



ABERDEEN PERFORMING ARTS

*(a company limited by guarantee
and not having a share capital)*

(Company number SC238959)

(Charity number SCO33733)

DIRECTORS' REPORT AND ACCOUNTS

31 MARCH 2006

Anderson Anderson & Brown
Chartered Accountants



**ABERDEEN PERFORMING ARTS
DIRECTORS' REPORT AND ACCOUNTS FOR
THE YEAR ENDED 31 MARCH 2006**



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ABERDEEN PERFORMING ARTS
LEGAL AND ADMINISTRATIVE INFORMATION



LEGAL STATUS

Aberdeen Performing Arts is a company limited by guarantee (company number SC238959) and a registered Scottish charity (charity number SC033733)

DIRECTORS AND TRUSTEES

The directors of the charitable company ("the charity") are its trustees for the purposes of charity law. The directors are

J G Roberts	Chairman
K A Shirron *	Vice Chairman
G Adam *	
L Barclay	(appointed 12 June 2006)
N D Fletcher *	
K Freel *	(appointed 24 October 2005)
W D Hardie	
N I Jones	
C Kelly	
K McLeod	
J A Porter *	
M Pyper	
J A Shirreffs	
J Stewart *	(appointed 24 October 2005)
R R Webster*	

* Directors nominated by Aberdeen City Council

SECRETARIES

Stronachs, 34 Albyn Place, Aberdeen

REGISTERED OFFICE

34 Albyn Place, Aberdeen

PRINCIPAL ADDRESS

His Majesty's Theatre
Rosemount Viaduct
Aberdeen

ABERDEEN PERFORMING ARTS
LEGAL AND ADMINISTRATIVE INFORMATION (continued)



AUDITORS

Anderson Anderson & Brown
6 Carden Place
Aberdeen

BANKERS

Clydesdale Bank
Queens Cross
Aberdeen

SOLICITORS

Stronachs
34 Albyn Place
Aberdeen

The directors submit their report and the audited accounts of the group for the year ended 31 March 2006

Legal and administrative information set out on pages 1 and 2 forms part of this report. The accounts comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (revised 2005).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Aberdeen Performing Arts is a charitable company limited by guarantee which is governed by its Memorandum and Articles of Association.

Organisational Structure

A board of directors administers the charity. A Finance, Audit and Property sub committee has been established, together with a Human Resources and Health and Safety sub committee. A Chief Executive is appointed by the directors to manage the day to day operations of the charity.

The directors of the company during the year ended 31 March 2006 were as noted on page 1 together with D Eunson who resigned on 30 April 2006.

Appointment of Directors

The powers for appointment and removal of directors are set out in the company's Memorandum and Articles of Association.

Director Induction and Training

New directors undergo a half day induction session to make them aware of their legal responsibilities under company and charity law. The sessions involve a tour of the two buildings operated by Aberdeen Performing Arts, briefing by the company secretaries on the legal responsibilities of directors, briefing by the Chief Executive and senior officers of the company describing the operation of the organisation, the staffing structure, the budgets and financial arrangements of the organisation. The sessions also consider the division of responsibility between Board members, the Chair of the Board, the Chief Executive and the managers of the company. Directors are also made aware of the major financial risks to the company.

Directors are also encouraged to attend the training events given by Arts and Business – "How to be a Board Member" and the majority of our Board members have attended this training course.

Related Parties

Under the Articles of Association, Aberdeen City Council is entitled to appoint 7 directors

The charity owns 100% of the share capital of Aberdeen Performing Arts Trading Company Limited which operates the Aberdeen Box Office and the commercial activities at His Majesty's Theatre and the Music Hall

Risk Management

Senior managers of the organisation have carried out risk assessments with advice given on the process by the company's internal auditors. Consideration has also been given to reducing these risks. A risk assessment and mitigation paper has been considered by the Finance Audit and Property Sub Committee of the company and approved by the Board. It has also been agreed that this document will be reviewed on a regular basis

OBJECTIVES AND ACTIVITIES

The primary objectives of the company as set out in the Memorandum and Articles of Association of the company are

"To present, provide or assist in the provision of facilities at reasonable cost for the performing arts", and

"To advance the education of the public in the performing arts by presenting, promoting, sponsoring, supporting and assisting in the development of public interest in and awareness of the performing arts"

