



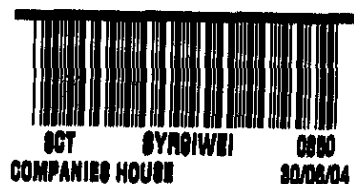
EDINBURGH'S FESTIVAL CENTRE
Main sponsor  **BANK OF SCOTLAND**

Edinburgh Festival Centre Limited

Report and Financial Statements

For the year ended
30 November 2003

Registered Number 171133



Edinburgh Festival Centre Limited
Directors' Report and Financial Statements
For the year ended 30 November 2003

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Secretary

Adrian Trickey

Auditors

PricewaterhouseCoopers LLP
Erskine House, 68-73 Queen Street,
Edinburgh, EH2 4NH

Bankers

Royal Bank of Scotland plc
31 North Bridge, Edinburgh,
EH1 1SF

Solicitors

Maclay Murray & Spens
3 Glenfinlas Street
Edinburgh, EH3 6AQ

Registered office

The Hub, Castlehill, Edinburgh EH1 2NE

Edinburgh Festival Centre Limited

Directors' Report

For the year ended 30 November 2003

The Directors submit their annual report and the audited financial statements for the year ended 30 November 2003.

Results and dividends

The loss for the year was £33,483 (2002 – loss of £44,645). It is the Directors' intention that profits over the next four years will offset this loss and those of prior periods. No dividend is proposed at 30 November 2003 (2002 – £nil).

Principal activities and review of the business

The company operates The Hub, Edinburgh's Festival Centre. The company lets space in the building and runs a catering operation and a ticketing service for Edinburgh International Festival Society and other event promoters. A retail shop was operated in The Hub until January 16th 2004. Closure of the shop and more active selling of functions and space hires are the major features of a new business plan that will also benefit from refurbishment of the second largest public space in the building, completed in March 2004. The Directors believe that continuing business trends, building on the benefits of re-organisation, will return modest surpluses from 2005 onwards. The company's results have been consolidated within the financial statements of Edinburgh International Festival Society.

Directors

The Directors of the company during the year to 30 November 2003 were:

The Rt. Hon Lesley Hinds (Chair) (appointed 8 May 2003)	Mr Shan Khan
The Rt. Hon Eric Milligan (Chairman to 8 May 2003) (resigned 8 May 2003)	Cllr John Longstaff* (appointed 22 May 2003)
Cllr Elaine Aitken* (appointed 22 May 2003)	Mr Des Loughney
Sir Peter Burt	Mr A Donald MacDonald CBE*
Cllr Lezley Cameron (resigned 22 May 2003)	Mr David McLellan
Cllr Steve Cardownie*	Sir Brian McMaster CBE
Mr Graham Duffy (appointed 20 January 2003)	Mr James Naughtie (appointed 7 July 2003)
Cllr Brian Fallon (resigned 22 May 2003)	Cllr Alastair Paisley* (resigned 22 May 2003)
Cllr Ken Harrold*	Mr Ralph Parkinson
Mrs Carol Colburn Høgel	Mr Philip Riddle
Cllr Shami Khan (appointed 22 May 2003)	Mr Ian Russell
	Mr James Stretton*
	Prof Joan Stringer CBE*
	Cllr Elizabeth Wardlaw* (resigned 22 May 2003)

*Member of Executive Committee (Cllr Cardownie was a member of the Committee until 7 July 2003)

No Director had an interest in the company's share capital during the period.

All the Directors retire by rotation and, being eligible, offer themselves for re-election.

No Director had any interest in any contract of significance in relation to the company's business during or at the end of the period.

Edinburgh Festival Centre Limited

Directors' Report - continued Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 November 2003 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors believe they have met these commitments.

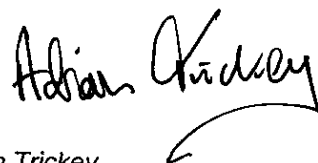
Auditors

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its auditors annually and PricewaterhouseCoopers LLP will therefore continue in office.

Elective Resolutions

Elective resolutions were passed by written resolution of the sole member of the company on 9 February 1998 to dispense with the requirement to: (1) lay accounts and reports before the company in general meeting; and (2) hold annual general meetings.

By order of the board



Adrian Trickey
Secretary

10/5/2004

Edinburgh Festival Centre Limited

Auditors' Report to the Members Of Edinburgh Festival Centre Limited for the year ended 30th November 2003

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 November 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

EDINBURGH 13 May 2004

Edinburgh Festival Centre Limited
Profit and Loss Account
For the year ended 30 November 2003

	Notes	2003 £	2002 £
Turnover		1,790,828	1,705,216
Operating costs		(1,798,226)	(1,718,537)
Operating loss		(7,398)	(13,321)
Interest receivable		9,683	10,594
Interest payable	3	(35,768)	(41,918)
Loss on ordinary activities	2/13	(33,483)	(44,645)
Retained loss for the year		(33,483)	(44,645)

All the results of the company relate to continuing operations.

The company has no recognised gains and losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented.

