

THE ORPHEUS CENTRE TRUST
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2011

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The Orpheus Centre Trust
Legal and Administrative Information

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

*Russell Barrow
John Beer OBE
Tony Elias
Richard Groom (Chairman)
Richard H Z S Stilgoe OBE
Helen Swain*

Secretary

*Daniel Braverman (resigned 5 December 2011)
Graham Whitehead (appointed 5 December 2011)*

Company number

05089501

Charity number

1105213

Registered office and principal address

*Orpheus Centre
North Park Lane
Godstone
Surrey
RH9 8ND*

Auditors

*McKenzies
Chartered Accountants
Statutory 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 year ended 31 July 2011

The trustees present their report and accounts for the year ended 31 July 2011.

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 year and since the year end are set out below:

*Russell Barrow
John Beer OBE
Tony Elias
Richard Groom
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 members at full board meetings. 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.

Trustees are charged with making decisions with regard to the charity's business, strategic direction and main areas of policy. Trustees delegate day-to-day leadership to the Chief Executive, who constructs business and strategic plans for scrutiny, amendment and adoption by the Board of Trustees. Sub-committees of the Board, including finance and quality sub-committees, meet regularly to ensure accountability and compliance in key areas. The Chief Executive is responsible for operational management.

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 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.

Volunteering

The charity has a vibrant volunteering programme, with over 100 volunteers contributing to a thriving centre. Each year a number of residential volunteers join the Orpheus Centre, including international volunteers. There are also local volunteers, volunteer enablers from partner education and voluntary-sector organisations and groups of volunteers from local businesses.

Summary of the Orpheus Centre Trust Objectives and Public Benefit

The charity trustees comply with their duty to have due regard to directing the activities of the charity towards public benefit.

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*

The Orpheus Centre Trust
Report of the trustees for the year ended 31 July 2011 (continued)

Summary of the Orpheus Centre Trust Objectives and Public Benefit (continued)

- 2. to promote the advancement of education through the provision of opportunities to participate in the performing arts as creators, performers, technicians, administrators and audiences*
- 3. to provide training, learning and other facilities which support student progress towards independent living.*

The main objectives for 2010/11 were:

- 1. To undertake a building programme to convert ten residential care units to become supported housing provision.*
- 2. To phase out residential care provision to become 100% supported housing.*
- 3. To recruit sufficient tenants to fill the supported housing provision.*
- 4. To ensure that the learning programme is fit for purpose for a YPLA (Young People's Learning Agency) contract as a new provider.*

Review of Activities

Review of main objectives:

- 1. The charity raised sufficient funds and began its building programme in May 2011, with a project completion date of September 2011.*
- 2. An action plan was put in place to phase out residential care and transfer care staff to the Orpheus Domiciliary Care agency.*
- 3. The marketing strategy ensured that the centre was full for the first time and anticipating waiting lists from September 2011.*
- 4. The centre embarked on the new provider process for the YPLA. The first three stages of a five-stage process were successfully achieved. Delay from the YPLA entailed delay to the approval process until 2011/12.*

Other main outcomes for the charity in 2010/11:

- The introduction of City & Guilds qualifications in Personal Development and Employability.*
- The introduction of Salesforce as a new contact management system, which has greatly improved communication with stakeholders, donors and supporters.*
- The main production of The Tempest was directed by Jenny Sealey MBE, Artistic Director of Graeae Theatre Company, and was presented as part of the Rose Kingston Youth Arts Festival and at the Linbury Studio, Royal Opera House.*
- Students attending the charity's Learning Programme obtained Silver Arts Awards for the first time.*
- Partnership projects flourished, including major projects with Highdown Prison and the Wigmore Hall.*

The Orpheus Centre Trust

Report of the trustees for the year ended 31 July 2011 (continued)

Review of Activities (continued)

- *The charity ran a number of fundraising and profile events, including a dinner at the House of Commons.*
- *Fundraising activity succeeded in obtaining a three-year grant from the Harrison Foundation for a Work Experience Coordinator and a hardship bursary fund, including a three-year grant from the Lloyd Webber Foundation and a grant from Chris van Hoorn.*
- *Jessie Davidson, one of the charity's Domiciliary Care Team Leaders, was awarded Young Carer of the Year award by SCA (Surrey Care Association).*

Financial Review and Reserves Policy

Income and expenditure

During the year the Trust received £1,777,032 (2010 - £2,159,324) of incoming resources and expended £1,920,491 (2010 - £1,659,968).

Reserves policy

At 31 July 2011 restricted reserves amounted to £289,301 (2010 - £25,239). The increase in 2010-11 relates primarily to capital grants for the new building supported housing.

There is a surplus of £34,968 on unrestricted funds at the year-end (2010 - deficit of £226,853).

