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5/4/06

THE MICHAEL BISHOP FOUNDATION

**Financial Statements
for the year ended
5 April 2006**

ACCOUNTS No 1
2007
REVIEWED BY THE TEAM,
COMPLIANCE DIVISION

BDO

BDO Stoy Hayward

THE MICHAEL BISHOP FOUNDATION
(Established by a Trust Deed dated 9 July 1987)

Financial statements for the year ended 5 April 2006

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Trustees

Sir Michael Bishop CBE, Chairman
G N Elliott CBE, FCA
J S Coulson
J T Wolfe

Registered charity number

297627

Address

Donington Hall
Castle Donington
Derby
DE74 2SB

Solicitors

Allen & Overy
9 Cheapside
London
EC2V 6AD

Bankers

HSBC Bank plc
Market Street
Ashby De La Zouch
Leicestershire
LE6 5BE

Auditors

BDO Stoy Hayward LLP
Commercial Buildings
11 – 15 Cross Street
Manchester
M2 1WE

Investment advisors

Tilney Investment Management
10 Hill Street
Edinburgh
EH2 3JZ

THE MICHAEL BISHOP FOUNDATION

Origin and epitome of Trust

Constitution

The founder has vested sums of money and other assets in the Trust as shown in note 7 to the annexed Financial Statements (the Trust Fund) with the intent that the same should be used for charitable purposes as appears in a Deed dated 9 July 1987.

Investment powers

The Trustees may invest the Trust Fund in the purchase of or at interest upon the security of such stocks, funds, shares, securities or other investments or property of whatsoever nature or wheresoever situate as they shall in their absolute discretion think fit and may at any time and from time to time vary such investments for others of a like nature.

The Trustees shall stand possessed of the Trust Fund and the investments from time to time representing the same upon trust to apply the capital and income thereof to or for such charitable institutions or charitable purposes (being purposes which are exclusively charitable) as the Trustees shall in their absolute discretion think fit.

If the Trustees at any time decide that it is expedient to discontinue the Trust any money or property belonging to the Trust, after payment of all expenses or liabilities properly incurred, shall be distributed among such charitable organisations as the Trustees shall in their absolute discretion think fit.

Objects

The objects of the Trust are to assist such charitable institutions or charitable purposes as the Trustees shall in their absolute discretion think fit.

THE MICHAEL BISHOP FOUNDATION

Report of the Chairman of the Trustees for the year ended 5 April 2006

This year the Foundation has been able to continue donations to charitable organisations at a normal level and anticipates being able to maintain this in future years.

Review of financial year

The gross income of the charity decreased from £96,309 to £90,145.

Charitable donations were made to 26 (2005 - 34) organisations totalling £191,125 (2005 - £177,134).

During the course of the year, small gains were realised on the disposal of equity investments. Unrealised gains have been made in the year due to an improvement in the performance of the stock market.

The overall effect being that the value of the Foundation increased from £2,499,342 to £2,898,057 at 5 April 2006.

Reserves policy

The general funds are used by the Foundation to fund future distributions to charitable organisations. The Trustees have tried to maintain the capital value of the Fund by matching the level of charitable donations to the level of investment income. The Trustees remain aware of the level of the funds and confirm that all reserves shall be used to pursue the Trust's objects in the future. The year ended with general funds of £2,898,057.

Risk review

The Trustees have conducted their own review of the major risks to which the Foundation is exposed and systems have been established to mitigate these risks.

Organisation and grant making policy

The Trustees who have served during the year and since the year end are shown on the contents page.

New Trustees are appointed by the founder of the Trust, Sir Michael Bishop.

The charity receives requests from charitable institutions and if the Trustees believe that the institution may be eligible for funding then further information is requested prior to the Trustees approving or refusing the grant.

Investment policy

Day to day management of the Foundation's investments is delegated to Tilney Investment Management. The Fund Managers are required to manage the investments with regards to maximising investment income and maintenance of capital value.

THE MICHAEL BISHOP FOUNDATION

Report of the Chairman of the Trustees for the year ended 5 April 2006 (continued)

Trustees' responsibilities

Law applicable to charities in England and Wales requires the Trustees to prepare 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. In preparing financial statements giving a true and fair view, they should follow the best practice and:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 charity will continue in existence.

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 the Charities Act 1993, the Trust Deed and the Statement of Recommended Practice (SORP 2005). 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.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next meeting of the Board of Trustees.


