

**Shakespeare Globe Trading Limited**

**Financial Statements**

**for the year ended**

**30 September 2005**

**Company registration number 997433**



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**Shakespeare Globe Trading Limited**  
**Directors' Report for the year ended 30 September 2005**

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The directors present their report and the audited financial statements for the year ended 30 September 2005.

**Principal activity**

Following a group re-organisation carried out during the year, the principal activity of the company ("SGTL") is the carrying on of trading activities in support of the charitable aims of the company's parent undertaking, The Shakespeare Globe Trust ("the Trust"). Prior to the re-organisation SGTL also fulfilled the charitable trading purposes of the Trust and held the charitable assets of the group.

**Business review**

As a result of the group re-organisation carried out in the year, the charitable trading and assets of the group were transferred to the Trust, along with all employee contracts, with effect from 1 May 2005.

Given that the transfer took practical effect just prior to the opening of the 2005 theatre season, all box office income and production costs of the theatre season are reflected in the books of the parent undertaking. Secondary revenues from front of house merchandise earned from performances between May and September are reflected in SGTL's result for the year, as is the contribution derived from Exhibition and Education activities up to 30 April 2005.

After depreciation and capital grant recognition items, and net interest receivable of £61,284 (2004: net interest payable of £36,521), the surplus for the year to 30 September 2005 was £115,144 (2004: surplus of £864,022).

Secondary trading revenues in the latter half of the year were adversely affected by variable box office attendances for the theatre season and by a significant drop in final quarter visitor numbers to the exhibition as a result of the London Transport bombings, and attempted bombings, of July 2005.

**Annual payment of taxable surplus**

An amount equivalent to the annual taxable surplus of SGTL is paid over under a deed of covenant to the Trust. A covenant payment of £175,200 has been made for 2005 (2004: £365,000) based on the draft tax computation for the period.

**Taxation**

The directors are of the view that no liability to corporation tax arises in the period (2004: none). See note 25 for a reconciliation of the tax charge.

**Reserves**

After: (1) the annual covenant payment of £175,200 (2004: £365,000) to the Trust, and (2) payment of a fixed non-equity preference share dividend of £331 (2004: £331) the retained deficit for the year was £60,387 (2004: surplus of £498,691).

A transfer of £5,750 (2004: £nil) was made from accumulated general (income and expenditure account) reserves to a capital redemption reserve in accordance with the terms attaching to the £1 redeemable preference shares (see notes 17 and 18) to leave a balance carried forward on general reserves of £774,187 (2004: £840,324).

**Post balance sheet events**

There are no events arising since the balance sheet date that, in the opinion of the directors, would require adjustment to the provisions or estimates included in the financial statements (2004: none).

**Shakespeare Globe Trading Limited**  
**Directors' Report for the year ended 30 September 2005**

**Directors and directors' interests**

The directors who held office during the period, or who were appointed subsequent to the year end, were as follows:

Director	Office Held	Resigned	Re-appointed	Appointed
K Baxter				28.2.05
R B Brooke	Chairman (until 28 February 2005) Deputy Chairman (from 28 February 2005)	28.2.05	28.2.05	
B L Day		28.2.05		
Dr D Devlin				28.2.05
S Dingle		28.2.05	28.2.05	
R Erith		28.2.05	28.2.05	
R Foster		28.2.05		
A Fraser				15.12.05
C Goldman		28.2.05		
Sir Peter Hall				28.2.05
S Hepburn		28.2.05		
The Rt Hon Lord Howell of Guildford				28.2.05
N Kent				15.12.05
G King		28.2.05		
P Kyle		28.2.05		
G Lamming				15.12.05
D Marshall		28.2.05		
Ms V Mitchell				15.12.05
R Parry	Chairman (from 1 October 2005)			28.2.05
Sir Michael Perry	Chairman (from 28 February 2005)			28.2.05
D Pickard		28.2.05		28.2.05
S Robertson		28.2.05	15.12.05	
M Rylance Waters		28.2.05		
P Spottiswoode		28.2.05		
P Stewart				15.12.05
M Westwood		28.2.05		
Prof M White				28.2.05
S Wigley	Secretary	28.2.05	28.2.05	

No director held any beneficial interest in the share capital of the Company during the year.

