

Shakespeare Globe Trading Limited

Report and Accounts for the 53 weeks

To 7 October 2006

Registered company no 9⁷7433



Shakespeare Globe Trading Limited
Report and Accounts for the 53 weeks to
7 October 2006

Contents

Directors' Report	1
Report of the Independent Auditor	5
Income and Expenditure Account	6
Balance sheet	7
Cash flow statement	8
Notes to the Financial Statements	9
Advisers and officers	14

Shakespeare Globe Trading Limited
Directors' Report for the 53 weeks ended 7 October 2006

The directors present their report and the audited financial statements for the 53 weeks ended 7 October 2006. Comparative amounts relate to the 52 week period ended 30 September 2005, in conformity with the accounts of the parent undertaking, The Shakespeare Globe Trust.

Principal activity

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 a group re-organisation carried out in April 2005, SGTL also fulfilled the charitable trading purposes of the Trust and held the charitable assets of the group.

Business review

The company's trading income is largely dependant on visitors to the International Shakespeare Globe Centre ("the Centre") from where the Trust's primary charitable activities in theatre, education, exhibitions and guided tours of the Globe Theatre are run.

Paying visitors to the permanent exhibition and guided tour were 261,000, up 1% compared with the previous period, while theatre attendances were 275,800 compared with 254,600 over the 2005 season. The average paid attendance of 75% compared with 73% for the 2005 season and there were 248 performances compared with 240 in the previous year.

An extra 29,000 site visits were generated over the final quarter as a result of the regular opening, on a trial basis, of the Bankside Gates entrance to the theatre piazza. These gates have remained permanently closed in previous years, except on theatre performance days. This new regular entry point to the main site is set to continue throughout 2007 with a view to generating additional trading revenues in support of the Trust.

Turnover from the company's trading activities in support of the Trust's charitable mission was some 4% down on the previous year, from £2.147 million to £2.066 million, reflecting a decline in concession revenues from public and events catering (see note 3). A new catering contract commences in January 2007 with a new operator.

After net interest receivable of £181,616, including £164,627 arising on inter-company loan balances (2005 - as restated net interest receivable of £60,953), the surplus for the 53 week period to 7 October 2006 was £789,041 (2005 - as restated surplus of £114,813).

The result for both periods is stated in accordance with the provisions of FRS 25 'Financial Instruments: presentation and disclosure' as it affects the treatment of transactions in respect of redeemable preference shares issued in a previous accounting period (Note 1 to the financial statements gives further details).

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 £833,200 has been provided for 2006 (2005 £175,200) based on the draft tax computation for the period. The net covenant payment charged against income for the period reflects a repayment of £47,332 from the Trust arising on the finalisation of the 2005 tax computation.

Taxation

The directors are of the view that no liability to corporation tax arises in the period (2005 none). A reconciliation of the tax charge is set out at note 24.

Reserves

After the annual covenant payment of £833,200 (2005 £175,200) to the Trust, the retained surplus for the year was £3,173 (2005 - as restated deficit of £60,387).

A transfer of £39,470 (2005 £5,750) from income and expenditure account to a capital redemption reserve has been provided for in accordance with the terms attaching to the redeemable preference shares (see notes 14 and 15) to leave a balance carried forward on general reserves of £737,890 (2005 £774,187).

Shakespeare Globe Trading Limited
Directors' Report for the 53 weeks ended 7 October 2006

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 (2005 none)

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	Appointed
Keith Baxter		27 2 06	
Robert Brooke	Deputy Chairman		
Dr Diana Devlin			
Stephen Dingle			
Bob Erith			15 12 05
Andrew Fraser			
Sir Peter Hall		27 2 06	
The Rt Hon Lord Howell of Guildford			15 12 05
Nicolas Kent			
Guy Lammings		10 4 06	15 12 05
Valerie Mitchell			15 12 05
Roger Parry	Chairman		
Sir Michael Perry			
David Pickard			15 12 05
Sue Robertson			
Prof Martin White		27 2 06	
Spencer Wigley	Secretary		

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

Mr Nicolas Kent has indicated his intention to retire from the board and not seek re-election at the forthcoming Annual General Meeting

Mr Roger Parry retires by rotation and offers himself for re-election at the forthcoming Annual General Meeting. Sir Michael Perry and Lord Howell, being 70 or over, retire from the board under the provisions of Article 77 and offer themselves for re-appointment at the forthcoming Annual General Meeting

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 that 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors who held office at the date of approval of this directors' report confirm, so far as they are aware, that there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 period to 7 October 2006 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

Shakespeare Globe Trading Limited
Directors' Report for the 53 weeks ended 7 October 2006

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

These procedures allowed the Audit Committee to carry out a preliminary analysis of risks and opportunities with the Executive Committee in May 2006 and the directors formally to review the effectiveness of the system of internal controls in October 2006. The system is designed to manage, rather than to eliminate, the risks faced by the company 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 the board, on 9 October 2006.

