

**THE EDINBURGH INTERNATIONAL
BOOK FESTIVAL LIMITED
REGISTRATION NO 79939**

**REPORT AND FINANCIAL STATEMENTS
31 MARCH 2002**

**WHITEHOUSE & McFADDEN LIMITED
Chartered Accountants
EDINBURGH**



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COMPANIES HOUSE 16/12/02

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 March 2002.

RESULTS**REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY**

The principal activity of the company during the year continued to be the promotion of all forms of literature and the enjoyment of books by staging the *Edinburgh International Book Festival*. As in previous years, the event was designed to further public interest in literary, educational and cultural fields.

The festival was highly successful and attracted around 450 authors and over 120,000 visitors to Charlotte Square Gardens between 11 and 27 August 2001. The 2001 festival was also the first year (of two) of advancement funding, which allowed the festival to invest in staff and IT to assist income generating areas of the festival. The advancement plan had forecasted income increasing over a four year period, but the improvements in income generation came almost immediately, with increases in sponsorship, box office and book sales income dramatically over expectations. A long term aim of the Edinburgh International Book Festival had been to build up a suitable contingency reserve, and the whole surplus from 2001/2002 has been placed into this newly created contingency reserve.

STATUS OF THE COMPANY

The Edinburgh International Book Festival Limited is a registered charity.

The company is limited by guarantee. In the event of dissolution of the company each member is liable to contribute £1.

COUNCIL OF MANAGEMENT

Frederick P M Johnston (resigned 13 December 2001)

William K Campbell (resigned 25 October 2001)

Chris Dolan (resigned 25 October 2001)

Susan Sandon

Honor J Wilson Fletcher (resigned 25 October 2001)

Matthew Perren (resigned 25 October 2001)

Jacqueline Thin

William A Atkinson. (appointed 25 June 2001)

Susan Rice (Chair) (appointed 25 October 2001)

Judy Moir (appointed 25 October 2001)

Ewan Easton (appointed 25 October 2001)

Nicola Stonehill (appointed 25 October 2001)

Carol Wood (appointed 13 December 2001)

James Jauncey (appointed 13 December 2001)

DIRECTORS' REPORT

AUDITORS

Whitehouse & McFadden Limited will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY RULES

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities. This report was approved by the board on 12 December 2002 and signed on its behalf.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'J Thin', with a long horizontal flourish extending to the right.

JACQUELINE THIN
Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE FINANCIAL STATEMENTS**

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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
-
- make judgements and estimates that are reasonable and prudent;
-
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

**AUDITORS' REPORT TO THE MEMBERS OF
THE EDINBURGH INTERNATIONAL BOOK FESTIVAL LIMITED**

We have audited the financial statements on pages 5 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

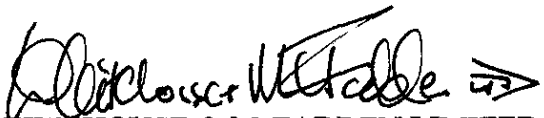
BASIS OF OPINION

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 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 as at 31 March 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


WHITEHOUSE & McFADDEN LIMITED
Chartered Accountants and Registered Auditors
29a Stafford Street
Edinburgh
EH3 7BJ

12 December 2002

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 £	2001 £
TURNOVER	2	703,091	513,177
Administrative and Other Expenses		<u>669,470</u>	<u>576,910</u>
OPERATING SURPLUS/(DEFICIT)		33,621	(63,733)
Deposit Account Interest		<u>5,001</u>	<u>3,637</u>
SURPLUS/(DEFICIT) BEFORE GRANT FROM SCOTTISH ARTS COUNCIL		38,622	(60,096)
Revenue Grant from the Scottish Arts Council		<u>105,000</u>	<u>69,575</u>
		143,622	9,479
Transfer to Contingency Fund		<u>(143,622)</u>	<u>-</u>
SURPLUS FOR YEAR		<u>-</u>	<u>9,479</u>

The notes on pages 7 to 10 form part of these financial statements.

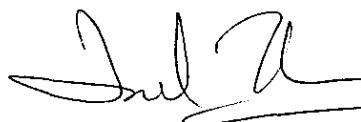
BALANCE SHEET
AS AT 31 MARCH 2002

	Note	2002	2001
		£	£
FIXED ASSETS	6	8,044	5,869
CURRENT ASSETS			
Sundry Debtors and Prepayments	7	1,043	12,306
Cash at Bank – Current Account		-	9,286
Money Market Account		234,546	56,876
Stock on Hand		-	971
		<u>235,589</u>	<u>79,439</u>
CURRENT LIABILITIES			
Sundry Creditors and Deferred Income	8	63,921	51,647
Taxes and Social Security Costs		<u>591</u>	<u>3,411</u>
		<u>64,512</u>	<u>55,058</u>
NET CURRENT ASSETS		<u>171,077</u>	<u>24,381</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		179,121	30,250
PROVISIONS FOR LIABILITIES AND CHARGES			
Grants	9	<u>(5,811)</u>	<u>(562)</u>
		<u>173,310</u>	<u>29,688</u>
REPRESENTED BY			
Profit and Loss Account	10	29,688	29,688
Contingency Fund	11	<u>143,622</u>	<u>-</u>
		<u>173,310</u>	<u>29,688</u>

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with Financial Reporting Standard for Smaller Entities, were approved by the board on 12 December 2002 and signed on its behalf.



