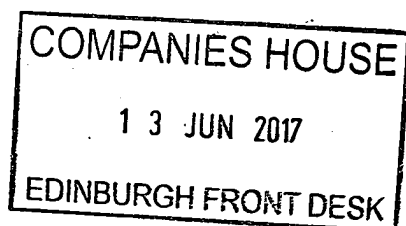


EDINBURGH FESTIVAL FRINGE SOCIETY LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2016

Company number: SC046605
Charity number: SC002995



TUESDAY



SCT

S68IKIU3

13/06/2017

#12

COMPANIES HOUSE

EDINBURGH FESTIVAL FRINGE SOCIETY LIMITED

FINANCIAL STATEMENTS

For the year ended 30 November 2016

CONTENTS

	Page
Report of the Trustees	1 - 11
Independent Auditor's Report to the Members	12 - 13
Consolidated Statement of Financial Activities	14
Statement of Financial Activities	15
Consolidated and Charity Balance Sheet	16
Statement of Cash Flows and Consolidated Statement of Cash Flow	17
Notes to the Financial Statements	18 - 29

Report of the Trustees for the year ended 30 November 2016

The Directors, who act as Trustees for charitable law purposes, present their report together with the consolidated financial statements of the charity and its subsidiary for the year ended 30 November 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. For the purpose of this report, the Directors are referred to as Trustees.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and 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).

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

Chair's Report

As the Chair of the Board of the Edinburgh Festival Fringe Society I am pleased to present the audited statements on behalf of the board of Directors.

2016 was another exceptional year for the Fringe Society and the Edinburgh Festival Fringe, with performers and audiences ensuring the city was awash with talent and energy throughout the month of August. Thousands of artists and companies showcased their work from all genres on an international stage. The continued strength of the Festival Fringe and the Fringe Society is a testament to the calibre of creativity and talent that flocks to Edinburgh each year and the Directors are encouraged by the continued passion for the arts that allows the Fringe to thrive as a valuable platform for artistic work.

As a charity it is vital that the Fringe Society ensures it invests its limited financial resources wisely to benefit all those who participate, and 2016 saw particular focus on accessibility and digital infrastructure. The new Fringe app was a significant development, resulting in an incredible tool to assist audiences in navigating the programme, finding information and booking tickets to shows. The development of the Access Fringe Strategy, and recruitment of the new Community Engagement and Access Manager cemented the Society's commitment to increasing the opportunities for everyone to take part in the Fringe and the development and growth of this work over the following years is a key priority of the Fringe Society staff and Board.

In 2016 we also welcomed our new Chief Executive, Shona McCarthy. Shona's vision, considerable experience in the cultural sector and exceptional leadership are a significant asset to the Fringe Society and the Directors would like to congratulate her on a very successful first Fringe.

As we move into our 70th anniversary year it is important to ensure we reflect on our successes and achievements in this year, and our ambitions and objectives as we go forward. Our focus will be on developments in international engagement, the continued expansion of our arts industry and professional development offer and strategic investment in supporting access to the greatest arts festival in the world.

Objectives and Activities

The purpose of the Society is the continual development and improvement of the world's largest arts festival, where any person can participate without constraint, and to promote the Edinburgh Festival Fringe as an event.

The Edinburgh Festival Fringe Society does not rely on volunteers to deliver our key services to participants and audiences, and all staff employed by the Fringe Society and direct service providers (such as box office, security and cleaning staff) are paid at least the Living Wage (as defined by the Living Wage Foundation and the Scottish Poverty Alliance).

The Fringe Society relies on the voluntary contribution of the board of Directors to ensure the successful delivery of its long term strategic objectives.

In 2014, a new five year Business Plan for 2015-2019 was approved by the Trustees and defines the continued mission statement of the Society as:

Report of the Trustees for the year ended 30 November 2016 (continued)**Mission Statement**

The Edinburgh Festival Fringe Society is a charity and fundamentally exists to:

- Advise, support and encourage all participants;
- Provide comprehensive information services, including ticketing, to its participants and the public; and
- Promote the entire Fringe, in the context of Edinburgh and its other festivals, in Scotland, around the UK and throughout the rest of the world.

The Fringe is recognised throughout the world as the leading, largest, open-access arts festival in the world.

The 2015-19 Business Plan sets out objectives under the above key points and defines the ambition of the Society as follows:

Our Ambition

The Society acknowledges that our key constituents, crucial to the continued vitality and success of the Fringe, are: participants, arts industry, media and audience. In order to fully realise the potential for the Fringe, we must:

- recognise and welcome that the Edinburgh Festival Fringe is for everyone (encouraging diversity and accessibility);
- aim to match the needs, hopes and aspirations of all stakeholders;
- recognise that the aims and needs of participants differ;
- retain our unique position as the sole organisation able to take into account the needs and hopes of all stakeholders / constituents;
- stimulate the environment where relationships are developed;
- work collaboratively with Edinburgh's other festivals through Festivals Edinburgh for the benefit of all the festivals and the city as a whole;
- see the city and people of Edinburgh as essential to both the character and success of the Edinburgh Festival Fringe;
- ensure the festival remains profoundly international, recognising that our international profile is fundamental to our success;
- use and develop innovative technological solutions, in order to provide the best possible services for audiences and participants;
- work to affirm our central position to the arts industry in the UK;
- be a good employer, offering training, support and encouragement to our staff and ensuring space for professional development;
- continue to value the voluntary contribution of the Board; and
- ensure all Fringe Society operations are run in a sustainable manner and encourage participants to do the same.

Our Activities

The role of the Fringe Society is to provide support and services to those who participate and visit the Edinburgh Festival Fringe. Our services address our three Key Mission Statement priorities and include:

- advice, support and guidance to venues and companies who wish to participate in the Fringe. This includes regular 'how-to' roadshows and one-to-one conversations - from choosing your venue to marketing your show - with companies and venues, locally, nationally and internationally;
- professional development and arts industry services, including training, workshops and shared learning opportunities, media and marketing advice and signposting and networking opportunities to onward touring;
- introduction and liaison services for media, arts industry and other professional services - the Fringe Society is a central information point for those seeking to produce, buy or develop work presented at the Fringe, and the accreditation services we provide offer an intermediary to ensure artists and arts industry are able to find one another;
- provision of information and ticketing services for all shows at the Fringe, via our website, mobile apps, phone sales and in our box offices at 180 High St and other city locations, as well as facilitating a network of ticket collection points across the city;
- Marketing the Fringe to audiences across the globe, including media, PR and above the line marketing materials, through our year round branding and annual Fringe marketing campaign;
- advocacy and lobbying for the wider arts and culture sector in Scotland and the UK, alongside specific activities to ensure local and national governmental support for the Fringe in its own right; and
- fundraising and other income generation to support the delivery of key services and ensure the sustainability of the Fringe and the Fringe Society.

Report of the Trustees for the year ended 30 November 2016 (continued)**Key Performance Indicators**

- year on year increase in uptake of services to participants (media, arts industry, participant development);
- greater international reach to participants, audiences and media;
- growth and development of the Access Fringe strategy and increased accessible performances and audiences;
- improved services to customers and audiences, resulting in increased ticket sales;
- ongoing and sustainable financial support for the Fringe Society from diverse revenue streams to support ambitions to reduce the cost of participation.

Achievements and Performance

Fringe Central is a resource centre exclusively for participants, media and arts industry professionals taking part in the Fringe. In 2016 the Fringe Society offered, in collaboration with 44 partners, 106 discussions, workshops, seminars, creative labs and networking sessions to participants, through the professional development programme at Fringe Central. With 1,099 accredited arts industry professionals from over 40 countries, the Fringe continues to be one of the most significant arts marketplaces in the world.

