

Governance Risk and Best Value Committee

10.00am, Tuesday 28 November 2017

Festival City Theatres Trust Company Performance Report 2016/17- referral from Culture and Communities Committee

Item number	7.1
Report number	
Wards	All
Council Commitments	

Executive summary

On 14 November 2017, the Culture and Communities Committee considered the annual performance report for the Festival City Theatres Trust covering the period 2016/17. The report is now referred to the Governance, Risk and Best Value Committee for scrutiny.

Terms of Referral

Festival City Theatres Trust Company Performance Report 2016/17- referral from Culture and Communities Committee

Terms of referral

- 1.1 In June 2016 following a review by Internal Audit, Council approved actions to improve the scrutiny of Council companies. This included a range of actions regarding governance and reporting to Council committees, whereby scrutiny was separated to allow executive committees to scrutinise future plans of the relevant company and for the Governance, Risk and Best Value Committee to scrutinise past performance and accounts.
- 1.2 On 14 November 2017, the Culture and Communities Committee considered the annual performance report for the Festival City Theatres Trust covering the period 2016/17. The report is now referred to the Governance, Risk and Best Value Committee for scrutiny as per the agreed procedure.
- 1.3 The Culture and Communities Committee agreed:
 - 1.3.1 To note the positive performance of the Festival City Theatres Trust during 2016/17
 - 1.3.2 To refer the report to the Governance, Risk and Best Value Committee for scrutiny.

For Decision/Action

- 2.1 The Culture and Communities Committee has referred the report to the Governance, Risk and Best Value Committee for scrutiny.

Background reading / external references

[City of Edinburgh Council – 30 June 2016](#)

[Culture and Communities Committee - 14 November 2017](#)

Laurence Rockey

Head of Strategy and Insight

Contact: Ross Murray, Governance Officer

E-mail: ross.murray@edinburgh.gov.uk | Tel: 0131 469 3870

Links

Appendices

Appendix 1 - report by the Executive Director of Place

Appendix 2 – Annual Report for year ended 31 March 2017

Appendix 3 – Annual Report and Consolidated Financial Statements for year ended 31 March 2017

Appendix 4 – Annual Review 2016-17

Culture and Communities Committee

10.00am, Tuesday, 14 November 2017

Festival City Theatres Trust Company Performance Report 2016/17

Item number	9.4
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	C46

Executive Summary

This is the fourth annual performance report prepared as a requirement of the Services and Funding Agreement process adopted in 2013/14.

The Festival City Theatres Trust, responsible for the programming and management of both the King's and Festival Theatres, and the Studio at the Festival Theatre, has had a successful year, with positive growth in programming, income and attendances.

Festival City Theatres Trust Company Performance Report 2016/17

1. Recommendations

- 1.1 It is recommended that the Culture and Communities Committee notes the positive performance of the Festival City Theatres Trust during 2016/17.

2. Background

- 2.1 This is the fourth annual performance report prepared as a requirement of the Services and Funding Agreement process adopted in 2013/14.

3. Main report

- 3.1 The Festival City Theatres Trust (FCTT) reports on its performance to Council Monitoring Officers as required by the Services and Funding Agreement on a monthly, quarterly and annual basis.
- 3.2 The Services and Funding Agreement for 2016/17 was aligned to Council Pledges and had 25 Targets aligned to five key performance headings.

These were:

- leadership;
- resources and sustainability;
- communications and responding to feedback;
- Inclusion, Diversity, Equality and Access; and
- facilitation, partnership, developing and promoting joint working.

FCTT performed well against all of the targets.

- 3.3 The programme continues to reflect work by international and national theatre and dance companies, alongside performances and participation activities by local non-professional groups across the three venues.

3.4 2016/17 programme examples included:

- the Mary Poppins musical (a show from Cameron Macintosh in a co-production with Disney Productions);
- Christmas programming demonstrated appeal across ages and interests with the successful King's Pantomime, Scottish Ballet's 'Hansel and Gretel' and 'Too many Penguins?' in the Studio;
- the continued and growing partnerships with the city's festivals included the Fringe, Film and Children's Festivals amongst others, as well as festivals such as Luminare and the Jazz and Blues Festival;
- the Opera programme continued to flourish with Scottish Opera's 'The Marriage of Figaro' and Opera North's 'Billy Budd';
- dance is well represented with Rambert and Alvin Ailey American Dance Theater amongst others;
- both the Festival and King's Theatres also hosted a strong drama programme including the return of the National Theatre's 'The Curious Incident of the Dog in the Night-time' and at the King's a diverse programme included 'A Tale of Two Cities' and a debut production of 'The Broons'.

3.5 The Learning and Participation programme continues to go from strength to strength working across four key areas of:

- working in schools;
- overcoming barriers to access;
- supporting emerging talent; and
- encouraging public engagement.

3.6 The Forget Me Not programme (a project to make the theatres dementia-friendly) delivered 168 events and engaged over 3,000 participants. Events included the first dementia-friendly performance of a major touring musical, 'Chitty Chitty Bang Bang', the UK's first dementia-friendly opera – a special performance of 'The Marriage of Figaro', and the world première of 'Curious Shoes', a bespoke piece of theatre for people living with dementia.

3.7 The first 'Awfey Huge Variety Show' took place on the Festival Theatre main stage. This was a show created and performed by the children of Edinburgh's special schools.

3.8 The Attic Collective was launched, a new theatre company for young people in Scotland. The 18 company members participated in a rigorous selection and audition process, which began with over 350 applicants, and delivered their first production in January 2017.

- 3.9 The three year 'Start' project ended this year. The programme gave primary school children who are new to theatre an inspiring free programme of visits to professional shows, workshops to develop new skills, support to create their own work and the opportunity to share their work on Scotland's biggest stage.
- 3.10 The theatres programme also received very positive reviews and press coverage with four and five star reviews for their top ten performing shows. A link to the online FCTT Annual Review is provided at point ten in this report.

4. Measures of success

- 4.1 The FCTT contributes effectively to the delivery of the Council's Business Plan.
- 4.2 The Services and Funding Agreement ensures performance reporting requirements are monitored and met.
- 4.3 Success is also measured against the following objectives within the Culture Plan:
- ensure that everyone has access to world class cultural provision;
 - encourage the highest standards of creativity and excellence in all aspects of cultural activity;
 - support greater partnership working in the cultural and creative sectors and maximise resources available to help them thrive all year round; and
 - articulate the positive impact of culture in Edinburgh and promote Edinburgh's cultural success locally, nationally and internationally.

5. Financial impact

- 5.1 FCTT is a Creative Scotland Regularly Funded Organisation and 2016/17 is the second year of a three year commitment of a grant of £105,000 per annum supporting drama and dance. The Council awarded a grant of £646,489 to FCTT in 2016/17.
- 5.2 FCTT ticket income was increased by 25% to total ticket income over 155 shows of £9.9M.

6. Risk, policy, compliance and governance impact

- 6.1 This report is required under the Council's governance arrangements for Council Companies. There are no risk, policy or compliance implications arising from this report.

7. Equalities impact

- 7.1 FCTT actively promotes access to services for different equalities groups; provides data on the level of use of services by equalities groups; provides evidence of quality analysis relating to equality groups.

8. Sustainability impact

- 8.1 There are no sustainability implications arising from this report.

9. Consultation and engagement

None

10. Background reading/external references

- 10.1 FCTT website [Home | edtheatres.com](http://edtheatres.com)
- 10.2 FCTT Annual review 2016/17 [About us | edtheatres.com](http://edtheatres.com)
- 10.3 Previous Committee Reports:
- 10.4 Culture and Sport Committee Item 7.5 on 19 August 2014 [Culture and Sport Committee | The City of Edinburgh Council](#)
- 10.5 Culture and Sport Committee Item 7.6 on 16 December 2014 [Culture and Sport Committee | The City of Edinburgh Council](#)
- 10.6 Culture and Sport Committee Item 7.2 on 18 August 2015 [Culture and Sport Committee | The City of Edinburgh Council](#)
- 10.7 Culture and Sport Committee Item 7.2 on 23 August 2016 [Culture and Sport Committee | The City of Edinburgh Council](#)

Paul Lawrence

Executive Director of Place

Contact: Lindsay A Robertson, Service Manager, Cultural Strategy

E-mail: lindsay.robertson@edinburgh.gov.uk | Tel: 0131 529 6719

11. Appendices

None

Festival City Theatres Trading Limited
Annual report
For the year ended 31 March 2017

Registered in Scotland No SC133567

Festival City Theatres Trading Limited
Annual report
for the year ended 31 March 2017

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Festival City Theatres Trading Limited

Directors and Advisors

Directors

Professor Dame Joan K Stringer DBE FRSE
Duncan Hendry

Company Secretary

Iain Ross

Registered office

13/29 Nicolson Street
Edinburgh
EH8 9FT

Auditor

Chiene + Tait LLP
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Solicitors

Shepherd & Wedderburn
Level 2
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ET

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Festival City Theatres Trading Limited

Directors' report for the year ended 31 March 2017

The Directors have pleasure in submitting their annual report and accounts for the year ended 31 March 2017.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

Principal Activities and Review of the Business

The company provides bar, catering, programme and ice cream sales and other supporting services in the Festival Theatre, King's Theatre and the Potterrow Studio in Edinburgh. The operating surplus is donated to Festival City Theatres Trust utilising Gift Aid.

The profit and loss account for the year is set out on page 6. The positive trading performance reflects a busy year in all our venues and the Directors consider the operating surplus of £322,445 (2016: £284,525) to be very satisfactory.

Directors

Professor Dame Joan K Stringer DBE FRSE and Duncan Hendry served as directors throughout the year.

