

FESTIVAL FRINGE SOCIETY LIMITED
(limited by guarantee)

FINANCIAL STATEMENTS

30 NOVEMBER 2010

Registered number: SC046605
Charity number: SC002995

BAKER TILLY UK AUDIT LLP
CHARTERED ACCOUNTANTS
EDINBURGH

TUESDAY



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29/03/2011
COMPANIES HOUSE

FESTIVAL FRINGE SOCIETY LIMITED
(limited by guarantee)

FINANCIAL STATEMENTS

For the year ended 30 November 2010

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FESTIVAL FRINGE SOCIETY LIMITED

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(limited by guarantee)

SOCIETY INFORMATION

DIRECTORS

Baroness Smith of Gilmorehill (Chairman)
P M Utton (Vice-Chairman)

A Alderson
S Cowling
J A Doherty
S H D Fanshawe
S Gove
S C Mackay
A O'Loughlin
T Sheppard
K Smurthwaite
A Vincent
C Wood
CBM Wood
A Woolfe

REGISTERED OFFICE

180 High Street
EDINBURGH
EH1 1QS

SECRETARY

K M Mainland (appointed 7/12/2009)
T Hawkins (resigned 4/12/2009)

SOLICITORS

Bell & Scott W.S.
16 Hill Street
EDINBURGH
EH2 3LD

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
EDINBURGH
EH3 9QG

BANKERS

The Royal Bank of Scotland plc
Edinburgh North Bridge Branch
31 North Bridge
EDINBURGH
EH1 1SF

CHIEF EXECUTIVE OFFICER

Kath M Mainland

Trustees' report for the year ended 30 November 2010

Structure, Governance and Management

The Directors, who act as trustees for charitable law purposes, present their report and the audited financial statements for the year ended 30 November 2010. This report is prepared in accordance with the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities issued in March 2005.

During the year 2010 the Trustees reviewed their management structure, terms of reference and make up of sub-committees. The following sub-committees of the Board of Trustees' are in place: Finance, Audit and Risk Committee and Business Planning Committee. There are also two short life working groups for the constitutional review and the Box Office.

The Society has a subsidiary undertaking, Festival Fringe Trading Limited. The respective activities of the Society and the subsidiary are described below, and together are referred to as " the Society".

Governing Document

The Festival Fringe Society covered above is limited by guarantee and does not have any share capital. It is a registered charity in Scotland. It is governed by its Memorandum and Articles of Association dated 9th May 1969 which were updated on 21 November 2010, as detailed on page 4. The members of the Society, two at a minimum, are those individuals who elect the Trustees.

The management of the Society is the responsibility of the Trustees who are appointed under the terms of the Memorandum and Articles of Association.

Objectives and Activities

The purpose of the Society is to promote the Edinburgh Festival Fringe ("the Fringe") as an event and also as a brand name. This is achieved through improving public awareness of events and offering an excellent service to the public from the offices in Edinburgh.

The Business Plan for the Society covering the period 2010 - 2014 redefines the mission statement of the Society as:

Mission Statement

"The Society is the company that organises the structure that underpins the Fringe and fundamentally exists to:

- advise, support and encourage all participants at the Fringe
- provide comprehensive information services, including ticketing, to its participants and the public
- promote the entire Fringe as a festival in the context of Edinburgh and its other festivals
- whilst maintaining a sustainable business through fund-raising and commercial activities

Trustees' report for the year ended 30 November 2010 (continued)

The Festival Fringe is recognised throughout the World as the leading, largest, open-access arts festival in the world. Fundamental to the work of the Society is maintaining and upholding that founding principal, along with ensuring that the Edinburgh Fringe continues to make a significant contribution to the cultural and economic well being of Edinburgh and Scotland.

The Business Plan sets out objectives under the above four key points and defines the ambition of the Society as follows:

Our Ambition

The ambition of the Society is that the Fringe:

- continues its pre-eminent status as the largest and most significant open-access arts festival in the world
- protects and enhances the reputation of Edinburgh as the premiere Fringe city in the world
- continues to be a significant force in the development of entertainment and culture in Britain and internationally

The Society will provide key stakeholders with appropriate levels of education, development training and motivation in order to achieve the above.

Financial Review

2010 was another successful year for the Society. The majority of our income still comes from commissions and handling charges connected to the box office, advertising associated with the publications and website, registration fees and sponsorship and events. More companies than ever before took part in the 2010 Fringe, and more people than ever before bought tickets. Therefore the income for the Society was strong and we have returned a significant surplus of £333,690 (2009 : £195,905). This has made good inroads into stabilising the finances of the Society after the difficult year in 2008. We are grateful for grant aid support from the Scottish Government through the Scottish Arts Council and the City of Edinburgh Council. Other income includes gift aid from our trading subsidiary which also had a record breaking year.

The majority of our expenditure goes on providing the box office services (including staffing), staffing the Society and producing the Fringe publications and website. Other expenditure goes on marketing, costs associated with events and sponsorships, training and fees, premises and overheads. Further careful attention to budget setting and cutting expenditure has resulted in positive financial outcome of the Society in 2010.

