

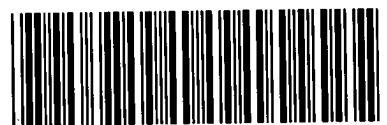
EDINBURGH FESTIVAL FRINGE SOCIETY LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2017

Company number: SC046605
Charity number: SC002995

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EDINBURGH FESTIVAL FRINGE SOCIETY LIMITED

FINANCIAL STATEMENTS

For the year ended 30 November 2017

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Report of the Trustees for the year ended 30 November 2017

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 2017 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.

2017 saw the celebration of the 70th Anniversary of the Edinburgh Festival Fringe. Since 1947 artists from all over the world have come to Edinburgh to showcase the best of performing arts on a truly international platform. In celebration and recognition of this, the Fringe Society established the inaugural World Fringe Day, as well as undertaking a ticket giveaway across the City of Edinburgh to say thank you to the city's generosity of spirit and inclusion over 70 years.

2017 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 Trustees 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 invests its limited resources wisely to benefit all those who participate. We continue to invest in improving access and engagement with the Fringe, led by our Community Engagement and Access Manager. We recognise there are many barriers to participation and are working closely with a range of stakeholders and community groups to provide greater equity of opportunity at the Fringe, for artists and audiences alike.

The first ever World Fringe Day – which took place on 11 July – brought together over 200 fringe festivals (and over 32 million or so festival goers) from across the globe for an international day of celebration, paying homage to Edinburgh as the birthplace of the fringe movement, hosting special World Fringe Day events, and sharing stories and memories of their favourite fringe experiences via social media.

World Fringe Day also provided an opportunity to say thank you to the people of Edinburgh for their continued support. The Fringe Society gifted £50,000 of Fringe Days Out (Box Office vouchers and Lothian Buses tickets) to 26 Edinburgh-based charities to give free Fringe Days Out to individuals and families across the city. This was funded through the Fringe Society's charitable reserves, and we intend to make this an annual commitment.

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 2017 (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 2017 (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 2017 the Fringe Society offered, in collaboration with 55 partners, 119 discussions, workshops, seminars, creative labs and networking sessions to participants, through the professional development programme at Fringe Central. Uptake of services to participants continue to grow, with engagement with the participant development services up by 14%, and a 35% increase in attendance at Fringe Central events.

With 1,210 accredited arts industry professionals from over 44 countries, the Fringe continues to be one of the most significant arts marketplaces in the world. 2017 saw Arts Industry Accreditation increase by 10%, Media Accreditation increase by 3%, with a noted 50% increase in international accredited media.

The work of the Fringe Society in growing international participation and attendance has continued in 2017. With participants from a record breaking 62 countries and media representation from 27 countries, the Fringe Society is maintaining strong international relationships and promoting the Fringe on an international platform, to ensure this continues to grow. 381 international arts industry professionals were accredited by the Fringe Society in 2017. Associated income from international participation and advertising also increased in 2017.

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.

As we continue to deliver our Access Fringe Strategy, we have further implemented 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 22% and the number of tickets purchased increased by 32%, evidence of the demand for accessible shows by audience members.

The 2017 Fringe saw greater audience numbers than ever before, with an estimated 2,696,884 tickets issued for 53,232 performances of 3,398 shows in 300 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 app 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 2017 we saw increases in the donations, sponsorship and income from individual donors and Friends of the Fringe, as well as investment in the celebration of the 70th Anniversary from Scottish Government and Event Scotland. 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 in turn 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.

Report of the Trustees for the year ended 30 November 2017 (continued)

Other key developments in 2017 included:

International Development

The Fringe Society developed a new International Strategy in 2017, aimed at maintaining and developing the international profile of the Fringe, for audiences and artists alike. With World Fringe Day and the 70th Anniversary celebrations, the eyes of the world were on Edinburgh in August; an opportunity to deepen existing international engagement and grow in less well represented countries.

