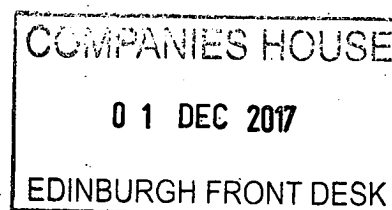


Registered Company No: SC238959  
Registered Charity No: SCO33733

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)  
**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**



**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**YEAR ENDED 31 MARCH 2017**

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**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**STRATEGIC & DIRECTORS' REPORT**

**YEAR ENDED 31 MARCH 2017**

**LEGAL AND ADMINISTRATIVE INFORMATION**

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:

C Pike	Chairman
M Boulton *	
A Donnelly *	
K Fowler	
J Kiddie*	Resigned 06/10/2016
D Burnside	
D Cockburn	
H Yorston	
A Malone*	
R Sims	Resigned 14/11/2016
A Nicoll*	Appointed 06/10/2016
J Allan	Appointed 14/11/2016
Dame A Begg	Appointed 16/01/2017
C Benzie	Appointed 16/01/2017

\* Directors nominated by Aberdeen City Council

**COMPANY SECRETARY**

Lynne Macfarlan

**REGISTERED OFFICE**

His Majesty's Theatre  
Rosemount Viaduct  
Aberdeen  
AB25 1GL

**PRINCIPAL ADDRESS**

His Majesty's Theatre  
Rosemount Viaduct  
Aberdeen  
AB25 1GL

**AUDITOR**

Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

**BANKERS**

Clydesdale Bank  
1 Queen's Cross  
Aberdeen  
AB15 4XU

**SOLICITORS**

Burness Paull LLP  
Union Wynd  
Aberdeen  
AB10 1DQ

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

The Board of Directors is pleased to present its report and the audited accounts of the group for the year ended 31 March 2017.

Legal and administrative information set out on page 1 forms part of this report.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and in accordance with the Companies Act 2006.

**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 (APA) operates the Music Hall, His Majesty's Theatre and The Lemon Tree and provides a central box office service for the city and the North East of Scotland through Aberdeen Box Office. We are a creative hub and focal point for the performing arts, community engagement and talent development in the North-east. Our three iconic city centre venues are all on a national and international touring circuit for the performing arts and a vital part of Aberdeen and Scotland's cultural infrastructure. We offer emerging talent expertise and support to help develop professional practice. We run a wide range of creative activities, projects and workshops for all ages and stages in our own venues as well as in schools and community settings. Our expert team provides support for other arts organisations and companies in the region, extending understanding, appreciation of and participation in the arts and supporting audience and industry development.

The mission, vision, values, operational standards and goals of the company are as follows:

**Mission**

Creating a Spark

**Vision**

A vibrant cultural hub at the heart of city life – inspiring, engaging and exploring through live performance and creative projects

**Values**

Curiosity  
Optimism  
Loyalty  
Resilience  
Teamwork

**Operational Standards**

Health & Safety  
Courtesy  
The Show!  
Efficiency

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**Strategic Aims**

1. Presenting, producing and curating a distinctive, high quality artistic programme
2. Investing in talent and providing an inspirational creative learning resource
3. Contributing to the City vision and to a creative Scotland.

**Strategies for Achieving Aims and Objectives**

APA plays a key role in partner strategies to shape Aberdeen as a creative, bold, ambitious and dynamic city. We play an active role in City, regional and national partners agree that there is considerable scope to invigorate and strengthen the cultural offering and infrastructure in the North-east, to attract more investment in the arts, attract and retain talent, strengthen cross sector partnerships, contribute to quality of life and influence the city vision. We play an active role as members of the City's Culture Network.

The strategies we are pursuing to achieve our stated aims are:

- Increasing our commissioning, producing and curating role in the performing arts.
- Diversifying our cultural programme across all three venues.
- Building programming expertise and capacity within our creative team.
- Developing The Lemon Tree as a production hub, a space for discovering new talent and for presenting adventurous work.
- Taking forward the redevelopment of the Music Hall.
- Providing a programme of professional development for artists and arts practitioners in the North-East.
- Expanding our role as an inspirational and inclusive focus for youth theatre and youth music making throughout the region.

We have put in place a programme of organisational development to ensure we have the vision, expertise, attitudes, behaviours and strong committed leadership to deliver on our shared ambitions, themes and priorities for arts and culture in the North-east. We are developing our organisational capacity at Board and Team level, increasing our digital and new media engagement and presence, widening our engagement with audiences, in particular younger audiences, and adopting a sector leading approach to barrier free access and customer service excellence in our venues.

**Assessing Success**

We measure and evaluate using qualitative and quantitative evidence to identify impacts and the difference we make to:

- **The arts in Scotland and the North-east** – by measuring the range, quality, volume and impact of our cultural programme and activities locally, regionally, nationally and internationally and building understanding of the transformative power of the arts.
- **Individuals in terms of their personal development** – by measuring how we will help more people to engage, learn, enjoy, gain new skills and experience, broaden horizons, develop creativity.
- **Groups and communities** – by measuring how we will achieve greater interaction, encourage active involvement, new friendships, develop influencing skills and improve a sense of community, build and strengthen partnerships, improve our sense of identity and community, improve the quality of the local environment and build a more diverse audience from a broader social spectrum.
- **Our organisation and our people** – by measuring our capacity to do better, our visitor satisfaction levels, our sustainability, our environmental impacts, the stewardship of our buildings and our partnerships.

**Summary of Methods**

We use a range of tools and techniques to solicit information from audiences, participants, workshop leaders, facilitators and employees, volunteers, partner organisations, advisors and specialists. We conduct activity based research, interviews, arts projects, focus groups, media and social media, surveys, peer comparison and produce project evaluation reports.

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**ACHIEVEMENTS AND PERFORMANCE**

**1. Cultural Programme**

In 2016/17 we continued to develop our cultural programme in line with the direction outlined in our business plan achieving 295,630 attendances, 583 performances and bringing 260 artists and companies to the region.

HMT retained its position as the most northerly theatre receiving the biggest and best work from the West End with shows like included Guys and Dolls, Annie and The Commitments. Memorable stage plays at HMT included UK tours of Breakfast at Tiffany's and The Woman in Black and Scottish tours of Dundee Rep's The Cheviot, The Stag and The Black Black Oil, and Rapture Theatre's Democracy. The Lemon Tree played host to an eclectic mix of contemporary drama by Scotland's most innovative producers.

It was a great year for dance at HMT with three productions by Scottish Ballet (Hansel and Gretel, Swan Lake and a contemporary double bill) and visits from leading UK companies Phoenix Dance Theatre and Jasmin Vardimon Company. APA worked closely with dance agency Citymoves to programme work and develop audiences at HMT and The Lemon Tree.

The Lemon Tree programme reflected the diversity of music programming our audiences have come to expect, from emerging talent in our Freshly Squeezed strand, through to legendary performers, experimental work, roots and world and jazz and blues. Highlights of the year included Mark Lanegan, Mercury Rev, Craig Charles' Funk n Soul, KT Tunstall, The Answer, Skerryvore, Manran, Be Charlotte, and Old Roots New Shoots.

Our programme for children and families ranged from our annual HMT pantomime Dick McWhittington, to our early years festive show White at The Lemon Tree, to large-scale productions at HMT such as Mister Maker and to new work at The Lemon Tree including the Puppet Animation Festival and Black Beauty.

