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SPIALFIELDS

Spitalfields Festival Limited

Reports and Financial Statements
For the year ending 31 December 2004



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SPITALFIELDS FESTIVAL LIMITED

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COMPANY INFORMATION

DIRECTORS:

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

SECRETARY:

George Law

REGISTERED OFFICE:

Field Fisher Waterhouse
35 Vine Street
LONDON EC3N 2AA

AUDITORS:

Steele Robertson Goddard
39 Cloth Fair
LONDON EC1A 7NR

SOLICITORS:

Field Fisher Waterhouse
35 Vine Street
LONDON EC3N 2AA

BANKERS:

Barclays Bank PLC
54 Lombard Street
LONDON EC3P 3AH

COMPANY REGISTRATION:

3138347

CHARITY REGISTRATION:

1052043

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31 December 2004.

Charitable Status

The company is limited by guarantee and is registered with the Charity Commission for England and Wales. The company is governed by the Memorandum and Articles of Association.

Charitable Object

The principal object of the 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.

Organisational Structure

The affairs of Spitalfields Festival are managed by the members of Council, shown below, 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.

Composer Jonathan Dove took on the role of Artistic Director for five years from December 2001. Jonathan Dove is one of Britain's leading composers and is actively involved in the Education & Community Programme.

Directors

The following directors held office throughout the year unless otherwise stated:

George Law, Chair
Katharine Jenkins, Vice Chair
Michael Bear
Andrew Blankfield
Francis Carnwath CBE
Sarah Kemp (appointed 20 July 2004)
John McCuin
Robin Saphra
Suki Sharples (appointed 20 July 2004)
Anthony Whitworth-Jones

Review of Activities

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

2004 Festival Highlights

In planning the 2002-2006 Festivals, Artistic Director Jonathan Dove is exploring themes of immigration in the Spitalfields area. In June 2004 the Festival had a Bengali strand, Irish and Somali strands are planned for 2005 and 2006 respectively.

REPORT OF THE DIRECTORS (continued)**The programme**

- 50 events in the Summer Festival 2004, in 16 venues over 18 days
- 11 events in the Winter Festival 2004 over 8 days
- 22 Education & Community Programme projects take place in this academic year
- 21 world, 1 European and 1 London premiere were given in June 2004, including 2 Festival commissions by Judith Weir and Naresh Sohal
- 22 walks, talks and exhibitions held throughout the local area each year, plus an associated programme of fringe events
- Tickets are always available at £5 or under; 40% of Summer Festival 2004 events were completely free

The people

- 7,756 people attended the Summer Festival 2004, 5% more than last year
- 3,616 people attended the Winter Festival 2004, our busiest Winter Festival ever
- 2,956 people attended free daytime and evening events that year, 39% more than last year
- 3,236 people were involved in the Education & Community Programme during the 2003-2004 academic year, 25% fewer than last year due to a more focused and targeted programme
- Over 28,000 people have now been involved in the Education & Community programme as performers, participants and audiences
- 56% of the school participants in the Education & Community Programme are Bangladeshi
- 71% of our adult audiences define themselves as being white British, 14% fewer than last year
- 64% of the ticket bookers for Summer Festival 2004 events have attended the Festival previously

The profile

The Education & Community Programme received a shortlist nomination for the prestigious Royal Philharmonic Society Awards in 2003.

Press coverage of the Summer Festival 2004 included 12 reviews and 38 previews and articles. In total more than 148 positive reports about the Festival were seen in national and local media, raising public awareness of Spitalfields and the surrounding area.

7 concerts were recorded by BBC Radio 3, including a live broadcast of the world premiere of Judith Weir's *Piano Trio Two* performed by the Florestan Trio.

The Festival would like to thank our principal sponsor, Clerical Medical Investment Group Limited for this, their last year of sponsorship. It has been vital to have a principal sponsor behind us, and we are most grateful for such generous long-term sponsorship.

We are of course also very grateful to all the other companies, trusts and arts funding bodies who support the Festival. They are named in Notes 2,3 & 4.