Statement as To Disclosure of Information to the Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Festival City Theatres Trading Limited

Directors' report for the year ended 31 March 2017 (continued)

Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

On Behalf of the Board



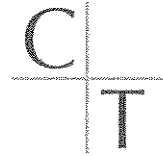
Professor Dame Joan K Stringer DBE FRSE

Director

30th May 2017

Festival City Theatres Trading Limited

Independent auditor's report to the members of Festival City Theatres Trading Limited



We have audited the financial statements of Festival City Theatres Trading Limited for the year ended 31 March 2017 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

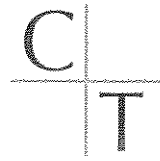
Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Festival City Theatres Trading Limited

Independent auditor's report to the members of Festival City Theatres Trading Limited (continued)



Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)
For and on behalf of
CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

30th May 2017

Festival City Theatres Trading Limited

Profit and loss account for the year ended 31 March 2017

	Notes	2017 £	2016 £
Turnover	2	1,168,160	960,286
Cost of sales		(396,065)	(296,651)
Gross profit		772,095	663,635
Administrative expenses		(449,650)	(379,110)
Amount Gift Aided to parent		(322,445)	(284,525)
Operating profit		-	-
Other income		-	-
Profit on ordinary activities before taxation	3	-	-
Taxation	5	-	-
Profit for the financial year	12	-	-

All activities were continuing activities.

The company has no recognised gains and losses other than those included in the results above.

There is no difference between the results on ordinary activities before taxation and the results for the year stated above and their historical cost equivalents.

Festival City Theatres Trading Limited

Notes to the financial statements for the year ended 31 March 2017

Balance sheet as at 31 March 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	6	102,714	96,992
Current assets			
Stock	8	27,498	17,479
Debtors	9	4,059	9,863
Cash at bank and in hand		38,249	31,066
		69,806	58,408
Creditors: amounts falling due within one year	10	(166,332)	(149,212)
Net current liabilities		(96,526)	(90,804)
Net assets		6,188	6,188
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	6,186	6,186
Equity shareholder's funds	13	6,188	6,188

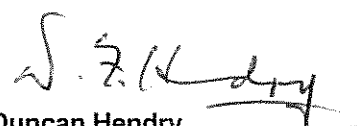
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland.

The financial statements on pages 6 to 13 were approved by the Board of Directors and authorised for issue on 30th May 2017 and were signed on its behalf by:-



Professor Dame Joan K Stringer DBE FRSE

Director



Duncan Hendry

Director

Registered in Scotland No SC133567

Festival City Theatres Trading Limited

Notes to the financial statements for the year ended 31 March 2017

1 Company information

Festival City Theatres Trading Limited is incorporated and domiciled in Scotland with registered company number SC133567. The registered office is 13/29 Nicolson Street, Edinburgh EH8 9FT. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the company.

2 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been consistently applied is set out below.

Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards, including Financial Reporting Standard 102, section 1a – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102").

Going concern

The directors consider the company to be a going concern and the financial statements have been prepared on that basis

Further details of the going concern assumption and status of the parent company can be found in the consolidated financial statements of the Festival City Theatres Trust for the year ended 31 March 2017.

The financial statements of the company have therefore been drawn up on a going concern basis which assumes that, at the date of approval of the financial statements, the parent company has sufficient reserves to continue to operate for the foreseeable future and therefore provide ongoing trading opportunities and support to the company.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents sales of food, drink, merchandise and function fees, net of value added tax, and is recognised in the period in which the service is made.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Festival City Theatres Trading Limited

Notes to the financial statements for the year ended 31 March 2017

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 6 for carrying amounts of tangible assets.

ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 9 for carrying amount of debtors.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition.

Fixtures and fittings are depreciated using the straight line method at a rate of 20%.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

Pensions

The company makes pension contributions to employees' personal pension plans which are charged to the profit and loss account when paid.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments, which include trade and other receivables and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Basic financial liabilities, which include trade and other payables, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised through profit or loss.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Festival City Theatres Trading Limited

Notes to the financial statements for the year ended 31 March 2017

3 Profit on ordinary activities before taxation

Profit is stated after charging:

	2017	2016
	£	£
Auditor's remuneration:		
- As Auditor	1,600	1,575
Depreciation of tangible fixed assets (see note 6)	19,521	10,771

4 Directors' emoluments

The Directors received no emoluments during the year (2016: £nil).

5 Taxation

There is no taxation liability on the profit for the year due to the Gift Aid payment of the taxable profit to the company's holding company, which has charitable status.

The tax assessed for the year is lower than the Small Profits corporation tax rate in the UK (20%) (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities for the financial year	322,445	284,525
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 20% (2016: 20%)	64,489	56,905
Effects of:		
Gift Aid payment to parent company (see note 12)	(64,489)	(56,905)
Current tax charge for the period	-	-

Festival City Theatres Trading Limited

Notes to the financial statements for the year ended 31 March 2017

6 Tangible fixed assets

	Fixtures & Fittings £
Cost	
At 1 April 2016	252,175
Additions	25,243
Disposals	(124,112)
At 31 March 2017	153,306
Depreciation	
At 1 April 2016	155,183
Charge for year	19,521
Disposals	(124,112)
At 31 March 2017	50,592
Net book value	
At 31 March 2017	102,714
At 31 March 2016	96,992

7 Employees

The average number of employees during the year was 33 (2016: 33).

8 Stock

	2017 £	2016 £
Café	6,637	-
Bars, catering and kiosk	17,500	15,216
Ice Cream and sweets	3,361	2,263
	27,498	17,479

Festival City Theatres Trading Limited

Notes to the financial statements for the year ended 31 March 2017

9 Debtors: amounts falling due within one year

	2017	2016
	£	£
Trade debtors	1,804	3,210
Prepayments	2,255	2,635
Accrued Income	-	4,018
	4,059	9,863

10 Creditors: amounts falling due within one year

	2017	2016
	£	£
Amount due to parent company	149,450	139,998
Trade creditors	4,305	6,160
Accruals and deferred income	12,577	3,054
	166,332	149,212

11 Share capital

	2017	2016
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called-up and fully paid		
2 Ordinary shares of £1 each	2	2

Called up share capital – represents the nominal value of shares that have been issued.

12 Profit and loss account

	2017	2016
	£	£
At 1 April 2016	6,186	6,186
Surplus retained for the year	-	-
At 31 March 2017	6,186	6,186

Profit and loss account – includes all current and prior period retained profits and losses.

Festival City Theatres Trading Limited

Notes to the financial statements for the year ended 31 March 2017

13 Reconciliation of movement in equity shareholder's funds

	2017	2016
	£	£
At 1 April 2016	6,188	6,188
Surplus for the year before gift aid	322,445	284,525
Gift Aided to Festival City Theatres Trust	(322,445)	(284,525)
At 31 March 2017	6,188	6,188

14 Ultimate Holding Company

Festival City Theatres Trust is recognised as the ultimate holding company and controlling company. Under the terms of Section 33 of Financial Reporting Standard 102, Festival City Theatres Trading Limited is exempt from disclosing related party transactions and balances with Festival City Theatres Trust. Copies of the consolidated financial statements of Festival City Theatres Trust are available from the Company Secretary.

For use by the Directors

This page does not form part of the Financial Statements

Festival City Theatres Trading Limited
Detailed income and expenditure account
For the year ended 31 March 2017

	2017	2016
	£	£
Turnover		
Licensed bar	561,910	462,908
Café	86,293	38,671
Functions	43,381	45,603
Front of House	476,576	413,104
	1,168,160	960,286
Cost of sales		
Licensed bar	198,086	160,454
Café	30,636	13,794
Functions	7,018	7,428
Front of House	112,823	102,933
Administration Costs	47,502	12,042
	396,065	296,651
Gross profit	772,095	663,635
Gift Aid Payment	322,445	284,525
	449,650	379,110
Operating expenses		
Wages and salaries	406,929	343,494
Depreciation	19,521	10,771
Gas & Electric	21,600	23,300
Audit & Accountancy	1,600	1,545
	449,650	379,110
Operating profit (loss)	-	-
Bank Interest	-	-
Profit for the Year	-	-

Festival City Theatres Trust

(A company limited by guarantee)

Annual report

and consolidated financial statements

for the year ended 31 March 2017

Registered in Scotland No SC134619

Registered Scottish Charity No SC018605

Festival City Theatres Trust

(A company limited by guarantee)

Annual report and consolidated financial statements for the year ended 31 March 2017

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Festival City Theatres Trust

(A company limited by guarantee)

Reference and Administrative Details

Directors / Trustees

Professor Dame Joan K Stringer DBE FRSE	- Chair
Philip Bernays	
Helen Mackie	
Alasdair Peacock	
Karen Cairney	
Gordon Jack	
Karyn Watt	<i>appointed 5 April 2017</i>
Councillor Melanie Main	<i>resigned 4 May 2017, re-appointed 30 May 2017</i>
Councillor Karen Doran	<i>resigned 4 May 2017, re-appointed 30 May 2017</i>
Councillor Max Mitchell	<i>appointed 30 May 2017</i>
Councillor Amy McNeese-Mechan	<i>appointed 30 May 2017</i>
Councillor Elaine Aitken	<i>resigned 4 May 2017</i>
Councillor Richard Lewis	<i>resigned 4 May 2017</i>

The directors of the charitable company (the Trust) are its trustees for the purposes of charity law.

Chief Executive

Duncan Hendry

Company Secretary

Iain Ross

Charity Number SC018605

Company Number SC134619

Registered office

13/29 Nicolson Street
Edinburgh
EH8 9FT

Auditor

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Solicitors

Shepherd & Wedderburn WS
Level 2
Saltire Court
Castle Terrace
Edinburgh
EH1 2ET

Festival City Theatres Trust

(A company limited by guarantee)

Trustees' report for the year ended 31 March 2017

The Directors, who act as Trustees for charitable law purposes, present their report and the audited financial statements for the year ended 31 March 2017. This report is prepared in accordance with the Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

Objectives and Activities

The Charitable Purposes of the Trust, whether working on its own or collaboratively with others, are to promote Arts and Culture in all or any of their forms and to foster an understanding and appreciation thereof, and to educate the public about Arts and Culture in all or any of their forms, and the heritage of Arts and Culture. It has the general aim of contributing to the quality of life of the people of Edinburgh and East Central Scotland by expanding their horizons through the provision of exciting, challenging and accessible professional and community arts events.