Aberdeen Performing Arts operates the Music Hall, His Majesty's Theatre and provides a central box office service for the city and the North East of Scotland through Aberdeen Box Office. The box office sells tickets for both the company's venues and for those operated by third parties. There is an extensive programme of education work involving all ages, mainly but not entirely centred on activity in His Majesty's Theatre. This involves youth theatre work, talks by directors and choreographers, tours of the theatre etc. There is also a considerable amount of education work carried out by the Music Hall's resident orchestras – The Royal Scottish National Orchestra, The Scottish Chamber Orchestra, and the BBC Scottish Symphony Orchestra

The objectives of the organisation as set out in the company's business plan for the year to 31 March 2006 have been

- To present diverse work of high quality
- To develop a programme of education and out reach
- To strive for the highest standards of customer care
- To ensure the development of our staff and to be good employers
- To maintain and develop our buildings to the highest standards

OBJECTIVES AND ACTIVITIES (continued)

- To ensure financial viability and sustainability
- To be socially inclusive
- To have a programme of audience and user development

The managers of the company have each had individual action plans linked to the business plan, designed to address these objectives

ACHIEVEMENTS AND PERFORMANCE

Reopening of HMT

One of the major pieces of work during the last year has been the completion of the redevelopment of His Majesty's Theatre and the reopening the venue. Although the redevelopment of the theatre was largely financed and project managed by the local authority, Aberdeen Performing Arts, as the leaseholder of the venue, has been heavily involved in ensuring that the theatre was suitably constructed and had the technical and customer facilities required of a 21st century venue.

During the 18 month closure of the theatre for this work, all staff and equipment were re located to a temporary venue at Hilton which was operated until March 2005. Between April and the August 2005, staff and equipment were moved back into His Majesty's Theatre from Hilton. Due to the late completion of building work, there was a very short time to re commission the venue and the equipment prior to the re opening. However the theatre was successfully re opened on the 8th of September 2005 by His Royal Highness The Earl of Wessex at a performance by Scottish Ballet of work by George Balanchine. The redeveloped and extended theatre has proved extremely popular with the public and 157,000 have attended performances in the period from September 2005 to end of March 2006. This represents an approximate 8% increase in attendance compared to the same period in 2003/2004, prior to the theatre's closure.

As part of the redevelopment a new extension was added to the building which incorporates a box office, coffee shop and a restaurant with seventy covers. The operation of the restaurant and coffee shop has been contracted out to local company – Great Restaurants Ltd – who also operate The Square. The contractors have been successfully managing the catering operation since the re opening of the theatre. This has provided new income to the theatre through a rental arrangement and a high quality, low risk operation which has worked well from the outset. It has also created a considerable number of full time and part time jobs to service this new part of our service.

The new extension also boasts a new studio space, which is used to rehearse productions, and for education work. This space has given the organisation the opportunity to produce work from HMT for the first time. In this respect we will be working with the new National Theatre of Scotland on a production of Tutti Frutti to be premiered in HMT later this year.

ACHIEVEMENTS AND PERFORMANCE (continued)

Reopening of HMT (continued)

When Aberdeen Performing Arts took over the operation of the Music Hall from Aberdeen City Council in April 2004 it had been agreed by both organisations that the venue was in need of some urgent repairs and that access issues would have to be addressed due to statutory responsibilities under the Disability Discrimination Act. Repair and remedial work was carried out on the building in the summer of 2005 and this involved the closure of the auditorium and some public areas during this period. The remainder of this work will be carried out in the summer of 2006.

Restructuring

The company commissioned consultants to consider the management and staff structure of the organisation in 2004. It was recognised that the structure that was in place when the venues were run by the local authority might not be appropriate for the operation by the new company. The review identified weaknesses in the management of the organisation and recommended a number of measures to strengthen the management team and the staff structure.

One of the major changes was to establish a new senior management team reporting to the Chief Executive. This involved establishing new posts in Human Resources, Education, Development, Sales and Marketing, and Operations. Two of these senior posts were filled by matching of existing managers and four were filled by external recruitment. The management restructuring was completed by September 2005. Subsequent changes have now been made to the marketing teams and to the box office staff structure.

Operational staff have been recruited on contracts that give the flexibility for them to work in both venues.

Terms and Conditions

A review of staff terms and conditions was started in autumn 2005 and it is planned that negotiations with trades unions on this matter will be completed by the end of June 2006. The aim in this respect has been to create terms and conditions that are appropriate to a non profit distributing company working in the arts and to ensure a coherent and consistent set of terms and conditions across the company. Following negotiations with unions and discussions with staff, the strategy that is being pursued is to ring fence the terms and conditions of existing members of staff and to recruit new members of staff on more appropriate terms and conditions.

