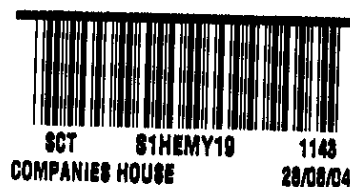


PITLOCHRY FESTIVAL SOCIETY LIMITED
FINANCIAL STATEMENTS

31 MARCH 2004

Company Registration Number SC 029243
Charity Number SC 013055



DAND CARNEGIE & CO.
Chartered Accountants & Registered Auditors
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

PITLOCHRY FESTIVAL SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

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PITLOCHRY FESTIVAL SOCIETY LIMITED
GOVERNORS OF THE BOARD AND PROFESSIONAL ADVISERS

The Board of Governors

Mr C D Pighills (Chairman)
Mrs A Boyd
Mr G C Hallewell
Mr M F V Heller
Cllr Ms E J Howie
Mr I Q Jones
Mr A C M Liddell
Miss M Marquis MBE
Mr A G Thomson
Mr M McIver OBE
Cllr A S Barr
Mr D D Reid
Cllr Mrs E A Grant
Cllr K I Lyall

Company Secretary

J & H Mitchell WS

Registered Office

Pitlochry Festival Theatre
Pitlochry
Perthshire
PH16 5DR

Auditors

Dand Carnegie & Co.
Chartered Accountants & Registered Auditors
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

Bankers

Bank of Scotland
76 Atholl Road
Pitlochry
PH16 5BW

Solicitors

J & H Mitchell WS
51 Atholl Road
Pitlochry
PH16 5BU

PITLOCHRY FESTIVAL SOCIETY LIMITED
GOVERNORS ANNUAL REPORT
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

The governors, who are also directors for the purposes of the Companies Act, present their report and the financial statements of the group for the 17 month period from 1 November 2002 to 31 March 2004. The group extended its year end to 31 March 2004 in line with its major funders. The effect of this change has meant that a significantly higher proportion of costs have been incurred in relation to the season commencing May 2004 in this period. The effect of this can be seen within the prepaid expenses in note 14.

During the year one of the company's subsidiaries changed its name from Scottish Plant Collectors Garden to Explorers: Scottish Plant Hunters Garden.

LEGAL STATUS

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - "Accounting and Reporting by Charities" (SORP 2000).

CONSTITUTION

The Pitlochry Festival Society Limited is a company limited by guarantee and not having a share capital, is governed by and in accordance with the Memorandum and Articles of Association.

OBJECTIVES, PRINCIPAL ACTIVITIES AND ORGANISATION OF WORK

The objectives and principal activity of the group are the promotion of the performing arts at Pitlochry Festival Theatre. The Theatre plays a major role in the provision of drama in Scotland as well as making a substantial contribution to the economic well-being of Highland Perthshire.

The group is organised so that the governors meet regularly to manage its affairs.

REVIEW OF DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS

Pitlochry Festival Society's Season opened on May 2nd 2003 and ran for 25 weeks. Six plays were presented for a total of 182 performances. (2002 = 174)

These were:

The Matchmaker by Thornton Wilder

Stepping Out by Richard Harris

Double Indemnity by James M. Cain

The Steamie by Tony Roper

Man and Superman by George Bernard Shaw

The Haunted Man by John Clifford.

In addition there was a programme of Sunday concerts and other performances in the auditorium and foyer. There were also backstage and garden tours, pre- and post-show talks, late night Friday night Fringe events, craft days and art exhibitions. There were a total of 63817 attendances for the plays, an average attendance of 64.52%. There were a further 5164 attendances at other events in the summer season, giving an overall total of 68,981.

The Haunted Man also toured during the Autumn of 2003 to the Kings Theatre, Edinburgh, Bristol Old Vic Studio Theatre and The Tron Theatre, Glasgow.

Thanks to the Lottery funded refurbishment of the Theatre in 1999/2000, the organisation's first ever Winter Season was programmed. 29 Events were programmed over ten weekends between October

PITLOCHRY FESTIVAL SOCIETY LIMITED
GOVERNORS ANNUAL REPORT
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

REVIEW OF DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS *(continued)*

and April, ranging from opera and ballet to traditional music, celebrity talks and drama. These events attracted a total of 3858 attendances. A new programme of activities for children and young people was launched under the title Highland Perthshire Youth Arts, or Hiper Arts.

Following the retiral of Clive Perry, a new senior management structure was adopted, with Nikki Axford taking over as Chief Executive and Executive Producer. Ian Grieve was Director of Productions for the 2003 season. John Durnin was appointed as Artistic Director in December 2003.

The organisation has continued to make progress with the implementation of its strategic business plan, with financial assistance under the Scottish Arts Council's Advancement Funding scheme. This funding has supported an improved marketing operation and enabled the employment of a Fundraiser and a Community and Education Director.

