

LAKE DISTRICT SUMMER MUSIC LIMITED
(A registered charity, number 516350,
and a company limited by guarantee)

Report and Financial Statements

Year Ended

30 September 2005

Registered Number: 1887957



LAKE DISTRICT SUMMER MUSIC LIMITED
(A registered charity, number 516350, and a company limited by guarantee)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005

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COMPANY INFORMATION

DIRECTORS

Peter Bardsley - Hon. Treasurer
Claire Hickman
Sam Jones
Renna Kellaway - Artistic Director
Janet Lefton
Alan Maddocks
Sir John Manduell CBE - Chairman
Professor Denis McCaldin - Vice Chairman
Bruce Pimlott
Geyve Walker

SECRETARY

Alan Maddocks

BUSINESS ADDRESS AND REGISTERED OFFICE

Stricklandgate House
92 Stricklandgate
Kendal
Cumbria
LA9 4PU

AUDITORS

Bowmans
Chartered Accountants & Registered Auditors
Station House
Station Road
Kendal
Cumbria
LA9 6RY

PRINCIPAL BANKERS

The Royal Bank of Scotland
St Ann Street
Manchester
M60 2SS

Charities Official Investment Fund
St Alphage House
2 Fore Street
London
EC2Y 5AQ

LAKE DISTRICT SUMMER MUSIC LIMITED

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SPONSORS, BENEFACTORS, DONORS, TRUSTS, FOUNDATIONS AND GRANT AWARDING BODIES

THE COUNCIL OF LAKE DISTRICT SUMMER MUSIC are grateful for the generous support given to the 2005 International Festival and Summer School by the following sponsors, individuals, trusts and foundations:-

The William Alwyn Foundation
Anonymous Donors
Arts Council of England, North West
Awards for All
Mr Stephen Bell
Benefactors of LDSM
Britten-Pears Foundation
Burn How Garden House Hotel
The Ida Carroll Trust
Clothworkers' Foundation
Sir John Fisher Foundation
The Granada Foundation
The Hadfield Trust
Mrs Eileen Jewell
Mr Sam Jones
Dr & Mrs Rodney Leach
The Leche Trust
Mr & Mrs Harold Lefton
Dr & Mrs Peter Lucas
Mr & Mrs Alan Maddocks
Sir John & Lady Manduell
MBR Group
The Countess of Munster Musical Trust
Mountain Goat
Musicians Benevolent Fund
North West Development Agency
Northern Rock Foundation
Dame Kathleen Ollerenshaw, DBE
Patrons of LDSM
Mr & Mrs Bruce Pimlott
The Radcliffe Trust
Mr Martin Rayner
Rural Regeneration, Cumbria
RVW Trust
Frieda Scott Trust
South Lakeland District Council
St. Martin's College
The Stoller Trust
Wordsworth Hotel, Grasmere

LAKE DISTRICT SUMMER MUSIC LIMITED

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DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 30 September 2005.

PRINCIPAL ACTIVITIES

The company is a charity, the objects of which are to promote, maintain, improve and advance the education of the public in the art of music by means of:

- Annual music festivals of international excellence and recognised standing in the Lake District;
- Summer schools of quality linked with the music festivals and
- Outreach programmes bringing educational benefits to schools in the Lake District.

FINANCIAL RESULTS

The result for the financial year was a deficit of £13,183 as funds received in previous years for festival expansion continued to be spent. Income for the year totalled £324,289 compared to £285,552 for 2004, while expenditure increased from £296,792 in 2004 to £337,472.

The increase in income came principally from:

- Increased numbers of Summer School students;
- Higher ticket sales resulting from the completion of Festival expansion and enhanced marketing;
- An increased Arts Council England North West grant following the designation of the Company as a Regularly Funded Organisation;
- The Patrons of Lake District Summer Music increasing their annual bursary donation in addition to providing a grant to support the running costs of the Company;
- The receipt of the second of two instalments of the Northern Rock grant to support the expansion of the Festival.

The Company was unable to replace a major sponsor whose period of support came to an end; this explains substantially the drop in sponsorship income.