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 £92,065. 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.

Christopher Vaughan Legacy Fund

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

REPORT OF THE DIRECTORS (continued)**Developments**

Since the closure of Christ Church for restoration in November 2002, Festivals have taken place in a variety of venues in and around Spitalfields. We returned to Christ Church in the Winter Festival 2004.

Financial Results

The results for the year ended 31 December 2004 are shown on page 7 of the financial statements.

Fixed Assets

Details of changes in fixed assets are given in Note 12 to the financial statements.

Reserves

At 31 December 2004 reserves (being the balance on unrestricted funds) amounted to £430,063 (2003: £38,928).

It is the aim of the Festival to hold reserves equivalent to 6 months running costs. This means building and maintaining reserves of approximately £300,000.

The substantial legacy from Peter Lerwill 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. Guidelines for the use of Peter Lerwill's legacy are available from the office.

Endowments made to the New Music Commission Fund will be held in reserve and invested in accordance with the Investment Policy.

Investment Policy

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 were Brown Shipley.

Fundraising

Spitalfields Festival is grateful for the support of Clerical Medical Investment Group Ltd and many other sponsors and donors. 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 2006; Corporation of London to 2008; Singer & Friedlander 2004-2006; the Foyle Foundation 2004-2006; The Goldsmiths' Company's Charities 2003-2005; The Mercers' Company 2004-2005; Clifford Chance are funding The Education & Community Programme to 2005 and the Esmée Fairbairn Foundation have funded over three years a community cantata, *On Spital Fields*, which is based on the history of Spitalfields, composed by Jonathan Dove. In comparison to many arts organisations, an unusually large percentage of our raised income is from the private sector.

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. Financial policies and procedures are in place. Where practicable appropriate insurance cover is taken out.

REPORT OF THE DIRECTORS (continued)**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

Since the last Annual General Meeting, Arthur Goddard & Co. have merged with another firm and, with effect from 1st July 2004, are practicing under the name of Steele Robertson Goddard. Steele Robertson Goddard have signified their willingness to continue in office.

Approved by the Council on 22nd February 2005
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 on pages 7 to 19, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 10.

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 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 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 other information contained in 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 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 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.

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 December 2004 and of its incoming resources and application of resources, including its income and expenditure, in 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

39 Cloth Fair
LONDON EC1A 7NR

Date : 25 February 2005

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2004

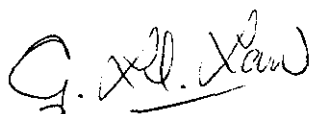
			Restricted			Endowment		
		Unrestricted	Education & Community	Christopher Vaughan Legacy Fund	Fixed Assets and Lottery	New Music Commission Fund	Total Funds 2004	Total Funds 2003
	Note	£	£	£	£	£	£	£
INCOMING RESOURCES:								
Voluntary								
Sponsors	2	140,645					140,645	118,045
Donors	3	87,135	112,809			7,192	207,136	204,825
Legacy receivable	4	375,000					375,000	
Grants	5	84,881	20,000				104,881	120,013
Grants for capital expenditure								475
Charitable activities	6	86,261	8,478				94,739	97,762
Activities to generate funds		2,550					2,550	12,250
Investment income				8,731		3,742	12,473	8,179
Other incoming resources		10,123	22			722	10,867	2,500
TOTAL INCOMING RESOURCES		786,595	141,309	8,731	0	11,656	948,291	564,049
RESOURCES EXPENDED:								
Cost of generating funds	7a	108,102	37,553				145,655	143,620
Charitable expenditure								
Cost of operating activities	7b	194,616	85,781				280,397	294,469
Management and administration	7c	92,742	28,710	500	4,008	500	126,460	114,042
TOTAL RESOURCES EXPENDED		395,460	152,044	500	4,008	500	552,512	552,131
Net incoming resources/(resources expended)		391,135	(10,735)	8,231	(4,008)	11,156	395,779	11,918
Profit (loss) on revaluation of investments	14			7,283		3,121	10,404	12,497
NET MOVEMENT IN FUNDS		391,135	(10,735)	15,514	(4,008)	14,277	406,183	24,415
Balances brought forward at 1 January 2004		38,928	23,904	131,815	72,728	77,788	345,163	320,748
Balances carried forward at 31 December 2004		430,063	13,169	147,329	68,720	92,065	751,346	345,163