In accordance with the terms of their appointment, or re-appointment, on 28 February 2005 or subsequently, all of the trustees remaining in office will resign at the AGM to be held on 27 February 2006 and all will offer themselves for re-appointment, except Mr Keith Baxter, Sir Peter Hall and Professor Martin White, who have indicated that they will be retiring and will not be offering themselves for re-appointment.

Mr A Fraser, Mr N Kent, Mr G Lamming, Ms V Mitchell, Ms S Robertson and Mr P Stewart were appointed as directors on 15 December 2005 to serve until the AGM to be held on 27 February 2006 as of which date they will offer themselves for re-appointment.

### **Directors Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the affairs of the Company and of the surplus or deficit on its income and expenditure account for that period. In preparing these 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;
- state whether applicable accounting policies have been followed 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### **Corporate governance and compliance**

The directors are committed to compliance with best practice in corporate governance as outlined in the Combined Code published by the London Stock Exchange in 1998 and in subsequent codes of practice in so far as these apply to Charities and their trading subsidiaries.

- **Term of Office**

Terms of appointment are issued on first appointment and on re-appointment. The articles of association require that one third of the board retires by rotation at each AGM, after accounting for any directors aged 70 or older who must retire at each AGM and, if appropriate, offer themselves for re-election.

- **Conflicts of Interest**

No director was materially interested in any contract or matter of significance relating to the Company's business. Directors declare any actual or potential conflicts of interest and such declarations are recorded.

- **Structure**

The directors, as a board, recognise that they are responsible for the good standing of the Company, the strategy for its future development and the safe management of its assets. In carrying out this responsibility during the year to 30 September 2005 they received assistance from, and delegated authority to the executive team, led by the Chief Executive, which carries responsibility for the day to day management and administration of the company's affairs in accordance with policies agreed by the board.

- **Internal controls and risk management**

The directors have responsibility for ensuring that the organisation has in place an appropriate system of internal controls, financial and otherwise, to provide reasonable assurance that:

- ♦ the Company is operating efficiently and effectively, with clear operating procedures and lines of authority;
- ♦ the Company's assets are safeguarded against unauthorised use or disposition;
- ♦ the Company complies with all relevant laws and regulations; and
- ♦ threats to, or risks inherent in, the business are analysed and considered.

The Company has introduced procedures which have become part of its normal business processes, whereby risks and opportunities are analysed annually. Plans to eliminate or manage

**Shakespeare Globe Trading Limited**  
**Directors' Report for the year ended 30 September 2005**

risks, having regard to the balance of risk, cost and opportunity, are drawn up with responsibility allocated to an individual.

These procedures allowed the directors formally to review the effectiveness of the system of internal controls in 2005. The system is designed to manage, rather than to eliminate, the risks faced by the business and it must be recognised that such a system can provide only reasonable and not absolute assurance. In that context, a report was made to and reviewed by the board on 15 December 2005.

Recommendations have been made, as a result of the review carried out, in relation to ensuring that executive management attention remains focused on those risks with a high potential impact on organisational and financial stability and towards extending specific accountability for the risk management process at operational levels across the organisation during 2006.

#### **Staff consultation**

SGTL recognizes the benefits of good communication between management and staff in promoting the effective pursuit of its charitable aims. Active staff involvement is facilitated through periodic meetings with and regular briefings from senior management. Operational managers meet monthly to review operational performance, exchange information about departmental priorities and participate in the development of the strategic plan.

#### **Employment of disabled persons and disability awareness policy**

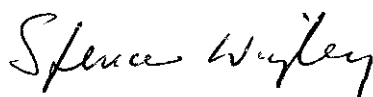
SGTL considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the SGTL continues. SGTL's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

SGTL seeks to achieve the objectives set down in the Disability Discrimination Act 2000 and has established operational procedures and policies to ensure that equality of access to the SGTL's facilities and services is offered to all persons in accordance with the requirements of disability legislation and in furtherance of the charitable aims of its parent undertaking to be accessible, open and welcoming to persons from all sections of society.