Access Fringe - Children and Young People

Since 2014, the Society has worked closely with Fringe venues to provide complimentary tickets to children and young people in the Edinburgh care system, who aren't typically in a position to attend the Fringe. In 2017 we expanded the project this year to include organisations in the children and families network of the Edinburgh Voluntary Organisations' Council (EVOC). This made the scheme available to social workers, families and youth organisations who work with children in and around the care system for the very first time. A key objective of the Fringe Society is to support young people to become confident arts consumers, so this year we introduced a ticketing microsite to enable young people to view all participating shows and book tickets. 1,038 Fringe shows donated tickets to the scheme, and 1,502 tickets were booked by Edinburgh's children and young people.

Access Fringe - Attitude Champion

The Fringe Society continued to work with Attitude as Everything, a charity dedicated to improving access to live events for D/deaf and disabled audiences. We built on our work as an Attitude Champion, promoting accessible practices, organising events that were as inclusive as possible, and ensuring that D/deaf and disabled audiences knew exactly what to expect from our activities. We introduced a service enabling customers who require personal assistants to book tickets online, empowering those who require the support of another person to attend Fringe shows to participate easily and without incurring additional costs. Other developments included displaying more comprehensive accessibility information about venues and delivery of three workshops at Fringe Central in August, including case studies on providing accessible performances.

Access Fringe - Venue Access Award

As well as embedding inclusivity across our own operations, we continued to champion best practice across the wider Fringe, by further developing the Venue Access Toolkit. The toolkit is designed to help venues be as accessible as possible, and focuses on practical and achievable measures to improve access for D/deaf and disabled audiences. The toolkit guides Fringe venue managers through a series of topics such as accessible toilets, signage and assisted performances, working towards a Venue Access Award (levels one, two and three) which they can display to consumers, helping audiences and performers make informed choices about their time at the Fringe.

Schools Poster Competition

As part of the 70th Anniversary celebrations, the Schools Poster Competition was changed to offer multiple winners across three age categories, as well as, for 2017 only, the opportunity to design the front cover of the Fringe Programme. As a result, entries increased by 11% and the number of schools participating increased by 62%. Three winners - Helen Wilder, aged 6; Tom Dolby, aged 8; and Orla Henaghen, aged 13 - saw their design on the Fringe Programme, as well as a range of merchandise. A special commendation for artistic merit was awarded to Timothy Cox, aged 14, and a poster was produced for sale.

Sponsorship**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. 2017 saw the agreement of a new, four year sponsorship agreement with Virgin Money.

Caledonian Brewery

The Fringe Society has long enjoyed an association with Deuchars, Caledonian Brewery's flagship brand and, since 2016, 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.

Report of the Trustees for the year ended 30 November 2017 (continued)**Victor and Carina Contini**

In its seventh 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 Annual Review Reception in their stunning venue, The Scottish Cafe and Restaurant. The Society is hugely grateful for their ongoing support.

Accommodation Partners

In 2017, we were delighted to work with edlets 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 third 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 2017. 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 newly refurbished Appleton Tower, provided a home for Fringe Central, a facility which is at the very heart of our services to participants.

Lothian Buses

As part of our 70th Anniversary celebrations, 'Fringe Days Out' were gifted to residents in Edinburgh to allow them to experience the Fringe for the first time. Lothian Buses provided discounted bus tickets to support this activity. Lothian Buses also provided the Fringe Society with a fully wrapped 'Fingerprint' bus, which was made available to the Fringe Society for outreach and promotional activity on World Fringe Day.

Virgin Trains

For the first time, and with thanks to the support of Virgin Trains, the Fringe Box Office hosted a ticket collection point in Edinburgh's iconic Waverley Station. The collection point proved very popular with passengers, and was a great success.

Edinburgh Airport

Edinburgh Airport have been supportive of the Fringe Society for many years, hosting a ticket collection point in their international arrivals hall since 2014. In 2017 a second ticket collection point was added to the domestic arrivals hall, and was very popular with those arriving from across the UK.

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.

Report of the Trustees for the year ended 30 November 2017 (continued)**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.