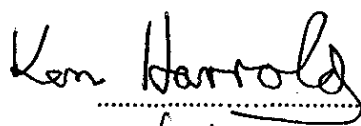
There is no difference between the loss on ordinary activities for the year stated above and its historical cost equivalent.

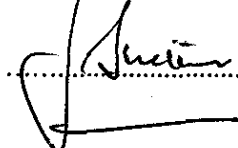
Edinburgh Festival Centre Limited

Balance Sheet as at 30 November 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	6		6,427,047		6,480,346
Current assets					
Stock	7	33,904		52,518	
Debtors	8	281,125		179,137	
Bank and cash in hand		386,472		389,513	
		701,501		621,168	
Creditors: amounts falling due within one year	9	(1,054,595)		(900,570)	
Net current liabilities			(353,094)		(279,402)
Total assets less current liabilities			6,073,953		6,200,944
Creditors: amounts falling due after more than one year	10		(450,000)		(455,000)
Net assets			5,623,953		5,745,944
Deferred income	11		5,818,769		5,907,277
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account	13		(194,818)		(161,335)
Equity shareholder's funds	14		5,623,953		5,745,944

The financial statements on pages 4 to 12 were approved by the board of directors on 10 May 2004 and were signed on its behalf by:


 Mr Ken Harrold, Director
 Rt. Hon Lesley Hinds, Lord Provost, Chair


 Mr James Stretton, Depute Chairman

Edinburgh Festival Centre Limited

Notes to the Financial Statements

For the year ended 30 November 2003

1. Accounting policies

Basis of accounting

The financial statements have been prepared on an historical cost basis in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Cash Flow Statement

The company qualifies as a small company under the terms of FRS 1 (revised) and section 247 of the Companies Act 1985 and is therefore exempt from the requirement to publish a cash flow statement.

Capital grants and donations

Grants and donations received in respect of the development of the Edinburgh Festival Centre are included within deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Fixed assets and depreciation

Fixed assets are included in the balance sheet at cost. Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	100 years
Furniture and fittings	5 years
Web Ticketing Software	3 years

Directly attributable finance costs are included in the cost of freehold buildings.

It is the company's policy to treat as fixed assets only items with a net cost of £1,000 or greater.

Turnover

Turnover represents the amounts received from sponsorship, rental income, catering, and ticket agency sales.

Sponsorship income is included in the year to which it relates.

Pension costs

Pension costs are accounted for on the basis of charging expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

Deferred taxation

Deferred taxation is provided at current rates of corporation tax on all timing differences, which have originated, but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. The company, as permitted by FRS 19, has not adopted a policy of discounting deferred tax assets and liabilities.

Edinburgh Festival Centre Limited

Notes to the Financial Statements - continued For the year ended 30 November 2003

2. Loss on ordinary activities

	2003 £	2002 £
Loss on ordinary activities is stated after charging/(crediting):		
Auditors remuneration	-	1,050
Depreciation	100,586	93,641
Release of capital grants	(88,508)	(88,508)

3. Interest payable

	2003 £	2002 £
Bank overdraft	2,813	1,097
Other interest payable	32,955	40,821
	35,768	41,918

4. Staff numbers and costs

	2003	2002
The average number of full time employees during the year was:		
Administration	2	5
Operations	21	28
	23	33
The average remuneration and associated costs of the employees were:	£	£
Salaries	823,617	730,794
Social security costs	57,978	48,311
Pension costs (note 15)	25,346	26,906
	906,941	806,011

No remuneration or reimbursement of expenditure was paid to any directors of the company.

Edinburgh Festival Centre Limited

Notes to the Financial Statements – continued For the year ended 30 November 2003

5. Taxation

There was no current or deferred taxation charge (2002: nil) for the period due to the losses incurred by the company.

	2003 £	2002 £
Loss on ordinary activities before tax	(33,483)	(44,645)
Loss on ordinary activities multiplied by the small companies' rate of corporation tax in the UK 19% (2002: 19%)	(6,362)	(8,483)
Effects of:		
Amounts not allowable for tax purposes	4,019	4,104
Deferred tax movement not recognised	(10,381)	(12,587)
Tax charge for the period	-	-

The total amount of the deferred tax asset not recognised is £68,539 (2002: £58,158).

6. Fixed assets

	Freehold Buildings £	Furniture & Fittings £	Web Ticketing Software £	Assets under Construction £	Total £
Cost					
As at 1st December 2002	6,654,728	135,527	-	-	6,790,255
Additions during year	-	-	20,798	26,489	47,287
As at 30th November 2003	6,654,728	135,527	20,798	26,489	6,837,542
Depreciation					
As at 1st December 2002	226,453	83,456	-	-	309,909
Depreciation for year	66,548	27,105	6,933	-	100,586
As at 30th November 2003	293,001	110,561	6,933	-	410,495
Net book value					
As at 30th November 2003	6,361,727	24,966	13,865	26,489	6,427,047
As at 30th November 2002	6,428,275	52,071	-	-	6,480,346

Included within freehold buildings is £20,691 (2002 - £20,691) of finance costs.