The increase in costs was the result of:

- Higher accommodation costs due to increased student numbers on the Summer School and an inflation linked increase in the charges made by St. Martin's College;
- An increase in artists fees and expenses due to the planned expansion of the Festival and Summer School;
- Higher administration expenses which included increases in staff salaries, freelance staff costs, office rent, insurance premium and office expenses
- Increased computer costs to enable internet sales to be made (a grant was received to assist with the cost of this work in the Company's last financial year)

The deficit on unrestricted funds has been cleared since the year end as a result of a donation of £15,000 from Lake District Summer Music Trust.

DIRECTORS' REPORT

REVIEW OF THE BUSINESS

Agreed additional funding enabled the directors to complete the planned expansion of the festival in 2005, from 15 to 17 days and to consolidate new areas of programming. This has led to enhanced national and international recognition and audiences.

Amongst the musical highlights in our 21st season were:

- the 'Evolution of the String Quartet' and its extension to 'Quartet+1'. These strands of programming introduced rarely heard works, such as Caplet's *Conte Fantastique*, new works such as Piers Hellawell's *Weaver of Grass* and new collaborations between professional artists such as Škampa Quartet and Frans Helmerson (cello).
- the further extension of the 'Rising Stars' series featuring UK debuts of international competition prize winners, such as Quatuor Ebène (winners of the 2004 ARD Munich Competition) and pianist Akiko Yamamoto (winner of the 2004 Robert Schumann Piano Competition). Further UK festival engagements and a Wigmore Hall debut have resulted from their appearance at LDSM.
- further exploration of new genres such Early Music (e.g. I Fagiolini's theatrical presentation of Monteverdi arias) and Opera & Music Theatre (e.g. Jane Manning's lecture demonstration and performance on her specialist subject of vocal music theatre and including a full performance of Judith Weir's *King Harald's Saga*)

177 students represented 23 countries at our 2005 Summer School courses. The residential International Summer School at St Martin's College in Ambleside attracted 97 musicians. New week-long courses for double-bass and clarinet were introduced. The Young String Venture at Windermere St. Anne's School was attended by 80 students.

A synergy of training and performance is central to Lake District Summer Music. Designated Festival concerts offer professional concert opportunity to students on the summer courses.

It is the view of the Directors that with the continuing deterioration of student finances, greater bursary support will be needed for students wishing to benefit from the high quality opportunities at Lake District Summer Music.

The directors wish to place on record their gratitude for the support received from sponsors, donors, trusts, foundations and grant awarding bodies, whose names are listed on page 2.

The directors also wish to thank the permanent staff, the freelance staff and the many volunteers who all worked so hard to make the 2005 Festival and Summer School so successful.

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DIRECTORS' REPORT

STATUS OF THE COMPANY

The company is a registered charity, number 516350, and is limited by guarantee.

The directors form the Council of Management which is responsible for the promotion of the charity's objectives and for the appointment of new directors.

The powers of the Council of Management are governed by the Memorandum and Articles of Association of the company.

DIRECTORS

The directors in the year were as follows:

Peter Bardsley
Claire Hickman
Sam Jones
Renna Kellaway
Lady Kerr - resigned 17 November 2004
Janet Lefton - appointed 17 November 2004
Alan Maddocks
Sir John Manduell CBE
Professor Denis McCaldin
Bruce Pimlott
Michael Robinson - resigned 17 November 2004
Geyve Walker - appointed 17 November 2004

The Directors thank Lady Kerr and Michael Robinson for their many years of dedicated work for the Company. As well as being Vice Chairman, Lady Kerr made a substantial contribution to the governance arrangements of the Company. Michael Robinson chaired the Company's Marketing Committee and also provided financial support for the Festival and Summer School. We wish them both well for the future.

During the review period the Board met as the Council of Management of the company five times. In addition sub-committees of the Board with responsibility for overseeing the finances and the further development of the company have met during the period and reported on their work to the Board.

The Board have examined the major strategic, business and operational risks that the company faces and have put in place procedures and systems to manage these risks.