Going Concern

The Trustees consider that the progress made in stabilising the finances of the Society in 2009 and 2010 place the Society in good stead for the short term future, and are confident that a going concern basis is appropriate. The City of Edinburgh Council have confirmed their support for the organisation in 2010 and Creative Scotland have confirmed the Society as a flexibly funded organisation in 2011/12 and 2012/13. The Finance, Audit and Risk Committee will continue to look at the long term financial future of the organisation with the Chief Executive.

Trustees' report for the year ended 30 November 2010 (continued)

Achievements and Performance

The 2010 Fringe was the most successful ever and ended with record attendance at a record number of shows. An estimated audience of 1,955,913 attended 40,254 performances of 2,453 shows in 259 venues across the city.

The Fringe continues to attract growing interest from performers, arts industry professionals and the international media. All of which enhances the city's reputation as a cultural destination, as demonstrated by Edinburgh being chosen as Top Global City in its category at the recent International Festival and Events Association awards.

Other key developments in 2010 included:

- Completing the reshaping of the year-round staff by appointing a Participant Development Co-ordinator and a Fundraising Manager
- The development of a new constitution for the Society which included the largest ever consultation with stakeholders to be carried out by the Society
- The launch of a new website for the Society designed to maximise the opportunity for the audience, participants and other users to find information and purchase tickets
- The establishment of three new commercial sponsorship arrangements
- The use of a cutting-edge crowd-sourcing model to generate a dynamic cover for the Fringe Programme and all other festival related branding
- The stabilisation, with the assistance of City of Edinburgh Council, of the Society's finances
- The continuing search for new and dynamic ways to engage with potential members such as the highly regarded Fringe iPhone App

At a time when the Edinburgh Festival Fringe faces growing competition from cities at home and abroad, maintaining the Fringe's status as the world's leading arts festival is dependent on the Society being able to meet the challenges it faces with dynamic and creative solutions.

Constitutional Review

During the 2009 Fringe the Society announced the establishment of a working group of board members to implement the review of the constitution that was promised in the aftermath of the issues that surrounded the Society in 2008.

Towards the end of 2010, a special General Meeting of the Society saw the adoption of a new constitution to set out how the organisation should be run. Over the past year more than 2,000 people have taken part in a number of consultation surveys and meetings in a process designed to help build a consensus on what changes should be implemented. Amongst the new initiatives are the establishment of a Participants' Council and the setting aside of places on the Society's board for people with direct experience of staging Fringe shows and running Fringe venues.

Trustees' report for the year ended 30 November 2010 (continued)

Appointment of Trustees

Under the new constitution, adopted at the General Meeting in November, following the constitutional review, anyone can join the Society as a member, and once the transitional arrangements have been concluded, the board will consist of between 12 and 16 Trustees, made up of up to 12 elected by the Members and up to four appointed by the Elected Trustees

The Elected Trustees shall be drawn from the following categories: 'performers' who either perform or take part in, or are connected in any way, to a show or performance in the Edinburgh Festival Fringe, 'registered venues' nominated by a venue which is registered with the Society in the Society's Festival programme for the year and any other Member who has an interest in the furtherance of the charitable objects of the Society.

A Member may stand for election as a Trustee in one category only.

Elected and Appointed Trustees shall be elected or appointed for a term of four years and shall be eligible for re-election or re-appointment for one further term of four years thereafter. They shall then stand down for a period of at least one year but may then be re-elected or re-appointed as a Trustee subject to terms.

Trustee Induction and Training

New Trustees meet with the Chief Executive and the Chair to be appraised on the Society, its structure, its governance, the content of its Memorandum and Articles of Association, the committee decision making process, the business plan and recent financial performance of the Society. New Trustees are also given a copy of the Scottish Arts Councils' publication 'Care, Diligence and Skill' and a copy of the most recent Fringe Annual Report, and undertake charity board training.

Organisation

The Board of Trustees, which administers the Society, meets at least four times a year. There are sub-committees covering finance, audit & risk assessment and business planning which meet as necessary. The Trustees elect one of their members as Chairman for such periods as they think fit. The Board appoints a Chief Executive Officer to manage the day to day operations of the Society. To facilitate effective operations, the CEO has delegated authority within terms of delegation approved by the Trustees, for operational matters including finance and employment.

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Trustees' report for the year ended 30 November 2010 (continued)

External Agencies:

The Fringe Monitoring Group, a group of the core public funders, made up of officers from the City of Edinburgh Council, the Scottish Government, Scottish Enterprise and the Scottish Arts Council (now Creative Scotland), was set up in the aftermath of the attempt to implement a new Fringe box office in 2008. The Society is indebted to these agencies for their continued enlightened support of the Society.