REVIEW OF THE TRANSACTIONS AND FINANCIAL POSITION OF THE CHARITY

The consolidated loss for the period ended 31 March 2004 amounted to £95,123. This loss has been transferred to the general fund and can be broken down as follows:

	£
Theatre trade (before gift aid receipt from subsidiary)	(105,886)
Catering trade (before gift aid payment to parent)	117,837
Garden trade	(55,166)
Depreciation	(281,574)
Transfer from restricted reserve - capital grant release	229,666
Net Loss	<u>£ (95,123)</u>

Pitlochry Theatre Catering Company Limited is a wholly owned subsidiary which operates the Society's bar, catering and all commercial trading operations. The Explorers: Scottish Plant Hunters Garden is also a wholly-controlled subsidiary which operates all the new garden activities of the Society. The attached accounts incorporate the results of both these companies. The Explorers: Scottish Plant Hunters Garden employs the services of unpaid volunteers and paid staff.

RESERVES

The Governors are hopeful that, as described in note 1, with continued support from grant aiding bodies in the year ended 31 March 2005 and in the future, the group will be able to achieve its objectives as set out above. The present level of funding is adequate to support the continuation of the Theatre and the governors consider the financial position of the group to be adequate.

INVESTMENT POLICY

Under the Memorandum and Articles of Association the group has the power to make any investment which the governors see fit.

TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

Details of movements in fixed assets are set out in note 11 to the accounts. The fixed assets of the group are all held to allow the charitable objectives of the companies to be met.

RESULTS

The results for the period, and the group's financial position at the end of the period are shown in the attached financial statements.

PITLOCHRY FESTIVAL SOCIETY LIMITED

GOVERNORS ANNUAL REPORT *(CONTINUED)*

FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

THE GOVERNORS

The governors who served the group during the period were as follows:

Mr C D Pighills (Chairman)	
Mr G C Hallewell	
Mr M F V Heller	
Cllr E J Howie	
Miss M Marquis MBE	
Mr A G Thomson	
Cllr A S Barr	
Mr M McIver OBE	(Appointed 19 December 2002)
Mrs A Boyd	
Mr I Q Jones	
Mr A C M Liddell	
Mr D D Reid	(Appointed 28 August 2003)
Cllr E A Grant	(Appointed 2 July 2003)
Cllr K I Lyall	(Appointed 2 July 2003)
Cllr M Cook	(Retired 1 May 2003)
Cllr J Culliven	(Retired 1 May 2003)
Mr E J Penker	(Retired 28 August 2003)

Honorary President

Major Sir David H Butter KCVO MC JP

Honorary Patrons

Sir Alan Peacock DSC FBA FRSE
Sir John Shaw CBE
Russell A Leather Esq
J K Rowling OBE
Sir Robert Smith CBE
Magnus Linklater

The directors of the charitable company are its governors for the purposes of charitable law and throughout this report are collectively referred to as the governors.

RISK MANAGEMENT

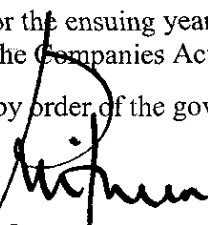
The governors actively review the major risks which the group faces on a regular basis and believe that maintaining reserves at current levels, combined with an annual review of the controls over key financial systems will provide sufficient resources in the event of adverse conditions. The governors have also examined the other operational and business risks faced by the group and confirm that they have established systems to mitigate the significant risks.

AUDITORS

A resolution to reappoint Dand Carnegie & Co as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

Registered office:
Pitlochry Festival Theatre
Pitlochry
Perthshire
PH16 5DR

Signed by order of the governors


J & H Mitchell WS
Company secretary

Approved by the governors on the 24th August 2004.

PITLOCHRY FESTIVAL SOCIETY LIMITED
STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group at the end of the year and of the incoming and outgoing resources for the year then ended.

In preparing those financial statements, the governors are required to:

select suitable accounting policies and then apply them consistently;

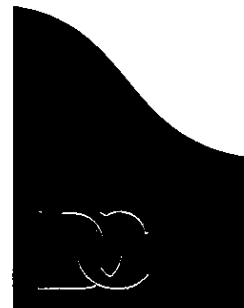
make judgements and estimates that are reasonable and prudent;

state whether applicable 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 inappropriate to presume that the charity will continue its activities.

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

PITLOCHRY FESTIVAL SOCIETY LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004



We have audited the financial statements on pages 8 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 14 to 15.

RESPECTIVE RESPONSIBILITIES OF THE GOVERNORS AND THE AUDITORS

The governors' (who also act as Directors for the charitable activities of the group) responsibilities for preparing the Governors Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Governors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Governors Annual Report is not consistent with the financial statements, if the group 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 governors' remuneration and transactions with the group is not disclosed.