At 31 July 2011 the balance on the expendable endowment fund was £3,069,269 (2010 - £3,738,611). During the year depreciation on the building and equipment amounting to £121,732 was charged to the fund, together with a further amount of £79,870 in respect of assets written off following a reconciliation of assets recorded on the fixed asset register to assets held. In addition, the donation of £478,832 received from the Alchemy Foundation in the year ended 31 July 2010 was transferred to general funds.

The trustees have established a policy whereby the general unrestricted funds held by the charity should be a minimum of three months' operating costs. This equates to approximately £400,000 at the staffing levels following the restructuring referred to below.

The trustees plan to generate annual operating surpluses in order to build reserves to this level, without impairing the quality of services to our students.

Related Parties

The Orpheus Centre is connected to another charity, The Alchemy Foundation, with which it cooperates in the pursuit of charitable objectives. The Centre has a loan of £100,000 from The Alchemy Foundation which is repayable within 12 months of the balance sheet date.

Plans for future periods

The Chief Executive, Danny Braverman, gave six months' notice to the charity in July 2011. His replacement Graham Whitehead was appointed in October 2011.

The Orpheus Centre Trust
Report of the trustees for the year ended 31 July 2011 (continued)

Plans for future periods (continued)

The charity undertook a major organisational restructure in December 2011, in order to be as cost effective as possible and fit for purpose to deliver a new operational model of three discrete strands of operation: Learning, Domiciliary Care and Supported Housing.

In forthcoming years, the charity aims to sustain full occupancy of its North Park Lane Supported Housing Project and to seek a learning contract from the Young People's Learning Agency (YPLA). We will build partnerships with education, arts and community organisations to run more learning programmes to meet growing demand. We will work collaboratively with other organisations to further our objects.

Statement as to disclosure of information to auditors

So far as the trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as trustee directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Richard Groom
Chairman

18 April 2012

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 Companies Act 2006. 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

Report of the independent auditors to the members

We have audited the financial statements of The Orpheus Centre Trust for the year ended 31 July 2011, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body in accordance with Section 396 of the Companies Act 2006. 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 Auditors' 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, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards of Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 July 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;*
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- have been prepared in accordance with the requirements of the Companies Act 2006.*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Orpheus Centre Trust
Report of the independent auditors to the members (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or*
- the financial statements are not in agreement with the accounting records and returns: or*
- certain disclosures of trustees' remuneration specified by law are not made; or*
- we have not received all the information and explanations we require for our audit.*

C. E. McCoy
Senior Statutory Auditor
For and on behalf of McKenzies
Chartered Accountants
Statutory Auditors
14 – 16 Station Road West
Oxted
Surrey RH8 9EP

18 April 2012

The Orpheus Centre Trust
Notes to the Financial Statements for the year ended 31 July 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. In preparing the financial statements the charity follows best practice as laid down in the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005 and complies with the Charities Act 2011 Part 8.

Incoming resources

Grants receivable are credited to the Statement of Financial Activities in the year for which they are received. Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received.

Other income, including legacies, is recognised on a receivable basis when there is legal entitlement to receipt.

Resources expended

Expenditure is included on an accruals basis.

Costs of generating funds are those costs incurred in attracting voluntary income.

Expenditure on charitable activities comprises those costs incurred on the learning programme, the provision of residential and domiciliary care and supported housing. It includes both costs that can be allocated directly to those activities and those costs of an indirect nature to support them.

Governance costs are associated with the governance arrangements of the charity and include the cost of external audit fees.

Central services staff costs, administrative expenses and overheads are allocated to the costs of generating voluntary income, fundraising, charitable activities and governance on the basis of time spent by staff on these activities.

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.

The depreciation rates were changed with effect from 1 August 2010, as follows:

	<u>New basis</u>	<u>Previous basis</u>
<i>Freehold buildings</i>	<i>50 years straight line</i>	<i>2% straight line</i>
<i>Building improvements</i>	<i>10 years straight line</i>	<i>10% straight line</i>
<i>Musical instruments</i>	<i>5 years straight line</i>	<i>15% reducing balance/straight line</i>
<i>Furniture and equipment</i>	<i>5 years straight line</i>	<i>15% reducing balance/straight line</i>
<i>Computer equipment and music technology</i>	<i>3 years straight line</i>	<i>15% reducing balance/straight line</i>
<i>Motor vehicles</i>	<i>4 years straight line</i>	<i>25% reducing balance</i>

Land is not depreciated.

At the year-end a reconciliation of all assets recorded on the fixed asset register to assets held was undertaken. Assets no longer held were written off.

The Orpheus Centre Trust
Notes to the Financial Statements for the year ended 31 July 2011

1. ACCOUNTING POLICIES (CONTINUED)

Operating leases

Rentals applicable to operating leases are charged to the expenditure account over the period in which the cost is incurred.

Reserves

The nature and purpose of each fund is explained in note 11.