Other activities**Made in Scotland**

Now in its ninth year, Made in Scotland – a curated showcase which celebrates the best in Scottish theatre, music and dance – was a resounding success. The eyes of the world are trained on Edinburgh in August, and Made in Scotland provides Scottish companies with the opportunity to present their work on an international platform and showcase the artistic excellence, innovation and talent that Scotland nurtures and develops. The 2017 showcase, comprising 24 shows, achieved seven awards including a Herald Angel, a Fringe First and an Amnesty Freedom of Expression award, and received 21 five-star reviews.

Scottish companies and artists who presented work at the Fringe were also eligible to apply for a Made in Scotland onward touring fund, enabling them to undertake touring opportunities across the globe. This year, the fund helped 16 companies present their work overseas.

Made in Scotland is a partnership between the Edinburgh Festival Fringe Society, the Federation of Scottish Theatre, the Scottish Music Centre and Creative Scotland, and is supported through the Scottish Government's Edinburgh Festivals Expo Fund.

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 2017 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 and Hidden Door in Edinburgh and Leicester Comedy Festival, as well as for additional, one off events, such as Christmas at the Botanics, Illuminight, 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. In 2017 the contract for Edinburgh's Hogmanay (2018-21) was awarded to a new organisation, who do not require external box office services.

Financial Review

2017 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 2.6 million tickets were issued compared to 2.5 million in 2016, 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.

In 2017 the charity invested in the 70th anniversary celebrations and in turn saw positive financial results from increased activity. Overall the charity had a consolidated surplus of £112,028.

Report of the Trustees for the year ended 30 November 2017 (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 2017/18.

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 £1,633,163 of consolidated unrestricted reserves which represents approximately four and a half 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 £100,527 is being carried forward and is anticipated to be spent in 2018. No other designated reserves were created in 2017.

Future Developments

2018 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 development of a new, 2018-2022 business plan.

Key developments for 2018 include:

- Review and redesign of the street events arena on Edinburgh's historic Royal Mile;
- To maximise the exposure of the 70th Anniversary to develop new community engagement initiatives and build new partnerships;
- Further 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 increase 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

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Trustees' Report including strategic report for the year ended 30 November 2017 (continued)

Reference and Administration

Company number: SC046605

Charity number: SC002995

Registered Office

180 High Street
EDINBURGH, EH1 1QS

Auditors

Henderson Loggie
Ground Floor, 11-15 Thistle St
EDINBURGH
EH2 1DF

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)
S Burgess (from 22 August 2017)
FL Davis
JA Doherty
H Gooch (until 22 August 2017)
RBS Lloyd
L Meredith Williams
G Morinan (until 22 August 2017)
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:

Shona McCarthy

Senior Management Team:

Rachel Sanger (Head of Participant Services) (to Sept 17)
Dani Rae (Head of Participant Services) (Temporary cover) (Oct-Nov)
Elizabeth Burchell (Head of Marketing, PR and Sponsorship) (to Aug 17)
Oliver Davies (Head of Marketing, PR and Sponsorship) (from Oct 17)
Lyndsey Jackson (Director of Operations)

Secretary

Shona McCarthy

Trustees' Report including strategic report for the year ended 30 November 2017 (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.

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 £138,307 (2016: £139,942).

Key Management Personnel

The Fringe Society has a stated remuneration 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 2017 (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 2017, 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
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 2017 (continued)

Key Risks continued

Risk	Impact	Risk To	Mitigation	Assurance
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

Henderson Loggie were appointed as auditor in the year. A resolution to re-appoint Henderson Loggie as auditors will be put to the AGM.