SUSAN RICE
 Director



JACQUELINE THIN
 Director

The notes on pages 7 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002****1 ACCOUNTING POLICIES**

The accounts have been prepared in accordance with the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life as follows –

Office Equipment	25% per annum
Exhibition Equipment and Furnishings	33% per annum

Leasing Commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Government Grants

National Lottery Grants in respect of capital expenditure are credited to a deferred income account and released to the profit and loss account over three years.

Contingency Fund

It is the policy of the Charity to maintain an unrestricted contingency fund at a level which equates to approximately 6 months operating expenditure. This provides sufficient funds to cover management and administration and support costs.

2 TURNOVER

Turnover represents the amounts received from sponsorships and donations, grants, ticket sales, gross profit from sales of books and any contributions made by publishers. Included in turnover are the following:

Income from Trusts: -

Binks Trust	£2,000
The Cruden Foundation	£2,400
The Russell Trust	£5,000
Gannochy Trust	£2,000
Robertson Trust	£3,000

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 MARCH 2002**

3 OPERATING SURPLUS/(DEFICIT)

	2002 £	2001 £
The operating surplus/(deficit) is stated after charging -		
Directors' Remuneration	-	-
Depreciation	4,377	15,224
Auditors' Remuneration	1,297	698
Operating Lease Rentals – Land and Buildings	<u>4,666</u>	<u>4,300</u>

4 STAFF COSTS

Wages and Salaries	215,695	173,203
Social Security Costs	<u>18,635</u>	<u>15,253</u>
	<u>234,330</u>	<u>188,456</u>

5 TAXATION

In view of its charitable status, the company is not liable to corporation tax.

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 MARCH 2002**

6 FIXED ASSETS

	Office Equipment £	Exhibition Equipment £	Total £
COST			
At 1 April 2001	64,391	42,825	107,216
Additions	6,552	-	6,552
Disposals	-	-	-
At 31 March 2002	<u>70,943</u>	<u>42,825</u>	<u>113,768</u>
DEPRECIATION			
At 1 April 2001	61,269	40,078	101,347
Charge for year	3,653	724	4,377
Disposals	-	-	-
At 31 March 2002	<u>64,922</u>	<u>40,802</u>	<u>105,724</u>
NET BOOK VALUE			
At 31 March 2002	<u>6,021</u>	<u>2,023</u>	<u>8,044</u>
At 31 March 2001	<u>3,122</u>	<u>2,747</u>	<u>5,869</u>

7 SUNDRY DEBTORS AND PREPAYMENTS

	2002 £	2001 £
Prepayments	511	1,344
Other Debtors	<u>532</u>	<u>10,962</u>
	<u>1,043</u>	<u>12,306</u>

8 SUNDRY CREDITORS AND DEFERRED INCOME

Bank Overdraft	80	-
Sundry Creditors	-	13,181
Accruals	29,349	13,458
Deferred Income	<u>34,492</u>	<u>25,008</u>
	<u>63,921</u>	<u>51,647</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 MARCH 2002**

9 PROVISION FOR LIABILITIES AND CHARGES

Grants - The company received National Lottery grants for capital equipment –

Balance at 1 April 2001	562
Grants Received	6,552
Less: Amount released to profit and loss account	<u>(1,303)</u>
Balance at 31 March 2002	<u>5,811</u>

10 PROFIT AND LOSS ACCOUNT	2002	2001
Balance brought forward	29,688	20,209
Retained surplus for year	<u>-</u>	<u>9,479</u>
	<u>29,688</u>	<u>29,688</u>

11 CONTINGENCY FUND

Transfer from Profit and Loss Account	<u>143,622</u>	<u>-</u>
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12 OTHER FINANCIAL COMMITMENTS

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as set out below –

	Land	and Buildings
Operating leases which expire -		
Within one year	4,666	4,300
Within two to five years	-	-
In over five years	<u>-</u>	<u>-</u>
	<u>4,666</u>	<u>4,300</u>

13 COUNCIL OF MANAGEMENT

The Council of Management act in an honorary capacity, and are not paid any remuneration for their services.

14 SPONSORSHIP IN KIND

The Festival received approximately £70,000 of in-kind Sponsorship during the period

THE EDINBURGH INTERNATIONAL BOOK FESTIVAL LIMITED
REVENUE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
	£	£
INCOME		
Site Income	411,139	372,748
Sponsorship	198,751	115,164
Other Grants	91,898	24,010
Lottery Income Released	<u>1,303</u>	<u>1,255</u>
	<u>703,091</u>	<u>513,177</u>
EXPENDITURE		
Site Costs	157,762	135,458
Programme Costs	92,287	72,526
Publicity	63,527	63,340
Staff Costs, including Advisors	280,965	234,411
Administration	70,552	44,013
Depreciation	4,377	15,224
Other Expenditure	-	318
Bad Debts	-	10,820
Stock Written Off	<u>-</u>	<u>800</u>
	<u>669,470</u>	<u>576,910</u>
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	<u><u>33,621</u></u>	<u><u>(63,733)</u></u>