The Trust aims to have its theatres recognised internationally as centres of excellence, to be engaged with the local community and to present work of the highest quality that stimulates, entertains, educates and inspires. The Trust's mission over the next five years is to enhance the reputation of its theatres by presenting a programme of quality work from Scottish, UK and international companies and to give leadership, support and exemplary levels of care to visiting companies, stakeholders, customers and its own staff.

In pursuance of this mission the Trust's strategic goals are: to develop and grow new audiences from a wide geographic area and a broad range of demographics, whilst retaining and deepening engagement with existing audiences; to present quality work best suited to its theatres from local, national and international companies; to provide flexible facilities for its visiting companies, audiences and staff that meet or exceed their expectations; to maintain a surplus of a minimum of £350,000 in unrestricted reserves.

Based in Edinburgh, the Trust's activities are concentrated on the management, programming and operation of its two theatres, the Festival Theatre and the King's Theatre, and The Studio facility on Potterrow. The Trust aims to programme quality work, referenced against a number of parameters: high threshold of artistic excellence; multiple art forms; cultural diversity and richness; participation and learning opportunities for all ages; inclusiveness – programmes for all tastes and backgrounds; accessibility; mainstream – a variety of well known and loved shows; innovative programming and experimental shows; world class and international work as well as being a window on the world through which Scottish work can be presented nationally and internationally. Performances range across the performing arts including opera, ballet, contemporary dance, theatre, drama, music - classical, contemporary and jazz, musical theatre, pantomime, cinema and musical productions presented by the city's larger amateur musical societies. The Trust maintains a flexible approach to the programme quantity and mix based on the parameters above and on commercial viability.

In addition, the Trust presents a Learning and Participation programme which engages, informs and enthuses a wide range of participants, develops new audiences, and helps deepen our relationship with existing audiences. Activities include youth theatre opportunities, education initiatives to attract new audiences into its theatres, continuous personal development for teachers, career day advice for students, and an extensive range of talks and workshops based around performances in its venues.

The year under review was the second of a three year project, funded by the Life Changes Trust, which aims to make the Trust's venues dementia friendly and produce a framework as an exemplar of best practice for theatres both in Scotland and furth of the border.

Structure, Governance and Management

The Charitable Company ('the Trust') is limited by guarantee and does not have a share capital. It is a recognised charity in Scotland and is governed by Articles of Association which were updated on 2nd December 2014. Members, who shall number six as a minimum and thirteen as a maximum, are those individuals that are elected Trustees, of which a maximum of four are Councillors of, and appointed by, City of Edinburgh Council, up to eight are elected by the Board from time to time and up to one co-opted who may be appointed in the short term to take the place of an elected member during periods of illness or indisposition.

Festival City Theatres Trust

(A company limited by guarantee)

Trustees' report for the year ended 31 March 2017 (continued)

The Management of the Charitable Company is the responsibility of the Trustees who are appointed under the terms of the Articles of Association.

As set out in the Articles of Association, the City of Edinburgh Council nominates up to four Trustees and other Trustees are elected by the Board. Elected Trustees may serve for two periods of four years before retiring. Trustees co-opted by the Board are subject to re-election at the AGM immediately following their co-option. Trustees are elected or co-opted based on an audit, reviewed annually, to ensure that a wide range of skills and interests are represented on the Board.

New Trustees meet with the Chair and the Chief Executive to be appraised of the Trust, its structure, its governance, the content of its Articles of Association, the committee decision-making process, the business plan and recent financial performance. Members of the Board are encouraged to undertake training provided by Arts and Business on best practice in Board membership for Trustees of Arts Charities, and attend a Diversity Training course. They are also given guided tours of the Trust's theatres and afforded the opportunity to meet key staff. Trustees are encouraged to attend performances at the theatres.

The Board of Trustees, which administers the Trust, meets approximately every eight weeks and there are sub-committees covering audit, finance and risk, remuneration and nomination. The Trustees elect one of their number as Chair for a period of four years, which can be renewed. The Board appoints a Chief Executive, who is not a member of the Board, to deliver the strategic objectives set by the Board and manage the day to day operations of the Trust. To facilitate effective operations, the Chief Executive has authority, within terms of delegation approved by the Trustees, for artistic performance and operational matters including finance and employment.

The Trust's wholly owned subsidiary, Festival City Theatres Trading Limited, operates the commercial bar, catering and conference facilities at all venues, donating its taxable surplus to the Trust using Gift Aid.

Related Parties

The Trust has a close relationship with City of Edinburgh Council, which regards the Trust as an associate entity and provides essential core funding for the artistic programme as an amenity for local residents and the public. The Council also acts as the Trust's landlord under lease agreements.

The Trust has a wholly owned subsidiary, Festival City Theatres Trading Limited, which operates commercial activities on its behalf.

The Trust is a minority stakeholder in a touring consortium, Music & Lyrics Limited, which produces large scale touring musicals which visit the Festival Theatre.

The Trust is a member of Touring Consortium Theatre Company which curates and tours dramatic productions which visit the King's Theatre. Our Chief Executive, Duncan Hendry, is a Director of the company.

Key Management Personnel and remuneration policy

The Trustees consider the Board of Trustees, the Chief Executive, the Director of Operations and the Director of Finance & HR comprise the key management personnel of the charity as they are in charge of directing and controlling, running and operating the charity on a day to day basis. All Trustees give of their time freely but can claim travel expenses for attendance at meetings. See note 11 for further details.

The remuneration of the Chief Executive is agreed by the Remuneration Committee each year, taking account of the financial performance of the Trust and achievement of key outcomes, together with benchmarking against salaries of comparable positions in the industry.

Festival City Theatres Trust

(A company limited by guarantee)

Trustees' report for the year ended 31 March 2017 (continued)

Reserves

One of the Trust's strategic goals is to maintain a cumulative surplus on unrestricted reserves of a minimum of £350,000 - a target set by the Board in 2011. In assessing the quantum of this reserve, consideration was given to the effect that short-term adverse economic or trading conditions could have on the Trust and its ability to sustain its operations until matters improved. At 31 March 2017 this reserve was £354,839 (2016 - £352,656).

Designated funds are comprised of two elements. The Theatres Development Fund of £2,622,565 (2016 - £1,900,634) continues to grow steadily. Of the total balance £506,633 is already committed to projects and is being amortised over up to fifty years in line with the life of the assets concerned. The remaining balance of £2,115,932 will contribute to the cost of refurbishment of the seats in the Festival Theatre due to start in September 2017, and provide seed funding for a major transformation of the King's Theatre currently being developed. A pension fund deficit of £347,000 (2016 - £224,000) is a long term liability with no immediate cash effect, although the Trustees are conscious of the size and composition of the debt and continue to give consideration to how it should be dealt with in the medium term.

Restricted funds of £630,233 (2016 - £1,704,907) relate in large part to the Studio development in Potterrow, and are depreciated over fifty years. Additional amounts relate to grants received to upgrade our wi-fi and broadband infrastructure, and restoration projects at the King's Theatre. Further detail is provided in notes 20 to 22 of the financial statements.

Investment policy

During the year the Trustees reviewed the investment policy and agreed that surplus funds should continue to be held in fixed term deposit accounts and diversified across more than one bank and an instant access liquidity fund. During the year income from deposits and accounts amounted to £6,079 (2016: £6,413).

Statement of Trustees' responsibilities

The Trustees (who are also directors of Festival City Theatres Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and the incoming resources and application of resources, including the net income and expenditure, of the charitable group for the year. In preparing the financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation. The going concern basis of preparation is disclosed further in note 2, Principal Accounting Policies, of the financial statements.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trustees are also responsible for safeguarding the assets of the charitable company and group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Festival City Theatres Trust

(A company limited by guarantee)

Strategic report for the year ended 31 March 2017

The Directors, who act as Trustees for charitable law purposes, are pleased to present their Strategic Report for the year ended 31 March 2017.

Achievements and Performance

Having achieved its goal of earning £350,000 of unrestricted reserves by the end of 2015-2016, the Trust has been able to commit increased funds to the upkeep of its theatres and their technical infrastructure following another very positive year of trading. After transferring £350,000 to the Theatres Development Fund, the balance of the year's surplus of £2,183 was retained in unrestricted reserves.

Attendances for the year were 380,845 (2016 – 336,733) and a further 80,014 (2016 – 59,156) came to see performances promoted by companies renting our theatres. Box office income was £9,902,994 (2016 - £7,585,296) and box office retentions and rental income £2,849,120 (2016 - £2,489,313). As the figures suggest, audience reaction to the programmes curated continued to be extremely positive.

The Trust welcomed five festivals over the summer – the Edinburgh International Film Festival, The Edinburgh Magic Festival, The Edinburgh Jazz and Blues Festival, the Edinburgh International Festival and, in The Studio, Edinburgh Festival Fringe performances were presented by producers Underbelly.

The Festive season saw Scottish Ballet's production of *Hansel and Gretel* at the Festival Theatre and another record-breaking pantomime run at the King's where *Jack and the Beanstalk* played to over 90,000 people. The Studio hosted a show for 1 to 4 year olds, *Too Many Penguins*, which introduced theatre to a very young and enthusiastic new audience.

For the first time the Festival Theatre welcomed a major Cameron Mackintosh production, *Mary Poppins*, which entranced over 43,000 people and produced a noticeable atmosphere of excitement throughout its four week run. The visit of Music & Lyric's much admired show *Chitty Chitty Bang Bang* and return of the National Theatre's *The Curious Incident of the Dog in the Night Time* were other highlights of a busy year in Nicolson Street.

The programme of screenings expanded again and is attracting a core of loyal supporters. *The Tempest* by the Royal Shakespeare Company, Ian McKellen and Patrick Stewart in *No Man's Land*, and National Theatre's *Amadeus* were particularly well supported.

Not to be outdone, the King's hosted a succession of impressive productions including *Jackie The Musical*, *Of Mice and Men*, *Breakfast at Tiffany's*, *A Tale of Two Cities* and the debut of some of Scotland's favourite comic characters in *The Broons*.