Sponsorship

We retained significant sponsorship from RBS for the High Street, and attracted a new three year sponsorship from Caledonian Breweries (through its brand Deuchars) for venue boards/programme maps and festivals map . Other new sponsorships included contracts with Mackie's of Scotland, the Scottish Cafe and Restaurant both of which attracted Scottish Government NASG match funding through Arts and Business.

A huge thank you is due to all of our sponsors and to the Mike Westcott fund for supporting careers of young individuals at the Fringe. No release was made from the Mike Westcott Fund in 2010. Over the next two years, the Mike Westcott Fund will be used to encourage participation from young people from across Edinburgh and Scotland, where possible within socially excluded communities. The project, aimed at young people in and around Edinburgh, will offer a series of master-classes delivered in conjunction with leading comedy promoters and performers. The project will be hosted by The Stand Comedy Club and will culminate in live stand up performances showcasing the talent of the participants.

Friends

Following on from the success of the scheme in 2009 (4,029 members) and in order to better manage the 2for1 ticket offers that are available to the Friends, we made some important changes to the scheme for 2010. The cost of membership was increased to better reflect the value of the benefits of the scheme and the numbers of 2for1 tickets available to Friends was reduced and as a result we were able to extend the 2010 Friends 2for1 ticket offers across a total of 1,047 shows. The scheme was re-launched at the beginning of the year and although our memberships levels decreased overall to 2,806 members, the 2010 scheme still made more money year-on-year.

Significantly, the number of members signing up as a Close Friends rose by 62%, to 331 from 204 the previous year, as Friends upgraded their membership to get the benefit of the better ticket offer.

Trustee's report for the year ended 30 November 2010 (continued)

Made in Scotland

The Made in Scotland initiative (a Scottish Government Edinburgh Festivals Expo Fund project) is a platform for Scottish-based artists to present and promote their best work at the Fringe through direct financial support. The primary goal for companies taking part in the Made in Scotland initiative is to have their work picked up and exported internationally after the Fringe. As well as the financial support offered to the Made in Scotland companies directly from Creative Scotland, the Festival Fringe Society, Federation of Scottish Theatre (FST) and Creative Scotland have developed a year-round programme of training, support and advice to enable companies to prepare for participation and support them in achieving their objectives, including raising their profile and exploring touring opportunities.

In addition to the core productions supported at the Fringe, the onward touring fund enables all Scottish companies taking part in the Fringe to access partnership support through the fund to tour their work outwith Edinburgh.

Festivals Edinburgh

The Festival Fringe Society continues to play a leading role in Festivals Edinburgh. In 2010 the Fringe Society took over as Chair of Festivals Edinburgh (for a term of three years). This has cemented the importance of the Fringe as a central player and important contributor to the city and the country. Festivals Edinburgh presents a unique forum for the twelve world leading Edinburgh Festivals to collaborate on areas of joint strategic importance. As we look ahead to the opportunities presented by the London 2012 Olympics and the Glasgow Commonwealth Games in 2014, we are working together vigorously to maximise the benefits these opportunities present. The Fringe is also represented on all of the Festivals Edinburgh working groups.

City of Edinburgh Council

Edinburgh is the iconic backdrop to the Edinburgh Festival Fringe and a major factor in its enduring success. The Festival Fringe Society continues to have a positive relationship with the City of Edinburgh Council and liaises with them on issues affecting the wider Fringe community such as licensing. The Society places great importance on recognising the role that the whole city plays in making the Fringe possible and is exceedingly grateful for the financial, logistical and strategic support that the City of Edinburgh Council continues to provide both for the Festival Fringe Society and the Fringe as a whole.

Creative Scotland / Scottish Arts Council

In June 2010, the Scottish Arts Council and Scottish Screen were merged to form Creative Scotland. Our ongoing and fruitful relationship with SAC has transferred seamlessly into Creative Scotland. The Fringe Society works closely with Creative Scotland, particularly through the Made in Scotland initiative, and looks forward to being a flexibly funded organisation in 2011.

Trustees' report for the year ended 30 November 2010 (continued)

Scottish Enterprise

Scottish Enterprise has continued to be a key supporter of the Fringe Society both financially and in an advisory capacity on projects ranging from our website redevelopment to developing our fundraising strategy.

EventScotland

The Fringe Society continues to strengthen its relationship with EventScotland. Their support in the redevelopment of our website has been invaluable, allowing new audiences from around the world to access comprehensive, accurate and up to date information on all Fringe productions.

Other Partners

The Fringe Society endeavours to engage with other partners including the British Council in London and Edinburgh, the Scottish Consular Corps and Edinburgh Chamber of Commerce to ensure that the success of the Fringe continues to be mutually beneficial for all our partners and businesses within the city. The support of the Consular Corps and the British Council ensure that the international appeal of the Fringe to performers around the world continues to be strengthened.

Investment Policy

The funds available for the Society to invest include advance box office receipts. These funds are secured in a ring fenced client account and are not available for general funding of the Society. On completion of the Festival, full settlement of the box office receipts is made within four weeks to the nominated recipient. A short term investment account is used to take account of beneficial interest rates, whilst retaining flexibility and availability of these funds. In accordance with the Memorandum of Association, the Society is permitted to invest the monies of the Society not immediately required for the objects of the Society in or upon such investments, securities or property as may be thought fit.