The review and report referred to above revealed nothing that, in the opinion of the board, indicated any ineffectiveness in the system of internal controls or that the position was unsatisfactory.

Recommendations were made, as a result of the review carried out: (1) in relation to ensuring that attention remains focused on material risks with a high potential impact and significance for continued organisational and financial stability, and (2) towards continuing to ensure that specific accountability for the risk management process is allocated at the appropriate operational levels across the organisation during 2007.

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 was re-appointed auditor on 27 February 2006. 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

22 January 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHAKESPEARE GLOBE TRADING LIMITED

We have audited the financial statements of Shakespeare Globe Trading Limited for the period ended 7 October 2006 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on pages 2 and 3.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 7 October 2006 and of its surplus for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditor

1 Forest Gate
Brighton Road
Crawley RH11 9PT

22 January 2007

Shakespeare Globe Trading Limited
Financial Statements for the 53 weeks ended 7 October 2006

Income and Expenditure Account	Note	53 weeks ended 7 October 2006		52 weeks ended 30 September 2005 - as restated	
		£	£	£	£
Income					
Education, exhibition and theatre income - transferred activities	2	-	-	1,707,835	
Trading activities in support of parent company	3	2,066,516		2,147,093	
		<u>2,066,516</u>		<u>3,854,928</u>	
Deferred income	4				
- Arts Council Lottery grant		-		232,031	
- English Partnerships grant		-		22,138	
		<u>2,066,516</u>		<u>4,109,097</u>	
Expenditure					
Education, exhibition and theatre expenses - transferred activities		-		1,934,803	
Cost of sales		771,302		842,246	
Administrative expenses		687,789		676,871	
Leasehold property and plant depreciation		-		601,317	
		<u>1,459,091</u>		<u>4,055,237</u>	
Surplus before interest and deed of covenant payment		<u>607,425</u>		<u>53,860</u>	
Interest receivable	5	181,947		85,479	
Interest payable	7	(331)		(24,526)	
		<u>789,041</u>		<u>114,813</u>	
Surplus after interest and before deed of covenant payment		<u>789,041</u>		<u>114,813</u>	
Payment under deed of covenant to parent company		(785,868)		(175,200)	
Surplus/(Deficit) for the year before taxation		<u>3,173</u>		<u>(60,387)</u>	
Taxation	23	-		-	
Retained Surplus/(Deficit) for the year after taxation		<u>3,173</u>		<u>(60,387)</u>	
 Income and expenditure account brought forward		 774,187		 840,324	
Transfer to capital redemption reserve	15	(39,470)		(5,750)	
Income and expenditure account carried forward		<u><u>737,890</u></u>		<u><u>774,187</u></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 and losses other than those recognised in the Income and Expenditure Account

The notes on pages 9 to 13 form part of these financial statements

Shakespeare Globe Trading Limited
Financial Statements for the 53 weeks ended 7 October 2006

Balance Sheet

	Note	As at 7 October 2006	As at 30 September 2005 - as restated
		£	£
Current assets			
Stocks	9	258,374	285,781
Debtors	10	232,843	235,632
Cash at bank and in hand		1,491,275	902,399
		<u>1,982,492</u>	<u>1,423,812</u>
Creditors amounts falling due within one year	12	<u>(1,160,435)</u>	<u>(555,458)</u>
Net current assets		832,057	868,354
Debtors amounts falling due after one year	11	<u>3,216,303</u>	<u>3,216,303</u>
Total assets less current liabilities		4,048,360	4,084,657
Creditors amounts falling due after one year	13	<u>(3,265,200)</u>	<u>(3,304,670)</u>
Net assets		<u><u>783,160</u></u>	<u><u>779,987</u></u>
Capital and reserves			
Called up share capital	14	50	50
Income and expenditure account		737,890	774,187
Capital redemption reserve	15	45,220	5,750
Shareholders' funds		<u><u>783,160</u></u>	<u><u>779,987</u></u>

These financial statements were approved by the board of directors on 22 January 2007 and signed on its behalf by


Director


Director

The notes on pages 9 to 13 form part of these financial statements

Shakespeare Globe Trading Limited
Financial Statements for the 53 weeks ended 7 October 2006

Cash flow statement for the 53 weeks ended 7 October 2006	Note	53 weeks ended 7 October 2006		52 weeks ended 30 September 2005 - as restated	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	17		615,678		(290,130)
Return on investments and servicing of finance					
Interest received	5	181,947		85,479	
Interest paid	7	<u>(331)</u>		<u>(24,526)</u>	
Net cash inflow from returns on investments and servicing of finance			181,616		60,953
Capital expenditure					
Purchase of tangible fixed assets			-		(186,867)
Cash inflow/(outflow) before financing			797,294		(416,044)
Financing - bank loan repayments			-		(250,000)
Appropriations					
- Payments under deed of covenant to parent company			(202,668)		(365,000)
- Redemption of preference shares	15		(5,750)		-
Increase/(decrease) in cash	19		<u>588,876</u>		<u>(1,031,044)</u>

The cash flow statement treats appropriations relating to deed of covenant and preference share redemption payments on a cash basis

The notes on pages 9 to 13 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

The presentation requirements of FRS 25 'Financial instruments presentation and disclosure' have been adopted in these financial statements for the first time. The corresponding amounts for 2005 have been restated accordingly.