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 2004

	Notes	2004 £	£	2003 £	£
FIXED ASSETS					
Tangible assets	13	91,794		98,985	
Investments	14	224,369		209,781	
		<u>316,163</u>		<u>308,766</u>	
CURRENT ASSETS					
Debtors	15	115,941		58,001	
Cash at bank and in hand		381,156		125,788	
		<u>497,097</u>		<u>183,789</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(61,914)		(147,392)	
NET CURRENT ASSETS		<u>435,183</u>		<u>36,397</u>	
NET ASSETS	17	<u>751,346</u>		<u>£345,163</u>	
FUNDS					
Unrestricted funds		430,063		38,928	
Restricted funds					
- Education & Community		13,169		23,904	
- Christopher Vaughan Legacy Fund		147,329		131,815	
- Fixed Assets and Lottery		68,720		72,728	
- New Music Commission Fund		92,065		77,788	
		<u>£751,346</u>		<u>£345,163</u>	

Approved by the Council on 22nd February 2005
and signed on its behalf by



GEORGE LAW

JOHN McCUIN



Directors

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2004

	Notes	2004	2003
		£	£
INCOME			
Sponsors	2	140,645	118,045
Donors	3	207,136	204,825
Legacy	4	375,000	-
Grants	5	104,881	120,013
Grants for capital expenditure	5	-	475
Ticket sales	6	69,716	57,325
Advertising sales	6	12,491	26,166
Programme sales	6	4,054	3,015
Investment income		12,473	8,179
Other		21,895	26,006
		<hr/>	<hr/>
		948,291	564,049
EXPENDITURE			
Direct Festival costs		39,397	36,808
Artists' fees	8	95,320	102,892
Promotion	9	69,743	71,243
Staff costs	10	237,224	226,887
Educational projects	12	53,637	67,156
Overheads & miscellaneous		38,954	37,390
Irrecoverable VAT		9,224	643
Depreciation	13	9,013	9,112
		<hr/>	<hr/>
		552,512	552,131
SURPLUS FOR THE YEAR BEFORE			
REVALUATION OF INVESTMENTS			
		<u>£395,779</u>	<u>£11,918</u>

All income and expenditure relates to continuing activities.

There is no material difference between the surplus for the year as disclosed and the result on an unmodified historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

1. ACCOUNTING POLICIES

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

- (a) The accounts are prepared under the historical cost convention modified for the revaluation of investments and the piano.
- (b) The accounts are prepared in accordance with applicable accounting standards and in compliance with the Statement of Recommended Practice – “Accounting by Charities 2000” (SORP 2000).
- (c) Incoming resources are accounted for as unrestricted, unless restrictions exist under the terms on which they are received or solicited.
- (d) Legacies are accounted for on an accruals basis where the amount receivable can be estimated with reasonable certainty.
- (e) 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.
- (f) *Ticket and programme sales are recognised in the year to which they relate.*
- (g) Capital grants are recognised when received.
- (h) 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.
- (i) Cost of generating funds includes costs incurred directly such as advertising and promotion and an appropriate proportion of indirect costs such as staff costs.
- (j) Management and administration includes direct costs incurred in the governance of the Festival (such as audit, legal, constitutional and statutory), together with an appropriate proportion of indirect costs such as staff and office costs.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

2. SPONSORS

UNRESTRICTED	2004	2003
Total	£140,645	£116,545
RESTRICTED – EDUCATION & COMMUNITY		
Total	-	£1,500
Sponsorship was received from the following companies: Clerical Medical Investment Group –principal sponsor Bishops Square Project Team BP Hammerson plc Linklaters Shearman & Sterling Singer & Friedlander EADS		
TOTAL INCOME FROM SPONSORS	£140,645 =====	£118,045 =====