The work of the Fringe Society in growing international participation and attendance has continued in 2016. With participants from 49 countries and media representation from 20 countries, the Fringe Society is maintaining strong international relationships and promoting the Fringe on an international platform, to ensure this continues to grow. The Chief Executive works with organisations, such as the British Council and Scottish Government to ensure arts remains high on the agenda of ministers and ambassadors, while the participants services and arts industry teams support individual companies, promoters and producers to ensure their Fringe experience is beneficial. 289 international arts industry professionals were accredited by the Fringe Society in 2016.

2016 saw the introduction of a full time permanent staff member responsible for the development of the Access Fringe strategy. The Community Engagement and Access Manager introduced the Access Champion and Venue Access Toolkit (in partnership with Attitude is Everything), which supports venues and companies to increase and improve access provision at the Fringe. Access bookings through our dedicated box office service increased by 24% and the number of customers using that service increased by 13%.

The 2016 Fringe saw greater audience numbers than ever before, with an estimated 2,475,143 tickets issued for 50,266 performances of 3,269 shows in 294 venues. The continued growth of the Fringe Box Office can be attributed to strategic investment in infrastructure and sales channels, such as the new mobile apps developed in 2016, alongside strong relationships with venues and other city locations to enable the growth of the collection point network.

As a charity, the Fringe Society relies largely on income generated through service delivery and festival activities. The development work of the Fringe Society continues to seek diverse revenue opportunities, and in 2016 we saw increases in the donations, sponsorship and income from individual donors and Friends of the Fringe. Alongside the primary activities of the Fringe, the Fringe Box Office also provides box office services to a number of major events, both in Edinburgh and across the UK, including Edinburgh's Hogmanay and Southwark Council's Fireworks Display. These service contracts generate additional income to the Fringe Society, which subsidises the costs of service delivery. Registration fees have remained static since 2008 and the 2015-19 business plan made the commitment to hold these until 2019. Commission on ticket sales has also remained at 4% since 2012.

70th Anniversary

2017 marks the 70th anniversary of the Fringe, and in 2016 we began preparations for the celebrations. We appealed to Fringe participants and audiences, past and present, to send us their stories and images of the Fringe over the last 70 years. We installed a video booth on the High Street in August, right at the heart of our world-famous Street Events and invited Fringe fans and performers to tell us what they love about the Fringe. The footage, stories and images will be incorporated into our 2017 festivities.

Report of the Trustees for the year ended 30 November 2016 (continued)

Other key developments in 2016 included:

International Development**The Fringe App**

A major new initiative from the Fringe Society was the launch of a new fully redeveloped replacement mobile app, developed in partnership with Glasgow based, BAFTA award winning digital design and development company, Screenmedia. The cross platform ticketing app, available on Android and iOS devices, has a fresh new interface, enhanced functionality, is more user friendly and is built on an efficient and future proof technology platform. The Fringe App helped thousands of festival-goers to navigate their way around the Fringe this August: users could browse shows, purchase tickets and share their festival diaries with friends. The app also enabled audiences to find a bargain, displaying shows with tickets on offer in the Virgin Money Half Price Hut. In 2016 app transactions and purchases increased by 6% from those transactions on the previous app.

Access Fringe - Children and Young People

In 2015 the Fringe Society developed a ticketing initiative that offered young people in the care of Edinburgh City Council access to free tickets for shows. Venues that opted in to the initiative were able to offer any number of tickets to the scheme and in 2016 we continued this work with venues and the City of Edinburgh Council to develop this project further. 8,082 tickets across 255 shows were made available to the scheme. Development in 2017 will see improvements to the booking system for this scheme.

Access Fringe - Attitude Champion

In 2016, in collaboration with Attitude is Everything, a charity dedicated to improving access to live music and cultural events for Deaf and disabled people, the Fringe Society committed to becoming an Access Champion. An Access Champion is an organisation that champions accessible practices, internally and to all partners, ensuring that events are as accessible and as inclusive as possible, and that Deaf and disabled audiences know what to expect. As an Access Champion, the Fringe will strive to go beyond the legal obligations of the Equality Act and implement best practice, providing a fair and equal service to Deaf and disabled customers and participants. An integral part of this project is the development of an Attitude Charter, which can be found at edfringe.com

Access Fringe - Venue Access Toolkit

To promote best practice across Fringe venues, the Fringe Society, working with Attitude is Everything, has produced a bespoke Venue Access Toolkit. The toolkit recognises the unique challenges of managing a Fringe venue and ensuring it is as accessible as possible. It guides venue managers and event organisers through 16 different topics which lead to the achievement of awards (levels one to three, with level one designed to be achievable by all venues). Undertaking the toolkit will help venues to ensure that they are doing as much as they can to be accessible to all audiences and performers, but fully acknowledges the challenges of temporary venues in unadaptable spaces. Completion of the toolkit will result in a certificate for venues to display, helping audiences and performers to identify what level of accessibility each venue has achieved. The key priority is to ensure that robust and accurate information is available to customers to allow them to make informed choices about their time at the Fringe.

Schools Poster Competition

The Fringe prides itself on its extraordinary ability to applaud diversity, promote inclusivity and to inspire courage in those who take part to express themselves freely and creatively. In 2016, over 4,900 schoolchildren across the length and breadth of the country defied the norm by creating bold, vibrant and unique posters for the Fringe Schools Poster Competition. Supported by Virgin Money, the competition was established in 1980 and is one of the longest-running arts outreach programmes in Scotland. This year's brilliant winner was 12-year-old Ruth Mackenzie from Inverness Royal Academy whose design became the official poster for the 2016 Edinburgh Festival Fringe. This year, for the first time, the exhibition of the winning and shortlisted entries took place at Dynamic Earth with over 150 posters on display throughout the summer.

Sponsorship

Since 2014 sponsorship contracts (Virgin Money and Scottish Café) have been managed by Festival Fringe Trading Limited, with all direct costs associated to the delivery of stated activities recharged to FFTL. In 2016 Caledonian Breweries (Heineken) were also contracted with Festival Fringe Trading Limited after the renewal of that agreement.

Virgin Money

Virgin Money continues to offer their valued support to the work of the Fringe Society and we are extremely grateful to have such an engaged, enthusiastic and creative sponsor. Virgin Money supports the Fringe Street Events and the Half Price Hut, the Fringe App, tickets and ticket wallets, and the Schools Poster Competition. Virgin Money's understanding of, and contribution to, the Society's objectives and activities is integral to the continued success of the Edinburgh Festival Fringe and we are delighted that they continue to offer their support.

Report of the Trustees for the year ended 30 November 2016 (continued)**Caledonian Brewery**

The Fringe Society has long enjoyed an association with Deuchars, Caledonian Brewery's flagship brand. 2016 saw the expansion of the sponsorship to their full brewery portfolio. Caledonian Breweries once again supported the Fringe venue board, the Fringe Programme map and joint festivals map and the Friends of the Fringe scheme. We are extremely grateful for their support and commitment and are delighted this will continue until 2018.

Victor and Carina Contini

In its sixth year, the Society's relationship with Victor and Carina Contini (formerly The Scottish Café and Restaurant) has gone from strength to strength. As well as running the Bothy bar in the Street Events area of the Mound Precinct, the Continis hosted the programme launch in their stunning venue, The Scottish Cafe and Restaurant. The Society is hugely grateful for their ongoing support.