We are not required to consider whether the statement in the Governors Annual Report concerning the major risks to which the group is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the groups risk management and control procedures.

We read the Governors Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 in the preparation of the financial statements, and of whether the accounting policies are appropriate to the groups 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.

GOING CONCERN

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the continued support of grant aiding bodies. The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of grant aiding bodies. The financial statements do not include any adjustments that would result from discontinuance of support of grant aided bodies. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

PITLOCHRY FESTIVAL SOCIETY LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS *(continued)*
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

OPINION

In our opinion the financial statements give a true and fair view of the groups state of affairs as at 31 March 2004 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB



DAND CARNEGIE & CO.
Chartered Accountants
& Registered Auditors

24th August 2004

PITLOCHRY FESTIVAL SOCIETY LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

	Note	Period to 31 Mar 04 £	Year to 31 Oct 02 £
UNRESTRICTED FUNDS			
INCOME		2,995,372	2,121,447
TOTAL EXPENDITURE	9	3,320,161	2,277,583
OPERATING DEFICIENCY		(324,789)	(156,136)
NET DEFICIENCY FOR THE FINANCIAL PERIOD		(324,789)	(156,136)

The charity has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the charity are classed as continuing.

The statement of consolidated financial activities is given in note 2.

The notes on pages 14 to 26 form part of these financial statements.

PITLOCHRY FESTIVAL SOCIETY LIMITED
COMPANY INCOME AND EXPENDITURE ACCOUNT
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

	Note	Period to 31 Mar 04 £	Year to 31 Oct 02 £
UNRESTRICTED FUNDS			
INCOME		2,342,941	1,594,446
TOTAL EXPENDITURE	9	<u>2,713,467</u>	<u>1,846,503</u>
OPERATING DEFICIENCY		(370,526)	(252,057)
GIFT AID INCOME FROM SUBSIDIARY		114,159	99,630
NET DEFICIENCY FOR THE FINANCIAL PERIOD		<u>(256,367)</u>	<u>(152,427)</u>

The charity has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the charity are classed as continuing.

The statement of consolidated financial activities is given in note 2.

The notes on pages 14 to 26 form part of these financial statements.

PITLOCHRY FESTIVAL SOCIETY LIMITED
GROUP BALANCE SHEET
31 MARCH 2004

	Note	31 Mar 04 £	31 Oct 02 £
FIXED ASSETS			
Tangible assets	11	5,472,737	5,384,670
CURRENT ASSETS			
Stocks	13	32,051	20,348
Debtors	14	281,643	226,632
Cash at bank and in hand		13,686	368,604
		<u>327,380</u>	<u>615,584</u>
CREDITORS: Amounts falling due within one year	15	<u>(1,539,044)</u>	<u>(1,747,190)</u>
NET CURRENT LIABILITIES		(1,211,664)	(1,131,606)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,261,073</u>	<u>4,253,604</u>
CREDITORS: Amounts falling due after more than one year	16	<u>—</u>	<u>(128,367)</u>
NET ASSETS		<u>4,261,073</u>	<u>4,124,697</u>
FUNDS			
Restricted	18	4,673,408	4,441,910
Unrestricted		<u>(412,335)</u>	<u>(317,213)</u>
TOTAL FUNDS	19	<u>4,261,073</u>	<u>4,124,697</u>

These financial statements were approved by the Board of Governors on the 24th August 2004 and are signed on their behalf by:



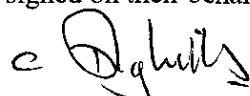
MR C D PIGHILLS
Chairman of Governors

The notes on pages 14 to 26 form part of these financial statements.

PITLOCHRY FESTIVAL SOCIETY LIMITED
COMPANY BALANCE SHEET
31 MARCH 2004

	Note	31 Mar 04 £	31 Oct 02 £
FIXED ASSETS			
Tangible assets	11	4,383,660	4,463,268
Investments	12	6	6
		<u>4,383,666</u>	<u>4,463,274</u>
CURRENT ASSETS			
Stocks	13	4,362	6,281
Debtors	14	286,703	391,724
Cash at bank and in hand		7,281	4,187
		<u>298,346</u>	<u>402,192</u>
CREDITORS: Amounts falling due within one year	15	<u>(1,105,472)</u>	<u>(1,311,492)</u>
NET CURRENT LIABILITIES		(807,126)	(909,300)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,576,540</u>	<u>3,553,974</u>
CREDITORS: Amounts falling due after more than one year	16	–	(128,367)
NET ASSETS		<u>3,576,540</u>	<u>3,425,607</u>
FUNDS			
Restricted	18	3,924,762	3,739,111
Unrestricted		<u>(348,222)</u>	<u>(313,504)</u>
TOTAL FUNDS	19	<u>3,576,540</u>	<u>3,425,607</u>

These financial statements were approved by the Board of Governors on the 24th August 2004 and are signed on their behalf by:



MR C D PIGHILLS
Chairman of Governors

The notes on pages 14 to 26 form part of these financial statements.