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DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES

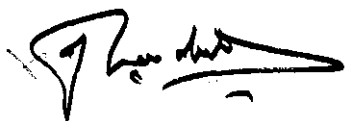
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board:



Sir J Manduell CBE
Director and Chairman

Date: 24 November 2005

LAKE DISTRICT SUMMER MUSIC LIMITED

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AUDITORS' REPORT

Independent Auditors' Report to the members of Lake District Summer Music Limited

We have audited the financial statements of Lake District Summer Music Limited for the year ended 30 September 2005 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 directors are responsible for the preparation of the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and statutory 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' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Directors' Annual Report and consider whether it is consistent with audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give us 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.

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AUDITORS' REPORT

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs at 30 September 2005 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.

Bowmans

Bowmans
Chartered Accountants & Registered Auditors
Station House
Station Road
Kendal
Cumbria
LA9 6RY

Date signed: *14 December 2005*

LAKE DISTRICT SUMMER MUSIC LIMITED
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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2005 £	Total Funds 2004 £
INCOMING RESOURCES					
Tuition and summer school fees		68,860	-	68,860	58,815
Concert income		76,017	-	76,017	60,099
Sponsorship		3,770	-	3,770	10,545
Trusts, foundations and grants		49,275	36,500	85,775	78,900
Local authority grants		4,500	-	4,500	3,000
Arts Council of England grants		46,255	-	46,255	31,905
Donations and gifts		16,564	-	16,564	24,112
Patrons of LDSM		18,350	-	18,350	9,630
Miscellaneous		2,069	-	2,069	7,101
Investment income		2,129	-	2,129	1,445
Total incoming resources		287,789	36,500	324,289	285,552
RESOURCES EXPENDED					
Cost of activities in the furtherance of the charity's objectives		200,311	16,500	216,811	181,724
<i>Managing and administering the charity:</i>					
Publicity expenses		16,173	14,000	30,173	36,096
Administrative expenses		79,257	10,730	89,987	78,972
Interest payable		501	-	501	-
Total resources expended	3	296,242	41,230	337,472	296,792
NET MOVEMENT IN FUNDS	2, 8	(8,453)	(4,730)	(13,183)	(11,240)
Total funds brought forward		5,684	16,107	21,791	33,031
TOTAL FUNDS CARRIED FORWARD		(2,769)	11,377	8,608	21,791

All amounts relate to continuing activities.

The notes on pages 11 to 15 form part of these financial statements

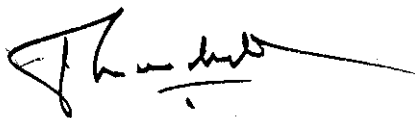
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BALANCE SHEET**AT 30 SEPTEMBER 2005**

	Notes	£	2005	£	£	2004	£
FIXED ASSETS							
Tangible assets	5			19,084			24,157
CURRENT ASSETS							
Debtors	6	44,028			41,754		
Cash at bank and in hand		25,700			47,833		
				69,728		89,587	
CREDITORS: amounts falling due within one year	7	(80,204)			(91,953)		
NET CURRENT LIABILITIES				(10,476)			(2,366)
TOTAL ASSETS LESS CURRENT LIABILITIES				8,608			21,791
FUND BALANCES							
Unrestricted funds	8			(2,769)			5,684
Restricted funds	8			11,377			16,107
TOTAL FUNDS				8,608			21,791

Approved by the board of directors on 24 November 2005 and signed on its behalf by:


Sir J Manduell CBE
Director

The notes on pages 11 to 15 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with Statement of Recommended Practice "Accounting and Reporting by Charities" (The "2000 SORP"), the Financial Reporting Standard for Smaller Entities (effective June 2002) and the Companies Act 1985.

INCOMING RESOURCES

Charitable trading activities

Income from concert admission and summer school fees is included in incoming resources in the period in which the relevant event takes place.

Donations and grants

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions that have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Interest receivable

Interest is included when receivable by the charity.