Sir Michael Bishop CBE
Chairman

Date... 13 April 2007

THE MICHAEL BISHOP FOUNDATION

Report of the independent auditors to the trustees of The Michael Bishop Foundation

To the Trustees of The Michael Bishop Foundation

We have audited the financial statements of The Michael Bishop Foundation for the year ended 5 April 2006 on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of Trustees and Auditors

The Trustees' responsibilities for preparing the 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 Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report. 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.

Our report has been prepared pursuant to the requirements of the Charities Act 1993 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Charities Act 1993 or has been expressly authorised to do so by our prior consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an 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.

We planned our audit so as to obtain all the information and explanations which were considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

THE MICHAEL BISHOP FOUNDATION

Report of the independent auditors to the trustees of The Michael Bishop Foundation (*continued*)

Opinion

In our opinion:

- the charity financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity at 5 April 2006, and of the charity's incoming resources and resources expended, including its income and expenditure, for the year then ended;
- the charity financial statements have been properly prepared in accordance with the Charities Act 1993; and
- the information given in the Statement of Trustees' Responsibilities is consistent with the financial statements

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
*Chartered Accountants
and Registered Auditors
Manchester*

16 April 2007.

THE MICHAEL BISHOP FOUNDATION

Statement of financial activities for the year ended 5 April 2006

| | | Unrestricted | Unrestricted |
|-------------------------------------------------------------------------------------|---|-------------------------|-------------------------|
| | | fund | fund |
| | | 2006 | 2005 |
| | | £ | £ |
| Incoming resources | | | |
| Investment income | 4 | 90,145 | 96,309 |
| Total incoming resources | | <u>90,145</u> | <u>96,309</u> |
| Resources expended | | | |
| Costs of generating funds: | | | |
| Portfolio management fees | | 11,604 | 9,002 |
| Direct charitable expenditure: | | | |
| Grants | 2 | 191,125 | 177,134 |
| Cost of grant making: | | | |
| Governance | 5 | 8,260 | 7,828 |
| Total resources expended | | <u>210,989</u> | <u>193,964</u> |
| Net outgoing resources for the year before other recognised gains and losses | | <u>(120,844)</u> | <u>(97,655)</u> |
| Gains/(losses) on investments: | | | |
| Realised | | (17,712) | 2,933 |
| Unrealised | | 537,271 | 157,458 |
| Net movement in funds | | <u>398,715</u> | <u>62,736</u> |
| Funds balances brought forward at 5 April 2005 | | 2,499,342 | 2,436,606 |
| Funds balances carried forward at 5 April 2006 | | <u><u>2,898,057</u></u> | <u><u>2,499,342</u></u> |

All amounts relate to continuing activities.

All recognised gains and losses are included in the statement of financial activities.

The notes on pages 8 to 12 form part of these financial statements.

THE MICHAEL BISHOP FOUNDATION

Balance sheet as at 5 April 2006

| | Note | 2006 | | 2005 | |
|----------------------------------|------|-------------------|-------------------|-------------------|-------------------|
| | | £ | £ | £ | £ |
| Investments | 3 | | 2,776,155 | | 1,833,149 |
| Current assets | | | | | |
| Debtors | 6 | 3,000 | | 3,428 | |
| Cash at bank | | | | | |
| - Monies with portfolio managers | | 105,121 | | 88,578 | |
| - Current account | | 75,316 | | 49,468 | |
| - Money market account | | 251,613 | | 836,257 | |
| | | <u> </u> | 435,050 | <u> </u> | 977,731 |
| | | | <u> </u> | | <u> </u> |
| | | | 3,211,205 | | 2,810,880 |
| Less: Current liabilities | | | | | |
| Creditors | 7 | | 313,148 | | 311,538 |
| | | | <u> </u> | | <u> </u> |
| | | | 2,898,057 | | 2,499,342 |
| | | | <u> </u> | | <u> </u> |
| General funds | 8 | | 2,898,057 | | 2,499,342 |
| | | | <u> </u> | | <u> </u> |

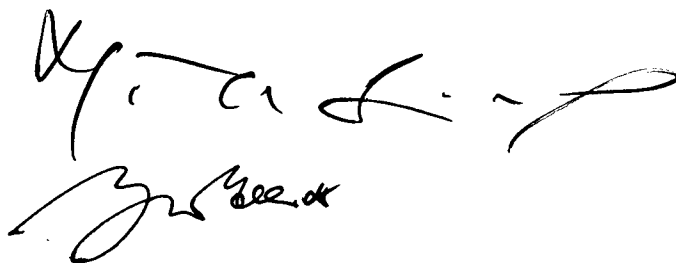
These accounts were approved by the Trustees on 13 April 2007

Sir Michael Bishop CBE

)
)
) Trustees

G N Elliott CBE

)
)



The notes on pages 8 to 12 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and are in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in October 2005 using the following accounting policies which have not changed during the period except where indicated below:-

Marketable investments

Marketable investments are shown at middle-market value at the financial year end. Realised gains and losses on disposal are reflected in the statement of financial activities and are added to or deducted from the general fund.