All three festive season productions included relaxed or dementia friendly performances, and we were delighted to host the first ever UK dementia friendly opera when Scottish Opera visited with *The Marriage of Figaro*.

Our Learning and Participation programme broadened its reach further during the year and saw the start of a new initiative, The Attic Collective, a repertory company for 18 to 26 year olds. While it has brought its challenges, particularly in a financial sense, the first production, *Lysistrata*, was generally well received and demonstrated potential for the future.

Financial Review

The financial statements show a consolidated operating surplus, after transfers of unrestricted general funds, of £2,183.

City of Edinburgh Council reduced their grant for the year by £123,000 to £646,489 and it will fall by a further £29,550 in 2017/2018. As a Regularly Funded Organisation we received £105,000 from Creative Scotland, the second of three such annual grants, and our funding application for the three year period starting in 2018-2019 was submitted at the beginning of April. Our Patrons and benefactors were once again very generous in their support.

The Trust continues to be dependent on grant support and further significant reductions would have a substantial impact on its financial wellbeing. However, the Board remain cognisant of the very severe pressures that its funders are experiencing, and for the need for the Trust to continue to curate strong programmes, and enhance and expand the work currently being done to address the issues of diversity and inclusion.

Festival City Theatres Trust

(A company limited by guarantee)

Strategic report for the year ended 31 March 2017 (continued)

Planning for a transformational refurbishment project at the King's Theatre took a major step forward with the appointment of a Director of Development whose role will be to mastermind the raising of up to £25 million in support of the project. The Trust has committed to allocating £5 million from the Theatres Development Fund in support of this project and City of Edinburgh Council has given its agreement in principle to including a further £5 million in their capital budgets.

The Trust has material pension obligations as an employer in the Lothian Pension Fund. The liability arose following the transfer of staff, previously employed by City of Edinburgh Council, at the King's Theatre in 1998. As part of the Local Government Pension Scheme the Fund has operated in deficit for a number of years and, at 31 March 2017, the Trust's share of that deficit has been independently calculated as £347,000 (2016 - £224,000). During the year detailed discussions were held with City of Edinburgh Council following which an agreement was reached in respect of the allocation of liability for prior service accruals.

Plans for Future Periods

The significant improvement in the finances of the Trust in recent years has been primarily a reflection of the very strong artistic programmes that have been curated for our venues, and 2017-2018 promises to continue that trend.

The UK premiere of *The Addams Family* started a very busy year at the Festival Theatre which will also end on a musical note when Cameron Mackintosh's *Miss Saigon* visits in January and February 2018. As well as returning for a festive production of *The Nutcracker*, Scottish Ballet present a Stravinsky double bill, and dance aficionados will also be able to see Matthew Bourne's *Red Shoes*, *Milonga* toured by the Dance Consortium, Richard Alston, and *A Linha Curva* by Rambert. Carlos Acosta tours for the first time as director of his new company, *Acosta Danza*.

Scottish Opera's season includes *La Boheme*, *La Traviata* and *Flight*. In complete contrast, we also welcome an eclectic programme of drama and "event" theatre including *Love Letters* starring Ali MacGraw and Ryan O'Neal, National Theatre's "devastating" *Hedda Gabler*, a return visit of the unique *Slava Snowshow* and, a reminder to us all not to take anything for granted, *The Play That Goes Wrong*.

A full programme of screenings includes *Julius Caesar*, *Antony & Cleopatra*, *Yerma* and *Coriolanus*.

The King's Theatre has an equally broad programme. *Who's Afraid of Virginia Woolf*, Jodie Prenger in *Shirley Valentine*, *Death of a Salesman* and *The Kite Runner* should please lovers of drama while musical variety is provided by the hit stage version of the film *The Wedding Singer*, Monty Python's *Spamalot* and *Son of a Preacher Man* featuring the songs of Dusty Springfield.

Our younger audience is well catered for by Roald Dahl's *The Fantastic Mr. Fox*, Funbox with *Underwater Adventure* and the King's panto brings Messrs. Stewart, Gray and Stott back together for the ever-popular *Cinderella*.

The Studio hosts a multitude of events programmed by the Learning and Participation department and will welcome Hans Christian Anderson's first ever children's story, *Tin Soldier*, in December.

2017-2018 is the third and final year of a project funded by the Life Changes Trust which has the aim of making theatre more accessible to dementia sufferers. As well as completing certain structural changes in our venues, the Trust will be in a position to report to other arts organisations in Scotland and beyond on how to adapt their operations to better serve the increasing number of those affected.

Principal Risks and Uncertainties

The Audit Committee has delegated authority from the Trustees to ensure that a review of the major risks to which the charity is exposed is conducted and that systems have been established to mitigate those risks. The Trustees receive a report from the Audit Committee following their review.

The Trust has a comprehensive risk management process in place to identify and address the major financial, operational, governance, reputational and regulatory risks which might impact on its ability to meet its objectives. The Trust has an organisational risk register which records the major risks, the controls in place to mitigate those risks and actions required, where appropriate. Management reviews and updates the register on an annual basis and recently strengthened procedures to ensure compliance with the Code of Fundraising Practice.

Internal risks are minimised by the implementation of procedures for authorisation of all transactions and events and to ensure quality of delivery for all operational aspects of the services provided by the Trust.

Festival City Theatres Trust

(A company limited by guarantee)

Strategic report for the year ended 31 March 2017 (continued)

The Trust has identified the following key risks:

- the potential for further reductions in core funding;
- the ageing of the Trust's theatres which require substantial and increased maintenance; *and*
- the ongoing economic uncertainty caused by Brexit negotiations and the potential for another independence referendum in Scotland

These risks are subject to ongoing monitoring by the Audit Committee. The Trust also has a strategic business plan with aims, objectives and key performance indicators that are monitored monthly by senior management and also by the Board to ensure the effective delivery of the plan and the management of risk.

The Trustees acknowledge the hard and very effective work carried out by all staff, and the contributions made by our supporters and patrons, which together have been important drivers in the success of the Trust.

The Trustee's Annual Report and Strategic Report have been approved by the Board and are signed on their behalf by:



Professor Dame Joan K Stringer DBE FRSE

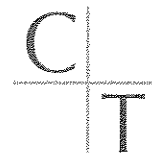
Trustee

30th May 2017

Festival City Theatres Trust

(A company limited by guarantee)

Independent auditor's report to the members and trustees of Festival City Theatres Trust (a company limited by guarantee)



We have audited the financial statements of Festival City Theatres Trust for the year ended 31 March 2017 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group and Parent Charitable Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's Trustees 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 charitable company, the charitable company's members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

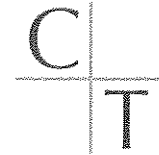
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Festival City Theatres Trust

(A company limited by guarantee)

Independent auditor's report to the members and trustees of Festival City Theatres Trust (a company limited by guarantee)



Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (including the Strategic Report) for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

30th May 2017

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Festival City Theatres Trust
(A company limited by guarantee)
Consolidated statement of financial activities
for the year ended 31 March 2017

(Incorporating a consolidated income and expenditure account)

	Notes	Unrestricted Funds 2017 £	Designated Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Income and endowments						
<i>Donations and legacies</i>						
Grants and donations	5	901,489	-	-	901,489	1,024,576
Friends/Patrons/Sponsorship		227,122	-	-	227,122	240,952
<i>Other trading activities</i>						
Commercial trading operations	6	1,168,160	-	-	1,168,160	960,286
Investment income	7	950	5,129	-	6,079	6,413
		2,297,721	5,129	-	2,302,850	2,232,227
Income from Charitable activities						
Operation of theatre income	8	10,951,819	486,498	-	11,438,317	8,726,419
Total Income		13,249,540	491,267	-	13,741,167	10,958,646
Expenditure:						
Costs of raising funds						
Fundraising costs of grants and donations	9	(65,997)	-	-	(65,997)	(45,311)
Commercial trading operations	6	(845,715)	-	-	(845,715)	(675,761)
		(911,712)	-	-	(911,712)	(721,072)
Expenditure on Charitable activities						
Operation of theatre costs	10	(12,979,278)	(98,782)	(109,955)	(13,188,015)	(10,834,805)
Total expenditure		(13,890,990)	(98,782)	(109,955)	(14,099,727)	(11,555,877)
Net (expenditure) and net movement in funds before transfers						
		(641,450)	392,845	(109,955)	(358,560)	(597,231)
Transfer between funds	20-22	643,633	321,086	(964,719)	-	-
Actuarial (losses)/ gains on defined benefit pension schemes	12	-	(115,000)	-	(115,000)	152,000
Net income/ (expenditure) and net movement in funds for the year		2,183	598,931	(1,074,674)	(473,560)	(445,231)
Reconciliation of funds						
Fund balance as at 1 April 2016	20-22	352,656	1,676,634	1,704,907	3,734,197	4,179,428
Fund balances as at 31 March 2017	20-22	354,839	2,275,565	630,233	3,260,637	3,734,197

All incoming resources and resources expended in 2017 were derived from continuing activities. The statement of financial activities includes all gains and losses recognised in the year.

A detailed analysis of the 2016 comparative figures is provided in note 25 of these statements.

