed Assets and Lottery			63,686		68,720
- New Music Commission Fund			<u>107,077</u>		<u>92,065</u>
			<u><u>£798,574</u></u>		<u><u>£751,346</u></u>

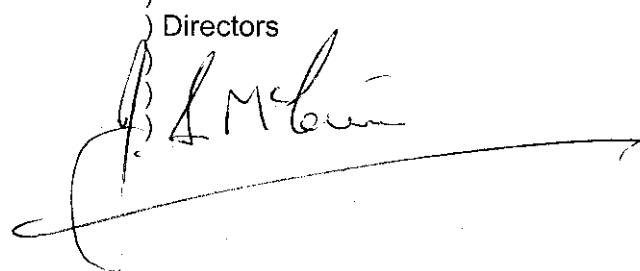
Approved by the Festival Council on 14 March 2006
and signed on its behalf by

GEORGE LAW



Directors

JOHN McCUIN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies: -

a) Basis of preparation

The accounts are prepared under the historical cost convention modified for the revaluation of investments and the piano. The accounts are prepared in accordance with applicable accounting standards and in compliance with the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) and the Companies Act 1985.

b) Incoming resources

- Incoming resources are accounted for as unrestricted, unless restrictions exist under the terms on which they are received or solicited
- Legacies are accounted for on an accruals basis where the amount receivable can be estimated with reasonable certainty.
- Sponsorship, donations and grants received, as well as fundraising and publicity costs, in respect of the festivals for a particular year will be recognised in the accounting period relating to that year's festivals.
- The Festival receives certain help in kind from many organisations and the directors confirm that these amounts are not quantifiable and thus are not reflected in these financial statements (see Note 3).
- Ticket and programme sales are recognised in the year to which they relate
- Capital grants are recognised when received

c) Resources expended

Cost of generating funds includes costs incurred directly such as advertising and promotion and an appropriate proportion of indirect costs such as staff costs. The allocation between unrestricted and Education & Community funds is based on the percentage of Education & Community Programme activities present in the Festival programme.

Cost of operating activities includes artists' fees for both the Festival and Education & Community programme and other direct costs of those activities along with an appropriate proportion of indirect costs such as staff costs.

Management and administration includes direct costs incurred in the governance of the Festival (such as audit, legal, constitutional and statutory), together with office costs and an appropriate proportion of indirect costs such as staff costs. The allocation between unrestricted and Education & Community funds is based on staff time.

d) Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

e) Tangible fixed assets

Depreciation on the piano, office equipment and office premises is calculated to write off the cost less estimated residual value of fixed assets on a straight line basis over their estimated useful lives. Depreciation on Lottery equipment is calculated on a reducing balance basis.

Asset category	Annual rate
Piano	5%
Office equipment	37.5%
Lottery equipment	37.5%
Office premises	4%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

f) Investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains or losses arising on revaluation throughout the year. Any net gain or loss in the year is split proportionately across the funds that are invested.

g) Funds Structure

The company has a number of restricted income and endowment funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose. All other funds are unrestricted income funds. Further details are disclosed in Note 19.

h) Pensions

Employees may opt to join the group money purchase stakeholder pension scheme operated by Standard Life. The Festival will make contributions equivalent to 3% of the employee's gross salary on condition that the employee makes the same contribution.

2. SPONSORS

UNRESTRICTED	2005	2004
Total	£25,500	£140,645

RESTRICTED – EDUCATION & COMMUNITY		
Total	£22,000	-

Sponsorship was received from the following companies:

Hammerson plc
M&G Group
Shearman & Sterling
Singer & Friedlander
Spitalfields Development Group
Spitalfields Estate

TOTAL INCOME FROM SPONSORS	£47,500	£140,645
	=====	=====

3. DONORS

UNRESTRICTED	2005	2004
	£	£
Corporate donations		
Clyde & Co.	-	500
HSBC Insurance	-	1,500
Legal & General	100	100
M&G	-	2,000
News International plc	1,000	1,000
The Royal Netherlands Embassy	-	250
	<hr/>	<hr/>
	1,100	5,350
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