Reserves Policy

The Trustees have established the level of reserves that the Society ought to have at its disposal. This is to enable the Society to deal with its contingent liabilities should there be a shortfall in funding between grants received, income generated by the Society and the Society's expenditure. The Trustees believe that they require between three and six months of working capital to be retained in unrestricted reserves in order to cover support costs of £500,000.

It is the intention of the Trustees to rebuild the retained unrestricted reserves in order to ensure enough working capital is available to manage its affairs effectively.

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Trustees' report for the year ended 30 November 2010 (continued)

The unrestricted reserves at 30 November 2010 were £523,012 (2009: £214,318) of which £202,000 (2009 : £202,000) relates to the revaluation reserve. In calculating this figure the Trustees have excluded from reserves the total of the restricted funds. Restricted funds relate to the grants and donations received for the refurbishment of the Society's office and the purchase of fixtures and fittings and the funds donated to the Society set up as the Mike Wescott Fund. It also includes grant funding for specific projects. The Trustees expect that it will take at least another two years to establish unrestricted reserves (excluding the revaluation reserve) to the desired £500,000 level.

Related Parties

The Society has a close relationship with City of Edinburgh Council, which acts as the Society's landlord under a lease agreement. The Society's wholly owned subsidiary, Festival Fringe Trading Limited, was established to promote the sale of souvenir items relating to the Society. The subsidiary gift aids the majority of its taxable profits to the Society. This year gift aid amounted to £40,000 (2009: £30,000).

Risk Statement

The Finance, Audit and Risk Committee, on behalf of the Board of Trustees has conducted a review of the major risks to which the Society is exposed, and systems have been established to mitigate these risks. Internal risks are minimised by the implementation of procedures for authorisation of all transactions, and potential external risks are carefully examined by the sub committee

A recent review of the Risk Map suggested current high risks are around competition for funding and sponsorship which is being addressed by the employment of an experienced professional and regular updates from the Senior Management Team, and risks around competition from other festival cities being addressed with Festivals Edinburgh.

Auditors

A resolution to reappoint Baker Tilly UK, Audit LLP, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

By Order of the Board



Charles Wood
Director

25 March 2011

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also Directors of Festival Fringe Society Limited 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 that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is not appropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enables them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the trustees of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.



Charles Wood
Director
25 March 2011

Independent Auditors' Report to the members of The Festival Fringe Society Ltd

We have audited the group and parent charitable company's financial statements of Festival Fringe Society Limited for the year ended 30 November 2010 on pages 13 to 25.

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. Our audit work has been undertaken so that we might state to the members and the charitable company'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, its 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 auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you under those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, 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. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate and proper accounting records, if the charitable company's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if disclosures of trustees' remuneration specified by law are not made.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Independent Auditors' Report to the members of The Festival Fringe Society Ltd

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 November 2010; and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements 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; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

Janet Hamblin (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date *29 March 2011*

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 30 November 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
INCOMING RESOURCES					
<i>Incoming resources from generated funds</i>					
<i>Voluntary Income:</i>					
Grants and donations	5	433,550	120,000	553,550	505,638
<i>Activities for generating funds</i>					
Commercial trading operations		139,061	-	139,061	106,818
<i>Investment Income</i>	6	12,705	-	12,705	12,643
		585,316	120,000	705,316	625,099
<i>Incoming resources from charitable activities</i>					
Operation of festival activities	7	2,159,570	102,538	2,262,108	1,850,359
TOTAL INCOMING RESOURCES		2,744,886	222,538	2,967,424	2,475,458
RESOURCES EXPENDED					
<i>Costs of generated funds</i>					
Fundraising costs of grants and donations	8	456,890	-	456,890	416,888
Commercial trading operations		65,438	-	65,438	51,318
		522,328	-	522,328	468,206
<i>Charitable activities</i>					
Operation of festival activities	9	1,864,149	194,542	2,058,691	1,824,753
Governance Costs	8	52,715	-	52,715	56,594
Total Resources expended		2,439,192	194,542	2,633,734	2,349,553
Net incoming resources before transfers					
		305,694	27,996	333,690	125,905
Transfers					
Gross transfers between funds	20	3,000	(3,000)	-	-
Net incoming resources before other recognised gains and losses		308,694	24,996	333,690	125,905
Other recognised gains					
Gain on investment assets	20	-	-	-	70,000
Net Movement in Funds		308,694	24,996	333,690	195,905
Reconciliation of funds					
Total funds brought forward		214,318	30,029	244,347	48,442
Total funds carried forward	20	523,012	55,025	578,037	244,347