Festival City Theatres Trust
(A company limited by guarantee)
Company statement of financial activities
for the year ended 31 March 2017

(Incorporating a consolidated income and expenditure account)

		Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds	Total Funds
		2017	2017	2017	2017	2016
	Notes	£	£	£	£	£
Income and endowments						
<i>Donations and legacies</i>						
Grants and donations	5	901,489	-	-	901,489	1,024,576
Friends/Patrons/Sponsorship		227,122	-	-	227,122	240,952
Investment income	7	950	5,129	-	6,079	6,413
Gift Aid from trading subsidiary	6	322,445	-	-	322,445	284,525
		1,452,006	5,129	-	1,457,135	1,556,466
Income from Charitable activities						
Operation of theatre income	8	10,951,819	486,498	-	11,438,317	8,726,419
Total Income		12,403,825	491,267	-	12,895,452	10,282,885
Expenditure:						
Costs of raising funds						
Fundraising costs of grants and donations	9	(65,997)	-	-	(65,997)	(45,311)
Expenditure on Charitable activities						
Operation of theatre costs	10	(12,979,278)	(98,782)	(109,955)	(13,188,015)	(10,834,805)
Total expenditure		(13,045,275)	(98,782)	(109,955)	(13,254,012)	(10,880,116)
Net (expenditure) and net movement in funds before transfers		(641,450)	392,845	(109,955)	(358,560)	(597,231)
Transfer between funds	20-22	643,633	321,086	(964,719)	-	-
Actuarial (losses)/ gains on defined benefit pension schemes	12	-	(115,000)	-	(115,000)	152,000
Net income/ (expenditure) and net movement in funds for the year		2,183	598,931	(1,074,674)	(473,560)	(445,231)
Reconciliation of funds						
Fund balance as at 1 April 2016	20-22	346,470	1,676,634	1,704,907	3,728,011	4,173,242
Fund balances as at 31 March 2017	20-22	348,653	2,275,565	630,233	3,254,451	3,728,011

All incoming resources and resources expended in 2017 were derived from continuing activities. The statement of financial activities includes all gains and losses recognised in the year.

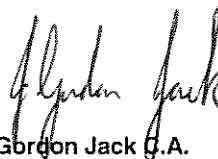
Festival City Theatres Trust
(A company limited by guarantee)
Consolidated balance sheet as at 31 March 2017

		2017	2016
	Notes	£	£
Fixed Assets			
Tangible assets	13(a)	1,833,570	2,923,924
Current assets			
Stock	15	27,498	17,479
Debtors	16	228,114	207,588
Cash at bank and in hand		5,090,522	4,516,782
		5,346,134	4,741,849
Creditors: amounts falling due within one year	17	(3,572,067)	(3,707,576)
Net current assets		1,774,067	1,034,273
Net Assets excluding pension		3,607,637	3,958,197
Pension liability	12	(347,000)	(224,000)
Net assets including pension		3,260,637	3,734,197
Funds			
Unrestricted – general	20	354,839	352,656
Designated – pension reserve deficit	21	(347,000)	(224,000)
Designated – Theatres Development Fund	21	2,622,565	1,900,634
Restricted	22	630,233	1,704,907
Total charity funds	23	3,260,637	3,734,197

The financial statements on pages 12 to 32 were approved by the Board of Trustees and authorised for issue on 30th May 2017 and were signed on its behalf by:



Professor Dame Joan K Stringer DBE FRSE
Trustee



Gordon Jack C.A.
Trustee

Registered in Scotland No SC134619

Festival City Theatres Trust

(A company limited by guarantee)

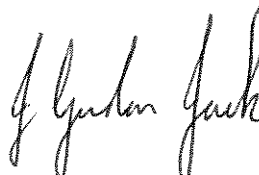
Company balance sheet as at 31 March 2017

		2017	2016
	Notes	£	£
Fixed Assets			
Tangible assets	13(b)	1,833,570	2,923,924
Investments	14	2	2
		1,730,858	2,826,934
Current assets			
Stock	15	-	-
Debtors	16	373,505	337,723
Cash at bank and in hand		5,052,273	4,485,716
		5,425,778	4,823,439
Creditors: amounts falling due within one year	17	(3,555,185)	(3,698,362)
Net current assets		1,870,593	1,125,077
Net Assets excluding pension		3,601,451	3,952,011
Pension liability	12	(347,000)	(224,000)
Net assets including pension		3,254,451	3,728,011
Funds			
Unrestricted – general	20	348,653	346,470
Designated – pension reserve deficit	21	(347,000)	(224,000)
Designated – Theatres Development Fund	21	2,622,565	1,900,634
Restricted	22	630,233	1,704,907
Total charity funds	23	3,254,451	3,728,011

The financial statements on pages 12 to 32 were approved by the Board of Trustees and authorised for issue on 30th May 2017 and were signed on its behalf by:



Professor Dame Joan K Stringer DBE FRSE
Trustee



Gordon Jack C.A.
Trustee

Registered in Scotland No SC134619

Festival City Theatres Trust

(A company limited by guarantee)

Consolidated statement of cash flows for the year ended 31 March 2017

		2017	2016
	Notes	£	£
Net cash provided by operating activities		681,446	2,073,868
Cash flows from investing activities:			
Interest received	7	6,079	6,413
Purchase of property, fixtures and fittings	13(a)	(113,785)	(126,727)
Cash used in investing activities		(107,706)	(120,314)
Increase in cash and cash equivalents in the year		573,740	1,953,554
Cash and cash equivalents at 1 April 2016		4,516,782	2,563,228
Cash and cash equivalents at 31 March 2017		5,090,522	4,516,782

Reconciliation of net movement in funds to net cash flow from operating activities

		2017	2016
	Notes	£	£
Net movement in funds		(473,560)	(445,231)
Adjustments for:			
Add back depreciation charges	13(a)	1,204,139	1,150,622
Deduct interest income shown in investing activities		(6,079)	(6,413)
Pension scheme movements		123,000	(141,000)
(Increase)/ decrease in stocks		(10,019)	4,644
(Increase)/ decrease in debtors		(20,526)	104,357
(Decrease)/ increase in creditors		(135,509)	1,406,889
Net cash provided by operating activities		681,446	2,073,868

Festival City Theatres Trust

(A company limited by guarantee)

Company statement of cash flows for the year ended 31 March 2017

		2017	2016
	Notes	£	£
Net cash provided by operating activities		649,020	1,989,987
Cash flows from investing activities:			
Interest received	7	6,079	6,413
Purchase of property, fixtures and fittings	13(a)	(88,542)	(55,272)
Cash used in investing activities		(82,463)	(48,859)
Increase in cash and cash equivalents in the year		566,557	1,941,128
Cash and cash equivalents at 1 April 2016		4,485,716	2,544,588
Cash and cash equivalents at 31 March 2017		5,052,273	4,485,716

Reconciliation of net movement in funds to net cash flow from operating activities

		2017	2016
	Notes	£	£
Net movement in funds		(473,560)	(445,231)
Adjustments for:			
Add back depreciation charges	13(a)	1,184,618	1,139,851
Deduct interest income shown in investing activities		(6,079)	(6,413)
Pension scheme movements		123,000	(141,000)
(Increase)/ decrease in debtors		(35,782)	21,801
(Decrease)/ increase in creditors		(143,177)	1,420,979
Net cash provided by operating activities		649,020	1,989,987

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

1 Company information

Festival City Theatres Trust is a company limited by guarantee incorporated in Scotland with registered company number SC134619. The registered office is 13/29 Nicolson Street, Edinburgh, EH8 9FT. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the company.

2 Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Festival City Theatres Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary, Festival City Theatres Trading Ltd.

Going concern

The Trustees consider the charitable company and group to be a going concern and the financial statements have been prepared on that basis. The future operations of the charitable company and group are dependent on the continued financial support of the core funding body and sufficient ongoing operating cash flow.

The group and company inherently depend on grants from outside sources to finance ordinary activities. Support from the core funding body has been confirmed until 31 March 2018. At the date of approval of these financial statements the Board is not aware of any reason why core funding would not be renewed in future years.

Having considered the matters above the Trustees are of the view that, at the date of approval of the financial statements, the group has sufficient reserves to continue to operate for the foreseeable future and have plans in place to mitigate any issues associated with any unforeseen circumstances.

The financial statements have therefore been drawn up on a going concern basis.

Incoming resources

Voluntary income including donations, gifts and grants that provide core funding or are of a general nature are recognised where there is an entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:-

- the donor specifies that the grant or donation must only be used in future accounting periods; or
- the donor has specified conditions which must be met before the charity has unconditional entitlement.

Capital grants and donations are recognised in the year of receipt and treated as restricted funds, with subsequent depreciation on the relevant assets matched by a transfer from restricted funds to unrestricted funds. Depreciation on assets purchased using the Theatres Development Fund is matched by a transfer from designated funds to unrestricted funds.

Income from patrons, friends and sponsorship is recognised on receipt. Income from commercial trading activities is recognised as earned.

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

2 Principal accounting policies (continued)

Incoming resources (continued)

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or, where entitlement to grant funding is subject to specific performance conditions, is recognised as and when it is earned. Income is deferred when ticket sales or performance related grants are received in advance of the performance to which they relate.

Resources expended

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied.

- Costs of raising funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the staging of concerts, stage productions, and include both the direct and support costs relating to these activities.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Significant judgements and estimation uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for carrying amounts of tangible assets.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for carrying amount of debtors.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition. Depreciation is calculated to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

Fixtures and fittings	five years
Computers	three to five years
Leasehold improvements	over the term of the lease
Leasehold asset	fifty years

There is no minimum value below which fixed assets are not capitalised as items are reviewed by management on an individual basis.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

2 Principal accounting policies (continued)

Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

The company makes pension contributions to employees' personal pension plans which are charged to the income and expenditure account when paid.

Certain employees are members of Lothian Pension Fund, a defined benefit pension scheme. In accordance with FRS102 Retirement Benefits, the operating and financing costs of pensions are charged to the statement of financial activities in the period in which they arise and are recognised separately. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the statement of financial activities. Pension costs are assessed in accordance with the advice of a qualified actuary.

Taxation

The company is a charity for the purposes of Section 505 ICTA 1988 and is exempt from taxation on the whole of its income. The subsidiary is not a charity. It has, however, agreed to Gift Aid to Festival City Theatres Trust any taxable surplus of income over expenditure.

Restricted funds

These are funds from a donor or grant body that can only be used for a particular restricted purpose within the objects of the charity.

Designated funds

The Theatres Development Fund represents funds set aside for the repair and renewal of the Trust's venues and the replacement of equipment.

The pension reserve surplus or deficit is disclosed separately.

Unrestricted funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees. In particular circumstances the Board may designate reserves as appropriate.

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

3 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There are currently 11 members (2016: 11).