Charter Mark

Another major achievement during the course of the last year has been the retention of our Charter Mark accreditation. This award is made by The Cabinet Office in recognition of excellence in customer service. We are extremely proud of the fact that Aberdeen Performing Arts is the only arts organisation to hold such an award in the UK.

FINANCIAL REVIEW

The net incoming resources for the year, amounting to £284,849 (2005 £290,389) have been dealt with as shown in the Statement of Financial Activities

The total reserves of the group amount to £606,880 of which £5,458 represents the general (trading reserves) fund, £74,057 a designated fixed asset fund, £100,000 a designated property fund and the remaining £427,365 restricted funds. Those restricted funds represent amounts generated by fundraising activities for the refurbishment and expansion of His Majesty's Theatre

Reserves policy

Because of the level of risk involved in the activities of APA, the Board has decided that £150,000 should be built up in a trading reserves fund. Furthermore because of the nature of the two grade A listed buildings leased and operated by the company, it has been agreed that a property reserve fund should be established and be maintained within a band of between £100,000 and £400,000. It is recognised that it may take several years to establish this level of reserve fund, but it is considered prudent to do so in order to safeguard the long term interests of the organisation.

PLANS FOR FUTURE PERIODS

The Board members and senior managers of the company held an away day in February 2006 as a result of discussions held then, the company has decided to prioritise the following six objectives over the next three years –

- To optimise the role we play in the artistic management of the City's venues and form positive working relationships with venues locally and nationally
- To extend our partnerships with other public sector and strategic agencies, including Aberdeen City Council, Aberdeenshire Council and community planning partners
- To prioritise the involvement of young people in the work of APA
- To strive to improve staff morale and cohesion
- To improve financial viability
- To present diverse work of quality including international, national and local work

These objectives will be the priority of the organisation over the next three years and senior managers have detailed action plans relating to their own areas of responsibility that will drive forward these objectives

One of the other major areas of work over the next year will be to carry out a feasibility study which will consider options for the development of the Music Hall. We have secured some funding for this study from the local authority. Further funding will be sought from The Big Lottery fund with the balance coming from the company's own resources. It is hoped this study will be carried out in the autumn of 2006

ABERDEEN PERFORMING ARTS
DIRECTORS' REPORT (continued)



PROVISION OF INFORMATION TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Anderson Anderson & Brown have expressed their willingness to continue in office. A resolution proposing their re appointment will be submitted at the annual general meeting

Signed on behalf of the Board of Directors


Director — J G Roberts

Date 30 October 06

ABERDEEN PERFORMING ARTS
STATEMENT OF DIRECTORS' RESPONSIBILITIES



Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the net income or expenditure of the charity for that period. In preparing those accounts, the directors are required to

- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and estimates that are reasonable and prudent,
- c) state whether or not applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- d) prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ABERDEEN PERFORMING ARTS**



We have audited the group and parent company accounts of Aberdeen Performing Arts for the year ended 31 March 2006 which comprise Group Statement of Financial Activities, the Group and Company Balance Sheets, and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 9 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether or not the accounts give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 with the company is not disclosed.

Basis of opinion

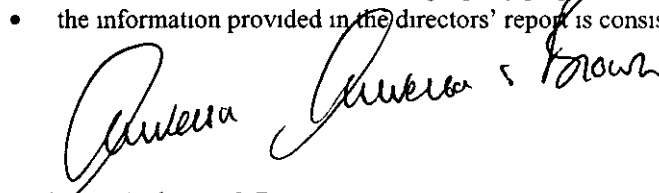
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's and 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 accounts 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 accounts.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2006 and of the group's incoming resources and application of resources, including income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the directors' report is consistent with the accounts.