#### **Auditors**

KPMG LLP were re-appointed auditors on 28 February 2005. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**Spencer Wigley**  
Secretary

21 New Globe Walk  
Bankside  
London SE1 9DT  
17 January 2006

**Report of the independent auditors, KPMG LLP, to the members of Shakespeare Globe Trading Limited**

We have audited the financial statements on pages 8 to 22.

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**

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 company 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 company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

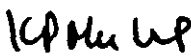
**Basis of audit opinion**

We conducted our audit in accordance with 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 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 company's affairs as at 30 September 2005 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG LLP  
Chartered Accountants  
Registered Auditor  
17 January 2006

1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT

## Income and expenditure account

For the year ended 30 September 2005

		Year ended 30 September 2005	Year ended 30 September 2004
	Note	£	£
<b>Income</b>			
Education, exhibition, theatre and other receipts	3	3,854,928	9,846,714
Deferred income credit - Arts Council Lottery grant	16	232,031	397,767
- English Partnerships grant	16	22,138	37,951
		<u>4,109,097</u>	<u>10,282,432</u>
<b>Expenditure</b>			
Education, exhibition, communication and theatre expenses	7	3,040,996	7,695,977
Administrative expenses		412,924	654,338
Leasehold Property & Plant depreciation	10	601,317	1,031,574
		<u>(4,055,237)</u>	<u>(9,381,889)</u>
<b>Surplus before interest and deed of covenant payment</b>	9	53,860	900,543
Interest receivable and other income	4	85,479	21,466
Interest payable and similar charges	8	(24,195)	(57,987)
		<u>115,144</u>	<u>864,022</u>
<b>Surplus after interest and before deed of covenant payment and taxation</b>			
Payment under deed of covenant to parent company		(175,200)	(365,000)
		<u>(60,056)</u>	<u>499,022</u>
<b>(Deficit)/Surplus for year before taxation</b>			
Taxation	25	-	-
<b>(Deficit)/Surplus for year after taxation</b>		<u>(60,056)</u>	<u>499,022</u>
Gross dividend payable on non-equity preference shares	17	(331)	(331)
<b>Retained (deficit)/surplus</b>		<u>(60,387)</u>	<u>498,691</u>
Income and expenditure account brought forward		840,324	341,633
Transfer to capital redemption reserve	18	(5,750)	-
<b>Income and expenditure account carried forward</b>		<u>774,187</u>	<u>840,324</u>

There have been no acquisitions or discontinued operations in the period.

There is no difference between the result on a historical cost basis and that shown in the income and expenditure account.

There are no recognised gains or losses other than those recognised in the Income & Expenditure Account.

The notes on pages 11 to 22 form part of these financial statements.



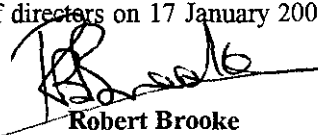
## Balance sheet

at 30 September 2005

	Note	30 September 2005	30 September 2004
		£	£
<b>Fixed assets</b>			
Tangible assets	10	-	25,403,871
<b>Current assets</b>			
Stocks	11	285,781	266,222
Debtors	12	3,318,712	1,073,523
Cash at bank and in hand	23	902,399	1,933,443
		<u>4,506,892</u>	<u>3,273,188</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(422,235)</u>	<u>(2,489,392)</u>
<b>Net current assets</b>		<u>4,084,657</u>	<u>783,796</u>
<b>Total assets less current liabilities</b>		<u>4,084,657</u>	<u>26,187,667</u>
<b>Creditors: amounts falling due after more than one year</b>	14	-	(10,922,242)
<b>Deferred income:</b>			
The Arts Council of England, National Lottery Fund grant	16	-	(10,297,848)
English Partnerships grant	16	-	(745,863)
		<u>-</u>	<u>(11,043,711)</u>
<b>Provision for liabilities and charges</b>		-	(70,920)
		<u>4,084,657</u>	<u>4,150,794</u>
<b>Capital and reserves</b>			
Called up share capital	17	3,304,720	3,310,470
Income and expenditure account		774,187	840,324
Capital redemption reserve	18	5,750	-
		<u>3,304,670</u>	<u>3,310,420</u>
<b>Representing:</b>			
<b>Shareholders' funds</b>			
Equity funds		779,987	840,374
Non-equity funds		3,304,670	3,310,420
		<u>4,084,657</u>	<u>4,150,794</u>
	20	<u>4,084,657</u>	<u>4,150,794</u>