3. DONORS

UNRESTRICTED	2004	2003
	£	£
Corporate donations		
ABN AMRO	-	1,000
Clyde & Co.	500	-
HSBC Insurance	1,500	6,500
Legal & General	100	-
M&G	2,000	-
News International plc	1,000	1,000
Prudential	-	1,000
The Royal Netherlands Embassy	250	600
	<u>5,350</u>	<u>10,100</u>
Foundations and Trusts		
Anonymous	500	-
The Bernard Sunley Charitable Foundation	5,000	5,000
The Britten Pears Foundation	500	-
The Foundation for Sport and the Arts	-	10,000
The Foyle Foundation	20,000	15,000
Hinrichsen Foundation	1,500	1,500
The Holst Foundation	1,500	1,500
The Idlewilde Trust	2,000	-
Inverforth Charitable Trust	500	-
The Leathersellers' Company	-	500
The Leche Trust	-	1,400
The Mercers' Company	-	2,000
Performing Right Society Foundation	10,000	8,000
RVW Trust	1,000	1,000
The Walter Guinness Charitable Trust	1,000	-
The Worshipful Company of Grocers	1,000	-
The Worshipful Company of Fishmongers	1,000	1,000
	<u>45,500</u>	<u>46,900</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

3. DONORS (continued)

Patrons

Gold patrons	2,255	2,446
Silver patrons	1,596	1,341
Festival patrons	5,648	7,630
Individual donations	18,085	3,433
Individual commissions	4,006	-
Other	4,695	497
	<u>36,285</u>	<u>15,347</u>

TOTAL DONORS - UNRESTRICTED

£87,135	£72,347
<u>£87,135</u>	<u>£72,347</u>

RESTRICTED - EDUCATION & COMMUNITY

	2004 £	2003 £
Corporate donations		
ABN AMRO	12,000	9,000
Allen & Overy	2,500	1,500
Clifford Chance	1,500	1,500
Herbert Smith	500	2,500
HSBC Insurance	6,000	5,000
ING Barings	-	7,000
Prudential	3,500	-
The Royal Bank of Scotland	1,000	8,500
UBS Warburg	-	8,000
	<u>27,000</u>	<u>43,000</u>

Foundations and Trusts

Aldgate & Allhallows Barking Exhibition Foundation	15,000	15,000
Baring Foundation	-	7,000
Samuel Butler's Educational Foundation	10,000	-
John and Susan Bowers Fund	400	300
The D'Oyly Carte Charitable Trust	4,000	-
Esmée Fairbairn Foundation	10,000	10,000
The Foyle Foundation	20,000	15,000
Garfield Weston Foundation	-	10,000
Goldsmiths' Company's Charities	2,000	2,000
The Mercers' Company	5,000	-
JP Morgan Fleming Educational Trust	8,000	5,000
Morgan Stanley International Foundation	7,500	15,000
The Paul Hamlyn Foundation	2,400	-
Spitalfields Market Community Trust	-	2,750
The Worshipful Company of Musicians	1,000	1,000
The Worshipful Company of Weavers	-	75
	<u>85,300</u>	<u>83,125</u>

Other donations

509	-
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TOTAL DONORS - RESTRICTED EDUCATION & COMMUNITY £112,809

£126,125
<u>£126,125</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

3. DONORS (continued)**ENDOWMENT- NEW MUSIC COMMISSON FUND**

	2004	2003
	£	£
Platinum*	3,400	2,500
Gold **	1,000	991
Silver	1,117	1,440
Other	1,675	1,422
	<hr/>	<hr/>
TOTAL DONORS		
-ENDOWMENT (NEW MUSIC COMMISSION FUND)	£7,192	£6,353
	<hr/>	<hr/>
<i>*The John S Cohen Foundation</i>		
<i>** Chester Music Limited</i>		
 TOTAL INCOME FROM DONORS	 £207,137	 £204,825
	<hr/>	<hr/>

