THE D'OYLY CARTE OPERA TRUST LIMITED
(A Company Limited By Guarantee)

TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

Registered company number: 682766
Registered charity number: 200024

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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THE D'OYLY CARTE OPERA TRUST LIMITED
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LEGAL AND ADMINISTRATIVE DETAILS

Registered Office:	The Power House 6 Sancroft Street London SE11 5UD
Bankers:	Coutts and Co 440 The Strand London WC2R 0QS
Solicitors:	Harbottle and Lewis Hanover House 14 Hanover Square London W15 1HP
Auditors:	Clark Brownscombe 8 The Drive Hove East Sussex BN3 3JT

THE D'OYLY CARTE OPERA TRUST LIMITED
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REPORT OF THE TRUSTEES

The Trustees present their annual report and the audited Financial Statements of the company for the year ended 31 December 2005.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (2000).

Status of the company
The organisation is a charitable company limited by guarantee. The company is registered as a charity under the Charities Act 1993 (charity registration number 200024, company registration number 682766).

The charity was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed by Articles of Association. Under those Articles the Trustees are appointed by the Board of Trustees. The Trustees retire by rotation and being eligible offer themselves for re-election.

The members of the company are;-

Sir Michael Bishop CBE (Chairman)
Major General Peter Baldwin CBE
Mr David Walton

Each member of the company has undertaken to contribute up to £1 to the company's assets if the company should be wound up.

Trustees
The Trustees who served during the year, and subsequently, were as follows:

Sir Michael Bishop CBE (Chairman)
Major General Peter Baldwin CBE
Mr David Walton

The Trustees constitute Directors of the company for Companies Act purposes.

Principal activities and Objects of the Charity
The principal activities and Objects of the charity company are the production of Gilbert and Sullivan and other Operas for nationwide tours and the raising of funds to support these. The company has a music hire department hiring musical scores to amateur societies and education institutes. It continues to maintain and develop an extensive archive. In addition the company sells merchandise relating to its productions, and merchandise is also gifted by way of publicity and marketing.

Review of Activities
The movement in funds for the year is set out on page 7.

In 2005 the D'Oyly Carte Operate Trust, which is a registered charity, continued to trade as usual with the D'Oyly Carte Music Hire Library but there were no opera productions. The status of opera productions will be reconsidered when the economic climate in the Theatre industry improves.

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TRUSTEES REPORT – continued

Risk Review and Reserves Policy
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 are taken to lessen these risks.

All reserves are unrestricted funds and can be used at the discretion of the Trustees for the charitable objectives of the Trust. At 31 December 2005 the balance of reserves amounted to (£1,849,587) (2004: (£1,789,283)). Although the reserves are currently in deficit loans amounting to £(2,038,587) (2004: (£1,997,524)) have been provided by Sir Michael Bishop and the Michael Bishop Foundation and it has been agreed that these will not be repaid until the Trust has sufficient funds. In addition the Trust has the continuing support provided by the Michael Bishop Foundation, who have committed to ensure the future continuity of the Company and are prepared to fund any liabilities of the company which the company may be unable to meet itself for a further period of one year.

Auditors
At the Annual General Meeting held on 13 July 2006 it was proposed and subsequently agreed to appoint Clark Brownscombe as auditors of the company.

Approved by the Board of Trustees and signed on its behalf by:

....
Trustee

The Powerhouse
6 Sancroft Street
London
SE11 5UD

Date: 13.7.06

THE D'OYLY CARTE OPERA TRUST LIMITED
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STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the Trustees who act as directors for the purposes of company law to prepare the Trustees' report and the financial statements for each financial year 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 payments basis) and which are prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. In preparing those financial statements the Trustees are required to:

a) select suitable accounting policies and apply them consistently;

b) make judgements and estimates that are reasonable and prudent;

c) prepare the financial statements on a 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 ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with applicable law and regulations. 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE D'OYLY CARTE OPERA TRUST LIMITED

We have audited the financial statements of The D'Oyly Carte Opera Trust Limited for the year ended 31 December 2005 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of the fixed assets and the accounting policies set out therein.

This report is made solely to the charity's Trustees 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 charity's Trustees 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 any one other than the charity and the charity's Trustees as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors
The Trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of Trustees' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual 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.

We are not required to consider whether the statement in the Board Representatives' report concerning 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' Annual Report and consider whether it is consistent with the 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees 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.