PITLOCHRY FESTIVAL SOCIETY LIMITED
CASH FLOW STATEMENT
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

	31 March 04 £	31 Oct 02 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	158,490	1,394,892
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2,030	4,942
Interest paid	(73,075)	(55,094)
	<u> </u>	<u> </u>
Net cash (outflow) from returns on investments and servicing of finance	(71,045)	(50,152)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(312,005)	(947,466)
Proceeds from disposal of tangible fixed assets	22,000	—
	<u> </u>	<u> </u>
Net cash outflow from capital expenditure	(290,005)	(947,466)
Cash (outflow)/inflow before financing	(202,560)	397,274
FINANCING		
Net outflow from bank loans	—	—
Net (outflow) from other long-term creditors	(199,529)	(11,163)
	<u> </u>	<u> </u>
Net cash outflow from financing	(199,529)	(11,163)
(DECREASE)/INCREASE IN CASH	<u>(402,089)</u>	<u>386,111</u>

RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 March 04 £	31 Oct 02 £
Operating surplus	128,420	626,560
Depreciation	281,574	184,352
Decrease/(Increase) in stocks	(11,703)	(3,625)
Decrease in debtors	(55,011)	896,469
(Decrease)/Increase in creditors	(184,790)	(308,864)
	<u> </u>	<u> </u>
Net cash inflow from operating activities	158,490	1,394,892

The notes on pages 14 to 26 form part of these financial statements.

PITLOCHRY FESTIVAL SOCIETY LIMITED

CASH FLOW STATEMENT *(continued)*

FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT

	31 March 04 £	31 Oct 02 £
(Decrease)/Increase in cash in the period	(402,089)	386,111
Net outflow from other long-term creditors	199,529	11,163
Change in net debt	(202,560)	397,274
Net debt at 1 November 2002	(869,392)	(1,266,666)
Net debt at 31 March 2004	<u>(1,071,952)</u>	<u>(869,392)</u>

ANALYSIS OF CHANGES IN NET DEBT

	1 Nov 02 £	Cash flows £	31 Mar 04 £
Cash in hand, at bank	368,604	(354,914)	13,686
Overdrafts	(1,038,463)	(47,175)	(1,085,638)
		<u>(402,089)</u>	
Debt due within 1 year	(71,162)	71,162	—
Debt due after 1 year	(128,367)	128,367	—
	<u>(869,392)</u>	<u>(202,560)</u>	<u>(1,071,952)</u>

The notes on pages 14 to 26 form part of these financial statements.

PITLOCHRY FESTIVAL SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) and the Companies Act 1985.

These accounts have been prepared under the going concern basis. This basis is dependant on the continued support of grant aiding bodies. It is anticipated that such support will continue to be made available to Pitlochry Festival Society Limited for the foreseeable future.

Consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, Pitlochry Theatre Catering Company Limited, Explorers: Scottish Plant Hunters Garden and Pitlochry Theatre Property Company Limited on a line by line basis.

Incoming Resources:

Charitable trading activities

Income from Theatre admission fees and Garden admission fees is included in incoming resources in the period in which the relevant show takes place.

Commercial trading activities

Income from commercial trading activities is included in the period in which the group is entitled to receipt.

Donations and grants

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources in restricted funds when receivable.

Interest receivable

Interest is included when receivable by the charity.

Resources Expended:

Resources expended are included in the Consolidated Statement of Financial Activities on an accruals basis, inclusive of any Value Added Tax which cannot be recovered.

PITLOCHRY FESTIVAL SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- Freehold Property - 2% straight line (theatre)
- Leasehold Property - over 95 years being remaining life of lease (garden)
- Plant & Machinery - 5 - 33% straight line (theatre)
- Plant & Machinery - 20% straight line (catering)

Funds received from grant aiding bodies and from donations as a contribution to capital expenditure are credited to the Consolidated Statement of Financial Activities over the estimated useful life of the assets to which they relate.

Finance costs directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of these assets.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