3. DONORS (continued)**Foundations and Trusts**

Anonymous	-	500
The Bernard Sunley Charitable Foundation	5,000	5,000
The Britten Pears Foundation	250	500
The Foyle Foundation	20,000	20,000
Garfield Weston	10,000	-
Hinrichsen Foundation	1,500	1,500
The Holst Foundation	1,000	1,500
The Idlewilde Trust	-	2,000
Inverforth Charitable Trust	500	500
The Leche Trust	1,500	-
The Michael Marks Charitable Trust	6,000	-
Performing Right Society Foundation	5,000	10,000
RVW Trust	5,000	1,000
The Walter Guinness Charitable Trust	-	1,000
The Worshipful Company of Grocers	-	1,000
The Worshipful Company of Fishmongers	-	1,000
	<u>55,750</u>	<u>45,500</u>

Patrons

Gold patrons	2,797	2,255
Silver patrons	1,906	1,596
Festival patrons	5,554	5,648
Individual donations	22,865	18,085
Individual commissions	-	4,006
Other	6,066	4,695
	<u>39,188</u>	<u>36,285</u>

TOTAL DONORS - UNRESTRICTED

<u>£96,038</u>	<u>£87,135</u>
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RESTRICTED - EDUCATION & COMMUNITY

	2005 £	2004 £
Corporate donations		
ABN AMRO	12,000	12,000
Allen & Overy	2,500	2,500
Clifford Chance	1,500	1,500
Credit Suisse First Boston	7,315	-
Herbert Smith	-	500
HSBC Insurance	10,000	6,000
Prudential	-	3,500
The Royal Bank of Scotland	-	1,000
	<u>33,315</u>	<u>27,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

3. DONORS (continued)

Foundations and Trusts

Aldgate & Allhallows Barking Exhibition Foundation	4,000	15,000
Samuel Butler's Educational Foundation	-	10,000
John and Susan Bowers Fund	400	400
Bridge House Trust	20,000	-
David Cock Foundation	1,000	-
The D'Oyly Carte Charitable Trust	4,000	4,000
Esmée Fairbairn Foundation	-	10,000
The Foyle Foundation	20,000	20,000
Goldsmiths' Company's Charities	2,000	2,000
The Mercers' Company	5,000	5,000
JPMorgan Foundations	8,000	8,000
St Botolph's Organ Project	7,500	-
Morgan Stanley International Foundation	-	7,500
The Paul Hamlyn Foundation	-	2,400
The Worshipful Company of Musicians	2,000	1,000
	<u>73,900</u>	<u>85,300</u>
Other donations	<u>752</u>	<u>509</u>

TOTAL DONORS -- RESTRICTED EDUCATION & COMMUNITY	<u>£107,967</u>	<u>£112,809</u>
--	-----------------	-----------------

ENDOWMENT-- NEW MUSIC COMMISSON FUND

	2005	2004
	£	£
Platinum	-	3,400
Gold	-	1,000
Silver	1,617	1,117
Other	1,579	1,675

TOTAL DONORS		
--ENDOWMENT (NEW MUSIC COMMISSION FUND)	<u>£3,196</u>	<u>£7,192</u>

TOTAL INCOME FROM DONORS	<u>£207,201</u>	<u>£207,136</u>
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The Festival is very grateful to the many organisations and individuals who have provided help in kind for which a value has not been attributed to the services provided, as follows: ABN AMRO, AGN Shipleys, Allen & Overy, Helen Bailey, Bishopsgate Institute, The Brady Arts & Community Centre, Clifford Chance, Clyde & Co., Corporation of London, John & Sandy Critchley, David Pratley Associates, East London Business Association, Field Fisher Waterhouse, Leonie Fleming, Foster and Partners, Chris Hadfield, Herbert Smith, HSBC Insurance, Impact Marcom, London Borough of Tower Hamlets, Mazars, Morgan Stanley Dean Witter, Optix, Polhill Communications, Ann Porter, The Royal Bank of Scotland, Shearman & Sterling, Shoreditch Church, Singer & Friedlander, St Botolph's Aldgate, JennyWegg, Charlie de Wet, Janet White.