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

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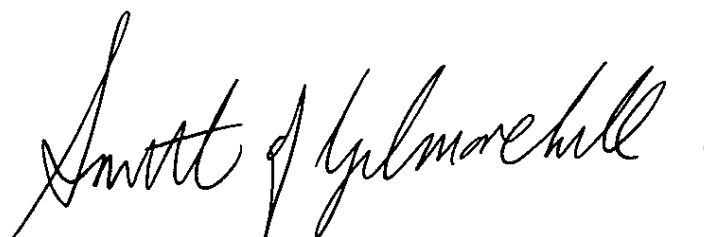
CONSOLIDATED BALANCE SHEET
as at 30 November 2010

		Group	Group	Co Number SC046605	
		2010	2009	Charity	Charity
	Note	£	£	2010	2009
				£	£
Fixed Assets					
Tangible assets	14	908,202	1,134,009	908,202	1,134,009
Investments	15	-	-	100	100
		908,202	1,134,009	908,302	1,134,109
Current Assets					
Stock	16	12,542	17,496	-	-
Debtors	17	155,243	49,247	151,089	44,855
Cash at bank and in hand		105,881	9,455	102,144	9,250
		273,666	76,198	253,233	54,105
Current Liabilities					
Creditors falling due within one year	18	(197,948)	(547,334)	(192,911)	(533,055)
Net current assets/ (liabilities)		75,718	(471,136)	60,322	(478,950)
Total assets less current liabilities		983,920	662,873	968,624	655,159
Creditors falling due after more than one year	19	(405,883)	(418,526)	(405,883)	(418,526)
Net assets		578,037	244,347	562,741	236,633
Funds					
Restricted Funds	20/21	55,025	30,029	55,025	30,029
Unrestricted Funds:					
General	20/21	321,012	12,318	305,716	4,604
Revaluation Reserve	20/21	202,000	202,000	202,000	202,000
Total funds	22/23	578,037	244,347	562,741	236,633

The notes on pages 15 to 25 form part of these accounts.

These financial statements were approved and authorised for issue by the directors on the 25 March 2011, and are signed on their behalf by:

Baroness Smith of Gilmorehill
Chairman



NOTES ON THE FINANCIAL STATEMENTS
30 November 2010

1. Accounting Policies

a) Going Concern

The Festival Fringe Society, including its trading subsidiary generated net incoming resources before transfers of £333,690 (2009:£125,905) for the year and at the 30 November 2010 had net assets of £578,037 (2009:£244,347). It had net current assets of £75,718 (2009: net current liabilities of (£471,136)) at 30 November 2010. However the Trustees are conscious of the pressures of the economic climate as such they have considered the appropriateness of the going concern policy status of the society.

The Society received short term financial assistance from The City of Edinburgh Council in the year to assist with the cash flow issues it faced as a result of the failure of the box office project in 2008. It was also reliant on grant funding from the City of Edinburgh Council, Scottish Arts Council and the Scottish Government. Good progress has been made over the last two years in stabilising the Society's funds. The City of Edinburgh Council and Creative Scotland have both confirmed support for the Society over the next two years. The Trustees therefore believe it is appropriate to prepare these financial statements on a going concern basis. The Finance, Audit and Risk Committee will continue to review the long term financial future of the Society.

b) Basis of accounting

The financial statements have been prepared under the historical cost convention, except for the revaluation of Investment Properties, and are consistent with applicable Accounting Standards and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005. The principal accounting policies adopted in the preparation of the financial statements are set out below.

c) Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary Festival Fringe Trading Ltd on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

d) Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No.1 on the grounds that it qualifies as a small company under the Companies Act 2006.

e) Operating Leases

The charity classifies the lease of photocopiers as operating leases, annual rentals are charged to the SOFA on a straight line basis over the lease term.

f) Stock

Stock is included at the lower of cost or net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2010

g) Incoming resources

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of a general nature are recognised where there is 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 imposed conditions which must be met before the charity has unconditional entitlement

Income from commercial trading activities is recognised as income as earned..

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 conditions and is recognised as earned. Grant funding included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt, and the amount can be measured with sufficient reliability.

Income is deferred when:

- project related grants are received in advance of a time specific project or event to which they relate

h) Resources expended

Expenditure is recognised when a liability is incurred.

Costs of generating 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 festival activities and includes both the direct costs and support costs of these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with its constitutional and statutory requirements.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with use of resources.

i) Pensions

Pension contributions are made to an approved pension scheme. These are charged to the statement of financial activities in the year in which they are incurred.

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j) Tangible fixed assets

Tangible fixed assets are depreciated on a straight line basis over their estimated useful life as follows:

Investment Property	No charge
Freehold/leasehold property	4%
Computer/box office equipment	20%
Fixtures and fittings	10% & 25%

No capitalisation limit is in place, assets will be capitalised based on estimated useful life of the asset.

The company's flats are treated as investment properties and have therefore not been depreciated in accordance with SSAP 19. The properties are stated at Open Market Value and revalued on a regular basis. The flats were valued with vacant possession at £280,000 on 6 November 2009 by DM Hall Chartered Surveyors LLP.