Report of the Independent Auditors to the Committee Members – continued

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 an 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 charity's affairs at 31 December 2005, and its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clark Brownscombe

8 The Drive
Hove
East Sussex
BN3 3JT

Clark Brownscombe
Chartered Accountants
Registered Auditor

Date: 16 October 2006

THE D'OYLY CARTE OPERA TRUST LIMITED
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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	**Unrestricted Funds 2005**	Unrestricted Funds 2004
INCOME AND EXPENDITURE ACCOUNT			
Incoming Resources			
Donations, legacies and similar incoming resources	2	**4,699**	98,159
Incoming resources from activities in furtherance of the Charity's objectives:	2	-	-
Incoming resources from activities for generating funds	2	**47,929**	52,342
Investment income	2	**337**	789
		52,965	151,290
Cost of generating funds			
Other costs of generating funds	3	**(3,677)**	(2,945)
Net incoming resources available for charitable applications		**49,288**	148,345
Resources Expended			
Charitable expenditure			
Cost of activities in furtherance of the charity's objects	4	-	(18,067)
Management and administration of the charity	4	**(123,592)**	(192,272)
		(123,592)	(210,339)
Net expenditure for the year and net movement in funds		**(74,304)**	(61,994)
Revaluation of archive material		**14,000**	-
Fund balances brought forward at beginning of the year		**(1,789,283)**	(1,727,289)
Total funds carried forward		**(1,849,587)**	(1,789,283)

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derived from continuing activities.

The notes on pages 9 to 15 form part of these financial statements.

THE D'OYLY CARTE OPERA TRUST LIMITED
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BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	2005		2004	
		£	£	£	£
Fixed Assets					
Tangible assets	6		**192,382**		181,763
Current Assets					
Stock	7	**2,706**		5,370	
Debtors	8	**1,960**		2,089	
Bank and Cash		**14,643**		54,507	
		19,309		61,966	
Creditors: Amounts falling due within one year	9	**(13,569)**		(20,211)	
Net current assets			**5,740**		41,755
Total assets less current liabilities			**198,122**		223,518
Creditors: Amounts falling due in more than one year	10		**(2,037,524)**		(1,997,524)
Provisions for liabilities and charges	11		**(10,185)**		(15,277)
Net liabilities			**(1,849,587)**		(1,789,283)
Unrestricted funds:					
Revaluation reserve	12		**189,000**		175,000
General	12		**(2,038,587)**		(1,964,283)
			(1,849,587)		(1,789,283)

These financial statements were approved by the Trustees on 13 July 2006 and were signed on their behalf by

....

Trustee

The notes on pages 9 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. There have been no changes in accounting policies in the year.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention, as modified by the inclusion of certain tangible fixed assets at a valuation, and in accordance with the Statement of Recommended Practice, and Reporting 'Accounting by Charities' (SORP 2000) issued in October 2000 and the Companies Act 1985. The financial statements are drawn up using the going concern assumption on the basis of undertakings to support the company given by Sir Michael Bishop and The Michael Bishop Foundation.

The company has taken advantage of the exemption available to small companies contained within Financial Reporting Standard 1, (Revised 1996) Cash Flow Statements' and has not prepared a cash flow statement.

The principal accounting policies adopted in the preparation of the financial statements are as follows:

Incoming resources

Performance related income represents the charity's share of total production income as stipulated in the production agreement, excluding value added tax.

Trading receipts relate to recording royalties and income from the sale of merchandise and are recognized upon the right to receive the royalty or delivery of the merchandise.

Donations and gifts include funds received from various sources and are included in incoming resources when receivable.

Resources expended

Costs of design and construction of sets, props and costumes are charged to expenditure over the period of the relevant tour. Other costs of preparation for productions are written off as they arise. These are all included within cost of generating funds in furtherance of the Charity's objects. Other costs of generating funds' include the cost of merchandise sold. All costs are inclusive of any VAT which cannot be recovered.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

1. ACCOUNTING POLICIES – continued

Fixed assets and depreciation
Depreciation has been provided to write off the cost less residual value of fixed assets over their estimated useful lives as follows:

Furniture, fixtures and equipment: 20% per annum on a straight line basis

The archive material is not depreciated as in the opinion of the Trustees it has an indefinite life and its residual value is at least as high as its carrying value.

The carrying value of fixed assets is reviewed annually for any potential impairment.

Leased assets
The excess of amounts due to the lesser over the fair value of the asset at the date of the original purchase is reflected as a finance charge and is written off over the life of the lease.

Operating lease costs are charged to the statement of financial activities on a straight line basis over the lease term.

Stock
Stock has been valued at the lower of cost and net realisable value.

Taxation
The company's charitable activities are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988.

Fund accounting
Unrestricted funds can be used at the discretion of the Trustees for the charitable objectives of the Trust.

2. INCOMING RESOURCES

	2005	2004
	£	£
Donations, legacies and similar incoming resources		
Donations from Friends of D'Oyly Carte	3,900	58,159
Other donations	700	-
Bequest of Mrs L F Hayes	-	40,000
	4,600	98,159
Incoming resources from activities in furtherance of the Charity's objects:		
Performance related income	-	-

NOTES – continued

	2005	2004
	£	£
Incoming resources from activities for generating funds		
Royalty income	**12,959**	14,709
Music library income	**20,729**	21,693
Costume sales	**7,419**	1,615
Miscellaneous income	**6,822**	14,173
A la Carte income	-	152
	47,929	52,342
Investment income		
Bank interest	**337**	789

3. RESOURCES EXPENDED

	2005	2004
	£	£
Costs of generating funds	**3,677**	2,945

4. RESOURCES EXPENDED

	2005	2004
	£	£
Costs of activities in furtherance of the charity's objectives:		
Annual tour	-	-
Stores and technical costs	-	18,067
	-	18,067