Highlights from the comedy programme included Jason Byrne, Sofie Hagen, Tape Face, Pajama Men, Miles Jupp, Susan Calman and UNCLES.

**APA Festivals**

We produced two festivals in 2016/17 and acted as a programming partner and hub venue for several local and national festivals:

**Granite Noir**

The first Granite Noir festival of crime writing in February 2017 featured talks, discussions, films and workshops from Scottish, Nordic and the UK's leading writers. The festival featured writers including Chris Brookmyre, Stuart MacBride, Kristina Ohlsson, Antti Tuomainen, Gunnar Staalesen and was delivered in partnership with Aberdeen City Libraries and Archives, the Belmont Filmhouse, and Waterstones.

**True North**

The second annual True North festival featured headline performances from Laura Mvula, Richard Hawley, King Creosote, Lonelady, Honeyblood and C Duncan and a celebration of the work of Kate Bush curated by Emma Pollock. The festival celebrated the contribution of women in music and also featured a song writing master class for women, a panel discussion, a gig for children and a fringe programme which took in venues across the city.

**Festival Partnerships**

We contributed expertise, resources and programming support to Aberdeen International Youth Festival, Aberdeen Jazz Festival, DanceLive, Luminare, manipulate, Puppet Animation Festival, sound, and Spectra.

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**Producer Hub**

Our producer hub at The Lemon Tree went from strength to strength with the creation of the new post of Head of Production and Technical to lead our produced programme. The work which took place in 2016/17 included:

- Scratch nights presenting rehearsed readings of new scripts.
- Six new writing commissions in partnership with Oran Mor in Glasgow.
- A Rough Mix residency in the Lemon Tree with Magnetic North Theatre Company
- A Green Tease event in partnership with Creative Carbon Scotland.
- A remount of Catherine Wheels' award-winning production *White*

**Creative Learning**

In 2016/17 across our creative learning and Youth Arts Collective North East (YACNE) programme we engaged with 5,475 participants who enjoyed more than 13,300 participations.

In addition to our ongoing Engage programme of youth theatre and music classes, we offered regular talks, workshops, discussions, and masterclasses which helped contextualise our mainstage programme, inspire our audiences, and develop skills and understanding in the performing arts:

- **Youth Theatre** – five weekly classes for ages 5 to 18 years ranging from introductory drama classes exploring stories and play, through to high-level performing groups exploring advanced performance skills and producing scripted and devised plays.
- **Youth Music** – Imagine Tiny (1-2years) and Imagine Tots (3-4years) offered young children, parents and carers an introduction to music through rhyme, singing and playing instruments. Our music programme for teenagers included Project Band supporting young musicians to develop song-writing, recording and performance techniques and culminating in a gig at the Lemon Tree.
- **Summer School** – we introduced a Summer School in 2016 for the first time and this was fully subscribed.
- **YACNE** - We led the YACNE youth arts partnership, one of Creative Scotland's Time to Shine Youth Arts Hubs. Over the course of the year, our YACNE projects provided young people with many opportunities to participate in the arts including a young promoter's programme, go and see opportunities, music journalism, dance on film, visual arts internships and a young, emerging artist programme.

**Music Hall**

In October 2016, after three years of planning, consultations, design development and fundraising, the Music Hall project went on site for its multi million pound transformation. While the Music Hall is closed for redevelopment we have been 'Stepping Out' with a programme of work across the city designed to retain the profile of the Music Hall and engage with new and existing audiences. Highlights of the programme in 16/17 included:

- **Associate Artists** – we appointed five Stepping Out associate artists during the year - Nick Turner and Mary Ann Kennedy of Watercolour Music, film-maker Sara Stroud and writers Maya Chowdhry and Sarah Hymas. They delivered workshops in communities across the city, mentored 3 young, emerging artists and created new work – a music commission, an audio walk for Granite Noir and a visual art installation for Spectra.
- **Concert Programme** – we took the opportunity to present work that would ordinarily have taken place in the Music Hall at other venues across the city - at His Majesty's Theatre, The Lemon Tree, The Tivoli, the Belmont Filmhouse, the Maritime Museum, St Nicholas Garden Bandstand and pubs and clubs around the city centre.

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

- **Pop-Up Unplugged** – We also produced and commissioned a series of performances in more unusual spaces around the city, showcasing the work of our associate artists and exploring new work to be presented in the redeveloped Music Hall. Performances took place in the Underdog Night Club and the Sir Duncan Rice Library and featured the Scottish Ensemble, 'What Country Friends is This?' work in development inspired by the visit of the King's Players in 1601 and a new radio drama, Akiha Den Den.

**2. Financial and Business Systems and Processes**

We installed a new Avaya telephone system, undertook an Audienceview upgrade and an Artifax upgrade, reviewed and refreshed our intranet, achieved PCI-DSS compliance, introduced salary exchange and death in service benefits for employees in the Scottish Widows Pension scheme and implemented the National Living Wage for all employees including those under 25.

**3. Awards and Commendations**

In 2016/17 we secured the government's Customer Service Excellence Standard and we are now compliant plus in 11 categories, we achieved the Healthy Working Lives Bronze Standard, we won the Trend Award for Outstanding Contribution to City Life for the second year in a row and we were Northern Business Awards 2016 finalists in the Outstanding Contribution to Society category.

**4. Business Planning**

We put in place our new business plan 2018/19 – 2021 and undertook a restructuring of the senior management team to create a new Leadership Team and two new posts, Head of Business Transformation and Head of Production and Technical.

**Challenges**

*Economic Downturn*

The economic downturn in the North-east due to the oil and gas recession is a challenge with the potential to impact adversely on box office income and fundraising for the Music Hall. Conversely, it has led to a recognition of the potential of the tourism sector in the region and APA is well placed to contribute to collaborative initiatives to grow cultural tourism.

Public sector funding is declining and this has resulted in cutbacks and at best standstill funding. In response we are seeking out opportunities for project funding for our festivals, signature events and creative learning activity with some success.

The fundraising target for the Music Hall is £7.9m and we have raised £6.4m (81%) as at 31 March 2017 from public bodies, trusts, foundations and corporate sponsors as well as utilising our own reserves. The challenge is to raise the final £1,500,000 in a difficult fundraising environment due to the economic downturn.

*HMT Roof*

There was considerable water ingress at His Majesty's Theatre in 2015/16 it became clear that the roof required a major overhaul. This work is now underway thanks to a grant from Aberdeen City Council. It has been challenging to fit the work in around shows and adverse weather but work has been ongoing throughout the latter half of 2016 and is due for completion in July 17.

*Food and beverage*

Food and Beverage continues to be a challenge due to the current economic climate. During the year we appointed a new Head Chef and F&B Manager who have implemented a number of operational changes and improvements. A new business plan has been agreed with appropriate performance KPI's and a formal marketing strategy to entice our customers to visit our café, restaurant and bars as part of their overall cultural experience.



**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**FINANCIAL REVIEW**

The net incoming resources for the year, amounting to £10,928,661 (2016: £12,579,468) have been dealt with as shown in the Statement of Financial Activities. The reduction reflects the loss of income attributable to the closure of the Music Hall. The focus in the year has been on good stewardship and income generation which has resulted in net income of £1,868,579. Included within this figure is £1,668,748 which has been received in relation to the Music Hall restoration project therefore the surplus attributable to operating activity is £210,591 (2016: £385,623).

The cost of the Music Hall redevelopment is £7.9m and £6.4m of funding has been pledged. A loan has been agreed in principle to cover any fundraising shortfall.