The Festival is very grateful to the many organisations who have provided help in kind for which a value has not been attributed to the services provided, as follows: ABN AMRO, AGN Shipleys, Bishopsgate Institute, The Brady Arts & Community Centre, Brown Shipley, City Music Society, Clifford Chance, Corporation of London, David Pratley Associates, East London Business Association, Field Fisher Waterhouse, Foster and Partners, Chris Hadfield, HenDi Systems, Herbert Smith, HSBC Insurance, Julian Harrap Architects, Linklaters, London Borough of Tower Hamlets, Mazars, Morgan Stanley Dean Witter, Polhill Communications, E Ann Porter, The Royal Bank of Scotland, Jacqueline Sewell, Shearman & Sterling, Singer & Friedlander, Sparks Theatrical Hire Ltd, Spitalfields Development Group, Uncorked, Janet White, Wilton's Music Hall.

4. LEGACY

Spitalfields Festival was a residuary legatee of the estate of Peter Lerwill {deceased}, a long-term supporter of the Festival.

5. GRANTS

	2004	2003
	£	£
UNRESTRICTED		
Arts & Business New Partners	3,425	-
Arts Council England	42,250	40,000
Arts Council England - Grants for the Arts	3,540	3,737
Arts Council England - Regional Arts Lottery Programme	(334)	2,254
Arts Council England - Regional Arts Lottery Programme	-	14,022
Corporation of London	30,000	30,000
Early Music Network	2,500	2,500
London Borough of Tower Hamlets	2,000	-
London Borough of Tower Hamlets - Events Fund	1,500	2,500
	<hr/>	<hr/>
	£84,881	£95,013
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

4. GRANTS (continued)

RESTRICTED – EDUCATION & COMMUNITY

	2004	2003
	£	£
Corporation of London	20,000	20,000
Arts Council England	-	5,000
	<u>£20,000</u>	<u>£25,000</u>

TOTAL INCOME FROM GRANTS

<u>£104,881</u>	<u>£120,013</u>
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GRANTS FOR CAPITAL EXPENDITURE

RESTRICTED – FIXED ASSET AND LOTTERY

	2004	2003
	£	£
National Lottery through the Arts Council of England	-	475
	<u>-</u>	<u>£475</u>

6. INCOME FROM CHARITABLE ACTIVITIES

UNRESTRICTED

	2004	2003
	£	£
Ticket sales	69,716	57,325
Programme & leaflet advertising	12,491	26,166
Programme sales	4,054	3,015
	<u>£86,261</u>	<u>£86,506</u>

RESTRICTED – EDUCATION & COMMUNITY

ECP participants' fees	<u>£8,478</u>	<u>£11,256</u>
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TOTAL INCOME FROM CHARITABLE ACTIVITIES

<u>£94,739</u>	<u>£97,762</u>
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

7. ANALYSIS OF RESOURCES EXPENDED

(a) Cost of generating Funds: Fundraising and publicity

	Staff costs £	Advertising and promotions £	Total £
Restricted funds:			
Education & Community	23,604	13,949	37,553
Unrestricted funds	52,308	55,794	108,102
	<u>75,912</u>	<u>69,743</u>	<u>145,655</u>

(b) Charitable expenditure: Cost of operating activities

	Staff Costs £	Artists fees £	Other £	Total £
Restricted funds:				
Education & Community	32,144	53,119	518	85,781
Christopher Vaughan Legacy				
Fixed assets and lottery				
Unrestricted funds	59,899	95,320	39,397	194,616
	<u>92,043</u>	<u>148,439</u>	<u>39,915</u>	<u>280,397</u>

(c) Charitable expenditure: Management and administration

	Staff costs £	Office costs £	Other (depreciation) £	Total £
Restricted funds:				
Education & Community	14,352	14,153	205	28,710
New Music Commission Fund		500		500
Christopher Vaughan Legacy		500		500
Fixed assets and lottery			4,008	4,008
Unrestricted funds	54,917	33,025	4,800	92,742
	<u>69,269</u>	<u>48,178</u>	<u>9,013</u>	<u>126,460</u>

(d) Audit fee

	2004 £	2003 £
Office costs in note 6 (c) include an audit fee of: -	1,020	1,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (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. Design and printing costs are those associated with production of the Festival's promotional material and programmes. A London Underground advertising campaign in June 2004 was funded by Clerical Medical Investment Group Ltd and Corporation of London.