Anderson Anderson & Brown
Chartered Accountants
Registered Auditors
Aberdeen

30 October 2006

ABERDEEN PERFORMING ARTS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2006



	Note	Unrestricted funds £	Restricted funds £	2006 Total funds £	2005 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	166,142	239,316	405,458	213,914
Activities for generating funds	3	867,528	27,356	894,884	858,689
Incoming resources from charitable activities	4	4,439,009		4,439,009	2,689,707
TOTAL INCOMING RESOURCES		<u>5,472,679</u>	<u>266,672</u>	<u>5,739,351</u>	<u>3,762,310</u>
Less cost of generating funds	6	<u>820,368</u>	<u>14,519</u>	<u>834,887</u>	<u>758,711</u>
NET INCOMING RESOURCES AVAILABLE FOR CHARITABLE APPLICATION		<u>4,652,311</u>	<u>252,153</u>	<u>4,904,464</u>	<u>3,003,599</u>
CHARITABLE EXPENDITURE					
Cost of charitable activities	7	4,604,810		4,604,810	2,704,410
Governance costs	8	14,805		14,805	8,800
TOTAL CHARITABLE EXPENDITURE		<u>4,619,615</u>		<u>4,619,615</u>	<u>2,713,210</u>
TOTAL RESOURCES EXPENDED		<u>5,439,983</u>	<u>14,519</u>	<u>5,454,502</u>	<u>3,471,921</u>
MOVEMENT IN TOTAL FUNDS FOR THE YEAR – NET INCOME FOR THE YEAR					
		32,696	252,153	284,849	290,389
Total funds brought forward		<u>146,819</u>	<u>175,212</u>	<u>322,031</u>	<u>31,642</u>
TOTAL FUNDS CARRIED FORWARD	16	<u>£ 179,515</u>	<u>£ 427,365</u>	<u>£ 606,880</u>	<u>£ 322,031</u>

The company has made no gains or losses other than as reported above

All incoming resources and resources expended derive from continuing activities

ABERDEEN PERFORMING ARTS
CONSOLIDATED BALANCE SHEET – 31 MARCH 2006



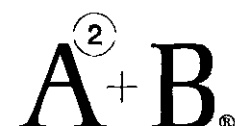
	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	13	<u>74,057</u>	<u> </u>
CURRENT ASSETS			
Stocks		22,131	10,956
Debtors	14	1,017,315	606,979
Cash at bank and in hand		<u>1,056,716</u>	<u>935,999</u>
		2,096,162	1,553,934
CREDITORS <i>amounts falling due within one year</i>	15	<u>1,563,339</u>	<u>1,231,903</u>
NET CURRENT ASSETS		<u>532,823</u>	<u>322,031</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>£ 606,880</u></u>	<u><u>£ 322,031</u></u>
FUNDS			
RESTRICTED FUNDS		427,365	175,212
UNRESTRICTED FUNDS			
General		5,458	46,819
Designated		<u>174,057</u>	<u>100,000</u>
	16	<u><u>£ 606,880</u></u>	<u><u>£ 322,031</u></u>

Signed on behalf of the board of directors


 Director – J G Roberts

30 October 06
 Date

ABERDEEN PERFORMING ARTS
BALANCE SHEET – 31 MARCH 2006



	Note	2006 £	2005 £
FIXED ASSETS			
Investments		1	1
Tangible assets	13	74,057	
		<u>74,058</u>	<u>1</u>
CURRENT ASSETS			
Debtors	14	284,833	553,946
Cash at bank and in hand		575,499	107,974
		<u>860,332</u>	<u>661,920</u>
CREDITORS <i>amounts falling due within one year</i>	15	327,510	339,890
NET CURRENT ASSETS		<u>532,822</u>	<u>322,030</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 606,880</u>	<u>£ 322,031</u>
FUNDS			
RESTRICTED FUNDS		427,365	175,212
UNRESTRICTED FUNDS			
General		5,458	46,819
Designated		174,057	100,000
	16	<u>£ 606,880</u>	<u>£ 322,031</u>

Signed on behalf of the Board of Directors

Director – J G Roberts

30 October 06

Date

1 ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards, the Companies Act 1985 and the Statement of Recommended Practice – Accounting and Reporting by Charities (revised 2005)

(b) *Consolidation*

These accounts consolidate the results of the charity and its wholly owned subsidiary, Aberdeen Performing Arts Trading Company Limited, on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, is not presented for the charity because Aberdeen Performing Arts has taken advantage of the exemptions under section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005

(c) *Incoming resources*

Income from Theatre and Music Hall admission fees is included in incoming resources in the period in which the relevant performance takes place

Theatre Club subscriptions are included in incoming resources when received

Income from commercial activities is included in the period to which it relates

Income from donations and 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, sponsorship and grants, including income for capital purposes, are for particular restricted purposes, which do not amount to pre conditions regarding entitlement, this income is included in incoming resources of restricted funds when committed by the donor