The total reserves of the group amount to £4,574,313 (2016: £2,705,734). Of this, £540,764 represents the general (trading reserves) fund; £272,505 a designated fixed asset fund; £1,711,921 a designated Music Hall Redevelopment Project fund and the remaining £2,049,123 restricted funds.

**Risk Management**

The Board of Directors is responsible for ensuring that effective systems of internal control and risk management are in place and recognises that the management of risk is an integral aspect of all of APA's activities. The company operates a single consolidated risk register and compliance register and a process which is designed to ensure that the Board of Directors is fully aware of the risks inherent in APA's operations. In the normal course of business the risk register and the compliance register are reviewed and updated monthly by the Leadership Team, are a standing item on the agenda of the Finance, Audit and Property subcommittee four times a year and reviewed twice a year by the APA Board. The senior management team is responsible for monitoring the company's risk management systems and raising awareness and understanding of the risks. Risks are tracked with a target risk level agreed for risk mitigation.

The principal risks faced by the company lie in withdrawal or reduction of grant in aid from Aberdeen City Council and Creative Scotland, a decline in attendance figures, and a breach of ICT security.

The risk of any reduction in funding is mitigated by maintaining good relationships and communication with funding bodies, having a proactive approach to seeking new sources of external funding and regularly reviewing our business plan to ensure it meets the requirements of our funders.

The risk of a decline in attendance figures is managed by having a proactive approach to programming at our venues and ensuring we provide a high level of customer service at all times. This is measured by an effective audience development plan and our Customer Services Review Group which monitors and reports on levels of customer satisfaction.

The company takes the protection of data, customer security and the threat of cyber-attacks very seriously and maintains an appropriate security, maintenance and back-up programme. We are PCI compliant and work continuously to achieve and maintain accredited standards. The company continues to invest in equipment and software to maintain resilience.

The closure of the Music Hall in April 2016 for a major multi-million redevelopment will impact the financial performance of the company for the next two years due to loss of revenue from performances and trading income in bars and café. The company aims to achieve a balanced budget during this period through careful financial planning but it is expected that the level of funds held in the general reserve will reduce during the lifetime of the project.

**Investment Policy**

It was agreed by the Board that funds not required in the short term for operational purposes would be invested in low risk bank accounts which offer competitive rates of interest in order to make best use of the funds held whilst taking cognisance of when the money may be required.

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**Reserves Policy**

Following consideration of the level of risk involved in the activities of APA and to safeguard the liabilities of the company, the Board has decided that general reserves should be maintained at a minimum of £100,000 with a view to increasing them to a maximum level of £400,000. Furthermore, because of the likely future liability to undertake essential repair work and maintain the fabric of the three buildings leased and operated by the company, two of which are grade A listed, the Board has agreed that a property reserve fund be maintained within the band of £300,000 to £1,000,000 in order to safeguard the long term interests of the company.

**Principal Funding Sources**

The main public funding for the company comes from Aberdeen City Council and Creative Scotland. In addition to this, the company also raised funds from a mix of private sponsors, trusts and foundations, and other public bodies primarily to fund the Music Hall Redevelopment Project. The subsidiary trading company which operates the bars, restaurant and coffee shops in our venues generates profit, all of which is donated to the charitable company.

**PLANS FOR FUTURE PERIODS**

The theme of our refreshed business plan is *Imagining New Futures* and our priorities are very much about seeing things come to fruition. Our re-invigorated vision has been inspired by the transformation of the Music Hall, the impact of the Producers' Project, the legacy of three years of regular funding from Creative Scotland as well as a shift in the position and perception of culture in the North-east of Scotland. Rooted in the North-east, APA provides cultural leadership in an economy that is pivoting away from oil and gas reliance. There's a fresh focus on the role of the arts in creating a rounded and fulfilling life for both locals and those who travel to the region from across the world to work. The city's offer to cultural tourists has also taken on a stronger significance in the mixed economy. All of which have encouraged us to revisit and refresh our artistic goals and to re-evaluate our considerable cross-art form and multi-venue potential.

The re-launch of the transformed Music Hall in 2018 bodes well for Aberdeen City and the Shire, bringing more performances, more produced and curated work, continuing artists in the city, creative learning at the heart, Freshly Squeezed Productions, multiple stages to share stories from the region and across the world. All backed up by stronger business systems, robust risk management, an Open House Equalities, Diversity and Inclusion policy embraced by all staff and commitment to sustainability both in the operation and management of three venues, but also the artistic vision of the programme and produced work.

Our future plans are to:

- Step into a transformed Music Hall with an open to all community weekend, a wow factor gala programme and artist inspired interpretation
- Realise the commercial and creative potential of our home-grown festivals – *True North* and *Granite Noir* – through strategic working across Aberdeen Festivals and other city partners
- Build on the legacy of the Producers' Project by formalising Freshly Squeezed Productions into a producing framework for developing talent across and between art forms
- Establish a talent development programme that encompasses and supports technical, producing, programming and creative role
- Maintain an integral, high-profile role in the region's cultural infrastructure
- Under the 'Being Remarkable' banner, continue to roll out a programme of organisational development to build Team APA
- Continue to exploit digital technologies to drive organisational transformation
- Continue to build robust information security measures to protect sensitive customer data
- Increase profitability of our bars and restaurant and develop corporate hospitality, conference and events business

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

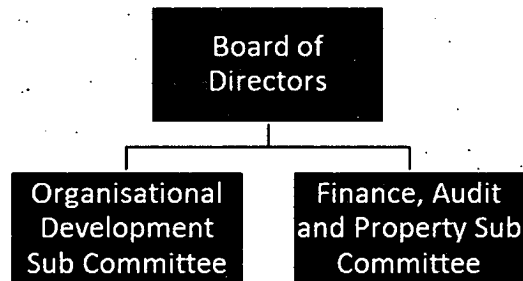
**Governing Document**

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. The directors of the company during the year ended 31. March 2017 were as noted on page 1. There are 2 sub-committees which report directly to the Board: Finance, Audit and Property and Organisational Development.

**Board Structure**



**The Role of Directors**

**Policy and Planning**

- Provide leadership, direction and support to the Aberdeen Performing Arts team
- Set overall strategic direction, policy and aims for all aspects of our business

**Legal and Financial**

- Seek the financial resources required to carry out the aims and objectives of the organisation
- Ensure that proper accounting records are kept and that financial statements comply with Regulation 8 of the Charities Accounts (Scotland) Regulations 2006
- Safeguard the assets of the group and the charity
- Ensure the Company operates within Company and Charity Law

**Management**

- Through the Board, provide a single decision making forum and clear lines of communication and reporting
- Make appointments to the Board and hire the Senior Management Team
- Ensure systems are in place for performance management and review (artistic, financial and managerial)

**Advocacy**

- Act as ambassadors and advocates for our venues and our programmes.

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**Appointment of Directors**

Under the Articles of Association, amended 8 September 2008, Aberdeen City Council (ACC) may nominate up to four directors.

One employee director is elected by a ballot of staff for a period of two years.

The remaining seven directors are drawn from the local community and are recruited by a process of advertising vacancies in order to align vision and values and match skills to fill an overall skills bank for the Board as a whole. All directors recruited in this way have an interest in the performing arts and also have expertise in a range of disciplines including education, marketing, PR, financial and other similar skills.