The website and software costs incurred are regarded as continuous development expenditure and are written off in the year they are incurred in line with UITF 29.

k) Reserves

The summarised movements of funds analysed by category are shown on the Statement of Financial Activities

Restricted Funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The cost of raising and administering such funds are set against the specific fund. The aim and use of restricted funds is set out in note 20 of the financial statements.

Unrestricted Funds

Unrestricted funds are general funds which are available for use at the discretion of the Trustees in furtherance of the of the general objectives of the Charity which have not been designated for any other purpose.

2 Legal status of the Company

The Festival Fringe Society 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.

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NOTES ON THE FINANCIAL STATEMENTS
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3 Related party transactions

The company owns 100 ordinary £1 shares in Festival Fringe Trading Limited. Transactions between the two parties in the year were as follows;

- Festival Fringe Society Limited charged management fees of £24,000 (2009: £24,000) to Festival Fringe Trading Limited.
- Festival Fringe Trading Limited made a Gift Aid payment of £40,000 (2009: £30,000) to Festival Fringe Society Limited.
- At the balance sheet date, there was a small intercompany balance of £636 was due to Festival Fringe Society Limited from Festival Fringe Trading Limited.

Two of the Society's directors, Anthony Alderson and Charlie Wood, are associated with the Company Red61 with which the Society has a working relationship to provide a box office system; to ensure this was dealt with properly, both directors declared an interest to the chair and were subsequently excluded from all board discussions regarding this contract. During the year amounts of £463,800 were invoiced by Red 61.

The Festival Fringe Society pays an annual subscription (2010 : £4202) to Festivals Edinburgh. The CEO of the Festival Fringe Society is currently chair of the Festivals Edinburgh Board.

4 Financial activities of the Trading subsidiary

The financial results shown in the consolidated financial statements included those of the charity's wholly owned subsidiary, Festival Fringe Trading Limited. A summary of the financial activities undertaken by the subsidiary is set out below:

	2010	2009
	£	£
Turnover	139,021	104,212
Cost of sales & administrative expenses	(89,438)	(74,612)
Interest receivable	13	5
Net profit	49,596	29,605
Amount gift aided to the charity	(40,000)	(30,000)
Taxation charge	(2,015)	-
Accumulated profit/(loss)	7,581	(395)
The assets and liabilities of the subsidiary were:		
Current assets	21,068	10,316
Current liabilities	(5,673)	(2,502)
Net Current Assets	15,395	7,814
Represented by:		
Share capital	100	100
Retained profits	15,295	7,714
	15,395	7,814

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4 Financial activities of the Trading subsidiary (cont)

Incoming resources from commercial trading activities and commercial trading operations included in the Group SOFA represent the incoming and outgoing funds from the wholly owned trading subsidiary, Festival Fringe Trading Limited, which is incorporated in the United Kingdom and which pays a significant proportion of its taxable profits to the charity by way of gift aid, (2010: £40,000) (2009: £30,000). There is a £24,000 Management Charge from the Society to the Trading company. The charity owns the entire share capital of 100 ordinary shares of £1 each.

5 Voluntary Income

	Unrestricted Income	Restricted Income	Unrestricted Income	Restricted Income
	2010	2010	2009	2009
	£	£	£	£
Sponsorship	179,000	-	159,200	-
Donations	86,050	-	81,438	-
Grants - Scottish Arts Council	70,000	120,000	65,000	100,000
Grants - City of Edinburgh Council	98,500	-	100,000	-
	433,550	120,000	405,638	100,000

6 Investment Income

The investment income includes income arising from interest bearing deposit accounts and from rental of the investment properties.

7 Incoming resources from charitable activities

All income is earned from the operation of Festival activities. Restricted income relates to grants received for specific projects.

8 Allocation of support

The Society allocates its support costs as shown in the table below. Support costs are allocated on the basis of staffing costs.

	Costs of Festival Operations (Note 9)	Costs of Generating Voluntary Income	Governance	Total
	£	£	£	£
General office - unrestricted expenses	688,623	456,890	19,261	1,164,774
General office - restricted expenses	31,500	-	-	31,500
Loss on disposal of Pivotal Software	93,101	-	-	93,101
Information Technology	67,239	-	-	67,239
Information Technology-restricted expense	72,163	-	-	72,163
External audit	-	-	8,315	8,315
Legal and professional fees	-	-	23,124	23,124
Subsidiary taxation charge	-	-	2,015	2,015
	952,626	456,890	52,715	1,462,231

General office costs includes staffing costs for Festival Events - £239,818 (2009 : £189,002) and 65% of other general administrative costs - £281,218 (2009 : £281,017).