RESOURCES EXPENDED

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Piano	10% on cost
Staging and office equipment	20% on cost

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005

FUND ACCOUNTING

Funds held by the charity are either:

- *Unrestricted general funds* - these are funds, which can be used in accordance with the charitable objects at the discretion of the trustees.
- *Designated funds* - these are funds set aside by the trustees out of unrestricted general funds for specific purposes or projects.
- *Restricted funds* - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. NET MOVEMENT IN FUNDS

	2005 £	2004 £
This is stated after charging:		
Depreciation of fixed assets	6,047	5,950
Audit fees	2,291	2,174
	<u> </u>	<u> </u>

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Unrestricted Funds	Restricted Funds	2005 £	2004 £
Staff costs	43,363	6,000	49,363	48,243
Other costs	251,562	30,500	282,062	242,599
Depreciation	1,317	4,730	6,047	5,950
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	296,242	41,230	337,472	296,792
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

4. INFORMATION ON DIRECTORS AND EMPLOYEES

	2005 £	2004 £
Staff costs		
Wages and salaries	45,562	44,929
Social security costs	3,801	3,314
	<u>49,363</u>	<u>48,243</u>
	2005 No.	2004 No.
The average monthly number of employees during the year was made up as follows:		
Directors	11	11
Administrative staff	2	2
	<u>13</u>	<u>13</u>

None of the directors received any remuneration, or reimbursement of expenses, during the year.

No employee earned more than £50,000 per annum (2004: none).

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc. £
Cost:	
At 1 October 2004	48,389
Additions	974
	<u>49,363</u>
At 30 September 2005	
Depreciation:	
At 1 October 2004	24,232
Charge for year	6,047
	<u>30,279</u>
At 30 September 2005	
Net book value:	
At 30 September 2005	19,084
	<u>24,157</u>
At 30 September 2004	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

6. DEBTORS

	2005 £	2004 £
Trade debtors	19,488	2,165
Other debtors	24,540	39,589
	<u>44,028</u>	<u>41,754</u>

7. CREDITORS: amounts falling due within one year

	2005 £	2004 £
Trade creditors	16,805	12,870
Lake District Summer Music Trust	1,128	7,854
Taxation and social security	2,170	3,494
Other creditors and accruals	60,101	67,735
	<u>80,204</u>	<u>91,953</u>

8. FUND BALANCES

	Balance at 1 October 2004 £	Movement in year		Balance at 30 September 2005 £
		Income £	Expenditure £	
Unrestricted funds	5,684	287,789	(296,242)	(2,769)
Restricted funds				
Arts Council	9,168	-	(2,995)	6,173
Northern Rock	-	36,500	(36,500)	-
Clothworkers Foundation	6,939	-	(1,735)	5,204
	<u>21,791</u>	<u>324,289</u>	<u>(337,472)</u>	<u>8,608</u>

The Northern Rock Foundation and Arts Council England Regional Arts Lottery Programme (RALP) grants were secured to facilitate organisational development and festival expansion. In addition, the RALP grant enabled LDSM to purchase some new staging.

The Clothworkers restricted funds were to purchase additional staging and to enhance festival venues with promotional stands.

The Northern Rock restricted fund was established to expand the activities of Lake District Summer Music.

Assets purchased using restricted funds are depreciated over five years and the annual depreciation is charged against these funds. The balances on restricted funds at the year end are committed to future depreciation charges.

LAKE DISTRICT SUMMER MUSIC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005

8. FUND BALANCES (Continued)

Analysis of net assets between funds

	Fixed assets	Net current liabilities	Total
	£	£	£
Unrestricted funds	7,707	(10,476)	(2,769)
Restricted funds			
Arts Council of England	6,173	-	6,173
Clothworkers Foundation	5,204	-	5,204
	<u>19,084</u>	<u>(10,476)</u>	<u>8,608</u>

9. LIABILITY OF MEMBERS

Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up while they are a member, or within one year after they cease to be a member, for payment of the debts and liabilities of the company contracted before they cease to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of contributories amongst themselves such amount as may be required not exceeding £1.

10. RELATED PARTY DISCLOSURES

Sir J Manduelli and R Kellaway were directors of the company and also trustees of Lake District Summer Music Trust which was established to advance the education of the public in music and other arts.

The balance owing to the Trust on loan account at the year end amounted to £1,128 (2004: £7,854) on which interest for the year of £501 was paid (2004: £Nil).

During the year donations and sponsorship were received from a number of the directors of the company or from companies associated with them.

Since the year end the Trust has made a donation of £15,000 to the company.