

THE ORPHEUS CENTRE TRUST
TRUSTEES' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 JULY 2006

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The Orpheus Centre Trust
Annual report and financial statements for the period ended 31 July 2006

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**The Orpheus Centre Trust
Legal and Administrative Information**

**Trustee Directors and Management Board of
The Orpheus Centre**

Jim Burton
Tony Elias
Richard Groom
Michael Gould
Anne Jakeman
Jack E Z Stilgoe
Richard H Z S Stilgoe OBE
Helen Swain

Secretary

Megan D Johnson (Centre Director)

Company number

05089501

Charity number

1105213

Registered office and Principal address

Orpheus Centre
North Park Lane
Godstone
Surrey
RH9 8ND

Auditors

McKenzies
Chartered Accountants
Registered Auditors
14 – 16 Station Road West
Oxted
Surrey
RH8 9EP

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

The Orpheus Centre Trust

Report of the trustees for the period ended 31 July 2006

The trustees present their report and accounts for the period ended 31 July 2006.

Incorporation

The trust was incorporated on 31 March 2004 and is a private company, limited by guarantee and not having a share capital. The company commenced its activities on 6 April 2004.

Structure, Governance and Management

The Centre is managed by the Management Board made up of the Trustee Directors. The Trustee Directors meet every two months. The Trustee Directors who have served during the period and since the period end are set out below:

Jim Burton
Tony Elias
Richard Groom
Michael Gould
Anne Jakeman – appointed 16 January 2006
Angela Palmer – resigned 14 November 2005
Jack E Z Stilgoe
Richard H Z S Stilgoe OBE
Helen Swain

One third of the Directors retires each year and may offer themselves for re-election for one further term of three years. Richard Stilgoe is a permanent trustee. New trustees are appointed by the members at the Annual General Meeting. The trustees may co-opt any person duly qualified to be appointed as a trustee to fill a vacancy or as an additional trustee but a co-opted trustee only holds office until the next Annual General Meeting.

All trustees are advised of their responsibilities under charity law and training opportunities are made available for relevant issues relating to charity and employment law.

Risk factors

The trustees make regular reviews of the risks which the trust faces.

The trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen the risks.

Objectives and Activities

The objectives of the Trust are:

1. the relief of young disabled people in particular, but not limited to the foregoing, by the provision of residential care facilities: and
2. the advancement of education, particularly of young disabled people through the provision of opportunities to participate in the performing arts as creators, performers, technicians, administrators and audiences: and training, learning and other facilities which support their progress towards independent living.

Review of activities

The Orpheus Centre Trust activities consist of running The Orpheus Centre in Godstone, Surrey, a centre offering long-term and short-term courses for disabled and non-disabled young people to enable them to develop their skills in the arts.

The Orpheus Centre Trust
Report of the trustees for the period ended 31 July 2006

Financial review (including reserves policies)

During the period, the trust received £1,787,129 (2005 - £1,326,302) of incoming resources and expended £2,198,210 (2005 - £1,541,090). Costs include an amount of £166,653 relating to an oil leak. Negotiations are progressing with the insurance company to recover a major part of these costs. The trustees are confident that the recovery will be at least £62,570 of which £30,000 has been reflected in the accounts.


It is the trustees' policy to maintain reserves at a level to support the operating activities of the charity for one year in case of a loss of funding. The trustees therefore consider £265,000 to be the optimum level of reserves. The trust has not yet started to generate surpluses from its operations in order to set aside reserves as The Orpheus Centre is still in its early years. The trustees will build up reserves to that level by means of future surpluses.

Asset cover for funds

Note 15 sets out an analysis of the net assets attributable to the various funds. These assets are sufficient to meet the charity's obligations on a fund by fund basis given the continued support of the trust's bankers and The Alchemy Foundation.

Related parties

The Orpheus Centre Trust is connected to another charity, The Alchemy Foundation, with which it co-operates in the pursuit of its charitable objectives.



Richard H Z S Stigoe OBE
Director and Trustee

18 December 2006

The Orpheus Centre Trust Trustees' responsibilities

Law applicable to charities in England and Wales require the trustees to prepare financial statements for each financial period which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year (unless the charity is entitled to prepare accounts on the alternative receipts and payment basis).

In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 charity will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**The Orpheus Centre Trust
Independent Report of the auditors to the Members of
The Orpheus Centre Trust**

We have audited the accounts of The Orpheus Centre Trust for the period ended 31 July 2006 which comprise the statement of financial activities, the balance sheet and the related notes, set out on pages 7 to 12. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of trustees and auditors

As described on page 4, you are responsible as trustees and also as directors of The Orpheus Centre Trust for the preparation of 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) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

We are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

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

Basis of audit 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 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 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.