These financial statements cover a 53 week period ended 7 October 2006, with comparative amounts for the previous period covering the 52 weeks ended 30 September 2005, in conformity with the accounts of the parent undertaking, The Shakespeare Globe Trust.

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.

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.

Redeemable preference shares

Following adoption of FRS 25, the redeemable preference shares (see note 14) have been re-classified as a financial liability and are included, at cost, in creditors with the cost of unredeemed shares in issue at the balance sheet date being treated as creditors falling due after more than one year.

The fixed annual amount of £331 previously treated as a dividend payable to the redeemable preference shareholders is now charged against income for the period as interest payable (see note 7).

2 Group Re-organisation

The affairs of the group were re-organised during the year ended 30 September 2005.

As a result of the group re-organisation, which took practical effect on 1 May 2005, total consideration of £3,216,303 for (1) the acquisition by the Trust of the company's net assets and (2) other net payments made by the company on behalf of the Trust in the period from 1 May to 30 September 2005, has been debited to an inter-company loan account. 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, Shakespeare Globe Trading Limited retains only the ancillary and other commercial trading activities of the group.

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

Notes to the financial statements

3 Income	2006	2005
	£	£
Trading activities in support of parent company		
Shop turnover (including distance sales)	1,015,174	1,074,508
Facilities hire	401,551	372,258
Front of house merchandise sales	271,590	224,578
Catering royalty	211,471	300,054
Corporate hospitality and sponsorships	98,961	95,558
Other trading income	67,769	80,137
	<u>2,066,516</u>	<u>2,147,093</u>
Theatre, exhibition and education income - transferred activities (see note 2)	<u>-</u>	<u>1,707,835</u>
	<u><u>2,066,516</u></u>	<u><u>3,854,928</u></u>

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.

4 Deferred income

Deferred income relates to capital grants received in previous accounting periods for the construction of the Globe Theatre and related facilities. Following the group re-organisation carried out in 2005 (see note 2), the tangible assets to which these grants relate were transferred to The Shakespeare Globe Trust in whose accounts the unexpended amount of the capital grants at the balance sheet date is carried forward as part of restricted income funds.

5 Interest receivable	2006	2005
	£	£
Bank interest	17,320	28,019
Inter-company loan interest	164,627	57,460
	<u>181,947</u>	<u>85,479</u>

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

6 Staff costs	2006	2005
	£	£
Wages and salaries	-	1,251,968
Social security costs	-	117,336
Other pension costs	-	15,209
	<u>-</u>	<u>1,384,513</u>
Less: Recharged to The Shakespeare Globe Trust	<u>-</u>	<u>(23,508)</u>
	<u><u>-</u></u>	<u><u>1,361,005</u></u>

All staff contracts were transferred to the parent undertaking, The Shakespeare Globe Trust, as part of the group re-organisation carried out in 2005. A charge is made by the parent undertaking for staff costs relating to the trading activities of the company on a monthly basis throughout the year. This amounts to £131,469 in the period in respect of 8 employees.

No director received any remuneration for their services as a director, or in any other capacity, during the period.

Staff costs in 2005 include directors' remuneration of £111,441 and directors' pension scheme contributions of £5,086.

7 Interest payable	2006	2005 - as restated
	£	£
Bank loan interest	-	24,195
Finance costs on redeemable preference shares classified as liabilities (see note 1)	331	331
	<u>331</u>	<u>24,526</u>

Notes to the financial statements

	2006	2005 - as restated
	£	£
8 Operating result		
<i>This is stated after charging</i>		
Rentals payable under operating leases	-	15,637
- plant and machinery	-	43,146
- land and buildings		
Auditor's remuneration	3,000	15,108
- audit fee	-	9,020
- other services		
Depreciation	-	711,964

A charge for the use of assets held by The Shakespeare Globe Trust and employed in the trading activities of the company is made on a monthly basis. These charges amounted to £36,666 in the period.