By Order of the Board



Prof. Sir Timothy O'Shea

30th May 2018

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 subsidiary (the 'group') for the year ended 30 November 2017 which comprise the Group and Parent Charitable Company Statements 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a year of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the trustees of the charitable company for the purposes of charitable law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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



James Davidson (Senior Statutory Auditor)

For and on behalf of Henderson Loggie

Chartered Accountants & Statutory Auditors

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

GROUND FLOOR, 11-15 THISTLE ST
EDINBURGH
EH2 1DF

30 May 2018

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including consolidated income and expenditure account)
for the year ended 30 November 2017

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	4	284,492	-	284,492	283,404
<i>Charitable activities</i>					
Operation of festival activities	5	3,349,917	364,082	3,713,999	3,242,249
Other trading activities	6	510,331	-	510,331	517,766
Investments	7	18,206	-	18,206	22,104
Other income		-	-	-	-
Total	22	4,162,946	364,082	4,527,028	4,065,523
EXPENDITURE ON:					
<i>Raising funds</i>					
Fundraising costs of grants and donations	8	5,074	-	5,074	5,206
Sponsorship and trading costs	8	348,897	-	348,897	353,478
		353,971	-	353,971	358,684
<i>Charitable activities</i>					
Operation of festival activities	9	3,620,802	440,227	4,061,029	3,965,929
Total	22	3,974,773	440,227	4,415,000	4,324,613
Net income/(expenditure)		188,173	(76,145)	112,028	(259,090)
Transfers between funds	22	(76,145)	76,145	-	-
Other recognised gains/(losses):					
	15/22				
Gains on revaluation of fixed assets	/23	-	-	-	90,000
Net movement in funds		112,028	-	112,028	(169,090)
Reconciliation of funds					
Total funds brought forward		1,521,135	-	1,521,135	1,690,225
Total funds carried forward	22/24	1,633,163	-	1,633,163	1,521,135

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 2017

		Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016
	Note	£	£	£	£
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	4	284,492	-	284,492	283,404
Charitable activities					
Operation of festival activities	5	3,349,917	364,082	3,713,999	3,242,249
Other trading activities	6	29,219	-	29,219	29,719
Investments	7	156,425	-	156,425	162,046
Other income		-	-	-	-
Total		3,820,053	364,082	4,184,135	3,717,418
EXPENDITURE ON:					
Raising funds					
Fundraising costs of grants and donations	8	5,074	-	5,074	5,206
Sponsorship and trading costs	8	6,004	-	6,004	5,011
		11,078	-	11,078	10,217
Charitable activities					
Operation of festival activities	9	3,620,802	440,227	4,061,029	3,965,929
Total		3,631,880	440,227	4,072,107	3,976,146
Net income/(expenditure)		188,173	(76,145)	112,028	(258,728)
Transfers between funds		(76,145)	76,145	-	-
Other recognised gains/(losses):					
Gains on revaluation of fixed assets	15	-	-	-	90,000
Net movement in funds		112,028	-	112,028	(168,728)
Reconciliation of funds					
Total funds brought forward		1,503,696	-	1,503,696	1,672,424
Total funds carried forward		1,615,724	-	1,615,724	1,503,696

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.

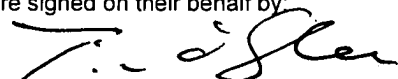
CONSOLIDATED AND CHARITY BALANCE SHEET
as at 30 November 2017

	Note	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Fixed Assets					
Tangible Assets	15	752,412	806,341	752,412	806,341
Investment Property	15	350,000	350,000	350,000	350,000
Investments	16			100	100
Total Fixed Assets		1,102,412	1,156,341	1,102,512	1,156,441
Current Assets					
Stock	17	36,230	19,232		
Debtors	18	420,093	251,939	535,410	279,726
Cash at Bank and in Hand	19	983,793	2,640,588	885,372	2,608,740
Total Current Assets		1,440,116	2,911,759	1,420,782	2,888,466
Current Liabilities					
Creditors falling due within one year	20	(693,732)	(2,301,296)	(691,937)	(2,295,542)
Net Current Assets		746,384	610,463	728,845	592,924
Total Assets less Current Liabilities		1,848,796	1,766,804	1,831,357	1,749,365
Creditors falling due after more than one year	21	(215,633)	(245,669)	(215,633)	(245,669)
Net Assets		1,633,163	1,521,135	1,615,724	1,503,696
The Funds of the Charity:					
Restricted Funds	22/23				
Unrestricted Funds:					
General	22/23	1,260,636	1,122,044	1,243,198	1,104,605
Designated Reserve	22/23	100,527	127,091	100,527	127,091
Revaluation Reserve	22/23	272,000	272,000	272,000	272,000
Total Charity Funds	24/25	1,633,163	1,521,135	1,615,725	1,503,696

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 19 to 30 form part of these accounts.