**Induction and Training**

New directors undergo a half day induction session to make them aware of their roles and responsibilities under company and charity law. The sessions include a tour of the three buildings operated by Aberdeen Performing Arts; briefing on the legal responsibilities of directors; briefing by the Chief Executive and senior officers of the company on the operation of the organisation, its staffing structure, the budgets and financial arrangements of the organisation. These sessions also consider the division of responsibility between Board members, the Chairman 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 led by Arts and Business Scotland including "How to be a Board Member," "Chair Matters" and tailor-made Board development sessions.

An evaluation of the performance of the Board of Directors at a corporate and individual level takes place on a bi-annual basis.

**Finance, Audit and Property Sub Committee**

The Finance, Audit and Property Sub Committee reports to the Board of Directors and has delegated executive powers as set out in the Terms of Reference. The role of the Sub Committee is to assess the overall integrity of APA's financial recording and reporting systems and the effectiveness of its internal controls, business systems and processes, risk management systems and internal and external audit functions. It monitors fundraising, investments and reserves. It oversees the management, maintenance and development of the properties occupied by the organisation. The Chief Executive and the Director of Finance and Corporate Services are required to be in attendance at subcommittee meetings.

**Organisational Development Sub Committee**

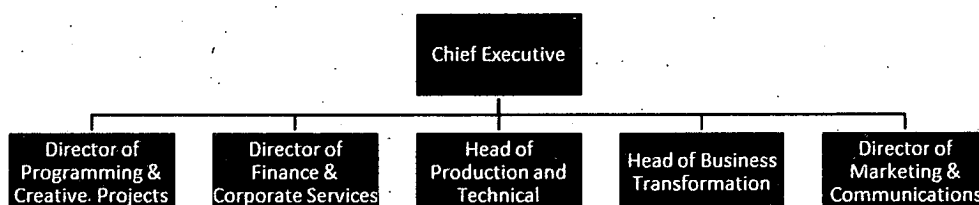
The Organisational Development Sub Committee reports to the Board of Directors and has delegated executive powers as set out in the Terms of Reference. The role of the Sub Committee is to oversee Human Resources and Organisational Development and alignment of people, strategy and processes. It supports the organisations role in recruitment, retention, development of the workforce, industrial relations and succession planning. It reviews Health and Safety management, Equalities, Diversity and Inclusion and the pursuit of Customer Service excellence.

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**Leadership Team Structure**



Operationally the Board is supported by the Leadership Team led by the Chief Executive who is appointed by the directors. The role of Chief Executive is held by Ms Jane Spiers. The team consists of 5 officers who provide day to day artistic, financial and operational management within the financial, legal and regulatory framework of the charitable company.

APA ensures compliance with all relevant charity, legal, employment and licensing legislation as detailed in the company's compliance register with directors being updated on legislative changes as necessary.

**Key management personnel remuneration**

The directors consider the board of directors and the chief executive as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. The Chair of the board and the Employee director are remunerated with the other directors giving freely of their time. Details of remuneration and related party transactions are disclosed in notes 12 and 13 to the accounts.

Directors are required to disclose all relevant interests and register them with the Chief Executive and in accordance with APA's policy withdraw from decisions where a conflict of interest arises.

The pay of the chair, chief executive and employee director is reviewed annually in line with all employees. There have been no specific increases in remuneration other than a general 1% pay award to all staff for the last two years.

**Related Parties**

Aberdeen City Council is entitled to nominate four 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 ("HMT"), the Music Hall and The Lemon Tree.

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**STRATEGIC & DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2017**

**DIRECTORS' RESPONSIBILITIES**

The directors (who are also the trustees of Aberdeen Performing Arts) are responsible for preparing the Strategic and Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

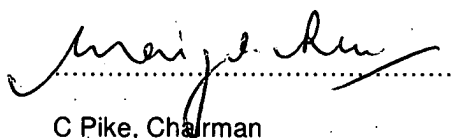
**Statement of disclosure to the auditor**

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Directors' Report, including the Strategic Report of the company is approved by the directors on the  
.....20 NOVEMBER.....2017 and signed on their behalf by.



C Pike, Chairman

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS**

**YEAR ENDED 31 MARCH 2017**

We have audited the financial statements of Aberdeen Performing Arts for the year ended 31 March 2017 which comprise the group and parent charitable company Statements of Financial Activities, the group and parent charitable company Balance Sheets, the group and parent charitable company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the company's members and the charitable company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and directors as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and the auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's and parent charitable company's incoming resources and application of resources, including the group's and the parent's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**ABERDEEN PERFORMING ARTS  
(A company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS**

**YEAR ENDED 31 MARCH 2017**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic & Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Strategic and Directors' Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Scott Moncrieff*

**Gillian Donald, Senior Statutory Auditor  
For and on behalf of Scott-Moncrieff, Statutory Auditor  
Chartered Accountants  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Exchange Place 3  
Seample Street  
Edinburgh  
EH3 8BL**

**Date:** 20/11/17



**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

**FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Unrestricted £	Restricted £	2017 Total £	2016 Total £
<b>Income from:</b>					
Donations and legacies	5	896,668	2,379,592	3,276,260	2,057,203
Charitable activities	6	6,174,997	181,880	6,356,877	8,793,965
Other trading activities	7	1,271,286	-	1,271,286	1,695,252
Investments: bank interest		21,271	2,967	24,238	33,048
<b>Total income</b>		<b>8,364,222</b>	<b>2,564,439</b>	<b>10,928,661</b>	<b>12,579,468</b>
<b>Expenditure on:</b>					
Raising funds	8	1,012,395	-	1,012,395	1,380,572
Charitable activities	9	7,307,666	740,021	8,047,687	10,413,997
<b>Total expenditure</b>		<b>8,320,061</b>	<b>740,021</b>	<b>9,060,082</b>	<b>11,794,569</b>
<b>Net income</b>		<b>44,161</b>	<b>1,824,418</b>	<b>1,868,579</b>	<b>784,899</b>
Transfers between funds	22	1,123,377	(1,123,377)	-	-
<b>Net movement in funds</b>		<b>1,167,538</b>	<b>701,041</b>	<b>1,868,579</b>	<b>784,899</b>
<b>Reconciliation of funds</b>					
Balance at 1 April 2016	22	1,357,652	1,348,082	2,705,734	1,920,835
<b>Total funds carried forward</b>	<b>22</b>	<b>2,525,190</b>	<b>2,049,123</b>	<b>4,574,313</b>	<b>2,705,734</b>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 20 to 35 form part of these financial statements.

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

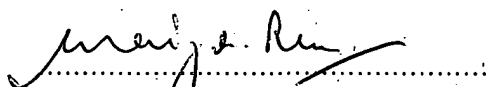
**CONSOLIDATED BALANCE SHEET**

**AS AT 31 MARCH 2017**

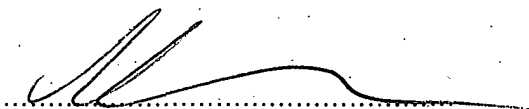
	Notes	2017 £	2017 £	2016 £
<b>FIXED ASSETS</b>				
Tangible assets	14		2,265,198	1,311,352
<b>CURRENT ASSETS</b>				
Investments	16	1,534,457		2,545,147
Stock		22,948		27,941
Debtors	17	740,262		532,235
Cash at bank and in hand		3,526,394		1,438,350
		<u>5,824,061</u>		<u>4,543,673</u>
Creditors: amounts falling due within one year	18	(3,506,775)		(3,149,291)
<b>NET CURRENT ASSETS</b>			2,317,286	1,394,382
Provision for liabilities: deferred tax	20		(8,171)	-
<b>TOTAL NET ASSETS</b>			<u>4,574,313</u>	<u>2,705,734</u>
<b>Unrestricted funds</b>				
Designated funds		1,984,426		999,465
General funds		540,764		358,187
<b>Total unrestricted funds</b>			2,525,190	1,357,652
<b>Restricted funds</b>			2,049,123	1,348,082
<b>TOTAL FUNDS</b>	22		<u>4,574,313</u>	<u>2,705,734</u>

Approved by the Trustees on 20/11/17

and signed on their behalf by:



Name: C Pike, Chairman



Name: K Fowler, Director

The notes on pages 20 to 35 form part of these financial statements.