4. LEGACY

Spitalfields Festival is a residuary legatee of the estate of Peter Lerwill (deceased), a long-term supporter of the Festival.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

5. GRANTS

UNRESTRICTED	2005 £	2004 £
Arts & Business New Partners	-	3,425
Arts Council England	42,025	42,250
Arts Council England - Grants for the Arts	4,500	3,540
Arts Council England - Regional Arts Lottery Programme	-	(334)
Corporation of London	26,500	30,000
Early Music Network	2,500	2,500
London Borough of Tower Hamlets - Events Fund	-	1,500
London Borough of Tower Hamlets - Service Level Agreement	25,000	-
	<u>£100,525</u>	<u>£82,881</u>
 RESTRICTED – EDUCATION & COMMUNITY		
	2005 £	2004 £
Corporation of London	26,500	20,000
London Borough of Tower Hamlets	2,055	2,000
	<u>£28,555</u>	<u>£22,000</u>
 TOTAL INCOME FROM GRANTS	<u>£129,080</u>	<u>£104,881</u>

6. INCOME FROM CHARITABLE ACTIVITIES

UNRESTRICTED	2005 £	2004 £
Ticket sales	84,347	69,716
Programme & leaflet advertising	20,311	12,491
Programme sales	5,044	4,054
	<u>£109,702</u>	<u>£86,261</u>
 RESTRICTED – EDUCATION & COMMUNITY		
ECP participants' fees	<u>£10,825</u>	<u>£8,478</u>
 TOTAL INCOME FROM CHARITABLE ACTIVITIES	<u>£120,527</u>	<u>£94,739</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

7. ANALYSIS OF RESOURCES EXPENDED

(a) Cost of generating Funds: Fundraising and publicity

	Staff costs £	Advertising and promotions £	Total £
Restricted funds:			
Education & Community	25,117	13,065	38,182
Unrestricted funds	55,661	52,258	107,919
	<u>80,778</u>	<u>65,323</u>	<u>146,101</u>

(b) Charitable expenditure: Cost of operating activities

	Staff Costs £	Artists fees £	Other £	Total £
Restricted funds:				
Education & Community	34,204	92,992	1,114	128,310
Christopher Vaughan Legacy	-	-	-	-
Fixed assets and lottery	-	-	-	-
Unrestricted funds	63,739	97,857	56,792	218,388
	<u>97,943</u>	<u>190,849</u>	<u>57,906</u>	<u>346,698</u>

(c) Charitable expenditure: Management and administration

	Staff costs £	Office costs £	Other (depreciation) £	Total £
Restricted funds:				
Education & Community	15,272	14,155	205	29,632
New Music Commission Fund	-	500	-	500
Christopher Vaughan Legacy	-	500	-	500
Fixed assets and lottery	-	-	5,034	5,034
Unrestricted funds	58,438	33,028	4,800	96,266
	<u>73,710</u>	<u>48,183</u>	<u>10,039</u>	<u>131,932</u>

(d) Audit fee

	2005 £	2004 £
Office costs in note 7 (c) include an audit fee of: -	1,270	1,020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

8. ARTISTS' FEES

Artists' fees are those paid to the performers in the Festival, including the Artistic Director and commissioning fees for new music.

9. PROMOTION

Advertising was placed in the national press. Mailing lists were used for direct selling and leaflets and posters were widely distributed. A London Underground advertising campaign was undertaken in June 2005. Design and printing costs are those associated with production of the Festival's promotional material and programmes.

10. STAFF COSTS

	2005 £	2004 £
Wages and salaries	217,667	206,786
National Insurance contributions	22,451	21,032
Employer's Pension contribution	6,930	5,607
Other	5,383	3,799
	<u>£252,431</u>	<u>£237,224</u>

The average number of staff employed during the year was 9. No employee was paid more than £50,000.

6 employees are accruing benefits under a company money purchase scheme (2004: 6)

No director received any remuneration in the period.

11. RELATED PARTY TRANSACTIONS

The following director is connected as director or member of the following organisation which supported the Festival: Francis Carnwath – The Worshipful Company of Musicians £2,000 (2004: £1,000).