Accommodation Partners

In 2016, we were delighted to welcome Holiday Cottages, an established online accommodation provider, and Edlets, a long-standing Edinburgh one, as official accommodation partners of the Edinburgh Festival Fringe. We would like to extend our gratitude for their support.

Working in Partnership**City of Edinburgh Council**

The Fringe Society continues to maintain a strong relationship with the City of Edinburgh Council and places great importance on the strategic, logistical and financial support it provides and its vital role in the continued success of the Edinburgh Festival Fringe.

Creative Scotland

Creative Scotland continues to support the Fringe Society under the 2015-18 Regularly Funded Organisations scheme and, along with the Scottish Music Centre and Federation of Scottish Theatre, is a key partner in the delivery of the Made in Scotland showcase. The Society is hugely grateful to Creative Scotland for its ongoing support.

British Council

The Society once again worked closely with the British Council on the delivery of the Made in Scotland showcase and the continued development of the Fringe Society's international strategy. For the second year, the British Council was a partner in the Emerging Producers Development Programme which enabled us to offer 15 places on the programme along with a travel and accommodation bursary.

Festivals Edinburgh

Established in 2007, Festivals Edinburgh provides a platform for Edinburgh's major festivals to work together to sustain and develop Edinburgh's position as the world's leading festival destination. In 2016 the Fringe Society worked with Festivals Edinburgh on a range of projects including Momentum, a tailored delegate programme which aims to foster investment and international collaboration. We would like to sincerely thank Festivals Edinburgh for their ongoing strategic support.

University of Edinburgh

The University of Edinburgh once again was pivotal to the achievements of the Fringe Society and the wider Fringe in 2016. As well as providing buildings for copious Fringe venues, a central box office and ticket collection point at its Visitor Centre, the University of Edinburgh, at the ECCI, provided a home for Fringe Central, a facility which is at the very heart of our services to participants.

BBC

The BBC once again delivered unrivalled coverage of the Edinburgh Festival Fringe and its sister festivals throughout the month of August from its new home in the grounds of George Heriot's school. As well as taking the excitement of the Fringe to audiences across the UK and further afield with live broadcasts and interviews, the BBC champions diversity at the Fringe and showcases emerging talent. We greatly appreciate their ongoing contribution to the success of Edinburgh's festivals.

Friends of the Fringe, Fringe Patrons and Fringe Angels

The Fringe Society would like to thank our Fringe Angels and Friends of the Fringe. It's been an incredible year for the Society with membership of the Friends of the Fringe scheme increasing significantly, providing vital resources to support participants at the Fringe. None of the work and achievements detailed in this review would be possible without the generous support and enthusiasm of our Angels, Patrons and Friends.

Report of the Trustees for the year ended 30 November 2016 (continued)**Other activities****Made in Scotland**

It was another successful year for Made in Scotland, an initiative which celebrates the quality and diversity of Scottish theatre, dance and music at the Edinburgh Festival Fringe. Not only does Made in Scotland provide a financial subsidy and practical support to participating companies in presenting their work, but the acclaimed Made in Scotland brand raises the international profile of Scottish artists in the media and wider arts industry. A Promoter PLUS delegation of 19 high-profile arts presenters from around the world attended the Fringe to see work in the Made in Scotland showcase with a view of exporting it to their own country. Of the 19 shows included in the 2016 Made in Scotland showcase, 14 received five-star reviews and four collected awards including two Scotsman Fringe Firsts and the Amnesty Freedom of Expression award.

A Made in Scotland Onward Touring Fund also exists for Scottish artists to develop their work in international markets. Funding is not limited to those who are part of a current or previous Made in Scotland Showcase but is available to support any work created in Scotland and presented at the Fringe which attracts interest from international promoters.

Since its inception in 2009, Made in Scotland has funded 159 companies, ensembles and artists to showcase their work, and enabled 61 productions to tour to 35 countries across six continents. Made in Scotland is supported through the Edinburgh Festivals Expo Fund, and delivered in partnership between the Edinburgh Festival Fringe Society, Federation of Scottish Theatre, Scottish Music Centre and Creative Scotland.

Festival Fringe Trading Limited

Festival Fringe Trading Limited is a wholly owned subsidiary of Edinburgh Festival Fringe Society. The principal activity of the company is the sale of merchandise relating to the Edinburgh Festival Fringe and the provision of information regarding the Edinburgh festivals and tourism. The Festival Fringe Trading Company also manages income from sponsorship for the Edinburgh Festival Fringe Society.

Edinburgh's Hogmanay and other box office services

In 2016 we continued our partnership with Red61 to provide the ticketing service for Edinburgh's Hogmanay and Edinburgh's Christmas. We also jointly provided the box office for other Festivals, including the International Magic Festival in Edinburgh and Leicester Comedy Festival, as well as for additional, one off events, such as Botanic Lights, Southwark Council's Firework Display and the BBC Garden Party. It is an objective of the Business Plan that our box office continues to provide innovative and cutting edge services to a range of customers, which can be funded through the profits of this partnership.

Financial Review

The financial statements reflect the introduction of Financial Reporting Standard 102 (FRS102) and the charity SORP (2014) for the first time. The Society reclassified its income and expenditure into the categories as permitted by the new Charities SORP; however this had no effect on total income and expenditure.

2016 was another successful year for the Society. The majority of its income continues to be from commission and handling charges connected with the box office, advertising associated with the publications and website, registration fees and sponsorship. An estimated 2.5 million tickets were issued compared to 2.3 million in 2015, which shows the continued health of the festival. The Society is grateful for grant aid support from Creative Scotland's Regularly Funded Organisations fund, the Scottish Government's Edinburgh Festivals Expo Fund through Creative Scotland and the Service Level Agreement with the City of Edinburgh Council. Other income includes gift aid from the trading subsidiary and rental income from properties owned by the Society.

The majority of expenditure covers the provision of box office services (including staffing), staffing the Society and producing the Fringe publications and the website and apps. Other expenditure relates to marketing costs associated with events and sponsorship, training fees, premises and overheads. The Society continues to invest in digital resources, for both audiences and participants, as well a formal commitment to the living wage since October 2014.

Whilst income remained strong, the impact of investment in digital resources and other planned expenditure are reflected in the result for the year which is a consolidated deficit of £259,090 before revaluations. Funds had been set aside in previous years as designated funds to finance this investment.

Report of the Trustees for the year ended 30 November 2016 (continued)**Investment powers and policy**

The trustees, having regard to cashflow requirements, have kept available funds in an interest bearing deposit account rather than longer term investments. Returns have therefore been low in line with bank interest rates.

Reserves Policy

The Finance, Audit and Risk Committee reviewed the Society's reserves policy in 2014 and made a recommendation to the Board of Trustees. This recommendation was approved and is carried forward into 2016/17.

The reserves policy is as below:

The Fringe Society Board of Trustees has established that, in order to deal with any contingent liabilities should there be a shortfall in funding between grants received, income generated by the Society and the Society's expenditure, a level of reserves should be held. The Trustees believe that they require four months average working capital to be retained in unrestricted reserves in order to cover operational costs for this period. At the year end the Society held £1,521,135 of unrestricted reserves which represents approximately four months of average expenditure.

Designated Reserve

In 2015 the Board of Trustees designated reserves for staff and project costs for Access Fringe Strategy (£192,000 over three years). Of this fund £127,091 is being carried forward and will be spent in the next two years. All other designated funds created in 2015 have been spent in 2016 as detailed in note 21.