Income and expenditure account

In principle, all net income will be committed or distributed.

Income

Income has been credited to the revenue account on an accruals basis. Rental income is stated net of related expenses.

Expenditure

Expenditure has been charged to the revenue account on an accruals basis.

General funds

The capital account, included in general funds, represents the net proceeds of sale of the initial gift from the founder and further gifts received since.

Charitable status

The Trust is a registered charity, number 297627, and is exempt from taxation on its income and capital gains.

THE MICHAEL BISHOP FOUNDATION

Notes forming part of the financial statements for the year ended 5 April 2006 (continued)

2 Grants payable

| | 2006 | | 2005 | |
|-------------------------------------------------|-------------|------------|-------------|------------|
| | Number £ | Value £ | Number £ | Value £ |
| Payable to institutions | 26 | 191,125 | 34 | 177,134 |
| Grants made in the year were as follows: | | | | |
| | | | 2006 £ | 2005 £ |
| The D'Oyly Carte Opera Trust Limited | | | 55,000 | 10,000 |
| Terrence Higgins Trust | | | 25,000 | 20,100 |
| ADAS | | | 20,000 | 15,000 |
| Barnardos | | | 20,000 | - |
| Cancer Research UK | | | 20,000 | 1,000 |
| RNIB | | | 10,000 | 5,000 |
| The Yehudi Menuhin School | | | 10,000 | - |
| The Bobby Goldsmith Foundation | | | 5,000 | 10,000 |
| The Royal Society of Musicians of Great Britain | | | 5,000 | - |
| The Wellington Hospital | | | 3,350 | - |
| Wellbeing | | | 2,750 | 1,500 |
| Barbirolli International Oboe Festival and Comp | | | 2,500 | - |
| Barry and Martin's Trust | | | 2,500 | 2,500 |
| King Cross Steelers | | | 2,500 | - |
| The St Columba's Hospice | | | 2,500 | - |
| Students Partnership Worldwide | | | 1,000 | - |
| The Passage | | | 1,000 | 1,000 |
| The Yves Guihanec Foundation | | | 1,000 | - |
| The Foundling Museum | | | - | 35,000 |
| The Royal Flying Doctor Service of Australia | | | - | 25,000 |
| Policy Exchange | | | - | 25,000 |
| Reform Research | | | - | 5,000 |
| NAYC Pioneer Center | | | - | 2,500 |
| Steps | | | - | 2,500 |
| Stonewall | | | - | 2,500 |
| University Hospital of Frankfurt | | | - | 2,134 |
| The Camphill Village Trust | | | - | 1,500 |
| Addaction | | | - | 1,000 |
| Amicus | | | - | 1,000 |
| Debra | | | - | 1,000 |
| Elmhirst Ballet School Trust | | | - | 1,000 |
| Glenkens Community and Arts Trust | | | - | 1,000 |
| Sane | | | - | 1,000 |
| The D&C Safer Communities Trust | | | - | 1,000 |
| Grants less than £1,000 | | | 2,025 | 2,900 |
| | | | 191,125 | 177,134 |

There were no grants payable to individuals in this year (2005 – nil).

THE MICHAEL BISHOP FOUNDATION

Notes forming part of the financial statements for the year ended 5 April 2006 (*continued*)

3 Investments

| | 2006 £ | 2005 £ |
|------------------------|-----------|-----------|
| Marketable investments | 2,776,155 | 1,833,149 |

i) Net movement in market value of marketable investments

| | £ |
|----------------------------------------|-----------|
| Market value at 6 April 2005 | 1,833,149 |
| Cost of investments purchased | 739,557 |
| Proceeds of investments sold | (316,110) |
| Realised losses on sale of investments | (17,712) |
| Change in market value of investments | 537,271 |
| Market value at 5 April 2006 | 2,776,155 |

ii) Marketable investments

| | 2006 | | 2005 | |
|----------------------------|-----------|----------------|-----------|----------------|
| | Cost £ | Valuation £ | Cost £ | Valuation £ |
| Fixed interest | 329,574 | 328,062 | 213,659 | 211,823 |
| UK equities | 1,299,428 | 1,785,172 | 1,114,638 | 1,257,812 |
| European unit trusts | 132,609 | 194,607 | 76,419 | 106,300 |
| Far East unit trusts | 115,853 | 166,687 | 91,675 | 114,451 |
| UK unit trusts | 205,119 | 226,986 | 86,273 | 78,302 |
| North American unit trusts | 60,526 | 74,641 | 56,089 | 64,461 |
| | 2,143,109 | 2,776,155 | 1,638,753 | 1,833,149 |

No single investment represented more than 5% of the total market value of the investments in either the current or previous year.