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

**COMPANY STATEMENT OF FINANCIAL ACTIVITIES**  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDING 31 MARCH 2017

	Notes	Unrestricted	Restricted £	2017 Total £	2016 Total £
<b>Income from:</b>					
Donations and legacies	5	1,175,453	2,379,592	3,555,045	2,312,094
Charitable activities	6	6,174,997	181,880	6,356,877	8,793,965
Investments: bank interest		21,271	2,967	24,238	33,048
<b>Total income</b>		<u>7,371,721</u>	<u>2,564,439</u>	<u>9,936,160</u>	<u>11,139,107</u>
<b>Expenditure on:</b>					
Charitable activities	9	7,307,666	740,021	8,047,687	10,413,997
<b>Total expenditure</b>		<u>7,307,666</u>	<u>740,021</u>	<u>8,047,687</u>	<u>10,413,997</u>
<b>Net income</b>		64,055	1,824,418	1,888,473	725,110
Transfers between funds	22	1,123,377	(1,123,377)	-	-
<b>Net movement in funds</b>		1,187,432	701,041	1,888,473	725,110
<b>Reconciliation of funds</b>					
Balance at 1 April 2016	22	1,297,863	1,348,082	2,645,945	1,920,835
<b>Total funds carried forward</b>	<b>22</b>	<u><u>2,485,295</u></u>	<u><u>2,049,123</u></u>	<u><u>4,534,418</u></u>	<u><u>2,645,945</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 20 to 35 form part of these financial statements.

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

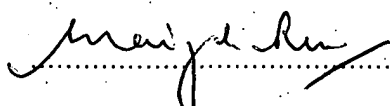
**COMPANY BALANCE SHEET**

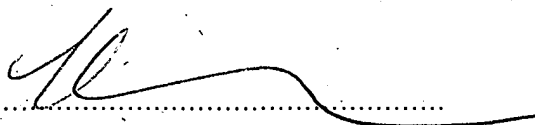
**AS AT 31 MARCH 2017**

	Notes	2017 £	2017 £	2016 £
<b>FIXED ASSETS</b>				
Tangible assets	14		2,217,132	1,251,563
Investments	15		1	1
			<u>2,217,133</u>	<u>1,251,564</u>
<b>CURRENT ASSETS</b>				
Investments	16	1,534,457		2,545,147
Debtors	17	738,786		561,796
Cash at bank and in hand		3,463,679		1,307,959
		<u>5,736,922</u>		<u>4,414,902</u>
Creditors: amounts falling due within one year	18	(3,419,637)		(3,020,521)
			<u>2,317,285</u>	<u>1,394,381</u>
<b>NET CURRENT ASSETS</b>				
<b>NET ASSETS</b>			<u>4,534,418</u>	<u>2,645,945</u>
<b>Unrestricted funds</b>				
Designated funds		1,984,426		999,465
General funds		500,869		298,398
		<u>2,485,295</u>		<u>1,297,863</u>
<b>Total unrestricted funds</b>				
<b>Restricted funds</b>			<u>2,049,123</u>	<u>1,348,082</u>
<b>TOTAL FUNDS</b>			<u>4,534,418</u>	<u>2,645,945</u>

Approved by the Trustees on 20/11/17

and signed on their behalf by:

  
Name: C Pike, Chairman

  
Name: K Fowler, Director

The notes on pages 20 to 35 form part of these financial statements.

**ABERDEEN PERFORMING ARTS**  
(A company limited by guarantee)

**CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2017**

		<b>Group</b>		<b>Company</b>	
	<b>Notes</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>					
<b>Net cash provided by operating activities</b>	<b>24</b>	<b>2,229,109</b>	<b>123,527</b>	<b>2,293,055</b>	<b>184,625</b>
<b>Cash flows from investing activities:</b>					
<b>Expenditure and financial investment</b>					
Investment income		24,238	33,048	24,238	33,048
Disinvestment in term deposit		1,010,690	470,884	1,010,690	470,884
Purchase of tangible fixed assets		(1,165,816)	(378,799)	(1,162,086)	(311,817)
<b>Net cash provided by/(used in) investing activities</b>		<b>(130,888)</b>	<b>125,133</b>	<b>(127,158)</b>	<b>192,115</b>
<b>Cash flows from financing activities:</b>					
Repayments of borrowing		(10,177)	(30,529)	(10,177)	(30,529)
<b>Net cash used in financing activities</b>		<b>(10,177)</b>	<b>(30,529)</b>	<b>(10,177)</b>	<b>(30,529)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>2,088,044</b>	<b>218,131</b>	<b>2,155,720</b>	<b>346,211</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>1,438,350</b>	<b>1,220,219</b>	<b>1,307,959</b>	<b>961,748</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>25</b>	<b>3,526,394</b>	<b>1,438,350</b>	<b>3,463,679</b>	<b>1,307,959</b>

The notes on pages 20 to 35 form part of these financial statements.

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**1. Accounting Policies**

**a) Basis of preparation**

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2015), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" and the Companies Act 2006. They are prepared on the historical cost basis.

Aberdeen Performing Arts meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the Company's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

**b) Consolidation**

The financial statements consolidate the results of the company and its wholly owned subsidiary Aberdeen Performing Arts Trading Company Limited (Company Number SC254182) on a line by line basis. The company together with Aberdeen Performing Arts Trading Company Limited comprises the Group.

**c) Going concern**

The accounts have been prepared on a going concern basis as the directors are of the opinion that the Group can continue to meet its obligations as they fall due for the foreseeable future. Grant funding is ongoing, there is a robust programme of performance and events planned, the level of advanced ticket sales is healthy and the Trading Company is expected to continue to return profit in 2017/18. The funding for the Music Hall capital redevelopment project has been secured and the level of reserves complies with the Reserves policy.

**d) Recognition and allocation of income**

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income, the receipt is probable and the amount can be measured reliably. The following specific policies are applied to particular categories of income:

- Income from admission fees for the venues is included in incoming resources in the period in which the relevant performance takes place. Income received in advance of a performance is deferred until the criteria for income recognition are met.
- Theatre Club subscriptions are included in incoming resources when received.

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**1. Accounting Policies (continued)**

**d) Recognition and allocation of income (continued)**

- Income received by way of grants, donations and gifts is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Where there are performance conditions attached to any grants and donations, income is recognised when the conditions have been met or when meeting the conditions is within the charity's control and there is sufficient evidence that they have been met or will be met. Where a grant condition allows for the recovery of any unexpended grant, a liability is recognised when repayment becomes probable.
- Investment income is recognised using the effective interest rate applicable and included when receivable.
- Incoming resources from charitable trading activities are accounted for when earned.