Future Developments

2017 will see the ongoing development of the key strategic priorities outlined in the 2015-19 Business Plan, as well as the acceleration of the Access Fringe Strategy and the delivery of events and activities to celebrate the 70th Anniversary of the Festival Fringe.

Key developments for 2017 include:

- celebrate and acknowledge the 70th Anniversary of the Edinburgh Festival Fringe and the birth of the concept of a Fringe festival;
- to maximise the exposure of the 70th Anniversary to develop new community engagement initiatives and build new partnerships;
- improvements to the Access Booking system, working toward a fully integrated online solution for customers with specific access needs;
- to enhance and develop the portfolio of international artists, media, industry and audiences attending the Fringe;
- to income from non-Fringe box office services, retail and other areas of expertise, to support ongoing service delivery.

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also Directors of Edinburgh Festival Fringe Society Limited for the purposes of company law) are responsible for preparing the Trustees' Report (including strategic 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and the provision of the charity's constitution. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

EDINBURGH FESTIVAL FRINGE SOCIETY LIMITED

8

Trustees' Report including strategic report for the year ended 30 November 2016 (continued)

Reference and Administration

Company number: SC046605

Charity number: SC002995

Registered Office

180 High Street
EDINBURGH, EH1 1QS

Auditors

RSM UK Audit LLP
Statutory Auditors
Third Floor, Centenary House
69 Wellington Street
Glasgow, G2 6HG

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law. The Trustees and officers serving during the year and since the year end were as follows:

TMM O'Shea (Chair)
AA Alderson (Vice Chair)
FL Davis
JA Doherty
H Gooch
RBS Lloyd
L Meredith Williams
G Morinan
SW Morrison
MZ Panesh
KJ Smurthwaite
PM Utton
RJ Wiseman
CBM Wood
WJC Wood

Key Management Personnel: The Edinburgh Festival Fringe Society

Chief Executive Officer:

Kath M Mainland (Until 12 February 2016)
Shona McCarthy (From 14 March 2016)

Senior Management Team:

Rachel Sanger (Head of Participant Services)
Elizabeth Burchell (Head of Marketing, PR and Sponsorship)
Lyndsey Jackson (Head of Operations)

Secretary

Shona McCarthy (appointed 14 March 2016)
Kath M Mainland (resigned 12 February 2016)

EDINBURGH FESTIVAL FRINGE SOCIETY LIMITED

Trustees' Report including strategic report for the year ended 30 November 2016 (continued)

Structure, Governance and Management

Governing Document

The Edinburgh Festival Fringe Society 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 09 May 1969, and adopted on 21 November 2010, and amended last on 19 August 2014. The members of the Society, two at minimum, are those individuals who elect the elected Trustees.

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

Appointment of Trustees

Under the constitution, adopted at the General Meeting in November 2010, following a constitutional review, anyone can join the Society as a Member, the Board will consist of between 12 and 16 Trustees and is made up of up to 12 elected Members and up to 4 appointed by the Elected Directors (Trustees).

The Elected Directors (Trustees) shall be drawn from the following categories: 'show participants' who either perform, or take part in, or are connected in any way to a show or performance which is registered with the Society in the Society's festival programme for the year in which they stand for election; '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 Directors (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 then may be re-elected or re-appointed as a Trustee.

There were no changes to the Trustees as those members eligible for re-election were all re-appointed.

Trustee Induction and Training

New Trustees are appraised of 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 undertake charity trustee training provided by an external party, and are also given a copy of the 'Care, Diligence and Skill' handbook and a copy of the most recent Annual Report.

Organisation

The Board of Trustees, which administers the Society, meets five times a year. The Trustees elect one of their members as Chair for such periods as they see fit. The Board appoints a Chief Executive to manage the day to day operations of the Society. To facilitate effective operations, the Chief Executive has delegated authority within the terms of delegation approved by the Trustees, for operational matters including finance and employment. The Chief Executive was Kath M Mainland up to 12 February 2016 and then a new Chief Executive, Shona McCarthy was appointed on 14 March 2016.

The following sub-committees are in place: Finance, Audit and Risk Committee, Constitutional Review Working Group, Business Planning Committee, Box Office and IT Working Group, Appointments Committee and Remuneration Committee. The Box Office and IT Working Group continues to act as project board for IT projects and is overseen by the Business Planning Committee. In September 2014, the Business Planning Committee presented the 2015-2019 Business Plan which was presented to the Board for approval. A working group focussed on 70th Anniversary celebrations in 2017 was also in place for 2016 and into 2017.

Related Parties and co-operation with other organisations

The Society has a close relationship with the City of Edinburgh Council, which acts as the Society's landlord under a lease agreement (renewed in 2014 for a further ten years). The Society's wholly owned subsidiary, Festival Fringe Trading Limited, was established to promote the sale of merchandise relating to the Fringe. The subsidiary gift aids the majority of its taxable profits to the Society. This year gift aid amounted to £139,942 (2015: £180,167).

Key Management Personnel

The Fringe Society has a stated remuneration and salary increase request policy. Salaries for Senior Managers and the Chief Executive are benchmarked against industry levels (with the Chief Executive Salary benchmarked by an external agency) and agreed by the Remuneration Committee prior to annual budget setting.

Trustees' Report including strategic report for the year ended 30 November 2016 (continued)

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.

A full review of the Fringe Society's Risk Register was undertaken in 2016, and risks are considered in terms of their likelihood and their consequences and the Committee consider both the mitigating factors and the assurances that may be in place (such as insurances) as well as the timescales for review and any resource requirements. Key risks are outlined below.

Risk	Impact	Risk To	Mitigation	Assurance
Failure of strategic planning, in line with EFFS constitution and open access principle	Society objectives not being met	EFFS	SMT reporting to the board of trustees through the business planning committee - all activity considered through framework of the mission statement to ensure fit to strategic aims. Audit process also considers appropriateness of activity and fit to strategic aims.	Annual reporting and meeting cycle for Business Planning. Annual Audit. Comprehensive annual review
Failure of relationships with venues/participants/ landlords	Breakdown of communication, breakaway venues/groups, loss of income, damage to reputation, loss of cohesive Fringe, loss of audience confidence	EFFS, Fringe Constituents, public	Open and regular communication and relationship management with Venues, companies and landlords. Public AGM. Venue and participant representation at board	Limited
Competitor service providers (box office, app, registration, support, information, festivals in other cities)	Loss of income, loss of registrations, closure of service delivery. Audience dissatisfaction, negative publicity, damage to reputation, EFFS no longer seen as key to participation, Edinburgh no longer the focus of arts industry and not seen as the best platform for artists.	EFFS, Fringe constituents, audiences	EFFS investment in staff, services, technology, services, innovation and research. Open data protected by ring-fenced ticketing - EFFS only place to buy tickets for all shows at the Fringe, and Digital and IT strategy focuses on ensuring that remains (including investment to ensure fit for purpose and future proof). Promotion and marketing of the Fringe services to participants and audiences.	Scale of EFFS and relationships with venues etc.
Terrorist Event/activity - one off	loss of life, loss of asset and building, cancellation of event(s)	EFFS, Public, Fringe Constituents	Serious Incident Management Planning, annual training on managing terrorist activity, membership of Council EPOG, communication with Terrorist Police. EFFS to consider wider Festival Training and support	Limited - dependent on Police advice
Failure of major supplier (box office, website, app, edfringeware)	loss of key service provision to EFFS, loss of income generated through channel, damage to reputation	EFFS	All code and software held in Escrow, Box office license in perpetuity, EFFS retain admin rights on all software, contract includes EFFS IP rights, due diligence on all suppliers	Professional indemnity insurances