These financial statements were approved by the board of directors on 17 January 2006 and were signed on its behalf by:

  
**Roger Parry**  
Chairman

  
**Robert Brooke**  
Director

The notes on pages 11 to 22 form part of these financial statements.

## Cash flow statement

for the year ended 30 September 2005

	Note	Year ended 30 September 2005		Year ended 30 September 2004	
		£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	<b>21</b>		<b>(290,130)</b>		<b>1,400,088</b>
<b>Return on investments and servicing of finance</b>					
Interest received	4	85,479		21,466	
Interest paid	8	(24,195)		(57,987)	
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>			<b>61,284</b>		<b>(36,521)</b>
<b>Capital expenditure</b>					
Purchase of tangible fixed assets	10		(186,867)		(149,482)
<b>Cash inflow before financing</b>			<b>(415,713)</b>		<b>1,214,085</b>
<b>Financing – Bank loan repayment</b>	<b>15</b>		<b>(250,000)</b>		<b>(500,000)</b>
<b>Appropriations – Payment under deed of covenant to parent Company</b>			<b>(365,000)</b>		<b>-</b>
<b>Gross preference dividend</b>	<b>17</b>		<b>(331)</b>		<b>(331)</b>
<b>(Decrease)/Increase in cash</b>	<b>22</b>		<b>(1,031,044)</b>		<b>713,754</b>

The cash flow statement represents appropriations related to deed of covenant and redemption of preference share on a cash basis.

The notes on pages 11 to 22 form part of these financial statements.

## Notes to the financial statements

### 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.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Income*

Income represents amounts received through the provision of goods and services, net of value added tax.

#### *Stocks*

Stocks of goods for resale in the Shakespeare Globe Shop and through distance selling channels are stated at the lower of cost and net realisable value.

#### *Tangible fixed assets*

Depreciation is provided on a straight line basis in order to write off the cost of tangible fixed assets, as they are brought into use, over their estimated useful economic lives as follows:-

Computer equipment (hardware and software)	-	25% per annum
Fixtures and fittings	-	25% per annum
Office equipment	-	25% per annum
Leasehold plant & machinery	-	4-8% per annum
Exhibition and theatre artefacts	-	10-25% per annum
Long leasehold property	-	2% per annum

#### *Pension costs*

The company does not operate a pension scheme but pays defined contributions into individual personal pension schemes. The amount charged in the income and expenditure account represents the contributions payable to these schemes in respect of the accounting period.

#### *The Arts Council of England National Lottery Fund grant and English Partnerships grant*

Grants receivable for the purpose of constructing tangible fixed assets of the company are included within deferred income in the balance sheet and are credited to the income and expenditure account over the estimated useful economic lives of the assets to which they relate.

#### *Leases*

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the life of the lease.

#### *Deferred Tax*

Deferred tax is recognized without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date.

## Notes to the financial statements (continued)

### 2 Group Re-organisation

The affairs of the group were re-organised during the year following a series of meetings of the respective boards of Shakespeare Globe Trading Limited ("SGTL") and The Shakespeare Globe Trust ("the Trust"), its parent undertaking and a registered charity (no. 266916). These meetings culminated with the passing of special resolutions, at extraordinary general meetings held on 28 February 2005, for the transfer to the Trust of the assets and charitable undertaking, including all employees, of Shakespeare Globe Trading Limited.

The re-organisation was carried out with the encouragement and consent of the Charity Commission. The consent of all funders and other third parties, including the company's bankers and the holders of redeemable preference shares in SGTL, was obtained where required.