PITLOCHRY FESTIVAL SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

2. STATEMENT OF FINANCIAL ACTIVITIES

Group		Charitable Trading:	Capital Grants:		
		Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
INCOMING RESOURCES					
Donations	3	23,871	–	23,871	169,390
Income from charitable trading activities:					
Grants receivable	4	1,027,898	382,164	1,410,062	1,025,325
Income from charitable trading activities	5	1,313,837	–	1,313,837	1,163,012
Income from commercial trading activities:					
Income from commercial trading activities		627,736	–	627,736	491,322
Interest Receivable	6	2,030	–	2,030	4,942
TOTAL INCOMING RESOURCES		<u>2,995,372</u>	<u>382,164</u>	<u>3,377,536</u>	<u>2,853,991</u>
RESOURCES EXPENDED					
Charitable expenditure:					
Costs in furtherance of charitable objects	7	2,731,479	–	2,731,479	1,825,855
Management and administration	8	73,075	–	73,075	55,094
Commercial trading expenditure:					
Commercial trading activities	9	515,607	–	515,607	396,634
TOTAL RESOURCES EXPENDED	9	<u>3,320,161</u>	<u>–</u>	<u>3,320,161</u>	<u>2,277,583</u>
NET (OUTGOING) / INCOMING RESOURCES					
BEFORE TRANSFERS	10	(324,789)	382,164	57,375	576,408
Transfer between funds		229,666	(229,666)	–	–
Revaluation of fixed assets		–	79,000	79,000	–
NET OUTGOING RESOURCES FOR THE YEAR		<u>(95,123)</u>	<u>231,498</u>	<u>136,375</u>	<u>576,408</u>
Balances brought forward		(317,212)	4,441,910	4,124,697	3,548,289
Balances carried forward		<u>(412,335)</u>	<u>4,673,408</u>	<u>4,261,073</u>	<u>4,124,697</u>

PITLOCHRY FESTIVAL SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR PERIOD FROM 1 NOVEMBER 2002 TO 31 MARCH 2004

2. STATEMENT OF FINANCIAL ACTIVITIES *(continued)*

Company		Charitable Trading:	Capital Grants:		
		Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
INCOMING RESOURCES					
Donations	3	9,500	—	9,500	4,500
Income from charitable trading activities:					
Grants receivable	4	1,022,778	328,299	1,351,077	487,416
Income from charitable trading activities	5	1,310,663	—	1,310,663	1,132,275
Gift Aid from subsidiary		114,159	—	114,159	99,630
TOTAL INCOMING RESOURCES		<u>2,457,100</u>	<u>328,299</u>	<u>2,785,399</u>	<u>1,723,821</u>
RESOURCES EXPENDED					
Charitable expenditure:					
Costs in furtherance of charitable objects	7	2,653,185	—	2,653,185	1,791,407
Management and administration	8	60,282	—	60,282	55,095
TOTAL RESOURCES EXPENDED	9	<u>2,713,467</u>	<u>—</u>	<u>2,713,467</u>	<u>1,846,502</u>
NET (OUTGOING) / INCOMING RESOURCES BEFORE TRANSFERS					
	10	(256,367)	328,299	71,932	(122,681)
Transfer between funds		221,648	(221,648)	—	—
Revaluation of fixed assets		—	79,000	79,000	—
NET OUTGOING RESOURCES FOR THE YEAR		<u>(34,719)</u>	<u>185,651</u>	<u>150,932</u>	<u>(122,681)</u>
Balances brought forward		<u>(313,504)</u>	<u>3,739,111</u>	<u>3,425,607</u>	<u>3,548,289</u>
Balances carried forward		<u>(348,223)</u>	<u>3,924,762</u>	<u>3,576,540</u>	<u>3,425,607</u>

PITLOCHRY FESTIVAL SOCIETY LIMITED
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3. DONATIONS

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Gannochy Trust	–	–	–	100,000
Other Donations	23,871	–	23,871	69,390
	<u>23,871</u>	<u>–</u>	<u>23,871</u>	<u>169,390</u>
Company	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Other Donations	9,500	–	9,500	4,500
	<u>9,500</u>	<u>–</u>	<u>9,500</u>	<u>4,500</u>

4. GRANTS RECEIVABLE

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Scottish Arts Council:				
Advancement Grant	274,000	–	274,000	–
Scottish Arts Council	490,532	89,819	589,351	298,115
Perth & Kinross Council	226,482	50,000	276,482	159,556
Scottish Executive	–	–	–	398,967
Scottish Enterprise Tayside	–	133,948	133,948	46,300
Pitlochry Theatre Endowment Trust	–	50,000	50,000	–
Scottish Enterprise Lanarkshire	–	20,000	20,000	–
Other revenue grants	36,884	–	36,884	–
Other capital grants	–	29,397	29,397	122,387
	<u>1,027,898</u>	<u>382,164</u>	<u>1,410,062</u>	<u>1,025,325</u>
Company	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Scottish Arts Council:				
Advancement Grant	274,000	–	274,000	–
Scottish Arts Council	490,532	89,819	580,351	298,115
Perth & Kinross Council	226,482	50,000	276,482	159,556
Scottish Executive	–	–	–	–
Scottish Enterprise Tayside	–	133,948	133,948	–
Pitlochry Theatre Endowment Trust	–	50,000	50,000	–
Other revenue grants	31,764	–	31,764	–
Other capital grants	–	4,532	4,532	29,745
	<u>1,022,778</u>	<u>328,299</u>	<u>1,351,077</u>	<u>487,416</u>