4 Movement in total funds for the year

The movements in total funds for the year are stated after charging:-

	2017 £	2016 £
Auditor's remuneration		
- As auditor	12,100	11,880
Operating leases:		
- Festival Theatre	-	108,050
- King's Theatre	150,000	150,000
Depreciation:		
- Owned assets	1,204,139	1,150,622

5 Voluntary Income – Grants and Donations

		2017 £	2016 £
CEC Revenue Funding		646,489	769,576
CEC King's Rent		150,000	150,000
Creative Scotland RFO Grant		105,000	105,000
Unrestricted funds	20	901,489	1,024,576
Restricted funds	22	-	-
Total		901,489	1,024,576

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

6 Commercial Trading operations

The company owns 100% of the issued share capital of Festival City Theatres Trading Limited which provides bar, catering and front of house facilities at all venues, and pays management charges for heating, lighting and management provided by the Trust staff.

A summary of the trading results is shown below:

	2017	2016
	£	£
Turnover	1,168,160	960,286
Cost of sales and admin costs	(845,715)	(675,761)
Interest receivable	-	-
Net Profit	322,445	284,525
Gift Aid	(322,445)	(284,525)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary		
Fixed Assets	102,714	96,992
Current Assets	69,806	58,408
Current Liabilities	(166,332)	(149,212)
Total Net Assets	6,188	6,188
Aggregate Share Capital & Reserves	6,188	6,188

7 Investment Income

	2017	2016
	£	£
Interest receivable	6,079	6,413

8 Income from Charitable activities

The income was primarily from the operation of the two theatres.

	2017	2016
	£	£
Unrestricted funds – concert, stage performance, box office & ancillary income	10,951,819	8,317,009
Designated funds – box office income	486,498	409,410
Total	11,438,317	8,726,419

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

9 Allocation of support costs

The Trust allocates its support costs as shown in the table below. Support costs are allocated on a basis consistent with the use of resources.

Support cost	Theatre Operation (note 10)	Allocated to Fundraising Costs of Grants and Donations	Governance (note 10)	Total
	£	£	£	£
General office	262,123	65,997	43,247	371,367
Finance office	51,179	-	-	51,179
Information technology	60,431	-	-	60,431
External audit	-	-	12,100	12,100
Legal and other professional fees	34,105	-	-	34,105
Total	407,838	65,997	55,347	529,182

10 Analysis of Expenditure on Charitable activities

The Trust undertakes direct charitable activities only and does not make grant payments.

	Notes	2017	2016
		£	£
Backstage and other production costs		10,366,349	8,070,626
Production/ activity advertising, Marketing & education		701,486	748,354
Box office		417,222	432,362
Course and activities		12,156	20,021
Depreciation		89,388	78,812
Central premises costs		929,492	931,924
Governance	9	55,347	52,974
Support costs	9	407,838	346,932
Unrestricted funds		12,979,278	10,682,005
Designated funds		98,782	111,912
Restricted funds		109,955	42,433
Total		13,188,015	10,836,350

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

11 Employee information

(a) The average number of people employed by the Group during the year was:

	2017		2016	
	Full time number	Part time number	Full time number	Part time number
Customer Services	5	23	5	21
Marketing and Box office	13	8	13	9
Stage, stage door and maintenance	27	18	26	19
Administration	12	-	12	-
	57	49	56	49

Part time numbers are represented on a full time equivalent basis.

(b) Employment costs - all employees:-

	2017	2016
	£	£
Aggregate gross wages and salaries paid to employees	2,632,968	2,395,949
Social security costs	228,699	199,434
Pension contributions	154,263	134,279
Total direct costs of employment	3,015,930	2,729,662

(c) The number of employees who earned greater than £60,000 during the year (including employer's pension contributions) is as follows:

	2017	2016
£60,001 - £70,000	-	1
£70,001 - £80,000	2	1
£110,001 - £120,000	1	1

(d) Key Management Personnel

For the purposes of this disclosure, the Key Management Personnel are defined as the Trustees, Chief Executive, Director of Operations and Director of Finance & HR whose aggregate remuneration in the year was £266,251 (2016 - £257,438)

(e) Trustees' emoluments

Trustees received no remuneration (2016: nil), and were paid £208 (2016: £154) travel expenses, in the year.

12 Pension obligations

The company makes pension contributions to employees' personal pension plans which are charged to the income and expenditure account when paid. In addition the Trust participates in the Lothian Pension Fund defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of the company.

The total costs to the company of contributions to the above schemes during the year were £154,263 (2016: £134,279).

The provision under Financial Reporting Standard 102 relating to Retirement Benefits (FRS102) reflects the shortfall of the fair value of scheme assets compared to scheme liabilities based on specific assumptions at a point in time which differ from those adopted by the Trustees on an ongoing basis.

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

12 Pension obligations (continued)

Accordingly, the reported FRS102 provision does not represent a cash liability, but the interaction of company contributions and the capital and income growth from the scheme assets compared with the obligation to settle scheme liabilities as they arise in the future.

The valuation used for FRS102 disclosures has been based on the most recent valuation at 31 March 2014 and updated by Hymans Robertson LLP as actuaries to the Lothian Pension Fund. The valuation takes account of the requirements of FRS102 in order to assess the liabilities of the scheme at 31 March 2017.

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability:

	2017			2016		
	Assets	Obligations	Net (liability) asset	Assets	Obligations	Net (liability) asset
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Fair value of plan assets	998	-	998	958	-	958
Present value of funded liabilities		1,222	(1,222)	-	1,323	(1,323)
Opening position at 1st April 2016	998	1,222	(224)	958	1,323	(365)
Service cost:						
Current service cost	-	14	(14)	-	17	(17)
Past service cost	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-
Total Service Cost	-	14	(14)	-	17	(17)
Net interest:						
Interest income on plan assets	34	-	34	31	-	31
Interest cost of defined benefit obligation	-	42	(42)	-	42	(42)
Total net interest	34	42	(8)	31	42	(11)
Total defined benefit cost recognised in Surplus	34	56	(22)	31	59	(28)
Cashflows:						
Plan participants' contributions	3	3	-	3	3	-
Employer contributions	19	-	19	17	-	17
Benefits paid	(74)	(74)	-	(27)	(27)	-
Expected closing position	980	1,207	(227)	982	1,358	(376)
Remeasurements:						
Changes in demographic assumptions	-	-	-	-	-	-
Changes in financial assumptions	-	306	(306)	-	(118)	118
Other experience	-	-	-	-	(18)	18
Return on assets excluding interest	186	-	186	16	-	16
Changes in asset ceiling	-	-	-	-	-	-
Total remeasurements recognised in Other Comprehensive Income (IOC)	186	306	(120)	16	(136)	152
Fair value of plan assets	1,166	-	1,166	998	-	998
Present value of funded liabilities	-	1,513	(1,513)	-	1,222	(1,222)
Closing position as at 31st March 2017	1,166	1,513	(347)	998	1,222	(224)

The current service cost includes an allowance for administration expenses of 0.3% of payroll.

There are no unfunded liabilities.

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

12 Pension obligations (continued)

The principal actuarial assumptions used at the balance sheet date are as follows:

	2017	2016
	%	%
Pension increase rate per annum	2.4	2.2
Salary increase rate per annum	4.4	4.2
Discount rate per annum	2.6	3.5

The expected rates of return are set equal to the discount rate in line with FRS102 disclosure requirements.

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25%. This applies to both prospective and current pensioners.

	Males	Females
	Years	Years
Current pensioners	22.1	23.7
Future pensioners	24.2	26.3

An allowance is included for future retirements to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% for post-April 2009 service.

The major categories of plan assets as a percentage of total plan assets were as follows:

	2017	2016
	%	%
Equities	67	67
Bonds	23	20
Property	7	9
Cash	3	4

The estimated employer contributions to the defined benefit scheme for the next financial year beginning 1 April 2016 are £24,000

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

13 Tangible fixed assets

(a) Group	Leasehold assets £	Leasehold Improvements £	Fixtures and Fittings £	Total £
Cost				
At 1 April 2016	1,654,123	21,349,359	1,606,128	24,609,610
Additions	-	-	113,785	113,785
Disposals	-	-	(463,375)	(463,375)
At 31 March 2017	1,654,123	21,349,359	1,256,538	24,260,020
Depreciation				
At 1 April 2016	252,787	20,369,324	1,063,575	21,685,686
Disposals	-	-	(463,375)	(463,375)
Charge for year	47,299	980,035	176,805	1,204,139
At 31 March 2017	300,086	21,349,359	777,005	22,426,450
Net book value				
At 31 March 2017	1,354,037	-	479,533	1,833,570
At 31 March 2016	1,401,336	980,035	542,553	2,923,924

On 16 July 1992 the Trust signed a 25 year lease for the Festival City Theatre with Edinburgh District Council, predecessor of The City of Edinburgh Council, who own the site.

On 20 July 1998, the Trust signed a 25 year lease for the King's Theatre with The City of Edinburgh Council.

On 4 August 2011 the Trust signed a 125 year lease for the site of The Studio on Potterrow with The City of Edinburgh Council

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

13 Tangible fixed assets (continued)

(b) Company	Leasehold assets £	Leasehold Improvements £	Fixtures and Fittings £	Total £
Cost				
At 1 April 2016	1,654,123	21,349,359	1,353,953	24,357,435
Additions	-	-	88,542	88,542
Disposals	-	-	(339,263)	(339,263)
At 31 March 2017	1,654,123	21,349,359	1,103,232	24,106,714
Depreciation				
At 1 April 2016	252,787	20,369,324	908,392	21,530,503
Disposals	-	-	(339,263)	(339,263)
Charge for year	47,299	980,035	157,284	1,184,618
At 31 March 2017	300,086	21,349,359	726,413	22,375,858
Net book value				
At 31 March 2017	1,354,037	-	376,819	1,730,856
At 31 March 2016	1,401,336	980,035	445,561	2,826,932

14 Investments

The Trust owns 100% of the ordinary shares of its trading subsidiary, Festival City Theatres Trading Limited, amounting to £2 (2016: £2). It also holds one ordinary share (6.25%) in Music & Lyrics Ltd., a consortium of theatres which produces large scale touring musicals. Its cost of £1 has been written off.