12. EDUCATION & COMMUNITY PROGRAMME

Throughout the year, 52 schools and community groups participated in the Festival's Education & Community Programme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

13. TANGIBLE FIXED ASSETS
(all for charity use)

	Piano	Office equipment	Lottery: equipment	Lottery: office premises	Total
	£	£	£	£	£
COST/VALUATION					
At 1 January 2005	4,095	21,517	84,679	120,000	230,291
Additions	-	7,571	-	-	7,571
	<u>4,095</u>	<u>29,088</u>	<u>84,679</u>	<u>120,000</u>	<u>237,862</u>
At 31 December 2005	4,095	29,088	84,679	120,000	237,862
DEPRECIATION					
At 1 January 2005	1814	19,143	83,940	33,600	138,497
Charge for the year	205	4,757	277	4,800	10,039
	<u>2,019</u>	<u>23,900</u>	<u>84,217</u>	<u>38,400</u>	<u>148,536</u>
At 31 December 2005	2,019	23,900	84,217	38,400	148,536
NET BOOK VALUE					
At 31 December 2005	<u>£2,076</u>	<u>£5,188</u>	<u>£462</u>	<u>£81,600</u>	<u>£89,326</u>
At 31 December 2004	<u>£2,281</u>	<u>£2,374</u>	<u>£739</u>	<u>£86,400</u>	<u>£91,794</u>
Depreciation rate	5%	37.5%	37.5%	4%	

The piano was valued by the directors on 31 December 2000, having been donated to the Festival in 1995.

In the opinion of the directors, the office premises are worth considerably in excess of the carrying value above. However, the terms of the purchase provide that in the event of sale of the property before autumn 2008, only a proportion of the gain would accrue to the charity. Any move would be subject to approval from Arts Council England.

14. FIXED ASSET INVESTMENTS

	2005 £	2004 £
Investments - market value		
At 1 January 2005	218,850	199,422
Additions (purchases)	271,455	36,650
Disposals (sales)	(124,957)	(27,626)
Net investment gain	<u>44,408</u>	<u>10,404</u>
Investments at 31 December 2005	<u>£409,756</u>	<u>£218,850</u>
Cash at 31 December 2005	<u>£173,284</u>	<u>£5,519</u>
TOTAL INVESTMENTS AT 31 DECEMBER 2005	<u>£583,040</u> =====	<u>£224,369</u> =====
Historical cost	<u>£367,568</u> =====	<u>£225,450</u> =====

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

14. FIXED ASSET INVESTMENTS (continued)

The trustees consider individual investment holdings in excess of 5% of the portfolio to be material:

Glaxosmithkline 5.00%

The investments are listed on a recognised stock exchange.

Sector description	Percentage of total assets
UK fixed interest	9.0%
UK equities	43.8%
UK commodities	7.8%
Italian equities	1.9%
Netherlands fixed interest	1.9%
Europe combined equities	3.7%
Japanese equities	2.2%
Cash	29.7%

Investment income throughout the year was as follows:

Dividends	10,094
Interest	15,680
	<u>£25,774</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Other debtors	14,101	94,605
Prepayments	20,147	21,336
	<u>£34,248</u>	<u>£115,941</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Donations in advance for 2006 activities	7,685	25,000
Other creditors	34,831	36,914
	<u>£42,516</u>	<u>£61,914</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005 (continued)

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets, creditors due after year and provisions £	Total £
Restricted funds				
Education & Community			4,379	4,379
Christopher Vaughan Legacy Fund		152,271		152,271
Fixed Assets and Lottery	63,686			63,686
New Music Commission Fund		105,096	1,981	107,077
Unrestricted funds	25,640	325,673	119,848	471,161
	<u>89,326</u>	<u>583,040</u>	<u>126,208</u>	<u>798,574</u>

18. Transfers

The trustees made a transfer of £17,925 from the Christopher Vaughan Legacy Fund to the Education & Community Fund in respect of the Community Cantata project (£12,500) and the Platform project (£5,425).

19. Funds

The Education & Community Fund is restricted to activities under the Education and Community Programme and includes Jonathan Dove's Community Cantata *On Spital Fields*.

The Christopher Vaughan Legacy Fund is restricted to the support of musical education for children in the London Borough of Tower Hamlets and performances by younger musicians.

The Fixed Assets and Lottery Fund represents certain fixed assets acquired under Lottery grants.

The New Music Commission Fund is an endowment fund for the commissioning of new music.