These financial statements were approved and authorised for issue by the Trustees on 30th May 2018, 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 2017

	Group 2017	Group 2016	Charity 2017	Charity 2016
Note	£	£	£	£
Net cash provided by (used in) operating activities				
27	(1,606,163)	381,141	(1,763,160)	277,050
Cash flows from investing activities				
Interest and rental income	18,206	22,104	18,118	21,944
Income from distributions from trading subsidiary	0	0	138,307	139,942
Purchase of tangible fixed assets	(25,148)	(14,944)	(25,148)	(14,944)
Repayment (increase) of loans to trading subsidiary	0	0	(47,795)	216,781
Cash provided by (used in) investing activities	(6,942)	7,160	83,482	363,723
Cash flows from financing activities				
Interest paid	(15,125)	(16,554)	(15,125)	(16,554)
Repayment of borrowing	(28,565)	(27,166)	(28,565)	(27,166)
Cash used in financial activities	(43,690)	(43,720)	(43,690)	(43,720)
Increase (decrease) in cash and cash equivalents in the year	(1,656,795)	344,581	(1,723,368)	597,053
Cash and cash equivalents at the beginning of the year	2,640,588	2,296,007	2,608,740	2,011,687
Total cash and cash equivalents at the end of the year	983,793	2,640,588	885,372	2,608,740

NOTES ON THE FINANCIAL STATEMENTS
30 November 2017

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.

b) Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Society's accounting policies, the directors 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.

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.

Fixed assets are also assessed as to whether that are indicators of Impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Determine whether leases entered into by the group as a lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

The following are the Groups key sources of estimation uncertainty:

The value of the investment properties are valued by Chartered Surveyors using market information of similar properties but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

c) Going Concern

The Edinburgh Festival Fringe Society (the 'Society'), including its trading subsidiary generated net incoming resources before transfers of £112,028 (2016: net outgoing resources £259,090) for the year and at the 30 November 2017 had net assets of £1,633,163 (2016: £1,521,135). As at 30 November 2017 it had net current assets of £746,384 (2016: £610,463). 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).

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 2017

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) Income

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) Expenditure

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 2017

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 2017

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 (2016: £25,719) to the Trading Company.
- The Trading Company made Gift Aid payments of £138,307 (2016: £139,942) to the Society.
- At the balance sheet date, there was a balance of £117,627 due from the Trading Company to the Society. (2016: £69,832 due to the Society).

Two of the Society's directors, Anthony Alderson and Charlie Wood, are directors of the company Red Sixty One Limited (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 £1,209,587 (inc VAT) were invoiced by Red61. At the year end there was a balance of £90,434.67 due to Red61 and a balance of £9,922 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 £33,208 (inc VAT) for use of Appleton Tower was made to The University of Edinburgh during the year (2016: £44,934 (inc VAT) for use of the ECCE and Boilerhouse).

Payments totalling approximately £10.1m 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), EICC (RBS Lloyd) and Assembly (S Burgess) 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:

	2017 £	2016 £
Turnover	506,830	513,606
Cost of sales and administrative expenses	(368,612)	(374,074)
Interest receivable	88	160
Net profit	<u>138,306</u>	<u>139,692</u>
Taxation charge	0	(112)
Distributions paid to the charity	(138,307)	(139,942)
Accumulated Profit	<u>(1)</u>	<u>(362)</u>
The assets and liabilities of the subsidiary were:		
Current assets	137,055	93,127
Current liabilities	<u>(119,516)</u>	<u>(75,587)</u>
	<u>17,539</u>	<u>17,540</u>
Represented by:		
Share capital	100	100
Retained profits	<u>17,439</u>	<u>17,440</u>
	<u>17,539</u>	<u>17,540</u>