10. STAFF COSTS

	2004 £	2003 £
Wages and salaries	206,786	198,348
National Insurance contributions	21,032	20,191
Employer's Pension contribution	5,607	5,980
Other	3,799	2,368
	<u>£237,224</u>	<u>£226,887</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 (2002: 7)

No director received any remuneration in the period.

11. RELATED PARTY TRANSACTIONS

The following directors are connected as directors or members of the following organisations who supported the Festival: Francis Carnwath – The Worshipful Company of Musicians £1,000 (2002: £1,000).

12. EDUCATION & COMMUNITY PROGRAMME

Throughout the year, 36 schools and community groups participated in the Festival's Education & Community Programme. For a full list please refer to the Annual Report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

13. TANGIBLE FIXED ASSETS

(all for charity use)

	Piano	Office equipment	Lottery: equipment	Lottery: office premises	Total
	£	£	£	£	£
COST/VALUATION					
At 1 January 2004	4,095	19,695	84,679	120,000	228,469
Additions	-	1,822	-	-	1,822
	<u>4,095</u>	<u>21,517</u>	<u>84,679</u>	<u>120,000</u>	<u>230,291</u>
At 31 December 2004	4,095	21,517	84,679	120,000	230,291
DEPRECIATION					
At 1 January 2004	1,609	15,578	83,497	28,800	129,484
Charge for the year	205	3,565	443	4,800	9,013
	<u>1,814</u>	<u>19,143</u>	<u>83,940</u>	<u>33,600</u>	<u>138,497</u>
At 31 December 2004	1,814	19,143	83,940	33,600	138,497
NET BOOK VALUE					
At 31 December 2004	<u>£2,281</u>	<u>£2,374</u>	<u>£739</u>	<u>£86,400</u>	<u>£91,794</u>
At 31 December 2003	<u>£2,487</u>	<u>£4,117</u>	<u>£1,182</u>	<u>£91,200</u>	<u>£98,986</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

	2004 £	2003 £
Investments - market value		
At 1 January 2004	199,422	127,173
Additions (purchases)	36,650	70,985
Disposals (sales)	(27,626)	(11,233)
Net investment gain	10,404	12,497
	<u>£218,850</u>	<u>£199,422</u>
Investments at 31 December 2004	£218,850	£199,422
Cash at 31 December 2004	<u>£5,519</u>	<u>£10,359</u>
TOTAL INVESTMENTS AT 31 DECEMBER 2004	<u>£224,369</u>	<u>£209,781</u>
Historical cost	<u>£225,450</u>	<u>£230,473</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

14. FIXED ASSET INVESTMENTS (continued)

The following investments comprise more than 5% of the total fund by value: -

General Accident	5.54%
HBOS	5.16%
Solus Funds	10.02%

The investments are listed on a recognised stock exchange.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Other debtors	94,605	46,932
Prepayments	21,336	11,069
	<u>£115,941</u>	<u>£58,001</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Donations in advance for 2004 concerts	25,000	96,028
Other creditors	36,914	51,364
	<u>£61,914</u>	<u>£147,392</u>

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			13,169	13,169
Christopher Vaughan Legacy Fund		154,815	(7,486)	147,329
Fixed Assets and Lottery	68,720			68,720
New Music Commission Fund		69,554	22,511	92,065
Unrestricted funds	23,074		406,989	430,063
	<u>91,794</u>	<u>224,369</u>	<u>435,183</u>	<u>751,346</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

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.