As a result of the group re-organisation, consideration of £2,012,328 for the acquisition by the Trust of the company's net assets was debited to an inter-company loan account as at 1 May 2005. The loan account bears interest at base rate plus 0.5% on the outstanding balance. There is no fixed repayment term to the loan.

As a result of the transfer, SGTL retains only the ancillary and other commercial trading activities of the group. The conditions attaching to grants received in previous years and treated as deferred income up to the transfer date were transferred to the Trust. The unamortized balance of £10,789,542 relating to these grants was therefore credited to restricted funds in the books of the Trust as at 1 May 2005.

No group activities were discontinued as a result of the re-organisation.

### 3 Education, exhibition, theatre and other receipts

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
Theatre	335,862	5,362,611
Exhibition (including merchandise sales and facilities hire)	2,245,282	2,827,377
Education	797,119	1,058,980
Catering royalty	300,054	300,786
Corporate hospitality, sponsorship and other income	176,611	296,960
	<hr/>	<hr/>
	3,854,928	9,846,714
	<hr/>	<hr/>

Having regard to the special nature of the company's business, the analysis of income and expenditure as prescribed by the Companies Act 1985 is not meaningful. In the circumstances, therefore, as required by Paragraph 3(3) of Schedule 4 of the Companies Act 1985, the directors have adapted the prescribed format to the requirements of the company's business.

## Notes to the financial statements (continued)

### 4 Other interest receivable and similar income

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
Bank interest	28,019	21,466
Inter-company loan account interest (see below)	57,460	-
	<hr/>	<hr/>
	85,479	21,466
	<hr/>	<hr/>

Inter-company loan interest arises as a result of the group re-organisation carried out in the year (see note 2)

### 5 Directors' emoluments

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
Directors' remuneration	111,441	260,845
Company contributions to money purchase pension schemes	5,085	12,066
	<hr/>	<hr/>
	116,526	272,911
	<hr/>	<hr/>

The number of directors as at 30 September 2005 was 12 (2004: 16). The emoluments of the highest paid director, excluding contributions to a money purchase pension scheme, were £39,839 (2004: £92,829).

## Notes to the financial statements (continued)

### 6 Staff numbers and costs

The average number of staff (including executive directors and seasonal workers) engaged by the company during the year was as follows:

	Theatre	Exhibition, Shop & Guides	Education	Communications	Admin & Central services	Total
<b>2004-5</b>						
Full-time equivalent paid workers	19	49	33	6	39	146
Interns			3		1	4
Volunteers	12		2			14
<b>Total</b>	<b>31</b>	<b>49</b>	<b>38</b>	<b>6</b>	<b>40</b>	<b>164</b>
<b>2003-4</b>						
Full-time equivalent paid workers	61	43	31	6	28	169
Interns	-	-	4	1	-	5
Volunteers	27	-	2	-	-	29
<b>Total</b>	<b>88</b>	<b>43</b>	<b>37</b>	<b>7</b>	<b>28</b>	<b>203</b>

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
Aggregate employment costs were as follows:		
Wages and salaries	1,251,968	1,983,584
Social security costs	117,336	186,559
Other pension costs	15,209	26,942
	<hr/>	<hr/>
	1,384,513	2,197,085
Less: recharge to The Shakespeare Globe Trust (see note 7)	(23,508)	(48,551)
	<hr/>	<hr/>
	1,361,005	2,148,534
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 7 Education, exhibition, theatre and communications expenses

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
Theatre	329,402	4,142,603
Exhibition (including merchandise and facilities hire)	1,736,662	2,159,105
Education	777,984	1,068,603
Communications department	196,948	325,666
	<hr/>	<hr/>
	3,040,996	7,695,977
	<hr/>	<hr/>

Central overheads of £544,753 (2004:£ 1,303,812), included in the above amounts, are allocated to operating departments on the basis of head count (see note 6).

Having regard to the special nature of the company's business, the analysis of income and expenditure as prescribed by the Companies Act 1985 is not meaningful. In the circumstances, therefore, as required by Paragraph 3(3) of Schedule 4 of the Companies Act 1985, the directors have adapted the prescribed format to the requirements of the company's business.