Interest receivable is included in the Statement of Financial Activities in the year in which it is receivable

Intangible income, which comprises donated services, is included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised when there is no financial cost borne by a third party

1 ACCOUNTING POLICIES (continued)

(d) *Resources expended*

Resources expended are included in the Statement of Financial Activities on an accruals basis

Expenditure is directly attributed to the relevant category in the Statement of Financial Activities where practical

Costs of generating funds are those costs incurred in activities that raise funds

Charitable activities include expenditure associated with work incurred in the operation of the Theatre and Music Hall and include both the direct costs and support costs relating to this activity

Governance costs include those incurred in the governance of the charity and its assets are primarily associated with constitutional and statutory requirements

(e) *Taxation*

The company is recognised by HM Revenue & Customs as a charity and therefore the company is not liable to taxation

(f) *Fixed assets*

Expenditure on fixed assets is capitalised in the accounts for items exceeding £6,000
Depreciation is charged on a straight line basis over the estimated useful life of the assets as follows

Computer equipment	3 years
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(g) *Investments*

Investments are stated at cost less provision for any permanent diminution in value

(h) *Stocks*

Stocks are included at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items

(i) *Leasing*

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

1 ACCOUNTING POLICIES (continued)

(j) Pensions

Aberdeen Performing Arts participates in the Aberdeen City Council Pension Fund ("ACCPF") which is a part of the Local Government Pension Scheme (Scotland) ("LGPS"), a multi employer scheme. The LGPS is a defined benefit scheme.

Under the ACCPF the contribution rate required for Aberdeen Performing Arts is set on a grouped basis, combining the experience of the employer with other employers also participating in the Fund. Assets and liabilities of the Fund are not separately identified between the various employers participating as part of the triennial actuarial valuations. As a result Aberdeen Performing Arts is unable to identify its relevant share of the underlying assets and liabilities in the Fund. These accounts have therefore been drawn up in accordance with Financial Reporting Standard No. 17 (Retirement Benefits) on the basis that the pension cost is accounted for as a defined contribution scheme and contributions are charged to the Statement of Financial Activities as they become payable.

(k) Funds

Unrestricted funds include incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the directors.

Designated funds are unrestricted funds earmarked by the directors for specific future purposes or projects.

Restricted funds are to be used for specific purposes as laid down by the donor.

2 VOLUNTARY INCOME

	2006 £	2005 £
Seat scheme	21,606	23,848
Other donations	61,677	12,072
Gift aid recoverable	1,195	2,994
Sponsorship	180,980	50,000
Grants	140,000	125,000
	<u>£ 405,458</u>	<u>£ 213,914</u>

ABERDEEN PERFORMING ARTS
NOTES ON THE ACCOUNTS – 31 MARCH 2006



3 ACTIVITIES FOR GENERATING FUNDS

	2006 £	2005 £
Commercial trading operations	859,528	783,485
Fundraising	21,373	75,204
Bank interest received	13,983	
	<u>£ 894,884</u>	<u>£ 858,689</u>

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2006 £	2005 £
Operation of Theatre and Music Hall		
Admission fees	2,536,971	1,003,252
Public authority service agreements	1,320,000	1,347,900
Rental of theatre and music hall and related charges	471,603	308,496
Other income	110,435	30,059
	<u>£ 4,439,009</u>	<u>£ 2,689,707</u>

**5 COMMERCIAL TRADING OPERATIONS AND
INVESTMENT IN TRADING SUBSIDIARY**

The wholly owned subsidiary, Aberdeen Performing Arts Trading Company Limited, which operates in the United Kingdom, pays its profits to Aberdeen Performing Arts by gift aid. Aberdeen Performing Arts Trading Company Limited operates the Aberdeen Box Office and bar and catering facilities at His Majesty's Theatre and the Music Hall. The charity owns the entire issued share capital of 1 ordinary share of £1.