Income is only deferred when:

- the donor specifies that the grant or donation must only be used in future accounting periods; or
- the donor has imposed conditions which must be met before the charity has unconditional entitlement.

**e) Recognition and allocation of expenditure**

Expenditure is recognised when the charity has entered into a legal or constructive obligation and is related where practicable to the operating activities of the charity. Expenditure is recognised on an accruals basis and includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates:

- Costs of raising funds comprise those costs attributable to the trading company's activity.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its charitable activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on a time spent basis.

**f) Taxation**

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**1. Accounting Policies (continued)**

**g) Funds**

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the directors for particular purposes.
- Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

**h) Legal status**

Aberdeen Performing Arts is a company limited by guarantee and not having share capital. The members' liability on a winding up is limited by guarantee not exceeding £1 per member. The registered office is His Majesty's Theatre, Rosemount Viaduct, Aberdeen, AB25 1GL.

**i) Fixed assets and depreciation**

Fixed assets are stated at cost. Expenditure on fixed assets is capitalised in the accounts for items exceeding £6,000. Depreciation is charged on all fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over the estimated useful life of the assets as follows:

Tenant's improvements	Over the life of the lease
Computer equipment	3 years
Plant and machinery	3 years
Venues fixtures and fittings	10 years

Fixed assets classified as Assets Under Construction will start to be depreciated on completion of the Music Hall redevelopment.

**j) Investments**

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

**k) Stocks**

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

**l) Debtors**

Trade debtors are amounts due from customers for goods sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

**m) Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**n) Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.



**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**1. Accounting Policies (continued)**

**o) Financial instruments**

Financial instruments are recognised when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price. Subsequent to initial recognition, they are classified as 'basic' in accordance with Chapter 11 of FRS 102. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**p) Leases**

Leases which transfer substantially all of the risks and rewards of ownership to the charity are classed as finance leases. Assets held under finance leases are recognised as assets at the lower of the fair value of the asset at the date of acquisition and the present minimum lease payments. The related obligation to the lessor is included in the balance sheet as a finance lease obligation.

Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the statement of financial activities over the lease term at a constant rate.

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

**q) Pensions**

Aberdeen Performing Arts participates in the North East Scotland Pension Fund ("NESPF") which is a part of the Local Government Pension Scheme (Scotland) ("LGPS"), a multi-employer scheme. Whilst the LGPS is a defined benefit scheme, the charity is unable to vary its contribution rates or to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Accordingly, the scheme is accounted for as a defined contribution scheme under the provisions of FRS 102.

**r) Termination payments**

Termination payments are recognised in the year which they are agreed. Settlement agreements are recognised on an individual basis in respect of those employees whose employment at the charity is terminated prior to retirement age by the charity.

**2. Critical judgements and estimates**

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements are made in the application of income recognition accounting policies, and the timing of the recognition of income in accordance with the Charities SORP (FRS 102).

**ABERDEEN PERFORMING ARTS**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**3. Comparative statement of financial activities**

<b>Group</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2016 Total £</b>
<b>Income from:</b>			
Donations and legacies	904,493	1,152,710	2,057,203
Charitable activities	8,566,000	227,965	8,793,965
Other trading activities	1,695,252	-	1,695,252
Investments	33,048	-	33,048
<b>Total income</b>	<b>11,198,793</b>	<b>1,380,675</b>	<b>12,579,468</b>
<b>Expenditure on:</b>			
Raising funds	1,380,572	-	1,380,572
Charitable activities	9,576,273	837,724	10,413,997
<b>Total expenditure</b>	<b>10,956,845</b>	<b>837,724</b>	<b>11,794,569</b>
<b>Net income</b>	<b>241,948</b>	<b>542,951</b>	<b>784,899</b>
Transfers between funds	207,882	(207,882)	-
<b>Net movement in funds</b>	<b>449,830</b>	<b>335,069</b>	<b>784,899</b>

<b>Company</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2016 Total £</b>
<b>Income from:</b>			
Donations and legacies	1,159,384	1,152,710	2,312,094
Charitable activities	8,566,000	227,965	8,793,965
Investments	33,048	-	33,048
<b>Total income</b>	<b>9,758,432</b>	<b>1,380,675</b>	<b>11,139,107</b>
<b>Expenditure on:</b>			
Charitable activities	9,576,273	837,724	10,413,997
<b>Total expenditure</b>	<b>9,576,273</b>	<b>837,724</b>	<b>10,413,997</b>
<b>Net income</b>	<b>182,159</b>	<b>542,951</b>	<b>725,110</b>
Transfers between funds	207,882	(207,882)	-
<b>Net movement in funds</b>	<b>390,041</b>	<b>335,069</b>	<b>725,110</b>

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**4. 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 bar and catering facilities at His Majesty's Theatre, The Lemon Tree and The Music Hall. The charity owns the entire issued share capital of 1 ordinary share of £1.

A summary of the trading results is shown below:

	2017 £	2016 £
<b>Turnover</b>	1,271,286	1,695,252
Cost of sales and administration costs	(1,004,225)	(1,380,572)
<b>Net profit</b>	267,061	314,680
Amount gift aided to the charity	(278,785)	(254,891)
Tax	2,591	(10,762)
<b>Movement in retained earnings</b>	(9,133)	49,027

The assets and liabilities of the subsidiary were:

	2017 £	2016 £
Fixed assets	48,066	59,789
Current assets	124,080	159,841
Current liabilities	(124,080)	(159,840)
Provision for deferred tax	(8,171)	(10,762)
<b>Total net assets</b>	39,895	49,028
<b>Aggregate share capital and reserves</b>	39,895	49,028

**5. Donations and legacies**

<b>Group</b>	2017 £	2016 £
Sponsorship	172,550	-
Other grants	333,112	344,777
Creative Scotland	654,605	686,433
Aberdeen City Council	2,115,993	1,025,993
	3,276,260	2,057,203

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**5. Donations and legacies (continued)**

<b>Company</b>	<b>2017 £</b>	<b>2016 £</b>
Sponsorship	172,550	-
Other grants	333,112	344,777
Creative Scotland	654,605	686,433
Aberdeen City Council	2,115,993	1,025,993
Gift aid donation from subsidiary	278,785	254,891
	<u>3,555,045</u>	<u>2,312,094</u>

**6. Income from charitable activities**

<b>Group and Company</b>	<b>2017 £</b>	<b>2016 £</b>
Income from performances and events	6,275,474	8,722,745
Other income	81,403	71,220
	<u>6,356,877</u>	<u>8,793,965</u>

**7. Income from other trading activities**

<b>Group</b>	<b>2017 £</b>	<b>2016 £</b>
Sale of goods	1,222,137	1,621,131
Revenue from commissions	21,536	44,186
Curtain advertising	17,767	29,935
Other income	9,846	-
	<u>1,271,286</u>	<u>1,695,252</u>

**8. Expenditure on raising funds**

<b>Group</b>	<b>Direct costs £</b>	<b>Governance costs £</b>	<b>2017 Total £</b>	<b>2016 Total £</b>
Aberdeen Performing Arts Trading Limited – trading activities	<u>1,008,895</u>	<u>3,500</u>	<u>1,012,395</u>	<u>1,380,572</u>

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**9. Charitable activities**

All costs relate to the one charitable activity of presenting, producing, promoting and supporting the development of public interest in, and awareness of, the performing arts.