Costs of £104,558 (2004: £168,680) including staff costs of £23,508 (2004: £48,551) were incurred by the company for charitable fundraising and administration during the period and have been charged to the Trust, resulting in a reduced charge to the company's income and expenditure account.

### 8 Interest payable

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
Interest payable on bank loan – see note 15	24,195	57,987
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 9 Operating Result for year

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
<i>This is stated after charging:</i>		
Rentals payable under operating leases – plant and machinery – land & buildings	15,637 43,146	38,496 73,964
Auditor's remuneration – audit fee – other services	15,108 9,020	24,400 -
Depreciation (see note 10)	711,964	1,215,433
Write off of Assets no longer in use (see note 10)	-	74,173

### 10 Tangible fixed assets

	Long leasehold property £	Leasehold Improvements £	Leasehold plant and machinery £	Fixtures, fittings and Equipment £	Total £
<b>Cost</b>					
At beginning of year	23,037,418	71,316	6,883,158	1,808,999	31,800,891
Additions	-	-	-	186,867	186,867
Disposals	-	-	-	(57,662)	(57,662)
Transferred to Parent Undertaking (1 May 2005)	(23,037,418)	(71,316)	(6,883,158)	(1,938,204)	(31,930,096)
At end of year	-	-	-	-	-
<b>Depreciation</b>					
At beginning of year	3,379,494	70,225	1,627,608	1,319,693	6,397,020
Charge for the period	286,003	331	315,314	110,316	711,964
Depreciation on Disposals	-	-	-	(57,662)	(57,662)
Transferred to Parent Undertaking (1 May 2005)	(3,665,497)	(70,556)	(1,942,922)	(1,372,347)	(7,051,322)
At end of year	-	-	-	-	-
<b>Net book amount</b>					
At 30 September 2005	-	-	-	-	-
At 30 September 2004	19,657,924	1,091	5,255,550	489,306	25,403,871

All assets were transferred to the parent undertaking, The Shakespeare Globe Trust, at their book values as at 1 May 2005 (see note 2).



## Notes to the financial statements (continued)

### 11 Stocks

	30 September 2005	30 September 2004
	£	£
Goods for resale	285,781	266,222

### 12 Debtors: amounts falling due within one year

	30 September 2005	30 September 2004
	£	£
Trade debtors	58,109	235,684
Other debtors	177,148	202,062
Amount owed by parent undertaking	3,083,080	406,516
Prepayments	375	229,261
	<u>3,318,712</u>	<u>1,073,523</u>

### 13 Creditors: amounts falling due within one year

	30 September 2005	30 September 2004
	£	£
Trade creditors	65,948	355,424
Taxes and social security	58,839	428,174
Amount owed to parent undertaking (deed of covenant)	175,200	365,000
Other creditors	7,287	547,464
	<u>307,274</u>	<u>1,696,062</u>
Bank loan (see note 15)	-	500,000
Accruals and deferred income	109,211	293,330
Preference share redemption (see note 17)	5,750	-
	<u>422,235</u>	<u>2,489,392</u>

### 14 Creditors: amounts falling due after more than one year

	30 September 2005	30 September 2004
	£	£
Amounts owed to parent undertaking	-	10,547,242
Bank Loan (see note 15)	-	375,000
	<u>-</u>	<u>10,922,242</u>

## Notes to the financial statements (continued)

### 15 Bank loan

	30 September 2005	30 September 2004
	£	£
Balance at 1 October	875,000	1,375,000
Repayments during year	(250,000)	(500,000)
Bank loan obligations transferred to Parent undertaking (1 May 2005)	(625,000)	-
<b>Balance at 30 September</b>	<b>-</b>	<b>875,000</b>

	30 September 2005	30 September 2004
	£	£
Repayments outstanding as at 30 September:		
In the first year	-	500,000
In the second to fifth years inclusive	-	375,000
	-	875,000

The remaining bank loan obligation was transferred to the parent undertaking as at 1 May 2005 as part of the group re-organisation carried out in the year (see note 2). The loan is repayable in quarterly instalments and is scheduled to be repaid in full as at April 2006. Interest is payable on the loan at LIBOR plus 1.25%. Security for the loan was renegotiated and provided by the Trust as part of the group re-organisation carried out during the year (see note 2).