15 Stock

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Café	6,637	-	-	-
Bars	17,500	15,216	-	-
Ice Cream and Sweets	3,361	2,263	-	-
	27,498	17,479	-	-

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

16 Debtors

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Amounts falling due within one year				
Trade debtors	53,067	29,259	51,263	26,049
Prepayments and accrued income	175,047	178,329	172,792	171,676
Amounts due from subsidiary	-	-	149,450	139,998
	228,114	207,588	373,505	337,723

17 Creditors: amounts falling due within one year

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	254,985	317,375	250,680	311,375
Other creditors, tax and social security	537,800	349,543	537,800	349,543
Accruals and deferred income	2,779,282	3,040,658	2,766,705	3,037,604
	3,572,067	3,707,576	3,555,185	3,698,362

Other creditors, including tax and social security are made up as follows:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Salary costs including taxation and social security	81,817	80,270	81,817	80,270
Other creditors	455,983	269,273	455,983	269,273
	537,800	349,543	537,800	349,543

Other creditors include settlements due to producers.

18 Operating lease commitments

At 31 March 2017, the group had total future minimum commitments under non-cancellable operating leases, all of which are due to City of Edinburgh Council, of:

	2017 £	2016 £
Expiring within one year	150,000	252,254
Expiring between two and five years	600,000	600,000
Expiring in more than five years	200,000	350,000

19 Capital and other commitments

The Trust had authorised capital expenditure of £505,160 at 31 March 2017 (2016: £nil).

Guarantees to promoters issued in the normal course of business at 31 March 2017 amounted to £371,000 (2016: £100,800).

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

20 Unrestricted funds

General	Group £	Company £
At 31 March 2016	352,656	346,470
Deficit for the year	(641,450)	(641,450)
Transferred from funds	993,633	643,633
Transferred to Theatres Development Fund	(350,000)	-
At 31 March 2017	354,839	348,653

21 Designated funds

Group and company	Theatres Development Fund £	Pension reserve deficit £	Total £
At 31 March 2016	1,900,634	(224,000)	1,676,634
Income	491,627	-	491,627
Expenditure	(90,782)	-	(90,782)
Transfer in from Unrestricted Funds	350,000	-	350,000
Transfers out	(28,914)	-	(28,914)
Pension movement	-	(123,000)	(123,000)
At 31 March 2017	2,622,565	(347,000)	2,275,565

22 Restricted funds

Group and company	At 31 March 2016 £	Income £	Expenditure £	Transfers out £	At 31 March 2017 £
The Studio	540,813	-	-	(41,144)	499,669
EFT Refurbishment	907,157	-	-	(907,157)	-
King's Refurbishment	147,483	-	(109,955)	-	37,528
Broadband	109,454	-	-	(16,418)	93,036
	1,704,907	-	(109,955)	(964,719)	630,233

The Studio: The cost of the construction and fitting out of a rehearsal studio on Potterrow was funded by donations from trusts and individuals, a grant from Creative Scotland and a contribution of £500,000 from the Theatres Development Fund. The reserve is being released annually over 50 years in line with the associated depreciation charges arising.

Refurbishments: Grant funding for the original 1994 redevelopment of the Festival Theatre has been fully released to unrestricted funds over the period of the theatre lease and in line with the annual depreciation charges on costs capitalised as leasehold improvements. Grants from Historic Scotland and individual donations were committed to programmes of work at the King's Theatre.

Broadband: The Trust received a grant through the Public Buildings WiFi Scheme to finance the upgrading of broadband and wi-fi facilities at its properties. The reserve will be released annually in line with the associated depreciation charges and running costs.

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

23 Analysis of group net assets between funds

	Unrestricted £	Designated £	Restricted £	Total £
Tangible Fixed Assets	795,863	506,633	531,074	1,833,570
Cash at Bank	2,875,431	2,115,932	99,159	5,090,522
Other current assets	255,612	-	-	255,612
Liabilities	(3,572,067)	(347,000)	-	(3,919,067)
	354,839	2,275,565	630,233	3,260,637

24 Related party transactions

City of Edinburgh Council is a related party of Festival City Theatres Trust by virtue of the Council's representation on the Board of Trustees. During the year City of Edinburgh Council invoiced the Trust for the sum of £227,531 (2016: £268,679) in respect of foyer shop rentals, King's Theatre rental and insurance with invoices raised to the Council for training, seminars, box office tickets and functions totalling £3,284 (2016: £538). Balances outstanding at the year end to and from the Council totalled £30,000 (2016: £178,675) and £2,785 (2016: £nil) respectively. Grant income of £796,489 (2016: £919,576) was received during the year.

The Trust is a stakeholder in a touring consortium, Music & Lyrics Limited, which produces large scale musicals. During the year Music & Lyrics Limited and its subsidiaries invoiced the Trust for the sum of £350,309 (2016: £190,064) for production fees and the Trust raised invoices to them for £62,067 (2016: £39,247) for accounting support and miscellaneous expenses. At the year end a subsidiary of Music & Lyrics Limited owed the Trust £4,119 representing advances paid and sundry un-invoiced expenses (2016: £118,025).

Festival City Theatres Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2017

25 Consolidated statement of financial activities for the year ended 31 March 2016

(Incorporating a consolidated income and expenditure account)

	Notes	Unrestricted Funds 2016 £	Designated Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Income and endowments					
<i>Donations and legacies</i>					
Grants and donations	5	1,024,576	-	-	1,024,576
Friends/Patrons/Sponsorship		240,952	-	-	240,952
<i>Other trading activities</i>					
Commercial trading operations	6	960,286	-	-	960,286
Investment income	7	6,413	-	-	6,413
		2,232,227	-	-	2,232,227
Income from Charitable activities					
Operation of theatre income	8	8,317,009	409,410	-	8,726,419
Total income		10,549,236	409,410	-	10,958,646
Expenditure:					
Costs of Raising funds					
Fundraising costs of grants and donations	9	(45,311)	-	-	(45,311)
Commercial trading operations	6	(674,216)	-	-	(674,216)
Expenditure on Charitable activities		(719,527)	-	-	(719,527)
Operation of theatre costs	10	(10,682,005)	(111,912)	(42,433)	(10,836,350)
Total expenditure		(11,401,532)	(111,912)	(42,433)	(11,555,877)
Net (expenditure)/income and net movement in funds before transfers		(852,296)	297,498	(42,433)	(597,231)
Transfers between funds	20-22	1,032,398	(28,913)	(1,003,485)	-
Actuarial losses on defined benefit pension schemes	12	-	152,000	-	152,000
Net income/(expenditure) and net movement in funds for the year		180,102	420,585	(1,045,918)	(455,231)
Reconciliation of funds					
Fund balance as at 1 April 2015	20-22	172,554	1,256,049	2,750,825	4,179,428
Fund balances as at 31 March 2016	20-22	352,656	1,676,634	1,704,907	3,734,197

The statement above contains detailed analysis of the comparative figures noted in the consolidated statement of financial activities on page 12 of the financial statements.

Festival City Theatres Trust

(A company limited by guarantee)

This page does not form part of the audited financial statements

Consolidated income and expenditure account for the year to 31 March 2017

	Trading 2017	Theatre 2017	Total 2017	Cons Total 2016
	£	£	£	£
Turnover	1,168,160	11,178,941	12,347,101	9,518,247
Cost of sales	(396,065)	(7,599,177)	(7,995,242)	(5,798,389)
Gross profit	772,095	3,579,764	4,351,859	3,719,858
Other income				
Interest receivable	-	950	950	6,413
Grant income	-	901,489	901,489	1,024,576
Total other income	-	902,439	902,439	1,030,989
Expenditure				
Salaries and wages (net of technical contras)	406,929	2,213,976	2,620,905	2,428,967
Rent & rates	-	307,326	307,326	292,874
Repairs	-	157,215	157,215	158,312
Gas & electric	21,600	264,550	286,150	314,615
Insurances	-	122,267	122,267	120,988
Books, Magazines & Subs	-	9,637	9,637	6,289
Post, printing, Stationery & copying	-	12,371	12,371	13,735
Telephone	-	38,533	38,533	28,591
Admin computer exps	-	60,431	60,431	27,792
Travel & subs	-	8,048	8,048	7,342
Recruitment & Training	-	13,930	13,930	22,648
Hospitality & entertaining	-	6,067	6,067	5,331
Subs & licences	-	2,149	2,149	2,751
Audit	1,600	10,500	12,100	11,525
Legal	-	1,877	1,877	-
Professional fees	-	32,228	32,228	16,313
Bank charges & interest	-	10,440	10,440	7,235
Marketing & promotion	-	386,823	386,823	482,097
Box Office exps(net)	-	125,002	125,002	140,896
Front of House	-	46,421	46,421	45,164
Development & education	-	53,333	53,333	31,571
Sundry costs	-	5,720	5,720	687
Stage	-	88,822	88,822	45,070
Irrecoverable VAT	-	283,814	283,814	241,728
Depreciation	19,521	1,184,618	1,204,139	1,150,622
Total expenses	449,650	5,446,098	5,895,748	5,603,143
Gift aid charge/income	(322,445)	322,445	-	-
Operating deficit	-	(641,450)	(641,450)	(852,296)



Festival City Theatres Trust Annual Review 2016/17



Welcome to the Festival City Theatres Trust Review of 2016/17



Photo: Phil Wilkinson

In the last twelve months, the Festival City Theatres Trust has presented one of the most extensive programmes in its 23-year history and the pages that follow tell that story, reminding us of the highlights of what has been an extraordinary year for the Trust.

Throughout the year we have presented a programme featuring the very best in drama, dance, opera, musical theatre, and pantomime. Once again, our theatres were at the heart of Edinburgh's Festivals in what is the world's leading festival city.

As Scotland's largest independent theatre organisation, we have championed equal access to the arts and we consistently present more accessible performances than any other theatre in the UK. We have also delivered an extensive creative learning programme to complement the shows on our stages and to reach out to those who normally would not, or could not, come to our theatres.