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NOTES ON THE FINANCIAL STATEMENTS
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9 Analysis of charitable expenditure

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

	Unrestricted Expenses	Restricted Expenses	Unrestricted Expenses	Restricted Expenses
	Costs of Festival Operations 2010	Costs of Festival Operations 2010	Costs of Festival Operations 2009	Costs of Festival Operations 2009
	£	£	£	£
Support costs (Note 8)	848,963	103,663	769,319	28,738
Publications costs	300,594	-	290,773	-
Marketing costs	173,197	-	168,183	-
Projects and events	114,347	90,879	122,613	66,576
Box Office Costs	427,047	-	378,551	-
	1,864,149	194,542	1,729,439	95,314

10 Analysis of staff costs

	2010	2009
	£	£
Wages and salaries	660,747	599,201
Social security costs	63,303	47,456
Other pension costs	8,312	7,008
	732,362	653,665

No remuneration was paid to the directors for their services to the Society. The directors received aggregate expenses of £19,261 (2009:£14,017) during the year.

No employee was paid in excess of £60,000 during the year.

One director received £3,500 during the year for consultancy services.

11 Staff numbers

The average number of full time employees (including casual and part time staff) during the year was as follows:

	2010	2009
Administration and sponsorship	6	6
Marketing, press and publications	5	5
Box office/IT	3	-
Events	4	3
	18	14

During the festival period the staff numbers increase to approximately 85 (2009:80).

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12 Movement of the total funds for the year

	2010 £	2009 £
This is stated after charging:		
Operating leases	15,512	14,689
Depreciation	143,494	140,818
Auditors remuneration-Audit (Group)	10,570	10,220
Auditors remuneration-non audit fee (Group)	980	655
Loan interest	<u>23,775</u>	<u>24,780</u>

13 Taxation

	2010 £	2009 £
Taxation payable	<u>2,015</u>	<u>-</u>

The trading subsidiary gift aided the majority of its surplus to the Society.

14 Tangible fixed assets - group and charity

	Investment property £	Freehold/ Leasehold Property £	Computer Equipment £	Fixtures & fittings £	Total £
Cost/Valuation					
As at 1.12.09	280,000	955,965	620,288	238,292	2,094,544
Additions/revaluation	-	10,507	-	281	10,788
Revaluations	-	-	-	-	-
Disposals	-	-	(405,000)	-	(405,000)
As at 30.11.10	<u>280,000</u>	<u>966,472</u>	<u>215,288</u>	<u>238,573</u>	<u>1,700,333</u>
Depreciation					
As at 1.12.09	-	367,002	388,065	205,468	960,535
Charge for year	-	33,853	102,777	6,864	143,494
On Disposal	-	-	(311,899)	-	(311,899)
As at 30.11.10	<u>-</u>	<u>400,855</u>	<u>178,942</u>	<u>212,333</u>	<u>792,130</u>
Net book value					
As at 30.11.10	<u>280,000</u>	<u>565,617</u>	<u>36,345</u>	<u>26,240</u>	<u>908,202</u>
As at 1.12.09	<u>280,000</u>	<u>588,963</u>	<u>232,223</u>	<u>32,824</u>	<u>1,134,009</u>

The company's flats are treated as investment properties and have therefore not been depreciated in accordance with SSAP 19. The properties are stated at open market value with vacant possession and revalued on a regular basis. The flats were valued on 6 November 2009 by DM Hall Chartered Surveyors. Full title to the leasehold property will pass to the Society on the repayment of the loan from the City of Edinburgh Council.

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15 Fixed asset investments

Cost and net book amount

At 1 December 2009 and 30 November 2010 £
100

The company holds a 100% investment in the £1 ordinary share capital of Festival Fringe Trading Limited. The turnover for the company during the year was £139,021 (2009: £104,212) with a profit/(loss) after tax and gift aid of £7,581 (2009: (£395)). The net asset value at the year end was £15,395 (2009: £7,814).

16 Stock

	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Stocks	12,542	17,496	-	-

17 Debtors

	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Trade debtors	4,956	7,000	4,956	5,656
Other debtors	-	-	636	-
VAT debtor	31,804	19,633	27,014	16,585
Prepayments and accrued	118,483	22,614	118,483	22,614
	<u>155,243</u>	<u>49,247</u>	<u>151,089</u>	<u>44,855</u>

There were no amounts falling due after one year.

18 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Trade Creditors	66,042	84,001	66,042	83,999
Tax and social security costs	14,833	11,378	12,818	11,378
Bank Overdraft	-	192,820	-	181,042
Short Term Loan	-	100,000	-	100,000
Loans (Note 19)	26,005	20,098	26,005	20,098
Accruals and provisions	91,068	139,037	88,046	136,538
	<u>197,948</u>	<u>547,334</u>	<u>192,911</u>	<u>533,055</u>

NOTES ON THE FINANCIAL STATEMENTS
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18 Creditors: amounts falling due within one year (cont)

The £100,000 loan in 2009 was provided from City of Edinburgh Council, the Scottish Arts Council and the Scottish Government and was repaid by 31 March 2010. This was an interest free loan.

Overdrawn bank balances in 2009 are secured by standard security over the properties at 180 High Street and 1/3 Borthwick Close, and a bond and floating charge over the assets of the Society, held by the Royal Bank of Scotland plc.