NOTES ON THE FINANCIAL STATEMENTS
30 November 2017

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, 2017: £138,307 (2016: £139,942). There is a £25,719 (2016: £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
	2017	2017	2016	2016
	£	£	£	£
Company Membership	4,490	-	7,500	-
Donations	120,200	-	112,270	-
Grants - Creative Scotland	70,000	-	70,000	-
Grants - City of Edinburgh Council	89,802	-	93,634	-
	284,492	-	283,404	-

5 Incoming resources from charitable activities

Income from charitable activities comes from box office commission and handling fees of £1,637,598 (2016 - £1,456,836) as well as Fringe registration fees of £848,086 (2016 - £788,053), advertising income of £394,770 (2016 - £420,830), friends scheme subscriptions of £301,016 (2016 - £241,129) and other Fringe related income of £168,447 (2016 - £159,401). Restricted income of £364,082 (2016 - £176,000) relates to grants as detailed in note 21 received for specific projects, which in this year was mainly Made in Scotland and grants for the 70th anniversary celebration.

Income from the operation of festival activities totalled £3,713,999 (2016 £3,242,249) of which £3,349,917 was unrestricted (2016 £3,066,249) and £364,082 was restricted (2016 £176,000).

Included in restricted income were government grants of £362,082 which were grants given for specific projects. There are no unfulfilled conditions or contingencies relating to these grants.

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 £385,667 (2016 £384,500) and trading income of £124,664 (2016 £133,266). All income from other trading activities was unrestricted in 2017 and 2016.

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 2017 and 2016. Other income related to reimbursed expenses in 2016 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	Expenditure on Raising Funds	Sponsorship and Trading Costs	2017 Total	2016 Total
	Unrestricted				
	£	£	£	£	£
General administration	58,400	-	-	58,400	42,717
Premises	113,819	-	-	113,819	150,944
Society IT and communications	179,251	-	-	179,251	118,209
Training, recruitment and travel	34,635	-	-	34,635	47,375
Depreciation/gain/loss on sale	79,076	-	-	79,076	68,932
Other expenses	15,228	5,074	6,004	26,306	28,392
Non governance legal expenses	17,105	-	-	17,105	36,333
Governance costs	75,485	-	-	75,485	75,323
Total Charity	572,999	5,074	6,004	584,077	568,225
Subsidiary trading costs	-	-	340,456	340,456	344,855
Subsidiary external audit	-	-	2,437	2,437	3,500
Subsidiary taxation charge	-	-	-	0	112
Total Group	572,999	5,074	348,897	926,970	916,692

NOTES ON THE FINANCIAL STATEMENTS

30 November 2017

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 usage. Legal and professional is allocated specifically if appropriate and otherwise under the same policy.

All costs of raising funds are unrestricted in 2017 (2016 - 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 2017 £	Restricted Expenses Costs of Festival Operations 2017 £	Total 2017 £	Total 2016 £
Support and gov costs (note 8)	572,999	-	572,999	558,008
Staff costs	1,142,287	68,665	1,210,952	1,113,446
Publications costs	300,149	-	300,149	281,116
Marketing costs	433,706	231,580	665,286	442,801
Projects and events	202,865	133,082	335,947	388,687
Box Office Costs	1,010,499	6,900	1,017,399	994,125
Digital and Online	235,181	-	235,181	454,304
Trading co: Event staff costs	(103,303)	-	(103,303)	-94,187
Trading co: Projects and events	(173,581)	-	(173,581)	-172,371
Total Charitable Expenditure	3,620,802	440,227	4,061,029	3,965,929

Total charitable expenditure was £4,061,029 (2016 - £3,965,929) or which £3,620,802 was unrestricted (2016 - £3,789,929) and £440,227 was restricted (2016 - £176,000).

10 Analysis of staff costs (including key management personnel)

	2017 £	2016 £
Wages and salaries	1,078,663	992,156
Social security costs	100,859	89,349
Other pension costs	31,430	31,942
	1,210,952	1,113,447

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 £269,892 (2016: £261,732).

No remuneration was paid to the directors for their services as Trustees to the Society. The directors received aggregate reimbursed expenses of £7,633 (2016: £878) during the year.