Trustees' Report including strategic report for the year ended 30 November 2016 (continued)

Key Risks continued

Risk	Impact	Risk To	Mitigation	Assurance
Failure of Health and Safety in EFFT	Injury, loss of life, damage to reputation, legal/criminal action	EFFS, Fringe Constituents, public	Full H&S review annually, staff training and induction, security arrangements reviewed, Serious Incident Management Plan in place	Insurances
Failure of trading subsidiary	Loss of income to EFFT, loss of sponsorship agreements contracted through FFFL, reputational damage	EFFS	Reporting quarterly consolidated accounts to FAR, development of business plan for FFFL to grow income	Chair of FAR on FFFL board
Insufficient physical and digital security in place	Loss of assets, breach of data, loss of compliance, reputational damage, fines and legal action	EFFS	Secure buildings, key holder alarm service communicating directly with emergency services, regular change of alarm and key entry codes, physical security in line with PCI:DSS compliance, comprehensive asset register, internal secure areas, data storage in line with PCI:DSS compliance, tokenised third party suppliers	Insurances, third party compliances
Natural disaster/loss of key utility	Loss of buildings or other assets due to fire, flood, storm etc. injury or loss of life. Interruption/closure of service delivery	EFFS, Fringe customers, audiences	Limited - secure and long standing buildings will offer some protection. Precautions in place where possible (fire detection systems, extinguishers etc.). Serious incident management plan details specific plans based on circumstances. Communication with relevant suppliers and partners and where possible, failover and disaster recover plans in place.	Insurances

Statement as to disclosure to our auditors

In accordance with company law, as the company's directors, the Trustees have confirmed that:


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

Auditors

The company tendered its audit services during the year. A proposal will be put to the General Meeting regarding the appointment of auditors.

By Order of the Board

Prof. Sir Timothy O'Shea

 2017
8/6/17.

Independent Auditors' Report to the Trustees and Members of The Edinburgh Festival Fringe Society Limited

Opinion on financial statements

We have audited the financial statements of Edinburgh Festival Fringe Society Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 November 2016 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Statements of Financial Position, the Group and Parent Charitable Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. 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".

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 charitable company's affairs as at 30 November 2016; and of the group's and the parent charitable company's incoming resources and application of resources, including its 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).

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 <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 financial statements are not in agreement with the accounting records and 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.

Independent Auditors' Report to the Trustees and Members of The Edinburgh Festival Fringe Society Limited

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 7 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 auditors 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 (APB's) Ethical Standards for Auditors.

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 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.



KELLY ADAMS (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date

13/6/17.

RSM UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including consolidated income and expenditure account)
for the year ended 30 November 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	4	283,404	-	283,404	279,397
<i>Charitable activities</i>					
Operation of festival activities	5	3,066,249	176,000	3,242,249	3,164,824
Other trading activities	6	517,766	-	517,766	573,700
Investments	7	22,104	-	22,104	20,814
Other income		-	-	-	40,000
Total	21	3,889,523	176,000	4,065,523	4,078,735
EXPENDITURE ON:					
<i>Raising funds</i>					
Fundraising costs of grants and donations	8	5,206	-	5,206	3,882
Sponsorship and trading costs	8	353,478	-	353,478	326,592
		358,684	-	358,684	330,474
<i>Charitable activities</i>					
Operation of festival activities	9	3,789,929	176,000	3,965,929	3,544,448
Total	21	4,148,613	176,000	4,324,613	3,874,922
Net income/(expenditure)		(259,090)	-	(259,090)	203,813
Transfers between funds	21	-	-	-	-
Other recognised gains/(losses):					
	15/21				
Gains on revaluation of fixed assets	/22	90,000	-	90,000	-
Net movement in funds		(169,090)	-	(169,090)	203,813
Reconciliation of funds					
Total funds brought forward		1,690,225	-	1,690,225	1,486,412
Total funds carried forward	21/23	1,521,135	-	1,521,135	1,690,225

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.

CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
for the year ended 30 November 2016

		Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015
	Note	£	£	£	£
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	4	283,404	-	283,404	279,397
<i>Charitable activities</i>					
Operation of festival activities	5	3,066,249	176,000	3,242,249	3,164,824
Other trading activities	6	29,719	-	29,719	97,719
Investments	7	162,046	-	162,046	200,960
Other income		-	-	-	40,000
Total	22	3,541,418	176,000	3,717,418	3,782,900
EXPENDITURE ON:					
<i>Raising funds</i>					
Fundraising costs of grants and donations	8	5,206	-	5,206	3,882
Sponsorship and trading costs	8	5,011	-	5,011	567
		10,217	-	10,217	4,449
<i>Charitable activities</i>					
Operation of festival activities	9	3,789,929	176,000	3,965,929	3,544,448
Total	22	3,800,146	176,000	3,976,146	3,548,897
Net income/(expenditure)		(258,728)	-	(258,728)	234,003
Transfers between funds	22	-	-	-	-
Other recognised gains/(losses):					
	15/21/				
Gains on revaluation of fixed assets	22	90,000	-	90,000	-
Net movement in funds		(168,728)	-	(168,728)	234,003
Reconciliation of funds					
Total funds brought forward		1,672,424	-	1,672,424	1,438,421
Total funds carried forward	22/23	1,503,696	-	1,503,696	1,672,424

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.


CONSOLIDATED AND CHARITY BALANCE SHEET
as at 30 November 2016

	Note	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Fixed Assets					
Tangible Assets	15	806,341	860,329	806,341	860,329
Investment Property	15	350,000	260,000	350,000	260,000
Investments	16	-	-	100	100
Total Fixed Assets		1,156,341	1,120,329	1,156,441	1,120,429
Current Assets					
Stock	17	19,232	32,344	-	-
Debtors	18	251,939	191,613	279,726	475,355
Cash at Bank and in Hand		2,640,588	2,296,007	2,608,740	2,011,687
Total Current Assets		2,911,759	2,519,964	2,888,466	2,487,042
Current Liabilities					
Creditors falling due within one year	19	(2,301,296)	(1,675,834)	(2,295,542)	(1,660,813)
Net Current Assets		610,463	844,130	592,924	826,229
Total Assets less Current Liabilities					
		1,766,804	1,964,459	1,749,365	1,946,658
Creditors falling due after more than one year	20	(245,669)	(274,234)	(245,669)	(274,234)
Net Assets		1,521,135	1,690,225	1,503,696	1,672,424
The Funds of the Charity:					
Restricted Funds	21/22	-	-	-	-
Unrestricted Funds:					
General	21/22	1,122,044	1,016,225	1,104,605	998,424
Designated Reserve	21/22	127,091	492,000	127,091	492,000
Revaluation Reserve	21/22	272,000	182,000	272,000	182,000
Total Charity Funds	23/24	1,521,135	1,690,225	1,503,696	1,672,424

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes on pages 18 to 29 form part of these accounts.