4 Investment Income

| | 2006 £ | 2005 £ |
|---------------|-----------|-----------|
| Dividends | 87,010 | 56,977 |
| Bank interest | 3,135 | 39,332 |
| | 90,145 | 96,309 |

THE MICHAEL BISHOP FOUNDATION

Notes forming part of the financial statements for the year ended 5 April 2006 (continued)

5 Analysis of governance costs

| | 2006 | 2005 |
|----------------------------|--------------|--------------|
| | £ | £ |
| Audit, accountancy and tax | 5,605 | 5,846 |
| Staff costs | 697 | - |
| Insurance | 1,033 | 1,014 |
| Sundry | 925 | 698 |
| | <u>8,260</u> | <u>7,558</u> |

6 Debtors

| | 2006 | 2005 |
|----------------------------------------------|--------------|--------------|
| | £ | £ |
| Loan to The D'Oyly Carte Opera Trust Limited | 1,575,000 | 1,575,000 |
| Less: provision | (1,575,000) | (1,575,000) |
| Accrued investment income | 3,000 | 3,428 |
| | <u>3,000</u> | <u>3,428</u> |

Sir Michael Bishop is a Trustee of The D'Oyly Carte Opera Trust Limited.

7 Creditors

| | 2006 | 2005 |
|-------------------|----------------|----------------|
| | £ | £ |
| Loan from Trustee | 302,494 | 302,494 |
| Accruals | 7,015 | 5,405 |
| Other creditors | 3,639 | 3,639 |
| | <u>313,148</u> | <u>311,538</u> |

THE MICHAEL BISHOP FOUNDATION

Notes forming part of the financial statements for the year ended 5 April 2006 (continued)

8 General funds

| | Revenue account £ | Investments realised surplus/ (deficit) £ | Unrealised valuation surplus/ (deficit) £ | Proceeds from sale of initial assets and further assets gifted £ | Total £ |
|-----------------------------------------------------------------|-------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------|------------------|
| At 6 April 2005 | (1,611,226) | (427,463) | 193,258 | 4,344,773 | 2,499,342 |
| Deficit for the year | (120,844) | - | - | - | (120,844) |
| Proportion of profit/(deficit) on disposals attributable to: | - | - | - | - | - |
| - current year | - | 78,514 | - | - | 78,514 |
| - prior year | - | (96,226) | 96,226 | - | - |
| Valuation adjustment at 5 April 2006 | - | - | 441,045 | - | 441,045 |
| At 5 April 2006 | <u>(1,732,070)</u> | <u>(445,175)</u> | <u>730,529</u> | <u>4,344,773</u> | <u>2,898,057</u> |

9 Guarantee

The Foundation has provided a guarantee to support a bank facility in the name of The D'Oyly Carte Opera Trust Limited. The guarantee is limited to whichever is the lower of £250,000 or the net assets of The Michael Bishop Foundation.

The Foundation has also provided a guarantee to Derby Independent Grammar School.

10 Cash flow

The Foundation has used the exemption under Financial Reporting Standard (revised 1996), "Cash Flow Statements", not to prepare a cash flow statement as the Trustees believe the Foundation is a "small entity" under the definitions of the standard.

11 Trustees

No Trustee received any remuneration from the Foundation during the year. Nor did any Trustee receive reimbursement for any expenses incurred.

12 Related party transactions

Sir Michael Bishop, a Trustee, is also a trustee of The D'Oyly Carte Opera Trust Limited. During the year, The Michael Bishop Foundation made a further grant of £55,000 (2005 - £10,000) to the D'Oyly Carte Opera Trust Limited as per note 2 on page 9.

In previous years, loans have been made to The D'Oyly Carte Opera Trust Ltd, and these have been fully provided against as it is unlikely that they will be recovered in the short term. The amount owed at the year end was £1,575,000 (2005 - £1,575,000).