**The Orpheus Centre Trust
Independent Report of the auditors to the Members of
The Orpheus Centre Trust**

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 charity's affairs as at 31 July 2006 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended;
- and have been properly prepared in accordance with the Companies Act 1985.
- The information given in the Trustees' report is consistent with the financial statements.

McKenzies

McKenzies
Chartered Accountants
Registered Auditors
14 -16 Station Road West
Oxted
Surrey
RH8 9EP

18 December 2006

The Orpheus Centre Trust
Statement of Financial Activities (including Income and Expenditure Account)
for the period ended 31 July 2006

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	16 months ended 31 July 2006 Total £	12 months ended 31 March 2005 Total £
Incoming resources						
Voluntary income		247,860	13,462	16,353	277,675	155,285
Activities in furtherance of the charities activities	2	1,480,639	-	-	1,480,639	1,137,537
Activities for generating funds	3	28,241	-	-	28,241	33,480
Interest receivable		3	571	-	574	-
Total incoming resources		1,756,743	14,033	16,353	1,787,129	1,326,302
Resources expended						
Cost of generating funds		41,426	-	-	41,426	31,785
Charitable expenditure:						
Apprentices, music and arts courses		2,074,823	600	81,361	2,156,784	1,509,305
Governance costs		-	-	-	-	-
Total resources expended	4	2,116,249	600	81,361	2,198,210	1,541,090
Net incoming/(outgoing) resources before transfers	7	(359,506)	13,433	(65,008)	(411,081)	(214,788)
Transfer between funds		3586	-	(3,586)	-	-
		(355,920)	13,433	(68,594)	(411,081)	(214,788)
Reconciliation of funds						
Funds brought forward		14,004	-	3,584,103	3,598,107	-
Funds transferred on incorporation		-	-	-	-	3,812,895
Fund balances at 31 July 2006		(341,916)	13,433	3,515,509	3,187,026	3,598,107


There were no gains or losses for the current period other than those included in the Statement of Financial Activities.

The notes on pages 9 to 12 form part of these financial statements.

The Orpheus Centre Trust
Balance sheet at 31 July 2006

	Notes	31 July 2006 £	31 March 2005 £
Fixed assets			
Tangible assets	8	<u>4,133,754</u>	<u>4,223,879</u>
Current assets			
Debtors	9	106,120	72,313
Cash at bank and in hand		<u>15,610</u>	<u>762</u>
		121,730	73,075
Liabilities			
Creditors : Amounts falling due within one year	10	<u>(389,626)</u>	<u>(120,015)</u>
Net current liabilities		<u>(267,896)</u>	<u>(46,940)</u>
Total assets less current liabilities		3,865,858	4,176,939
Creditors			
Amounts falling due after one year	11	<u>(678,832)</u>	<u>(578,832)</u>
Net assets		<u>£3,187,026</u>	<u>£3,598,107</u>
Capital funds			
Endowment funds	12	3,515,509	3,584,103
Income funds			
Unrestricted funds:			
Designated funds	13	(341,916)	14,004
Restricted funds	14	13,433	-
		<u>£3,187,026</u>	<u>£3,598,107</u>

Approved by the board of directors and trustees on 18 December 2006


 Richard H Z S Stilgee OBE
 Director and Trustee

The notes on pages 9 to 12 form part of these financial statements.

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP) issued in October 2005, applicable accounting standards and the Companies Act 1985.

Incoming resources

Income is accounted for in the period in which the trust is entitled to receipt.

Resources expended

Expenditure is included on an accruals basis.

Tangible fixed assets and depreciation

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

Freehold buildings	2% Straight line
Musical instruments	15% Reducing balance
Furniture & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

Leasing and hire purchase commitments

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Accumulative funds

The nature and purpose of each fund is explained in notes 12 to 14.

2 Activities in furtherance of the charity's activities

	2006 £	2005 £
Courses income	47,187	26,985
Apprentice income	1,379,643	1,094,318
Outreach and other activities	53,809	16,234
	<u>1,480,639</u>	<u>1,137,537</u>

3 Activities for generating funds

	2006 £	2005 £
Fundraising events	<u>28,241</u>	<u>33,480</u>

The Orpheus Centre Trust
Notes forming part of the financial statements for the period ended 31 July 2006

4 Total resources expended

	Staff costs	Depreciation	Other costs	Total 2006 £	Total 2005 £
Cost of generating funds	32,757	-	8,669	41,426	31,785
Charitable expenditure: Apprentices, music and arts courses	1,294,135	110,081	752,568	2,156,784	1,509,305
Governance costs	-	-	-	-	-
	<u>1,326,892</u>	<u>110,081</u>	<u>761,237</u>	<u>2,198,210</u>	<u>1,541,090</u>

5 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits during the year, apart from Anne Jakeman who received £1,800 for educational support services during the period, in accordance with the Memorandum of Association of the company.