19 Creditors: amounts falling after more than one year

	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Loans (note 19)	<u>405,883</u>	<u>418,526</u>	<u>405,883</u>	<u>418,526</u>

The City of Edinburgh Council has provided a loan to finance the purchase of the investment property. Full title to this property will pass to the Society on repayment of the loan. Interest is payable at 5.15% per annum and the loan is repayable over 20 years, and £392,522 was outstanding at 30 November 2010.

The Energy Savings Trust provided an interest free loan of £16,645 in March 2010 to assist in the installation and upgrading of the central heating in both properties. The loan is repayable over 43 months and £13,361 was outstanding at 30 November 2010.

	Group 2010 £	Group 2009 £
Amounts payable within 1 year	26,005	20,098
Amounts payable between 2 and 5 years	104,483	91,292
Amounts payable after more than 5 years	<u>301,399</u>	<u>327,234</u>
	<u>431,887</u>	<u>438,624</u>

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NOTES ON THE FINANCIAL STATEMENTS
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20 Analysis of charitable funds - Group

Analysis of restricted fund movement

	Fund at 1.12.09	Incoming resources	Resources expended	Transfers	Fund at 30.11.10
	£	£	£	£	£
Mike Westcott Fund	15,000	-	-	-	15,000
Made in Scotland Grant	4,686	120,000	(122,379)	-	2,307
Equalities Officer Grant (SAC)	-	30,375	-	-	30,375
Scottish Enterprise Grant	-	37,163	(37,163)	-	-
EventScotland Grant	-	35,000	(35,000)	-	-
Tenants Improvements	10,343	-	-	(3,000)	7,343
Total restricted funds	30,029	222,538	(194,542)	(3,000)	55,025

The Mike Westcott fund was bequeathed to the Festival Fringe Society to undertake projects which further the support and development of young people involved in the Edinburgh Festival Fringe. It is intended to spend the award over the next three years. During the year no suitable projects were undertaken and as such no release was made from the fund.

The Made In Scotland Grant relates to grant funding from the Scottish Government Edinburgh Festivals Expo Fund project. The project, managed through the Scottish Arts Council allows Scottish companies to take advantage of the platform fulfilling their aim to perform internationally.

The Equalities Officer Grant is funded by the Scottish Arts Council. As the equalities officer post was not filled until the end of 2010, the full grant has been transferred into restricted funds and will be released back in 2011.

The grants received from Scottish Enterprise and EventScotland were received in relation to the website project being undertaken over a two year period. Grant funding is received in direct relation to the costs incurred.

The Tenants Improvements Fund relates to grants and donations received for the refurbishment of the Society's office and purchase of fixtures and fittings. These funds are being released to the general reserve over the life of the relevant assets with £250 being released each month.

Analysis of unrestricted fund movement - Group

	Fund at 1.12.09	Incoming resources	Resources expended	Transfers	Fund at 30.11.10
	£	£	£	£	£
General fund	12,318	2,744,886	(2,439,192)	3,000	321,012
Revaluation reserve	202,000	-	-	-	202,000
	214,318	2,744,886	(2,439,192)	3,000	523,012
Total Funds	244,347	2,967,424	(2,633,734)	-	578,037

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21 Analysis of charitable funds - Charity

Analysis of restricted fund movement

	Fund at 1.12.09 £	Incoming resources £	Resources expended £	Transfers £	Fund at 30.11.10 £
Mike Wescott Fund	15,000	-	-	-	15,000
Made in Scotland Grant	4,686	120,000	(122,379)	-	2,307
Equalities Officer Grant (SAC)	0	30,375	-	-	30,375
Scottish Enterprise Grant	-	37,163	(37,163)	-	-
Event Scotland Grant	-	35,000	(35,000)	-	-
Tenants Improvements	10,343	-	-	(3,000)	7,343
Total restricted funds	30,029	222,538	(194,542)	(3,000)	55,025

Analysis of unrestricted fund movement

	Fund at 1.12.09 £	Incoming resources £	Resources expended £	Transfers £	Fund at 30.11.10 £
General fund	4,604	2,669,852	(2,371,740)	3,000	305,716
Revaluation reserve	202,000	-	-	-	202,000
	206,604	2,669,852	(2,371,740)	3,000	507,716
Total Funds	236,633	2,892,390	(2,566,282)	-	562,741

22 Analysis of net assets between funds - Group

	General fund £	Restricted funds £	Total £
Tangible fixed assets	900,859	7,343	908,202
Net current assets/liabilities	58,411	17,307	75,718
Long term liabilities	(405,883)	-	(405,883)
	553,387	24,650	578,037

23 Analysis of net assets between funds - Charity

	General fund £	Restricted funds £	Total £
Tangible fixed assets	900,859	7,343	908,202
Net current assets/liabilities	43,115	17,307	60,422
Long term liabilities	(405,883)	-	(405,883)
	538,091	24,650	562,741

24 Capital Commitments

The Board have not authorised any capital expenditure in the forthcoming year.