## Notes to the financial statements (continued)

### 16 Deferred income

	30 September 2005 £	30 September 2004 £
Deferred income brought forward	11,043,711	11,479,429
Credited to income and expenditure account (see below)	(254,169)	(435,718)
Transferred to Parent undertaking as at 1 May 2005	(10,789,542)	-
<b>Deferred income carried forward</b>	<b>-</b>	<b>11,043,711</b>

Deferred income represents grants receivable towards the cost of construction of the company's leasehold assets and is credited to the income and expenditure account over the estimated useful economic lives of the assets to which these grants relate.

Of these amounts, £12.4 million was originally provided by The Arts Council of England. A grant of £865,000 was received from English Partnerships towards the completion of the Shakespeare's Globe Exhibition.

As explained at note 2, the unamortized balance of these grants at 1 May 2005 was transferred to the parent undertaking as part of the group re-organisation carried out in the year. The charges over group assets held by both funding bodies were renewed and transferred to the Trust upon its acquisition of SGTL's assets as at 1 May 2005.

### 17 Share capital

	30 September 2005 £	30 September 2004 £
<b>Authorised</b>		
1,000 ordinary shares of 5p each – equity	50	50
49,950 ordinary shares of £1 each – equity	49,950	49,950
3,500,000 preference shares of £1 each – non-equity	3,500,000	3,500,000
	<b>3,550,000</b>	<b>3,550,000</b>
<b>Allotted, called up and fully paid</b>		
1,000 ordinary shares of 5p each – equity	50	50
3,310,420 preference shares of £1 each – non-equity	3,310,420	3,310,420
Less: Preference shares redeemed in period (see below)	(5,750)	-
	<b>3,304,720</b>	<b>3,310,470</b>

The preference shares carry an annual dividend of 0.01 pence per share. Otherwise they are not entitled to any profits available for distribution. They are redeemable at par, subject to the Companies Act 1985, from financial year 2005 onwards, from which year amounts representing 5% of trading surpluses may be used for redemption, unless all the preference shareholders agree to a lower amount (see note 18).

## Notes to the financial statements (continued)

### 18 Capital redemption reserve

	30 September 2005	30 September 2004
Balance brought forward at start of period	-	-
Transfer from general reserves (income and expenditure account) for redemption of £1 preference shares ( see note 17)	5,750	-
	<hr/>	<hr/>
<b>Balance carried forward at end of period</b>	<b>5,750</b>	<b>-</b>
	<hr/>	<hr/>

### 19 Commitments

(i) As at 30 September 2005, there are no capital commitments.

(ii) Annual commitments under non-cancellable operating leases in respect of land and buildings and plant and machinery were transferred to The Shakespeare Globe Trust at 30 April 2005.

	30 September 2005 £	30 September 2004 £
Operating leases payable in the following year, analysed by the period in which the lease expires:		
Land & Buildings - In the first year	-	73,964
Plant & Machinery - In the second to fifth years inclusive	-	38,496
	<hr/>	<hr/>
	-	112,460
	<hr/>	<hr/>

### 20 Reconciliation of movement in shareholders' funds

	Year ended 30 September 2005 £
Opening shareholders' funds as at 30 September 2004	4,150,794
Income and expenditure account deficit for the year ended 30 September 2005	(60,056)
Preference share dividend and redemption (see note 17)	(6,081)
<b>Closing shareholders' funds as at 30 September 2005</b>	<b>4,084,657</b>
	<hr/>