NOTES – continued

Management and administration costs

Salaries, wages and national insurance	**76,080**	84,673
Redundancy costs	**-**	18,525
Maintenance	**3,361**	2,751
Hire of equipment	**2,143**	2,143
Postage, printing and stationery	**899**	2,619
Telephone	**2,920**	2,908
Travel and subsistence	**85**	325
Depreciation	**3,381**	2,689
London office costs	**20,191**	34,372
Subscriptions	**134**	582
Sundry	**58**	3,388
Computer related expenditure	**221**	2,389
Gas, electricity, water	**673**	1,238
Bank charges	**1,227**	1,584
Insurance	**5,019**	5,822
External auditors: Audit fee	**7,200**	5,000
Loss on disposal of fixed assets	**-**	893
Reverse rent premium cost (note 11)	**-**	20,371
	123,592	192,272

5. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	**69,649**	77,197
Social Security costs	**6,431**	7,476
	76,080	84,673

There were no employees whose emoluments including benefits were in excess of £50,000 in either the current or prior year.

The average number of staff employed the company (excluding Trustees) during the year was 4 (2004: 4).

None of the Trustees received any remuneration in respect of their services to the charity (2004: £Nil) and were not reimbursed for any of their expenses in the year (2004: £Nil).

6. TANGIBLE FIXED ASSETS

	Archive Material £	Furniture, fixtures and equipment £	Total £
Cost or valuation			
At beginning of year	175,000	101,685	276,885
Revaluation	14,000	-	14,000
Disposals	-	(18,777)	(18,777)
At end of year	189,000	82,908	271,908
At cost	-	82,908	82,908
At 2006 valuation	189,000	-	189,000
Depreciation			
At beginning of year	-	94,922	94,922
Charge for the year	-	3,381	3,381
Disposals	-	(18,777)	(18,777)
At end of year	-	79,526	79,526
Net book value			
At 31 December 2005	189,000	3,382	192,382
At 31 December 2004	175,000	6,763	181,763

The most recent valuation of the archive material was performed by the Trustees as at 15 May 2006 based on advice received from Christie's International plc. The basis of valuation was open market value. Such archive material includes a Sullivan score and related material. The Trustees believe there have been no material changes in the valuation of the archive material since the last valuation.

7. STOCK

	2005 £	2004 £
Goods held for resale	2,706	5,370

8. DEBTORS

	2005 £	2004 £
VAT	91	-
Prepayments and accrued income	1,869	2,089
	1,960	2,089

9. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	**10,008**	16,383
Other taxes and social security	**1,811**	2,129
Accruals	**1,750**	1,699
	13,569	20,211

10. CREDITORS: Amounts falling due in more than one year

	2005 £	2004 £
The Michael Bishop foundation	**1,572,524**	1,532,524
Sir Michael Bishop	**465,000**	465,000
	2,037,524	1,977,524

The above loans are repayable on demand but have been included in long term creditors on the basis that the lenders have agreed not to demand repayment of their loans until the Trust has sufficient funds and in any event not before 1 January 2007.

11. PROVISIONS FOR LIABILITIES AND CHARGES

At 1 January 2005	**15,277**
Provided in the year	**-**
Utilised in the year	**5,092**
	10,185

During 2004 the charity vacated certain premises. However, in order to exit the lease it was necessary to pay a reverse premium to the new tenant which is due over the next three years. The charity has provided for this in full.

12. RECONCILIATIONOF MOVEMENT IN RESERVES – UNRESTRICTED

	Revaluation Reserve £	General £	Total £
At beginning of year	175,000	(1,964,283)	(1,789,283)
Revaluation	14,000	-	14,000
Net outgoing resources for the year	-	(74,304)	(74,304)
	189,000	(2,038,587)	(1,849,587)

The revaluation reserve resulted from independent valuations in 2001 and 2006 of archive material held in fixed assets.

13. OPERATING LEASES

The following amounts are payable within the next twelve months on operating leases expiring within:

	2005		2004	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Two to five years	-	2,350	-	2,350
More than five years	20,112	-	20,112	-
	20,112	2,350	20,112	2,350

14. SHARE CAPITAL

The Trust is a company limited by guarantee and has no share capital. The liability of the members in the event of a winding up is limited to the sum of £1 per member. There are currently three members

15. RELATED PARTY TRANSACTIONS

The Friends of D'Oyly Carte is a connected charity and its principal contact address is The Powerhouse, 6 Sancroft Street, London SE11 5UD. Donations received in the year from the Friends of D'Oyly Carte amounted to £Nil (2004: £58,055).

Sir Michael Bishop is a Trustee of the D'Oyly Carte Opera Trust Limited. He is also the founder and chairman of the Michael Bishop Foundation. During the year, additional funding was received from Sir Michael Bishop amounting to £40,000 (2004: £10,000). At 31 December 2005 the amounts payable and the repayment terms agreed are disclosed in note 10.