Group and Company	Direct costs £	Support costs £	2017 Total £	2016 Total £
Wages and salaries	2,239,679	81,938	2,321,617	2,529,972
Other staff costs	12,839	-	12,839	8,327
Property costs	258,635	-	258,635	419,387
Advertising	332,284	-	332,284	380,195
Legal and professional fees	330,970	-	330,970	253,195
Administration costs	235,511	-	235,511	143,414
Transport costs	40,638	-	40,638	72,573
Cost of performances	3,935,321	-	3,935,321	5,952,934
Programme costs	193,402	-	193,402	269,902
Repairs and maintenance	121,528	-	121,528	122,067
Depreciation and loss on disposal	196,517	-	196,517	197,560
Governance costs (note 10)	13,800	54,625	68,425	64,471
	<u>7,911,124</u>	<u>136,563</u>	<u>8,047,687</u>	<u>10,413,997</u>

**10. Governance costs**

	Direct costs £	Support costs £	2017 Total £	2016 Total £
Company:				
Audit fee	13,800	-	13,800	13,500
Staff costs	-	54,625	54,625	50,971
<b>Total company</b>	<u>13,800</u>	<u>54,625</u>	<u>68,425</u>	<u>64,471</u>
APA Trading Company Limited audit and tax fees	3,500	-	3,500	3,130
<b>Total group</b>	<u>17,300</u>	<u>54,625</u>	<u>71,925</u>	<u>67,601</u>

**11. Net income for the year is stated after charging**

Group	2017 Total £	2016 Total £
Depreciation of tangible assets	211,970	199,840
Auditor's remuneration:		
Audit fees - APA	13,800	13,500
Audit fees - APA Trading Company Limited	2,735	2,630
Corporation tax fee - APA Trading Company Limited	765	500
Operating lease rentals - plant and machinery	5,942	11,728
Loss on disposal of fixed assets	-	5,482

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**12. Staff costs and numbers**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	2,450,646	2,798,549	2,010,935	2,229,676
Social security costs	173,915	165,132	146,249	134,345
Other pension costs	240,436	238,350	219,058	216,922
	<u>2,864,997</u>	<u>3,202,031</u>	<u>2,376,242</u>	<u>2,580,943</u>

The average number of persons employed by the group during the year, including the directors, was 199 (2016: 238).

The number of employees whose emoluments, excluding pension contributions, totalled over £60,000 was as follows:

	<b>2017</b>	<b>2016</b>
	<b>Total No.</b>	<b>Total No.</b>
£80,001 - £90,000	-	1
£90,001-£100,000	<u>1</u>	<u>-</u>

Employer pension contributions to the multi-employer defined benefit scheme in respect of the above employee were £18,859 (2016: £17,954).

The key management personnel of the group are listed on page 11. The employee benefits for key management totalled £262,052 (2016: £278,650).

During the year there were 2 settlement agreements totalling £26,848 (2016: £8,886). The settlement agreements are recognised in the year in which they are agreed.

**13. Directors' emoluments, expenses and related party transactions**

During the year the chairman received remuneration of £4,500 (2016 - £4,500).

The board included an employee representative in 2016 and 2017 who is remunerated in accordance with the company's agreed terms of employment and in accordance with the memorandum and articles of association. Details have not been provided of this remuneration as employee information is considered to be confidential.

The board members received no remuneration or reimbursed expenses during the year (2016 – Nil).

Aberdeen City Council is a related party as four of the directors are nominated by the Council. Under FRS102 section 33.11, the group is exempt from disclosing related party transactions with the Council.

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**14. Tangible fixed assets**

<b>Group</b>	<b>Tenant's improvements £</b>	<b>Assets under construction £</b>	<b>Computer equipment £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 April 2016	538,707	588,544	448,575	538,441	2,114,267
Additions	-	1,123,377	18,545	23,894	1,165,816
At 31 March 2017	538,707	1,711,921	467,120	562,335	3,280,083
<b>Depreciation</b>					
At 1 April 2016	215,477	-	293,351	294,087	802,915
Charge for the year	39,716	-	117,678	54,576	211,970
At 31 March 2017	255,193	-	411,029	348,663	1,014,885
<b>Net book values</b>					
At 31 March 2017	283,514	1,711,921	56,091	213,672	2,265,198
At 31 March 2016	323,230	588,544	155,224	244,354	1,311,352

<b>Company</b>	<b>Tenant's improvements £</b>	<b>Assets under construction £</b>	<b>Computer equipment £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 April 2016	538,707	588,544	448,575	436,855	2,012,681
Additions	-	1,123,377	18,545	20,164	1,162,086
At 31 March 2017	538,707	1,711,921	467,120	457,019	3,174,767
<b>Depreciation</b>					
At 1 April 2016	215,477	-	293,351	252,290	761,118
Charge for the year	39,716	-	117,678	39,123	196,517
At 31 March 2017	255,193	-	411,029	291,413	957,635
<b>Net book values</b>					
At 31 March 2017	283,514	1,711,921	56,091	165,606	2,217,132
At 31 March 2016	323,230	588,544	155,224	184,565	1,251,563

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**15. Fixed asset investments**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investment in subsidiary	-	-	1	1
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

The wholly owned trading subsidiary Aberdeen Performing Arts Trading Company Limited, which is incorporated in Scotland (registered number SC254182) operates the bar and catering facilities at His Majesty's Theatre, The Lemon Tree and The Music Hall. The registered office is at His Majesty's Theatre, Rosemount Viaduct, Aberdeen, AB25 1GL. The charity owns the entire share capital of £1. Full details of the subsidiary's results for the year are given in note 4.

**16. Current asset investments**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Term deposits	1,534,457	2,545,147	1,534,457	2,545,147
	<u>1,534,457</u>	<u>2,545,147</u>	<u>1,534,457</u>	<u>2,545,147</u>

**17. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	176,324	320,211	175,997	320,211
Other debtors	260,492	135,663	259,343	134,154
Prepayments	303,446	76,361	303,446	76,361
Due from subsidiary undertaking	-	-	-	31,070
	<u>740,262</u>	<u>532,235</u>	<u>738,786</u>	<u>561,796</u>

**18. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	561,972	482,169	511,679	438,966
Taxation and social security	85,195	87,759	44,756	41,792
Deferred income (note 19)	2,413,497	1,984,652	2,413,497	1,984,652
Net obligations under finance leases	-	10,177	-	10,177
Other creditors	446,111	584,534	412,764	544,934
Due to subsidiary undertaking	-	-	36,941	-
	<u>3,506,775</u>	<u>3,149,291</u>	<u>3,419,637</u>	<u>3,020,521</u>



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**19. Deferred income – group and company**

	2017 £	2016 £
Balance at 1 April 2016	1,984,652	2,752,380
Amount released to incoming resources	(1,984,652)	(2,752,380)
Amount deferred in the year	2,413,497	1,984,652
Balance at 31 March 2017	<u>2,413,497</u>	<u>1,984,652</u>

The current year deferred income balance comprises advanced ticket sales relating to amounts refundable should future performances not take place.

**20. Provisions for liabilities: Deferred taxation**

	2017 £	Group 2016 £
Charged to income and expenditure account	8,171	-
	<u>8,171</u>	<u>-</u>

The deferred taxation balance is made up of accelerated capital allowances.