PITLOCHRY FESTIVAL SOCIETY LIMITED
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5. INCOME FROM CHARITABLE TRADING ACTIVITIES

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Operation of theatre and arts centre	1,310,663	—	1,310,663	1,132,275
Operation of garden	3,174	—	3,174	30,737
	<u>1,313,837</u>	<u>—</u>	<u>1,313,837</u>	<u>1,163,012</u>
Company	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Operation of theatre and arts centre	1,310,663	—	1,310,663	1,132,275
	<u>1,310,663</u>	<u>—</u>	<u>1,310,663</u>	<u>1,132,275</u>

6. INTEREST RECEIVABLE

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Interest receivable	<u>2,030</u>	<u>—</u>	<u>2,030</u>	<u>4,942</u>
Company	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Interest receivable	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

7. COSTS IN FURTHERANCE OF CHARITABLE OBJECTS

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Provision of charitable services:				
Wages and salaries	1,481,017	—	1,481,017	961,255
Depreciation	277,896	—	277,896	183,131
Operating expenses	656,942	—	656,942	407,955
Production and material costs	315,624	—	315,642	273,514
	<u>2,731,479</u>	<u>—</u>	<u>2,731,479</u>	<u>1,825,855</u>

PITLOCHRY FESTIVAL SOCIETY LIMITED

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7. COSTS IN FURTHERANCE OF CHARITABLE OBJECTS *(continued)*

Company	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Provision of charitable services:				
Wages and salaries	1,447,503	—	1,447,503	961,204
Depreciation	264,640	—	264,640	183,131
Operating expenses	625,418	—	625,418	373,558
Production and material costs	315,624	—	315,624	273,514
	<u>2,653,185</u>	<u>—</u>	<u>2,653,185</u>	<u>1,791,407</u>

Analysis of provision of charitable services:

Group	Staff costs £	Depreciation £	Other costs £	Total 2004 £	Total 2002 £
Wages and salaries	1,481,017	—	—	1,481,017	961,255
Depreciation	—	277,896	—	277,896	183,131
Operating expenses	38,932	—	656,942	656,942	407,955
Production and material costs	—	—	315,624	315,624	273,514
	<u>1,519,949</u>	<u>277,896</u>	<u>933,634</u>	<u>2,731,479</u>	<u>1,825,855</u>

Company	Staff costs £	Depreciation £	Other costs £	Total 2004 £	Total 2002 £
Wages and salaries	1,447,503	—	—	1,447,503	961,204
Depreciation	—	264,640	—	264,640	183,131
Operating expenses	38,932	—	586,486	625,418	373,558
Production and material costs	—	—	315,624	315,624	273,514
	<u>1,486,435</u>	<u>264,640</u>	<u>902,110</u>	<u>2,653,185</u>	<u>1,791,407</u>

8. MANAGEMENT AND ADMINISTRATION

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Interest payable and similar charges	<u>73,075</u>	<u>—</u>	<u>73,075</u>	<u>55,095</u>

Company	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Interest payable and similar charges	<u>60,282</u>	<u>—</u>	<u>60,282</u>	<u>55,095</u>

PITLOCHRY FESTIVAL SOCIETY LIMITED

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9. TOTAL RESOURCES EXPENDED

Group	Staff costs £	Depreciation £	Other costs £	Total Funds 2004 £	Total Funds 2002 £
Direct charitable expenditure	1,519,949	277,896	933,634	2,731,479	1,825,855
Management and administration	—	—	73,075	73,075	55,094
Commercial trading activities	195,607	3,678	316,322	515,607	396,634
	<u>1,715,556</u>	<u>281,574</u>	<u>1,323,031</u>	<u>3,320,161</u>	<u>2,277,583</u>
Company	Staff costs £	Depreciation £	Other costs £	Total Funds 2004 £	Total Funds 2002 £
Direct charitable expenditure	1,486,435	264,640	902,110	2,653,185	1,791,407
Management and administration	—	—	60,282	60,282	55,095
	<u>1,486,435</u>	<u>264,640</u>	<u>962,392</u>	<u>2,713,467</u>	<u>1,846,502</u>

The aggregate payroll costs were:

	Group		Company	
	2004 £	2002 £	2004 £	2002 £
Wages and salaries	1,676,624	961,255	1,447,503	961,204
	<u>1,676,624</u>	<u>961,255</u>	<u>1,447,503</u>	<u>961,204</u>

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	Group		Company	
	2004 £	2002 £	2004 £	2002 £
Production staff	66	57	66	57
Administrative staff	4	4	4	4
Catering staff	17	13	—	—
Garden staff	1	1	—	—
	<u>88</u>	<u>75</u>	<u>70</u>	<u>61</u>

The increase in staff is due to additional posts being created as part of the advancement plan together with the increased catering staff to cover the new winter opening.