6 Employees

Number of employees

The average monthly number of employees during the year was:

	2006	2005
Fundraising	1	1
Tuition	48	48
	<u>49</u>	<u>49</u>

	2006 £	2005 £
Employment costs		
Wages and salaries	1,234,388	899,127
Social security costs	92,504	55,255
	<u>1,326,892</u>	<u>954,382</u>

There was one employee whose emoluments for the period were between £60,001 to £70,000. (2005 – nil)

7 Net incoming/(outgoing) resources

	2006 £	2005 £
Net incoming/(outgoing) resources is stated after charging:		
Depreciation	110,081	114,946
Auditors' remuneration – borne by The Alchemy Foundation	-	-
	<u>-</u>	<u>-</u>

The Orpheus Centre Trust
Notes forming part of the financial statements for the period ended 31 July 2006

8 Tangible fixed assets	Freehold land & buildings	Musical instruments	Furniture & equipment	Motor vehicles	Total £
Cost					
At 1 April 2005	4,116,708	13,796	201,652	6,669	4,338,825
Additions	19,956	-	-	-	19,956
Disposals	-	-	-	-	-
At 31 July 2006	<u>4,136,664</u>	<u>13,796</u>	<u>201,652</u>	<u>6,669</u>	<u>4,358,781</u>
Depreciation					
At 1 April 2005	80,962	2,069	30,248	1,667	114,946
Charge for year	81,361	1,759	25,711	1,250	110,081
On disposals	-	-	-	-	-
At 31 July 2006	<u>162,323</u>	<u>3,828</u>	<u>55,959</u>	<u>2,917</u>	<u>225,027</u>
Net book value					
At 31 July 2006	<u>3,974,341</u>	<u>9,968</u>	<u>145,693</u>	<u>3,752</u>	<u>4,133,754</u>
At 31 March 2005	<u>4,035,746</u>	<u>11,727</u>	<u>171,404</u>	<u>5,002</u>	<u>4,223,879</u>

9 Debtors

	2006 £	2005 £
Prepayments and accrued income	52,917	10,621
Other debtors	<u>53,203</u>	<u>61,692</u>
	<u>106,120</u>	<u>72,313</u>

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank overdraft	240,943	44,761
Deferred revenue and accruals	62,330	15,828
Other creditors	<u>86,353</u>	<u>59,426</u>
	<u>389,626</u>	<u>120,015</u>

The Alchemy Foundation has guaranteed the bank overdraft facility of The Orpheus Centre Trust up to a value of £300,000

11 Creditors: amounts falling due after one year

	2006 £	2005 £
The Alchemy Foundation	<u>678,832</u>	<u>578,832</u>

The Orpheus Centre Trust
Notes forming part of the financial statements for the period ended 31 July 2006

12 Endowment funds

The endowment funds represent donations received specifically for building and equipping The Orpheus Centre in Godstone, Surrey.

	Balance at 1 April 2005 £	Movement in incoming resources £	Funds resources expended £	Transfers £	Balance at 31 July 2006 £
Expendable endowments					
Land and buildings	3,584,103	16,353	(81,361)	(3,586)	3,515,509

13 Designated funds

The designated funds represent amounts transferred from the trust's general funds to contribute finance towards the operation of The Orpheus Centre in Godstone, Surrey.

	Balance at 1 April 2005 £	Movement in incoming resources £	Funds resources expended £	Transfers £	Balance at 31 July 2006 £
The Orpheus Centre	14,004	1,756,743	(2,116,249)	3,586	(341,916)

14 Restricted fund

The restricted fund represents a donation in the memory of a former apprentice for any apprentice wishing to undertake an adventurous activity.

Gorton Fund	-	14,033	(600)	-	13,433
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15 Analysis of net assets between funds

	Designated funds £	Restricted funds £	Endowment funds £	Total £
Fund balances at 31 July 2006 are represented by:				
Tangible fixed assets	159,413	-	3,974,341	4,133,754
Current assets	108,297	13,433	-	121,730
Creditors: amounts falling due in one year	(389,626)	-	-	(389,626)
Creditors: amounts falling due after one year	(220,000)	-	(458,832)	(678,832)
	(341,916)	13,433	3,515,509	3,187,026

16 Related parties

Included within creditors falling due after one year is an amount of £678,832 (2005 - £578,832) due to The Alchemy Foundation, a related charity.