	2006	2005
	£	£
9 Stocks		
Goods for resale	<u>258,374</u>	<u>285,781</u>

	2006	2005 - as restated
	£	£
10 Debtors - amounts falling due within one year		
Trade debtors	231,284	58,109
Other debtors	500	177,148
Prepayments	1,059	375
	<u>232,843</u>	<u>235,632</u>

	2006	2005 - as restated
	£	£
11 Debtors - amounts falling due after one year		
Amount owed by parent company (see note 2)	<u>3,216,303</u>	<u>3,216,303</u>

Certain net inter-company expenses arising from the group re-organisation carried out in the previous accounting period that were disclosed as amounts owed by the parent company in less than one year at 30 September 2005 have been re-classified as amounts due after more than one year as at 7 October 2006.

	2006	2005 - as restated
	£	£
12 Creditors - amounts falling due within one year		
Trade creditors	142,173	65,948
Taxes and social security	77,164	58,839
Amount owed to parent company	790,087	308,423
Other creditors	101,541	7,287
Accruals and deferred income	-	109,211
Redeemable preference shares classified as liabilities (see note 1)	39,470	5,750
	<u>1,150,435</u>	<u>555,458</u>

	2006	2005 - as restated
	£	£
13 Creditors - amounts falling due after one year		
Redeemable preference shares classified as liabilities (see note 1)	<u>3,265,200</u>	<u>3,304,670</u>

The redeemable preference shares carry a fixed annual dividend of 0.01 pence per share (see note 1). 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 shareholders agree to a lower amount.

Notes to the financial statements

14 Share capital	2006	2005
	£	£
Authorised		
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 redeemable preference shares of £1 each - non-equity	3,500,000	3,500,000
	<u>3,550,000</u>	<u>3,550,000</u>
Allotted, called up and fully paid		
1,000 ordinary shares of 5p each	50	50
3,304,670 redeemable preference shares of £1 each - non-equity (see note 1)	3,304,670	3,310,420
<u>Less</u> Preference shares redeemed in the period (see note 13)	(39,470)	(5,750)
	<u>3,265,250</u>	<u>3,304,720</u>
 15 Capital redemption reserve	 2006	 2005
	£	£
Balance brought forward at start of period	5,750	-
Transfer from general reserves (income and expenditure account) for redemption of non-equity £1 redeemable preference shares	39,470	5,750
	<u>45,220</u>	<u>5,750</u>
 16 Reconciliation of movement in shareholders' funds	 2006	 2005 - as restated
	£	£
Opening shareholders' funds at 1 October - as restated for FRS25 (see note 1)	779,987	840,374
Income and expenditure account surplus/(deficit) for the period	3,173	(60,387)
Redeemable preference share redemption payment (see note 13)	(39,470)	(5,750)
	<u>743,690</u>	<u>774,237</u>
Capital redemption reserve transfer in the period (see note 15)	39,470	5,750
	<u>783,160</u>	<u>779,987</u>
 17 Reconciliation of operating surplus to net cash inflow/(outflow) from operating activities	 2006	 2005
	£	£
Operating surplus	607,425	53,860
Depreciation	-	711,964
Capital grant credits	-	(254,169)
Decrease/(increase) in stocks	27,407	(19,559)
Decrease/(increase) in debtors	2,789	(2,245,189)
(Decrease)/increase in creditors	(21,943)	1,533,883
Decrease in provisions for liabilities and charges	-	(70,920)
	<u>615,678</u>	<u>(290,130)</u>
 18 Reconciliation of net cash flow to movement in net funds	 2006	 2005
	£	£
Increase/(decrease) in cash	588,876	(1,031,044)
Cash outflow from borrowings	-	250,000
Bank loan transferred to parent company	-	625,000
Net funds brought forward	902,399	1,058,443
	<u>1,491,275</u>	<u>902,399</u>
Net funds at end of period		

Notes to the financial statements

19 Analysis of change in net funds

	Cash at bank and in hand	Bank loans	Total
At 1 October 2005	902,399	-	902,399
Cash flows	588,876	-	588,876
At 7 October 2006	<u>1,491,275</u>	<u>-</u>	<u>1,491,275</u>

20 Commitments

There are no capital commitments at 7 October 2006 or at 30 September 2005

21 Ultimate parent company

The parent company is The Shakespeare Globe Trust, a company limited by guarantee and registered in England and Wales 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

22 Related parties

There were no related party transactions in the period

23 Taxation

There is no charge to corporation tax in the period (2005 nil)

24 Reconciliation of tax charge

	2006	2005
	£	£
Tax on surplus for the period before deed of covenant payment at 19% (2005 19%)	149,981	21,877
Permanent and timing differences	(666)	11,411
Tax liability extinguished by deed of covenant payment	(149,315)	(33 288)
Tax charge for the period	<u>-</u>	<u>-</u>

25 Contingent liabilities

There are no contingent liabilities that require to be disclosed in these financial statements or that require to be provided for at the balance sheet date (2005 none)

Auditors and Professional Advisers

Auditors

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Crawley RH11 9PT

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London EC2M 4RB

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Tax Advisers

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Insurance advisers

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