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10. OPERATING DEFICIT

Operating deficit is stated after charging:

	Group		Company	
	2004	2002	2004	2002
	£	£	£	£
Depreciation	281,574	184,353	264,640	183,131
Auditors' remuneration - as auditors	<u>7,906</u>	<u>6,963</u>	<u>5,976</u>	<u>5,113</u>

11. TANGIBLE FIXED ASSETS

Group

	Leasehold Property £	Freehold property £	Plant and Machinery £	Motor Vehicles £	Total £
COST					
At 1 November 2002	918,868	5,054,315	995,948	–	6,969,131
Additions	162,532	90,857	52,201	6,415	312,005
Revaluations	–	79,000	–	–	79,000
Disposals	–	(24,542)	–	–	(24,542)
At 31 March 2004	<u>1,081,400</u>	<u>5,199,630</u>	<u>1,048,149</u>	<u>6,415</u>	<u>7,335,594</u>
DEPRECIATION					
At 1 November 2002	–	1,008,339	576,123	–	1,584,462
Charge for the year	11,436	130,944	137,373	1,820	281,573
On disposals	–	(3,178)	–	–	(3,178)
At 31 March 2004	<u>11,436</u>	<u>1,136,105</u>	<u>713,496</u>	<u>1,820</u>	<u>1,862,857</u>
NET BOOK VALUE					
At 31 March 2004	<u>1,069,964</u>	<u>4,063,525</u>	<u>334,653</u>	<u>4,395</u>	<u>5,472,537</u>
At 31 October 2002	<u>918,868</u>	<u>4,045,976</u>	<u>419,825</u>	<u>–</u>	<u>5,384,669</u>

Included in the above fixed asset additions is an amount of £4,268 representing the capitalisation of bank interest charged while the garden was in the process of construction.

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Company

	Freehold property £	Plant and Machinery £	Total £
COST			
At 1 November 2002	5,054,315	966,696	6,021,011
Additions	90,857	36,539	127,396
Revaluations	79,000	–	79,000
Disposals	(24,542)	–	(24,542)
At 31 March 2004	<u>5,199,630</u>	<u>1,003,235</u>	<u>6,202,865</u>
DEPRECIATION			
At 1 November 2002	1,008,339	549,404	1,557,743
Charge for the year	130,944	133,969	264,640
On disposals	(3,178)	–	(3,178)
At 31 March 2004	<u>1,136,105</u>	<u>683,100</u>	<u>1,819,205</u>
NET BOOK VALUE			
At 31 March 2004	<u>4,063,525</u>	<u>320,135</u>	<u>4,383,660</u>
At 31 October 2002	<u>4,045,976</u>	<u>417,292</u>	<u>4,463,268</u>

12. INVESTMENTS

Company

Movement in market value	31 Mar 04 £	31 Oct 02 £
Market value at 1 November 2002	6	6
Market value at 31 March 2004	<u>6</u>	<u>6</u>
Historical cost at 31 March 2004	<u>6</u>	<u>6</u>

Analysis of investments at 31 March 2004 between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2002 £
Shares in subsidiary undertakings at cost	6	–	6	6
	<u>6</u>	<u>–</u>	<u>6</u>	<u>6</u>

The Charity has three wholly-controlled subsidiaries. Pitlochry Theatre Catering Company Limited is an incorporated company in the United Kingdom and pays all of its profits to the charity by gift aid. It operates the bars and restaurant and all commercial trading operations carried on at the Pitlochry Festival Theatre. The Charity owns the entire issued share capital of 3 Ordinary Shares of £1 each.

Explorers: Scottish Plant Hunters Garden is a charity, limited by guarantee and incorporated in the United Kingdom. It operates the garden activities at the Pitlochry Festival Theatre.

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Pitlochry Theatre Property Co Ltd is an incorporated dormant company in the United Kingdom. The Charity owns the entire issued share capital of 3 Ordinary Shares of £1 each.

13. STOCKS

	Group		Company	
	31 Mar 04	31 Oct 02	31 Mar 04	31 Oct 02
	£	£	£	£
Stock	<u>32,051</u>	<u>20,348</u>	<u>4,362</u>	<u>6,281</u>

14. DEBTORS

	Group		Company	
	31 Mar 04	31 Oct 02	31 Mar 04	31 Oct 02
	£	£	£	£
Trade debtors	52,824	30,546	32,926	26,198
Amounts owed by group undertakings	—	—	30,643	177,920
Other debtors	3,983	71,810	—	70,000
Prepayments	<u>224,836</u>	<u>124,276</u>	<u>223,134</u>	<u>117,606</u>
	<u>281,643</u>	<u>226,632</u>	<u>286,703</u>	<u>391,724</u>