## Notes to the financial statements (continued)

### 21 Reconciliation of operating surplus to net cash inflow from operating activities

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
Operating surplus	53,860	900,543
Depreciation (see note 10)	711,964	1,215,433
Write off of Assets no longer in use	-	74,173
Credit to income and expenditure account - Arts Council Grant and English Partnerships Grant	(254,169)	(435,718)
(Increase) in stocks	(19,559)	(49,886)
(Increase) in debtors	(2,245,189)	(74,679)
Increase/(Decrease) in creditors	1,533,883	(300,698)
(Decrease)/Increase in provisions for liabilities and charges	(70,920)	70,920
	<hr/>	<hr/>
<b>Net cash (outflow)/ inflow from operating activities</b>	<b>(290,130)</b>	<b>1,400,088</b>
	<hr/>	<hr/>

### 22 Reconciliation of net cash flow to movement in net funds

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
(Decrease)/Increase in cash	(1,031,044)	713,754
Cash outflow from borrowings	250,000	500,000
Bank Loan transferred to Parent undertaking	625,000	-
Net funds/(debts) brought forward	1,058,443	(155,311)
	<hr/>	<hr/>
<b>Net funds at end of period</b>	<b>902,399</b>	<b>1,058,443</b>
	<hr/>	<hr/>

### 23 Analysis of changes in net funds

	Cash at bank and in hand £	Bank Loans £	Total £
At 30 September 2004	1,933,443	(875,000)	1,058,443
Cash flows	(1,031,044)	250,000	(781,044)
Bank loan obligations transferred to Parent undertaking as at 1 May 2005 (see note 15)	-	625,000	625,000
	<hr/>	<hr/>	<hr/>
<b>At 30 September 2005</b>	<b>902,399</b>	<b>-</b>	<b>902,399</b>
	<hr/>	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 24 Ultimate parent company

The parent company is The Shakespeare Globe Trust, a company limited by guarantee in the United Kingdom and registered as a charity – number 266916.

The only group in which the results of the company are consolidated is that headed by The Shakespeare Globe Trust, incorporated in England.

The consolidated accounts of the group are available to the public and may be obtained from 21 New Globe Walk, London SE1 9DT.

### 25 Taxation

There is no charge to corporation tax in the year (2004: *£nil*)

#### Reconciliation of tax charge (wholly attributable to subsidiary undertaking)

	Year ended 30 September 2005 £	Year ended 30 September 2004 £
Tax on surplus for the year before deed of covenant payment at 19% (2004: 30.2%)	21,877	260,705
<u>Add/(less):</u>		
Permanent differences	15,136	61,722
Loss Relief	-	(235,820)
Tax liability extinguished by deed of covenant payment	(33,288)	(110,133)
Capital allowances less than depreciation	44,567	154,996
Deferred income released to income and expenditure account	<u>(48,292)</u>	<u>(131,470)</u>
<b>Tax charge for the year</b>	<u>-</u>	<u>-</u>

No liability for deferred tax arises in the period (2004: *none*) due to permanent differences and other timing differences not expected to reverse in the foreseeable future on adjustment of the subsidiary company's taxable surplus.

### 26 Related party transactions

Claire van Kampen, the wife of Mr M Rylance Waters (a director of Shakespeare Globe Trading Limited until 28 February 2005), acted under contracts for the supply of her services as Director of Theatre Music and Composer of the Music for all plays in the 2005 theatre season. Her fees for services provided in the period totalled £36,686 (2004: £33,962).

## Auditor and Professional Advisers

<b>Auditor</b>	KPMG LLP 1 Forest Gate Brighton Road Crawley RH11 9PT
<b>Bankers</b>	Royal Bank of Scotland/National Westminster Bank Plc 280 Bishopsgate London EC2M 4RB  CafBank Kings Hill West Malling Kent ME19 4TA
<b>Legal advisers</b>	Solomon Taylor and Shaw 3 Coach House Yard Hampstead High Street London NW3 1QD  Bates Wells & Braithwaite Scandinavian House 2-6 Cannon Street London EC4M 6YH
<b>Tax advisers</b>	PricewaterhouseCoopers 1 Embankment Place London WC2N 6RH
<b>Insurance advisers</b>	Walton & Parkinson Limited 20 St Dunstan's Hill London EC3R 8PP