These financial statements were approved and authorised for issue by the Trustees on 08/06/17, and are signed on their behalf by:


Prof. Sir Timothy O'Shea
Chairman

Company No: SC046605

STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ending 30 November 2016

	Group 2016	Group 2015	Charity 2016	Charity 2015
Note	£	£	£	£
Net cash provided by (used in) operating activities				
26	381,141	820,836	277,050	676,462
Cash flows from investing activities				
Interest and rental income	22,104	20,814	21,944	20,793
Income from distributions from trading subsidiary	0	0	139,942	180,167
Purchase of tangible fixed assets	(14,944)	(21,305)	(14,944)	(21,305)
Repayment (increase) of loans to trading subsidiary	0	0	216,781	(287,749)
Cash provided by (used in) investing activities	7,160	(491)	363,723	(108,094)
Cash flows from financing activities				
Interest paid	(16,554)	(17,913)	(16,554)	(17,913)
Repayment of borrowing	(27,166)	(25,835)	(27,166)	(25,835)
Cash used in financial activities	(43,720)	(43,748)	(43,720)	(43,748)
Increase (decrease) in cash and cash equivalents in the year	344,581	776,597	597,053	524,620
Cash and cash equivalents at the beginning of the year	2,296,007	1,519,410	2,011,687	1,487,067
Total cash and cash equivalents at the end of the year	2,640,588	2,296,007	2,608,740	2,011,687

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

1 Accounting Policies**Legal status of the Company**

Edinburgh Festival Fringe Society Limited is a company limited by guarantee registered in Scotland and has no share capital. The liability of each member in the event of winding up is limited to £1.

The registered address of the company is 180 High Street, Edinburgh, EH1 1QS

The principal activities and nature of the charity's operating are detailed in the objectives and activities section of the Trustees report on page 1.

a) Basis of accounting

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.

The Society 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 note(s).

These financial statements are presented in £ Sterling.

In the application of the charity's policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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.

As at 30 November 2016, the Trustees are satisfied that no significant element of the financial statements is composed of a figure derived from a key judgement or estimation.

b) Reconciliation with Generally Accepted Accounting Practice

The charity transitioned to FRS102 as at 1 December 2014. The Financial Statements to 30 November 2015 were prepared under previous GAAP.

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 what restatement is necessary. The Society reclassified its income and expenditure into the categories as permitted by the new Charities SORP; however this had no effect on total income and expenditure.

c) Going Concern

The Edinburgh Festival Fringe Society (the 'Society'), including its trading subsidiary generated net outgoing resources before transfers of £259,090 (2015: net incoming resources £203,813) for the year and at the 30 November 2016 had net assets of £1,521,135 (2015: £1,690,225). As at 30 November 2016 it had net current assets of £610,463 (2015: £844,130). The Trustees have considered the appropriateness of the going concern policy status of the Society and are comfortable with the Society's position.

The Society has prepared a business plan which covers 2015 to 2019 and the Society projects to maintain a good level of cash reserves. 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 as well as ongoing management accounts, forecasts and cashflow forecasts.

d) Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary Festival Fringe Trading Limited on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure account are presented for the charity itself as required by the Charities Accounts (Scotland) Regulations 2006 (as amended). The financial statements of Festival Fringe Trading Limited are prepared under the Financial Reporting Standard applicable to Smaller Entities (effective January 2015). No adjustments to figures were required for presentation in the consolidated accounts under FRS102.

e) Operating Leases

The Society classifies the lease of photocopiers as operating leases, annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

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. Provision is made for obsolete and slow moving items.

g) Incoming resources

Donations and legacies including donations, gifts and legacies and grants that provide core funding or are of a general nature are recognised where there is entitlement, probability 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 and are outwith the charity's control before the charity has unconditional entitlement.

Income from other trading activities is recognised as it is 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, probability of receipt, and the amount can be measured with sufficient reliability.

Income from charitable activities 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 arises.

Expenditure on raising funds are those costs incurred in attracting donations and legacies, 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 are external audit fees, accounting and taxation fees including the costs of the portfolio accountant, Trustees' expenses, AGM expenses, stakeholder engagement, certain conference and event costs and a proportion of legal expenses.

Support costs include central functions and have been allocated to activity cost categories on the same basis as staffing costs. Staffing costs are allocated based on the underlying activities of the roles involved and where appropriate on a proportional basis.

i) Pensions

Pension contributions are made to an approved defined contribution pension scheme. These are charged to the Statement of Financial Activities in the year in which they are incurred.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

j) Tangible fixed assets

Tangible fixed assets are held at cost and 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	4% & 25%

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

k) Investment properties

Investment properties are held at fair value and revalued at each reporting date through the Statement of Financial Activities.

l) 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 21 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 general objectives of the Charity which have not been designated for any other purpose.

Designated Funds

Designated funds are general funds which have been identified for use in particular future projects by the Trustees but are still available for use at the discretion of the Trustees, where transfers are made from the unrestricted to the designated fund. The aim and use of designated funds is set out in note 21 of the financial statements.

m) Financial Instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument, and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

n) Financial Assets

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

o) Financial Liabilities

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a trade or other creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

2 Related party transactions

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

- The Society charged management fees of £25,719 (2015: £25,719) to the Trading Company.
- The Trading Company made Gift Aid payments of £139,942 (2015: £180,167) to the Society.
- At the balance sheet date, there was a balance of £69,832 due from the Trading Company to the Society. (2015: £286,613 due to the Society).

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, the directors declared an interest to the Chair and were subsequently excluded from all Board discussions regarding this contract. During the year amounts of £1,014,775 (inc VAT) were invoiced by Red61. At the year end there was a balance of £35,449 due to Red61 and a balance of £15,146 due from Red61 included in creditors and debtors respectively. There were no payments in relation to their role as Trustees.

Professor Sir T O'Shea is Principal of The University of Edinburgh and Chair of the Board of Trustees. Payments of £44,934 (inc VAT) for use of the ECCE and Boilerhouse was made to The University of Edinburgh during the year (2015: £34,044 (inc VAT) for use of Appleton Tower and David Hume Tower).

Payments totalling approximately £4.95m in terms of box office receipts sold as an agent for the relevant venues were made to the Pleasance Theatre Trust (A Alderson), Underbelly (CBM Wood) and EICC (RBS Lloyd) in their capacity as venues operating at the Festival.

3 Financial activities of the trading subsidiary

The financial results shown in the consolidated statement of financial activities include those of the charity's wholly owned subsidiary, the Trading Company. A summary of the financial activities undertaken by the subsidiary is set out below:

	2016	2015
	£	£
Turnover	513,606	501,700
Cost of sales and administrative expenses	(374,074)	(351,494)
Interest receivable	160	21
Net profit	139,692	150,227
Taxation charge	(112)	(250)
Distributions paid to the charity	(139,942)	(180,167)
Accumulated Profit	(362)	(30,190)
The assets and liabilities of the subsidiary were:		
Current assets	93,127	319,537
Current liabilities	(75,587)	(301,635)
	17,540	17,902
Represented by:		
Share capital	100	100
Retained profits	17,440	17,802
	17,540	17,902

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

3 Financial activities of the Trading subsidiary (continued)

Incoming resources from commercial trading activities and commercial trading operations included in the Consolidated Statement of Financial Activities represent the incoming and outgoing funds from the wholly owned trading subsidiary, the Trading Company, 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, 2016: £139,942 (2015: £180,167). There is a £25,719 (2015: £25,719) Management Charge from the Society to the Trading Company. The charity owns the entire share capital of 100 ordinary shares of £1 each.

4 Donations and Legacies - Group and Charity

	Unrestricted Income	Restricted Income	Unrestricted Income	Restricted Income
	2016	2016	2015	2015
	£	£	£	£
Company Membership	7,500	-	5,030	-
Donations	112,270	-	107,837	-
Grants - Creative Scotland	70,000	-	70,000	-
Grants - City of Edinburgh Council	93,634	-	96,530	-
	283,404	-	279,397	-

5 Incoming resources from charitable activities

All income is earned from the operation of Festival and Hogmanay activities. Restricted income relates to grants received for specific projects, eg Made in Scotland and Website development. Income from the operation of festival activities totalled £3,242,249 (2015 £3,164,824) of which £3,066,249 was unrestricted (2015 £2,975,079) and £176,000 was restricted (2015 £189,745).