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	31 Mar 04	31 Oct 02	31 Mar 04	31 Oct 02
	£	£	£	£
Bank loans and overdrafts	1,085,638	1,038,465	728,044	865,426
Trade creditors	328,068	513,452	289,642	310,538
Taxation and social security	50,340	91,314	42,972	53,343
Loans	—	71,162	—	71,162
Other creditors	12,887	11,033	12,017	11,023
Accruals	<u>62,111</u>	<u>21,764</u>	<u>32,797</u>	<u>—</u>
	<u>1,539,044</u>	<u>1,747,190</u>	<u>1,105,472</u>	<u>1,311,492</u>

The following liabilities disclosed under creditors falling due within one year are secured by the charity:

	Group		Company	
	31 Mar 04	31 Oct 02	31 Mar 04	31 Oct 02
	£	£	£	£
Bank loans and overdrafts	1,085,638	1,038,465	728,044	865,426
Scottish Enterprise loan	—	11,162	—	11,162
	<u>1,085,638</u>	<u>1,049,627</u>	<u>728,044</u>	<u>876,588</u>

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16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	31 Mar 04	31 Oct 02	31 Mar 04	31 Oct 02
	£	£	£	£
Scottish Enterprise loan	—	128,367	—	128,367
	<u>—</u>	<u>128,367</u>	<u>—</u>	<u>128,367</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the charity:

	Group		Company	
	31 Mar 04	31 Oct 02	31 Mar 04	31 Oct 02
	£	£	£	£
Scottish Enterprise loan	—	128,367	—	128,367
	<u>—</u>	<u>128,367</u>	<u>—</u>	<u>128,367</u>

17. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	31 March 04	31 Oct 02	31 March 04	31 Oct 02
	£	£	£	£
In one year or less, or on demand	—	71,162	—	71,162
Between one and two years	—	11,162	—	11,162
Between two and five years	—	33,486	—	33,486
In five years or more	—	83,719	—	83,719
	<u>—</u>	<u>199,529</u>	<u>—</u>	<u>199,529</u>

The Bank of Scotland have been granted standard securities over the heritable assets of the Charity.

PITLOCHRY FESTIVAL SOCIETY LIMITED

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18. RESTRICTED FUNDS

Group

	Balance at 1 Nov 2002	Movement in resources:		Balance at 31 March 04
		Incoming	Outgoing & Transfers	
	£	£	£	£
Capital Grants	4,346,597	382,164	(229,666)	4,499,095
Revaluation reserve	20,460	79,000	–	99,460
Capital reserve	74,853	–	–	74,853
	<u>4,441,910</u>	<u>461,164</u>	<u>(229,666)</u>	<u>4,673,408</u>

Company

	Balance at 1 Nov 2002	Movement in resources:		Balance at 31 March 04
		Incoming	Outgoing & Transfers	
	£	£	£	£
Capital Grants	3,643,798	328,299	(221,648)	3,750,449
Revaluation reserve	20,460	79,000	–	99,460
Capital reserve	74,853	–	–	74,853
	<u>3,739,111</u>	<u>407,299</u>	<u>(221,648)</u>	<u>3,924,762</u>

The revaluation reserve arose when the value of land at Knockendarroch held by the charity was included in the accounts at its market value. This same land was revalued by J & E Shepherd, chartered surveyors on 11 January 2002 and this revaluation has been reflected in these accounts.

19. ANALYSIS OF NET ASSETS (between restricted and unrestricted funds)

Group

	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Capital Grants	4,499,095	–	–	4,499,095
Revaluation reserve	99,460	–	–	99,460
Capital reserve	74,853	–	–	74,853
Restricted funds	<u>4,673,408</u>	<u>–</u>	<u>–</u>	<u>4,673,408</u>
Unrestricted funds	799,329	–	(1,211,664)	(412,335)
	<u>5,472,737</u>	<u>–</u>	<u>(1,211,664)</u>	<u>4,261,073</u>

Company

	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Capital Grants	3,750,449	–	–	3,750,449
Revaluation reserve	99,460	–	–	99,460
Capital reserve	74,853	–	–	74,853
Restricted funds	<u>3,924,762</u>	<u>–</u>	<u>–</u>	<u>3,924,762</u>
Unrestricted funds	458,898	6	(807,126)	(348,222)
	<u>4,383,660</u>	<u>6</u>	<u>(807,126)</u>	<u>3,576,540</u>

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20. CONTINGENCIES

Certain of the grant contributors have required the Charity to treat their grants as partly or wholly refundable in the event of the theatre buildings ceasing to be used for the purposes of a theatre. These grants amounts to £3,046,592 (2002 - £3,268,240) and are being transferred from restricted funds to unrestricted funds over the estimated useful life of the assets to which they relate.

21. COMPANY LIMITED BY GUARANTEE

The charity is a company limited by guarantee and has no share capital. It is registered in Scotland and is a charity for tax purposes.