One employee was paid between £80,000-£90,000 during the year.

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:

	2017 No.	2016 No.
Administration	10	8
Marketing, press and publications	8	8
Digital and IT	1	1
Participant services	5	5
	24	22

During the festival period the staff numbers increased by approximately 85 (2016:85) and during programme production the staff numbers increased by approximately 9 (2016: 9).

NOTES ON THE FINANCIAL STATEMENTS
30 November 2017

12 Net Incoming resources

	2017	2016
	£	£
This is stated after charging:		
Operating leases	14,808	33,552
Depreciation	71,194	68,932
Gain/Loss on disposal of fixed assets	7,882	-
Auditors remuneration-Audit (Group)	11,687	15,540
Auditor fee for non-audit services (Group)	1,386	2,552
Loan interest	15,125	16,554

£2,437 of the external audit fee relates to the Festival Fringe Trading Limited subsidiary.

13 Lease Commitments

At 30 November 2017, the company had total commitments under non-cancellable operating leases as follows:

	2017	2016
	£	£
Expiring in less than one year	14,820	32,290
Expiring between one and five years	14,820	-

Operating lease costs in the year were £14,808 (2016 £33,552).

14 Taxation

	2017	2016
	£	£
Taxation payable	-	112

The trading subsidiary annually gift aids the majority of its surplus to the Society, 2017 : £138,307 (2016 : £139,942).

15 Tangible fixed assets - group and charity

	Investment property	Freehold/ Leasehold Property	Computer Equipment	Fixtures & fittings	Total
	£	£	£	£	£
Cost/Valuation					
As at 1.12.16	350,000	1,147,541	96,772	87,352	1,681,665
Additions	-	-	18,128	7,020	25,148
Disposals	-	-	-	(11,813)	(11,813)
As at 30.11.17	350,000	1,147,541	114,900	82,559	1,695,000
Depreciation					
As at 1.12.16	-	398,410	71,583	55,331	525,324
Disposals	-	-	-	(3,930)	(3,930)
Charge for year	-	46,174	12,423	12,597	71,194
As at 30.11.17	-	444,584	84,006	63,998	592,588
Net book value					
As at 30.11.17	350,000	702,957	30,894	18,561	1,102,412
As at 1.12.16	350,000	749,131	25,189	32,021	1,156,341

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 biannually. 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 2017. 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).

The original cost of the investment properties was £78,000.

NOTES ON THE FINANCIAL STATEMENTS
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16 Fixed asset investments**Cost and net book amount**

Charity
£

At 1 December 2016 and 30 November 2017

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).

17 Stock

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Stocks	<u>36,230</u>	<u>19,232</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Trade debtors	145,360	85,185	143,049	43,140
Amounts owed by group undertakings	-	-	117,628	69,832
VAT debtor	98,938	48,907	98,938	48,907
Prepayments and accrued income	175,795	117,847	175,795	117,847
	<u>420,093</u>	<u>251,939</u>	<u>535,410</u>	<u>279,726</u>

There were no amounts falling due after one year.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2017

19 Cash at Bank and in Hand

	Group	Group	Charity	Charity
	2017	2016	2017	2016
	£	£	£	£
Funds held for own use	854,796	697,465	756,375	665,717
Funds held for third party box offices	128,997	1,943,123	128,997	1,943,123
	983,793	2,640,588	885,372	2,608,840

20 Creditors: amounts falling due within one year

	Group	Group	Charity	Charity
	2017	2016	2017	2016
	£	£	£	£
Trade Creditors	232,658	112,479	232,658	110,874
Tax and social security costs	24,996	19,842	24,996	19,842
Loans (note 20)	30,036	28,565	30,036	28,565
Other creditors	-	-	-	-
Accruals and deferred income	406,042	2,140,410	404,247	2,136,261
	693,732	2,301,296	691,937	2,295,542

Included within accruals and deferred income is an amount of £128,997 (2016: £1,943,123) relating to cash held by the society on behalf of a 3rd party for box office funds received for various 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
	2017	2016	2017	2016
	£	£	£	£
Balance as start of year	155,364	36,088	155,364	36,088
Amounts added in current year	99,950	152,677	99,950	152,677
Amounts released to income	(155,364)	(33,401)	(155,364)	(33,401)
Balance at end of year	99,950	155,364	99,950	155,364

21 Creditors: amounts falling after more than one year

	Group	Group	Charity	Charity
	2017	2016	2017	2016
	£	£	£	£
Loans	215,633	245,669	215,633	245,669

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 £245,669 was outstanding at 30 November 2017.