ABERDEEN PERFORMING ARTS
NOTES ON THE ACCOUNTS – 31 MARCH 2006



**5 COMMERCIAL TRADING OPERATIONS AND
INVESTMENT IN TRADING SUBSIDIARY (continued)**

A summary of the trading results is shown below

	2006 £	2005 £
Turnover	1,021,131	832,658
Cost of sales and administrative expenses	(820,368)	(737,158)
Interest received	9,390	5,600
Net profit	210,153	101,100
Gifted to Aberdeen Performing Arts	210,153	101,100
Accumulated in the subsidiary	£	£

The assets and liabilities of the subsidiary were:

Current assets	1,306,669	1,242,350
Creditors falling due within one year	1,306,668	(1,242,349)
Total net assets	£ 1	£ 1

6 COST OF GENERATING FUNDS

	2006 £	2005 £
Fundraising trading cost of goods sold and other costs	820,368	737,158
Cost of generating voluntary income	14,519	21,553
	£ 834,887	£ 758,711

ABERDEEN PERFORMING ARTS
NOTES ON THE ACCOUNTS – 31 MARCH 2006



7 COST OF CHARITABLE ACTIVITIES

	Direct costs £	Support Costs £	Total 2006 £	Total 2005 £
Operation of Theatre and Music Hall				
Staff	1,113,160	320,316	1,433,476	1,026,180
Property	380,845		380,845	369,172
Administration	407,701	143,046	550,747	381,821
Transport	13,990	1,995	15,985	16,577
Supplies and Services	2,223,757		2,223,757	910,660
	<u>£ 4,139,453</u>	<u>£ 465,357</u>	<u>£ 4,604,810</u>	<u>£ 2,704,410</u>

8 GOVERNANCE COSTS

	2006 £	2005 £
Auditors' remuneration	6,805	6,500
Legal	8,000	2,300
	<u>£ 14,805</u>	<u>£ 8,800</u>

9 MOVEMENT IN TOTAL FUNDS FOR THE YEAR *is stated after charging*

	2006 £	2005 £
Auditors' remuneration		
audit fees	6,805	6,500
non audit fees	2,500	2,300
Operating lease rentals		
plant and machinery	<u>13,691</u>	<u>6,805</u>

10 STAFF COSTS AND NUMBERS

	2006 £	2005 £
Wages and salaries	1,233,820	840,361
Social security	76,437	52,341
Other pension costs	123,219	87,012
	<u>£ 1,433,476</u>	<u>£ 979,714</u>

The average number of persons employed by the company during the year, including the directors, was as follows

	2006 No	2005 No
Management	8	5
Operations – His Majesty’s Theatre and Music Hall	73	40
Administration and marketing	12	20
	<u>93</u>	<u>65</u>

There were no employees whose emoluments, excluding pension contributions, totalled over £60,000 (2005 – £nil)

11 DIRECTORS’ EMOLUMENTS AND EXPENSES

During the year one director received remuneration of £3,000 (2005 £nil)

The directors received no expenses during the year (2005 £nil)

12 NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY

The net income dealt with in the accounts of the parent company was £284,849 (17 months ended 31 March 2005 – £290,389)

ABERDEEN PERFORMING ARTS
NOTES ON THE ACCOUNTS – 31 MARCH 2006



13. TANGIBLE FIXED ASSETS

	Computer Equipment £
Group and Company	
COST	
Additions and at 31 March 2006	111,086
DEPRECIATION	
Charge for year and at 31 March 2006	37,029
Net book amount at 31 March 2006	<u>£ 74,057</u>

14 DEBTORS

	2006 £	Group 2005 £	2006 £	Company 2005 £
Trade debtors	91,494	71,726	57,584	54,173
Prepayments and accrued income	216,545	157,481	216,545	125,188
Other debtors	709,276	377,772	10,704	24,249
Due from subsidiary undertaking				350,336
	<u>£ 1,017,315</u>	<u>£ 606,979</u>	<u>£ 284,833</u>	<u>£ 553,946</u>

Included in other debtors is £40,000 (2005 £nil) due in more than one year

15 CREDITORS *amounts falling due within one year*

	2006 £	Group 2005 £	2006 £	Company 2005 £
Trade creditors	145,925	267,875	78,547	14,733
Taxation and social security	104,495	57,286	61,817	35,273
Accruals	237,532	343,398	116,307	253,884
Deferred income	1,075,387	563,344		36,000
Due to subsidiary undertaking			70,839	
	<u>£ 1,563,339</u>	<u>£ 1,231,903</u>	<u>£ 327,510</u>	<u>£ 339,890</u>

Deferred income relates to amounts refundable should future performances not take place