6 Income from other trading activities

Income from other trading activities is all unrestricted and included income from sponsorship and from running the retail shop. The consolidated income from other trading activities includes sponsorship income of £384,500 (2015 £423,000) and trading income of £133,266 (2015 £150,700). All income from other trading activities was unrestricted in 2016 and 2015.

7 Investment income and other income

The investment income includes income arising from interest bearing deposit accounts, from rental of the investment properties and in the Charity from distributions received from the Trading Company. Investment income is all unrestricted in 2016 and 2015. Other income related to reimbursed expenses in 2015 and was unrestricted.

8 Allocation of support and governance

The Society allocates its support costs as shown in the table below.

	Costs of Festival Operations	Costs of Festival Operations	Expenditure on Raising Funds	Sponsorship and Trading Costs	Total
	Unrestricted	Restricted			
	£	£	£	£	£
General administration	42,717	-	-	-	42,717
Premises	150,944	-	-	-	150,944
Society IT and communications	118,209	-	-	-	118,209
Training, recruitment and travel	47,375	-	-	-	47,375
Depreciation	68,932	-	-	-	68,932
Other expenses	18,175	-	5,206	5,011	28,392
Non governance legal expenses	36,333	-	-	-	36,333
Governance costs	75,323	-	-	-	75,323
Total Charity	558,008	0	5,206	5,011	568,225
Subsidiary trading costs	-	-	-	344,855	344,855
Subsidiary external audit	-	-	-	3,500	3,500
Subsidiary taxation charge	-	-	-	112	112
Total Group	558,008	0	5,206	353,478	916,692

NOTES ON THE FINANCIAL STATEMENTS

30 November 2016

8 Allocation of support and governance (continued)

All support costs are allocated 100% to Festival Operations except certain costs which are allocated directly. This percentage is based on staff useage. Legal and professional is allocated specifically if appropriate and otherwise under the same policy.

All costs of raising funds are unrestricted in 2016 (2015 - all unrestricted).

Governance costs includes external audit fees for the society, non-audit accountancy and taxation fees and the costs of the portfolio accountant, Trustees' and AGM expenses and costs for stakeholder engagement, certain conference and event costs and a proportion of legal expenses.

9 Analysis of charitable expenditure

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

	Unrestricted Expenses Costs of Festival Operations 2016 £	Restricted Expenses Costs of Festival Operations 2016 £	Unrestricted Expenses Costs of Festival Operations 2015 £	Restricted Expenses Costs of Festival Operations 2015 £
Support and governance costs (note 8)	558,008	-	610,414	-
Staff costs	1,063,446	50,000	994,747	59,921
Publications costs	281,116	-	341,855	-
Marketing costs	442,801	-	361,759	-
Projects and events	262,687	126,000	154,276	129,824
Box Office Costs	994,125	-	958,242	-
Digital and Online	454,304	-	156,593	-
Trading company: Event staff costs	(94,187)	-	(87,656)	-
Trading company: Projects and events	(172,371)	-	(135,527)	-
Total Charitable Expenditure	3,789,929	176,000	3,354,703	189,745

10 Analysis of staff costs (including key management personnel)

	2016 £	2015 £
Wages and salaries	992,156	951,387
Social security costs	89,349	84,910
Other pension costs	31,942	18,371
	1,113,446	1,054,668

The key management personnel of the parent charity and of the group, comprise the trustees, the Chief Executive Officer and the Senior Management Team. The total employee benefits of the key management personnel of the charity and the group were £261,732 (2015: £234,681).

No remuneration was paid to the directors for their services as Trustees to the Society. The directors received aggregate reimbursed expenses of £878 (2015: £912) during the year.

One employee was paid between £60,000-£70,000 during the year. Pension costs of £2,231 were paid for that employee.

11 Staff numbers (Group and Charity)

The average head count (no of staff) number of employees (excluding casual festival workers) during the year was as follows:

	2016 No.	2015 No.
Administration	8	8
Marketing, press and publications	8	8
Digital and IT	1	2
Participant services	5	5
	22	23

During the festival period the staff numbers increased by approximately 85 (2015:85) and during programme production the staff numbers increased by approximately 9 (2015: 9).

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

12 Net Incoming resources

	2016	2015
	£	£
This is stated after charging:		
Operating leases	33,552	33,552
Depreciation	68,932	64,480
Auditors remuneration-Audit (Group)	15,540	13,500
Entities related to auditor for non-audit fee (Group)	2,552	7,035
Loan interest	<u>16,554</u>	<u>17,913</u>

£3,640 of the external audit fee relates to the Festival Fringe Trading Limited subsidiary.

13 Lease Commitments

At 30 November 2016, the company had total commitments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Expiring in less than one year	32,290	33,552
Expiring between one and five years	-	32,290
Expiring in greater than five years	-	-

Operating lease costs in the year were £33,552 (2015 £33,552).

14 Taxation

	2016	2015
	£	£
Taxation payable	<u>112</u>	<u>250</u>

The trading subsidiary annually gift aids the majority of its surplus to the Society, 2016 : £139,942 (2015 : £180,167).

15 Tangible fixed assets - group and charity

	Investment property	Freehold/ Leasehold Property	Computer Equipment	Fixtures & fittings	Total
	£	£	£	£	£
Cost/Valuation					
As at 1.12.15	260,000	1,147,541	89,235	79,945	1,576,721
Additions	-	-	7,537	7,407	14,944
Revaluations	90,000	-	-	-	90,000
As at 30.11.16	<u>350,000</u>	<u>1,147,541</u>	<u>96,772</u>	<u>87,352</u>	<u>1,681,665</u>
Depreciation					
As at 1.12.15	-	352,236	61,865	42,291	456,392
Charge for year	-	46,174	9,718	13,040	68,932
As at 30.11.16	<u>-</u>	<u>398,410</u>	<u>71,583</u>	<u>55,331</u>	<u>525,324</u>
Net book value					
As at 30.11.16	<u>350,000</u>	<u>749,131</u>	<u>25,189</u>	<u>32,021</u>	<u>1,156,341</u>
As at 1.12.15	<u>260,000</u>	<u>795,305</u>	<u>27,370</u>	<u>37,654</u>	<u>1,120,329</u>

The company's flats are treated as investment properties and have therefore not been depreciated in accordance with FRS102. The properties are stated at Fair Value and revalued annually. The flats were valued with vacant possession at £350,000 on 11 January 2017 by DM Hall Chartered Surveyors LLP. The Trustees are satisfied that this reflects the value as at 30 November 2016. Full title to the leasehold property will pass to the Society on the repayment of the loan from the City of Edinburgh Council (note 20).

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

16 Fixed asset investments**Cost and net book amount****Charity****£**

At 1 December 2015 and 30 November 2016

100

The Society holds a 100% investment in the £1 ordinary share capital of Festival Fringe Trading Limited, a company limited by shares and registered in Scotland (SC130813). The turnover for the trading company during the year was £512,870 (2015: £501,700) with a profit after tax of £139,580 (2015: £149,997). The net asset value at the year end was £17,540 (2015: £17,902).