	Group	Group
	2017	2016
	£	£
Amounts payable within 1 year	30,036	28,565
Amounts payable between 2 and 5 years	129,746	129,746
Amounts payable after more than 5 years	85,887	115,923
	245,669	274,234

The Royal Bank of Scotland holds a floating charge over the assets of the Society.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2017

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

	Fund at 1.12.16	Incoming resources	Resources expended	Transfers	Fund at 30.11.17
	£	£	£	£	£
Made in Scotland Grant	-	166,082	(166,082)	-	-
EFFS 70th/World Fringe Day	-	190,000	(265,245)	75,245	-
Scottish Enterprise	-	6,000	(6,900)	900	-
Glasgow event	-	2,000	(2,000)	-	-
Total restricted funds	-	364,082	(440,227)	76,145	-

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.

70th Anniversary activities were supported by Scottish Government and Event Scotland.

The Glasgow event was funding for a Glasgow event and the Scottish Enterprise fund is a new fund for business development.

Analysis of unrestricted fund movement

	Fund at 1.12.16	Incoming resources	Resources expended	Transfers	Fund at 30.11.17
	£	£	£		£
General fund	1,122,044	4,162,946	(3,948,209)	(76,145)	1,260,636
Designated					
Access Fringe Fund	127,091	-	(26,564)	-	100,527
Total designated	127,091	-	(26,564)	-	100,527
 Revaluation reserve	 272,000	 -	 -	 -	 272,000
	1,521,135	4,162,946	(3,974,773)	(76,145)	1,633,163
 Total Funds	 1,521,135	 4,527,028	 (4,415,000)	 -	 1,633,163

The Trustees agreed to designate funds for the following purposes:

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 1 year left of the projected funds.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2017

23 Analysis of charitable funds - Group - previous year (2016)**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	Transfers	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

24 Analysis of net assets between funds - Group

	General fund	Restricted funds	Total
	£	£	£
Tangible fixed assets	1,102,412	-	1,102,412
Net current assets	746,384	-	746,384
Long term liabilities	(215,633)	-	(215,633)
	1,633,163	-	1,633,163

25 Analysis of net assets between funds - Charity

	General fund	Restricted funds	Total
	£	£	£
Tangible fixed assets	1,102,512	-	1,102,512
Net current assets	728,845	-	728,845
Long term liabilities	(215,633)	-	(215,633)
	1,615,724	-	1,615,724

26 Capital Commitments

At 30 November 2017 there were no capital commitments.

NOTES ON THE FINANCIAL STATEMENTS
30 November 2017

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

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Net movement in funds	112,028	(169,090)	112,028	(168,728)
Deduct revaluation gain	0	(90,000)	-	(90,000)
Add back depreciation charge	71,194	68,932	71,194	68,932
Add back loss on sale of assets	7,882	-	7,882	-
Deduct income from distributions from trading subsidiary	-	-	(138,307)	(139,942)
Deduct interest income and rental income shown in investing activities	(18,206)	(22,104)	(18,118)	(21,944)
Add back interest paid	15,125	16,554	15,125	16,554
Decrease (increase) in stock	(16,998)	13,112	-	-
Decrease (increase) in debtors	(168,154)	(60,326)	(207,888)	(21,152)
Increase (decrease) in creditors	(1,609,034)	624,063	(1,605,076)	633,330
Net cash provided by (used in) operating activities	(1,606,163)	381,141	(1,763,160)	277,050

The 2017 cash outflow was largely caused by a change in the profile of the third party box offices and this also represented an equal reduction in creditors.