**21. Financial assets and liabilities**

	2017 £	Group 2016 £	2017 £	Company 2016 £
Financial assets measured at amortised cost	<u>5,497,667</u>	<u>4,439,371</u>	<u>5,433,476</u>	<u>4,338,541</u>
Financial liabilities measured at amortised cost	<u>1,008,083</u>	<u>1,076,880</u>	<u>961,383</u>	<u>994,077</u>

Financial assets measured at amortised cost comprise: current asset investments, cash at bank and in hand, trade debtors, other debtors, and amounts owed by subsidiary undertaking. Financial liabilities measured at amortised cost comprise: trade creditors, other creditors, and obligations under finance leases.

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**FOR THE YEAR ENDED 31 MARCH 2017**

**22. Movement in funds**

Group	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2017 £
<b>Unrestricted funds</b>					
Designated funds:					
Fixed asset funds (a):					
Other	410,921	-	(177,125)	38,709	272,505
Music Hall redevelopment	588,544	-	-	1,123,377	1,711,921
	999,465	-	(177,125)	1,162,086	1,984,426
General	358,187	8,364,222	(8,142,936)	(38,709)	540,764
<b>Total unrestricted funds</b>	<b>1,357,652</b>	<b>8,364,222</b>	<b>(8,320,061)</b>	<b>1,123,377</b>	<b>2,525,190</b>
<b>Restricted funds</b>					
Redevelopment fund (b)	252,099	-	(19,392)	-	232,707
Grant funding (c):					
Stage 1 production grant	-	75,000	(75,000)	-	-
Sector development	-	7,000	(7,000)	-	-
Youth arts	144,997	155,111	(167,358)	-	132,750
Music Hall capital grants	399,276	1,668,748	-	(429,558)	1,638,466
Youth music	-	25,200	-	-	25,200
Creative Scotland regular funding	-	333,000	(333,000)	-	-
True North	-	58,500	(58,500)	-	-
Granite Noir	-	40,000	(40,000)	-	-
Community Engagement	-	20,000	-	-	20,000
Restoration levy (d)	551,710	181,880	(39,771)	(693,819)	-
<b>Total restricted funds</b>	<b>1,348,082</b>	<b>2,564,439</b>	<b>(740,021)</b>	<b>(1,123,377)</b>	<b>2,049,123</b>
<b>Total funds</b>	<b>2,705,734</b>	<b>10,928,661</b>	<b>(9,060,082)</b>	<b>-</b>	<b>4,574,313</b>

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**22. Movement in funds (continued)**

Company	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2017 £
<b>Unrestricted funds</b>					
Designated funds:					
Fixed asset funds (a):					
Other	410,921	-	(177,125)	38,709	272,505
Music Hall redevelopment	588,544	-	-	1,123,377	1,711,921
	999,465	-	(177,125)	1,162,086	1,984,426
General	298,398	7,371,721	(7,130,541)	(38,709)	500,869
<b>Total unrestricted funds</b>	<b>1,297,863</b>	<b>7,371,721</b>	<b>7,307,666</b>	<b>1,123,377</b>	<b>2,485,295</b>
<b>Restricted funds</b>					
Redevelopment fund (b)	252,099	-	(19,392)	-	232,707
Grant funding (c):					
Stage 1 production grant	-	75,000	(75,000)	-	-
Sector development	-	7,000	(7,000)	-	-
Youth arts	144,997	155,111	(167,358)	-	132,750
Music Hall capital grants	399,276	1,668,748	-	(429,558)	1,638,466
Youth music	-	25,200	-	-	25,200
Creative Scotland regular funding	-	333,000	(333,000)	-	-
True North	-	58,500	(58,500)	-	-
Granite Noir	-	40,000	(40,000)	-	-
Community Engagement	-	20,000	-	-	20,000
Restoration levy (d)	551,710	181,880	(39,771)	(693,819)	-
<b>Total restricted funds</b>	<b>1,348,082</b>	<b>2,564,439</b>	<b>(740,021)</b>	<b>(1,123,377)</b>	<b>2,049,123</b>
<b>Total funds</b>	<b>2,645,945</b>	<b>9,936,160</b>	<b>(8,047,687)</b>	<b>-</b>	<b>4,534,418</b>

**a) Designated fixed asset funds**

The designated "other" fixed assets fund represents the net book value of tangible fixed assets excluding the tenants' improvements which were funded from restricted funds. 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.

Music Hall redevelopment fund comprises funds donated for the redevelopment of The Music Hall.

**b) Redevelopment fund**

Comprises funds donated for the redevelopment of His Majesty's Theatre, Aberdeen and these funds have been applied to meet the charity's share of the costs incurred in the redevelopment.

**c) Grant funding**

Comprises grant funding received for specific programming, or for a purpose as set out in the name of the fund.

**d) Restoration levy**

Comprises a levy of £1 (inclusive of VAT) charged in addition to the ticket price of selected shows, which will be used to undertake a planned programme of improvements and refurbishments in APA buildings.

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**22. Movement in funds (continued)**

Transfers between restricted and unrestricted funds represent amounts invested in tangible fixed assets.

**23. Analysis of net assets between funds**

Group	Tangible fixed assets £	Net current assets £	Total £
Restricted funds	232,707	1,816,416	2,049,123
Unrestricted funds	2,032,491	492,699	2,525,190
<b>Total funds</b>	<b>2,265,198</b>	<b>2,309,115</b>	<b>4,574,313</b>

Company	Tangible fixed assets £	Net current assets £	Total £
Restricted funds	232,707	1,816,416	2,049,123
Unrestricted funds	1,984,426	500,869	2,485,295
<b>Total funds</b>	<b>2,217,133</b>	<b>2,317,285</b>	<b>4,534,418</b>

**24. Reconciliation of net income to net cash flow from operating activities**

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Net income/(expenditure) for the reporting period (per SOFA)	1,868,579	784,899	1,888,474	725,110
Adjustments for:				
Depreciation charges	211,970	199,840	196,517	192,078
Investment income	(24,238)	(33,048)	(24,238)	(33,048)
Loss on sale of fixed assets	-	4,913	-	5,482
Loss on equipment reclassified	-	23,257	-	23,257
Decrease in stocks	4,993	23,793	-	-
(Increase)/ decrease in debtors	(208,027)	145,433	(176,990)	292,307
Increase/ (decrease) in creditors	375,832	(1,025,560)	409,292	(1,020,561)
<b>Net cash inflow from operating activities</b>	<b>2,229,109</b>	<b>123,527</b>	<b>2,293,055</b>	<b>184,625</b>

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**25. Analysis of changes in cash and cash equivalents during the year**

<b>Group</b>	<b>At 1 April 2016 £</b>	<b>Cash flows £</b>	<b>At 31 March 2017 £</b>
Cash at bank	<u>1,438,350</u>	<u>2,088,044</u>	<u>3,526,394</u>
<b>Company</b>			
	<b>At 1 April 2016 £</b>	<b>Cash flows £</b>	<b>At 31 March 2017 £</b>
Cash at bank	<u>1,307,959</u>	<u>2,155,720</u>	<u>3,463,679</u>

**26. Financial commitments**

The total commitments under non-cancellable operating leases are as follows:

<b>Group &amp; Company</b>	<b>Land and buildings 2017 £</b>	<b>2016 £</b>	<b>Other 2017 £</b>	<b>2016 £</b>
Due:				
Within one year	2	2	5,942	5,942
Between two and five years	8	8	10,399	16,342
In more than five years	54	56	-	-
	<u>64</u>	<u>66</u>	<u>16,341</u>	<u>22,284</u>

**27. Capital commitments**

At 31 March 2017 a capital commitment of £5,822,628 existed in relation to the restoration of the Music Hall.