Edinburgh Festival Centre Limited



Notes to the Financial Statements – continued For the year ended 30 November 2003

7. Stock

	2003 £	2002 £
Goods for retail sale	33,904	52,518

8. Debtors

	2003 £	2002 £
Trade debtors	204,854	109,315
Amounts owed by fellow subsidiaries	-	7,151
Other debtors	51,212	42,234
Prepayments	23,544	18,872
Accrued income	1,515	1,565
	281,125	179,137

Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	64,541	62,032
Amounts due to parent company	299,649	253,171
Trade creditors	449,548	384,207
Due to taxes and social security costs	76,320	62,262
Due to other creditors	36,585	34,351
Accrued income	71,033	46,397
Due from other creditors	50,000	55,000
Due from other creditors	6,919	3,150
	1,054,595	900,570

Edinburgh Festival Centre Limited

Notes to the Financial Statements - continued For the year ended 30 November 2003

10. Creditors: amounts falling due after more than one year

	2003 £	2002 £
Loan	450,000	455,000

Analysis of debt:

Debt can be analysed as falling due:

In one year or less, or on demand	114,541	117,032
Repayable between one and two years	50,000	55,000
Between two and five years	200,000	200,000
Repayable outwith five years	200,000	200,000
	564,541	572,032

The £500,000 loan received from Edinburgh International Festival capital fund is repayable in annual instalments of £50,000 commencing April 2004 and bears interest at 1½% over bank base rate.

This loan is secured by a standard security over the assets of the company.

11. Deferred Income – Capital Grants received

	2003 £	2002 £
SAC Lottery Grant	3,700,000	3,700,000
Heritage Projects	1,200,000	1,200,000
EDC/LRC Grant	500,000	500,000
Lothian & Edinburgh Enterprise Limited	418,000	418,000
Heritage Lottery Fund	276,500	276,500
Old Town Renewal Trust	92,000	92,000
TSB Foundation	30,000	30,000
Miscellaneous Corporate Donations	11,500	11,500
Historic Scotland	47,727	47,727
Total received	6,275,727	6,275,727
Released in previous years	(368,450)	(279,942)
Released in year	(88,508)	(88,508)
	5,818,769	5,907,277

Edinburgh Festival Centre Limited

Notes to the Financial Statements – continued For the year ended 30 November 2003

12. Share capital

	2003 £	2002 £
Authorised 100 ordinary shares at £1 each	100	100
Allotted, called up and fully paid 2 ordinary shares at £1 each	2	2

13. Profit and Loss account

	2003 £	2002 £
At 1 December	(161,335)	(116,690)
Loss for financial year	(33,483)	(44,645)
At 30 November	(194,818)	(161,335)

14. Equity shareholder's funds

	2003 £	2002 £
Opening equity shareholder's funds	5,745,944	5,879,097
Loss for year	(33,483)	(44,645)
Release of deferred income	(88,508)	(88,508)
Closing equity shareholder's funds	5,623,953	5,745,944

Edinburgh Festival Centre Limited

Notes to the Financial Statements - continued For the year ended 30 November 2003

15. Pension obligations

The company contributes on behalf of staff to either their own personal money purchase schemes or to the Lothian Pension Fund of the City of Edinburgh Council which provides benefits based on final pensionable salary. The assets of the schemes are held separately from those of the company. Entry to the Lothian Pension Fund for employees of Edinburgh Festival Centre Limited was closed to new members on 31st October 2001.

The contributions of the company and employees to the Lothian Pension Fund were 15% and 6% respectively from 1 April 2001 to 31 March 2002. From 1 April 2002 they changed to 16.5% and 6%. From 1 April 2003 they changed to 17.1% and 6%. From 1 April 2004 they changed to 18% and 6%. The latest actuarial valuation was at 31 March 2002. This showed the past service funding level of 96% representing a deficit of £73.9 million. The market value of the scheme's assets at 31 March 2002 was £1,784 million.

The contributions of the company to personal pension plans are 6% of earnings.

The total costs to Edinburgh Festival Centre Limited of contributions to the above schemes during the year were £25,346 (2002 - £26,906).

Disclosures required by FRS17 – Retirement Benefits can be found within the Financial Statements of the parent undertaking, Edinburgh International Festival Society.

16. Operating Leases

At 30th November 2003, the company has annual commitments under non-cancellable operating leases for land and buildings expiring as follows:

	2003 £	2002 £
Operating leases can be analysed as falling due:		
After five years	12,750	12,750

All operating leases are for storage premises used by Edinburgh International Festival Society and its subsidiaries.

17. Related parties

The company is a wholly owned subsidiary of the Edinburgh International Festival Society, incorporated in Scotland and considers Edinburgh International Festival Society to be its ultimate controlling party.

The company's results are consolidated within the financial statements of Edinburgh International Festival Society, copies of which can be obtained from the Company Secretary, The Hub, Castlehill, Edinburgh. Hence, under FRS8, it is exempt from disclosure of transactions with that company.