16 MOVEMENT IN FUNDS

	At 1 April 2005 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2006 £
GROUP					
Unrestricted funds					
General	46,819	5,472,679	(5,439,983)	(74,057)	5,458
Designated funds					
Property reserve	100,000				100,000
Fixed asset fund				74,057	74,057
	<u>146,819</u>	<u>5,472,679</u>	<u>(5,439,983)</u>		<u>179,515</u>
Restricted funds					
Redevelopment fund	<u>175,212</u>	<u>266,672</u>	<u>(14,519)</u>		<u>427,365</u>
	<u>£ 322,031</u>	<u>£ 5,739,351</u>	<u>£ (5,454,502)</u>	<u>£</u>	<u>£ 606,880</u>
COMPANY					
Unrestricted funds					
General	46,819	4,823,304	(4,790,608)	(74,057)	5,458
Designated funds					
Property reserve	100,000				100,000
Fixed asset fund				74,057	74,057
	<u>146,819</u>	<u>4,823,304</u>	<u>(4,790,608)</u>		<u>179,515</u>
Restricted funds					
Redevelopment fund	<u>175,212</u>	<u>266,672</u>	<u>(14,519)</u>		<u>427,365</u>
	<u>£ 322,031</u>	<u>£ 5,089,976</u>	<u>£ (4,805,127)</u>	<u>£</u>	<u>£ 606,880</u>

Designated property reserve

The directors have designated funds for repairs which may be required to the leasehold properties

Designated fixed asset fund

The designated fixed assets fund represents the net book value of tangible fixed assets. Each year an amount is transferred to or from the fund representing the movement in the net book value of those tangible fixed assets in the year.

Purposes of restricted funds

Restricted funds comprise funds donated for the redevelopment of His Majesty's Theatre, Aberdeen.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds £
Group			
Fixed assets	74,057		74,057
Current assets	1,668,797	427,365	2,096,162
Current liabilities	(1,563,339)		(1,563,339)
Net assets at 31 March 2006	<u>£ 179,515</u>	<u>£ 427,365</u>	<u>£ 606,880</u>
Company			
Fixed assets	74,058		74,058
Current assets	432,967	427,365	860,332
Current liabilities	(327,510)		(327,510)
Net assets at 31 March 2006	<u>£ 179,515</u>	<u>£ 427,365</u>	<u>£ 606,880</u>

18 OTHER FINANCIAL COMMITMENTS

The annual commitments under non cancellable operating leases in respect of land and buildings are as follows

	2006 £	2005 £
Group and company		
<i>Operating leases which expire</i>		
Between one and five years	3,514	4,800
In more than 5 years	15,760	-
	<u>£ 19,274</u>	<u>£ 4,800</u>

19 RELATED PARTY TRANSACTIONS

Control

Throughout the year the company was controlled by the directors

Transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 not to disclose transactions with Aberdeen Performing Arts Trading Company Limited

During the year the company had the following transactions with related parties

Related party	Transaction	£	Balance at year end due by the company £
Aberdeen City Council, which appoints a number of directors to the Board of Directors	Service level funding	1,320,000	
	Grant	70,000	
	Outsourced administrative services	44,584	40,727

20 LEGAL STATUS

Aberdeen Performing Arts is a company limited by guarantee and not having a share capital. The members' liability on a winding up is limited by guarantee not exceeding £1 per member.

21 PENSION COMMITMENTS

As stated in note 1(j) Aberdeen Performing Arts participates in the Aberdeen City Council Pension Fund ("ACCPF") which is a multi employer defined benefit scheme.

The Scheme's actuaries had previously stated that it had been possible to identify each employer's share of the underlying assets on a consistent and reasonable basis, however subsequent enquiry has revealed that whilst liabilities can be specifically allocated, the share of assets has been attributed on a pro rata basis. Aberdeen Performing Arts has therefore accounted for its contributions to the Scheme as if it were a defined contribution scheme. Consequently no disclosure has been provided in accordance with the transitional arrangements of FRS 17 as was done last year.

21 PENSION COMMITMENTS (continued)

Information about the overall funding position of the ACCPF was provided by the actuary to the Fund in his report dated 20 March 2006 on the actuarial valuation of the Scheme as at 31 March 2005. That valuation showed that the overall funding position of the Scheme as a whole was 84%, the deficit being £243.4 million. The contributions payable by the employers are based on the position of the Fund as a whole, which is reassessed at each triennial valuation, in line with the Administering Authority's Funding Strategy Statement.

The next actuarial valuation of the ACCPF is being carried out with an effective date of 31 March 2008, with revised contribution rates being effective from 1 April 2009.