17 Stock

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Stocks	<u>19,232</u>	<u>32,344</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Trade debtors	85,185	57,585	43,140	56,714
Amounts owed by group undertakings	-	-	69,832	286,613
VAT debtor	48,907	52,115	48,907	50,115
Prepayments and accrued income	117,847	81,913	117,847	81,913
	<u>251,939</u>	<u>191,613</u>	<u>279,726</u>	<u>475,355</u>

There were no amounts falling due after one year.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

19 Creditors: amounts falling due within one year

	Group	Group	Charity	Charity
	2016	2015	2016	2015
	£	£	£	£
Trade Creditors	112,479	182,960	110,874	172,788
Tax and social security costs	19,842	17,732	19,842	17,732
Loans (note 20)	28,565	27,166	28,565	27,166
Other creditors	-	-	-	-
Accruals and deferred income	2,140,410	1,447,976	2,136,261	1,443,127
	2,301,296	1,675,834	2,295,542	1,660,813

Included within accruals and provisions is an amount of £1,943,123 (2015: £1,367,346) relating to cash held by the society on behalf of a 3rd party for box office funds received for Hogmanay and other events.

Deferred income

Included within accruals and deferred income is deferred income which relates to income received by the charity, but for which the conditions are not met.

Movement in deferred income account

	Group	Group	Charity	Charity
	2016	2015	2016	2015
	£	£	£	£
Balance as start of year	36,088	85,331	36,088	85,331
Amounts added in current year	152,677	36,088	152,677	36,088
Amounts released to income	(33,401)	(85,331)	(33,401)	(85,331)
Balance at end of year	155,364	36,088	155,364	36,088

20 Creditors: amounts falling after more than one year

	Group	Group	Charity	Charity
	2016	2015	2016	2015
	£	£	£	£
Loans	245,669	274,234	245,669	274,234

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, the loan is repayable over 20 years, and £274,234 was outstanding at 30 November 2016.

	Group	Group
	2016	2015
	£	£
Amounts payable within 1 year	28,565	27,166
Amounts payable between 2 and 5 years	129,746	123,392
Amounts payable after more than 5 years	115,923	150,842
	274,234	301,400

The Royal Bank of Scotland holds a standard security over the properties at 180 High Street and 1/2 and 1/3 Borthwick Close and a bond and floating charge over the assets of the Society.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

21 Analysis of charitable funds - Group**Analysis of restricted fund movement**

	Fund at 1.12.15	Incoming resources	Resources expended	Transfers	Fund at 30.11.16
	£	£	£	£	£
Made in Scotland Grant	-	175,000	(175,000)	-	-
EFFS - Munich Project	-	1,000	(1,000)	-	-
Total restricted funds	-	176,000	(176,000)	-	-

The Made In Scotland Grant relates to grant funding from the Scottish Government Edinburgh Festivals Expo Fund project. The project, managed through Creative Scotland, allows the Fringe to support and promote Scottish companies in their aim to perform internationally.

A grant was received from Festivals Edinburgh (£1,000) for a Munich project.

Analysis of unrestricted fund movement

	Fund at 1.12.15	Incoming resources	Resources expended	Revaluation gains	Fund at 30.11.16
	£	£	£		£
General fund	1,016,225	3,889,523	(3,783,704)	-	1,122,044
Designated					
Edfringe.com Redevelopment	80,000	-	(80,000)	-	-
App Development	130,000	-	(130,000)	-	-
Edfringeware Fund	60,000	-	(60,000)	-	-
Fringe World Congress Site	30,000	-	(30,000)	-	-
Access Fringe Fund	192,000	-	(64,909)	-	127,091
Total designated	492,000	-	(364,909)	-	127,091
Revaluation reserve	182,000	-	-	90,000	272,000
	1,690,225	3,889,523	(4,148,613)	90,000	1,521,135
Total Funds	1,690,225	4,065,523	(4,324,613)	90,000	1,521,135

During 2015 the Trustees agreed to designate funds for the following purposes:

Edfringe.com Redevelopment - this fund was to be used for Edfringe.com development work in 2016 to update content and information and provide responsive display. This fund has been fully spent in 2016.

App Development - this fund was to be used for the development of a new bespoke ticketing app for the Festival Fringe. This has been fully spent in 2016.

Edfringeware Fund - this fund was set aside for further work on edfringeware in 2016. This has been fully spent in 2016.

Fringe World Congress Site - this fund was to be used for work on the Fringe World Congress to build the brand identity. This has been fully spent in 2016.

Access Fringe Fund - this fund is to be utilised for a three year project which will include a dedicated post exploring ways of encouraging community engagement and the accessibility of the Fringe. This fund was created using funds recovered during the investigation in 2014 which the Trustees agreed to set aside for this project. A proportion of this fund has been spent in the year, leaving 2 years left of the projected funds.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

22 Analysis of charitable funds - Charity (See note 21 for terms of restrictions)**Analysis of restricted fund movement**

	Fund at 1.12.15	Incoming resources	Resources expended	Transfers	Fund at 30.11.16
	£	£	£	£	£
Made in Scotland Grant	-	175,000	(175,000)	-	-
IT Grants	-	1,000	(1,000)	-	-
Total restricted funds	-	176,000	(176,000)	-	-

Analysis of unrestricted fund movement

	Fund at 1.12.15	Incoming resources	Resources expended	Revaluation gains	Fund at 30.11.16
	£	£	£	£	£
General fund	998,424	3,541,418	(3,435,237)	-	1,104,605
Designated					
Edfringe.com Redevelopment	80,000	-	(80,000)	-	-
App Development	130,000	-	(130,000)	-	-
Edfringeware Fund	60,000	-	(60,000)	-	-
Fringe World Congress Site	30,000	-	(30,000)	-	-
Access Fringe Fund	192,000	-	(64,909)	-	127,091
Total designated	492,000	-	(364,909)	-	127,091
Revaluation reserve	182,000	-	-	90,000	272,000
	1,672,424	3,541,418	(3,800,146)	90,000	1,503,696
Total Funds	1,672,424	3,717,418	(3,976,146)	90,000	1,503,696

23 Analysis of net assets between funds - Group

	General fund	Restricted funds	Total
	£	£	£
Tangible fixed assets	1,156,341	-	1,156,341
Net current assets	610,463	-	610,463
Long term liabilities	(245,669)	-	(245,669)
	1,521,135	-	1,521,135

24 Analysis of net assets between funds - Charity

	General fund	Restricted funds	Total
	£	£	£
Tangible fixed assets	1,156,441	-	1,156,441
Net current assets	592,924	-	592,924
Long term liabilities	(245,669)	-	(245,669)
	1,503,696	-	1,503,696

25 Capital Commitments

At 30 November 2016 there were no capital commitments.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2016

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

	Group	Group	Charity	Charity
	2016	2015	2016	2015
	£	£	£	£
Net movement in funds	(169,090)	203,813	(168,728)	234,003
Deduct revaluation gain	(90,000)	-	(90,000)	-
Add back depreciation charge	68,932	64,480	68,932	64,480
Deduct income from distributions from trading subsidiary.	-	-	(139,942)	(180,167)
Deduct interest income and rental income shown in investing activities	(22,104)	(20,814)	(21,944)	(20,793)
Add back interest paid	16,554	17,913	16,554	17,913
Decrease (increase) in stock	13,112	(12,844)	-	-
Decrease (increase) in debtors	(60,326)	124,451	(21,152)	127,224
Increase (decrease) in creditors	624,063	443,837	633,330	433,802
Net cash provided by (used in) operating activities	381,141	820,836	277,050	676,462