From a business perspective, we are delighted to report that it has been another year of growth for the Trust with higher levels of income than ever before and a reduced reliance on public subsidy.

These excellent results are a testament to the wonderful service provided by our staff, the excitement of our programme and the quality of our venues.

As we move into the new financial year we do so with the confidence derived from the quality of the work we present on our stages and from our strong financial position.

Professor Dame Joan Stringer DBE FRSE, Chair
Duncan Hendry, Chief Executive

The Year in Review

Mary Poppins Photo: Johann Persson; (below) Panto stars honoured by the Lord Provost in January 2017 Photo: Phil Wilkinson



During the course of the year we welcomed audiences from all over Scotland and beyond to experience 155 productions on the stages of the Studio, Festival and King's Theatres. Attendances were up 9% on the previous year and income was up by 25%. In the past six years, our annual turnover has doubled. Our financial success has enabled us to improve the facilities in our theatres which, in turn, helps us to attract the UK's leading producers.

We started the financial year with our first ever show from Cameron Macintosh, in a co-production with Disney Productions, of the phenomenally successful musical, *Mary Poppins*. A run of 30 performances gave us our highest grossing production to date.

We celebrated record-breaking box office takings for the King's Theatre pantomime, now one of the top three grossing pantomimes in the UK. This outstanding result, combined with Scottish Ballet's *Hansel & Gretel* at the Festival Theatre and *Too Many Penguins?* at the Studio, gave us a diverse Christmas season, appealing to all ages.

Our theatres continue to be used as key venues for the Edinburgh Festivals. We were delighted to welcome Edinburgh's Hogmanay to the list of festivals we worked with in 2016/17 including: Edinburgh International Festival, Edinburgh Jazz and Blues Festival, Edinburgh Festival Fringe, Edinburgh International Film Festival, Edinburgh International Children's Festival (formerly Imagine), Edinburgh International Magic Festival, Luminare, Banff Mountain Film Festival and the Ocean Film Festival.

Once again, our opera programme was enthusiastically received. During the year we welcomed Scottish Opera's *The Marriage of Figaro*, *The Trial* and Opera North's *Billy Budd*. Our dance programme included dazzling performances by Scottish Ballet, Alvin Ailey American Dance Theater and Rambert.

The visit of Music & Lyric's much admired show *Chitty Chitty Bang Bang* and the return of the National Theatre's *The Curious Incident of the Dog in the Night-Time* were other highlights of a busy year at the Festival Theatre. The King's hosted a succession of impressive productions including *Jackie the Musical*, *Of Mice and Men*, *Breakfast at Tiffany's*, *A Tale of Two Cities* and the debut of some of Scotland's favourite comic characters in *The Broons*.



"The cast deserved a big thank you from their city for the smiles they brought to our faces night after night this winter."

THE FORMER LORD PROVOST, DONALD WILSON

Learning & Participation

Imaginate in The Studio; Janice Parker Projects at The Festival Theatre Photos: Greg Macvean



- ▶ 448 EVENTS INCLUDING 168 DEMENTIA FRIENDLY EVENTS
- ▶ 12,393 PARTICIPANTS
- ▶ 10 RELAXED PERFORMANCES
- ▶ 1,727 TICKETS DONATED TO SCHOOLS, CHARITIES AND COMMUNITY GROUPS

Our key achievements for 2016/17

In order to engage new audiences and reach communities beyond our usual demographic, our Learning and Participation team deliver projects which enhance the experience of live performance. The work falls into four areas – working with schools; overcoming barriers to access; supporting emerging talent; and encouraging public engagement.

2016/17 marked the first full year of Forget Me Not, a project to make our theatres 'Dementia Friendly' communities. With 168 events and 3,074 participants, key events included the first Dementia Friendly performance in Scotland of a major touring musical – *Chitty Chitty Bang Bang* - the UK's first Dementia Friendly Opera - a special performance of *The Marriage of Figaro*, and the world premiere of *Curious Shoes*, a bespoke piece of theatre for people living with dementia. We circulate a newsletter, which connects our activity with dementia friendly communities across Scotland and goes out to over 3,000 people.

We hosted the first *Awfey Huge Variety Show*, a show created and performed by the children of Edinburgh's special schools, celebrating the work of young disabled artists on our main stage.

During the year we launched The Attic Collective, a new theatre company for young people in Scotland. After a rigorous process of whittling down 373 applications to audition 80 young hopefuls, we recruited 18 company members for the first year of the Collective. The Collective made their mark with their first show, a production of Aristophanes' *Lysistrata* at the King's Theatre in January 2017.

The year marked the end of a three year Start project designed to give primary school children who are new to theatre an inspiring free programme of visits to professional shows, workshops to develop new skills, support to create their own work and the opportunity to share their work on Scotland's biggest stage.

"Forthview Primary School took part in the START project with the Festival Theatre for three years. It was a most exciting experience and we felt privileged to be part of it. The pupils had the opportunity to attend a wide range of first-class theatre productions and enjoyed workshops which introduced them to a range of theatre crafts and skills. This is a wonderful project with every moment to be savoured."

EILEEN LITTLEWOOD, HEAD TEACHER,
FORTHVIEW PRIMARY SCHOOL

Top Ten Shows



2016/17 in Numbers

Loving our programme

£9,937,626

Total ticket income from **584** performances of **155** shows

Income up by

25%

26% of the shows we present in our prestigious programme are exclusive to our venues. You won't see them anywhere else in Scotland

Our audiences are



Growing

Attendance is up

9%

and we had **460,859** visitors in 2016/17

Joining in

We had

12,393

people taking part in our Learning & Participation activity over **448** events

And eating lots of ice cream

103,921

tubs (**41,680** vanilla) and having a drink or two (**54,588** glasses of wine)

A Look Ahead

Acosta Danza Photo: Manuel Vason; Miss Saigon Photo: Matthew Murphy and actor Brian Cox Photo: Phil Wilkinson



Autumn 2017 onwards

2017/18 looks set to be another stellar year for our theatres with a host of exciting shows lined up across the year.

We are delighted to confirm that Cameron Mackintosh's company will return in January 2018 with the acclaimed production of Boublil and Schönberg's legendary musical *Miss Saigon* at the Festival Theatre.

As well as returning for a festive production of *The Nutcracker*, Scottish Ballet will present a Stravinsky double bill in the autumn, and dance audiences will also be thrilled by the return of Carlos Acosta with his new Cuban company Acosta Danza, and by Rambert's visit with *A Linha Curva*.

Scottish Opera's season includes David McVicar's production of Verdi's *La Traviata* and Jonathan Dove's new comic opera *Flight*. We welcome an exciting programme of drama to the Festival Theatre including the National Theatre's "devastating" *Hedda Gabler* directed by Ivo van Hove and award winning comedy *The Play That Goes Wrong*.

The King's Theatre has an equally enticing programme of drama. Tom Stoppard's *The Real Thing*, starring Laurence Fox, is closely followed in October by *Duet for One* the story of Jacqueline du Pré starring Jemma Redgrave and then by contrast the Citizen's Theatre production of *Trainspotting* visits in November. Musical theatre is provided by Monty Python's *Spamalot* and the music of Dusty Springfield is celebrated in *Son of a Preacher Man*. Our Christmas pantomime welcomes back the star line up of Allan Stewart, Andy Gray and Grant Stott, in the family favourite *Cinderella*. In The Studio we present *The Tin Soldier* by Birds of Paradise for younger children.

In the next year, we will forge ahead with our fundraising campaign for the transformational redevelopment of the King's Theatre. In March 2017, The City of Edinburgh Council agreed that a contribution of £5m towards the King's Theatre Capital Development Project be included in the Council's Capital Investment Programme 2018-23 prioritisation process. In 2017/18 we will apply to the Heritage Lottery Fund, and our broader fundraising campaign will begin.



"The King's Theatre is a gem which deserves to be preserved. If we don't invest in our theatres, we stand to lose a vital part of Scotland's cultural heritage and a theatre for everyone for generations to come."

BRIAN COX ON THE £25M REDEVELOPMENT OF THE KING'S THEATRE

Credits & Supporters

Chair

Professor Dame Joan K Stringer

Board of Directors

Professor Dame Joan K Stringer

Cllr Elaine Aitken

Philip Bernays

Karen Cairney

Cllr Karen Doran

Gordon Jack

Cllr Richard Lewis

Helen Mackie

Cllr Melanie Main

Alastair Peacock

Colin Ross

Chief Executive

Duncan Hendry

Director of Operations

Brian Loudon

Director of Finance and HR, Company Secretary

Iain Ross

Director of Development

Kate Smith

Technical Manager

James D Clark

Principal Funder

City of Edinburgh Council

Programme Supported by

Creative Scotland

Principal Patrons

Sir Tom & Lady Farmer

Roger Miller

Hedley G Wright

1 Anonymous

Supporting Patrons

Geoff & Mary Ball

Sir Ewan & Lady Brown

Richard & Catherine Burns

Sir Gerald & Lady Elliot

Jo & Alison Elliot

Kate & Gavin Gemmell

Hamish & Alison Glen

Malcolm & Avril Gourlay

Donald & Louise MacDonald

Chris & Gill Masters

Bruce & Eileen Ritson

Fiona & Ian Russell

Alastair & Elizabeth Salvesen

Barry & Helen Sealey

Jim & Isobel Stretton

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6 Anonymous

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Geoffrey & Tish Alderson

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Dennis & Brenda Carmichael

Ann C Chandley

Reverend & Mrs David Dalglish

George Gwilt

Shields & Carol Henderson

John & Fiona Hutchinson

James & Felicity Ivory

Alan M Johnston

Sir Raymond & Lady Johnstone

Lesley Knox

Christine & Stewart Mackay

Lynda McGrath

Kirsteen Millar

Sir Ronald & Lady Miller

Walter & Norma Nimmo

Christine Richard & Fiona Richard

Derek & Ann Shepherd

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Life Changes Trust

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THE CITY OF EDINBURGH COUNCIL



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