

Financial Statements
Druid Performing Arts
Company Limited by Guarantee

(formerly Druid Performing Arts Limited)

For the financial year ended 31 December 2016

Charity number: CRA20013424

**Druid Performing Arts Company Limited by Guarantee
(formerly Druid Performing Arts Limited)**

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**Druid Performing Arts Company Limited by Guarantee
(formerly Druid Performing Arts Limited)**

Reference and Administrative Details

For the financial year ended 31 December 2016

Directors

Cathal Goan
Bride Rosney
Eugene Downes
Colm Tóibín
Liz McConnell
Nigel Redden (appointed 4 February 2016)

Company Registered Number

120786

Charity registered number

CRA20013424
CHY6800

Registered Office

Lowstrand House
Flood Street
Galway H91 PWX5

Company Secretary

Bernadette Murtagh

Artistic Director

Garry Hynes

Independent Auditors

Grant Thornton
Merchants Square
Merchants Road
Galway H91 ETN2

Bankers

Bank of Ireland
43 Eyre Square
Galway H91 D6X9

Permanent TSB
Carysfort Avenue
Blackrock
Dublin A94 R891

KBC
Sandwith Street Upper
Dublin 2 D02 X489

**Druid Performing Arts Company Limited by Guarantee
(formerly Druid Performing Arts Limited)**

Reference and Administrative Details (continued)

For the financial year ended 31 December 2016

Bankers (continued)

Ulster Bank
Exchange House
Fairgreen Road
Galway H91 D767

Solicitors

Ferrys Solicitors
15 Ormond Quay Upper
Dublin 7 D07 YK6A

Directors' Report

For the financial year ended 31 December 2016

The board of directors (or the “directors”) present their report and the audited financial statements of Druid Performing Arts Company Limited by Guarantee (formerly Druid Performing Arts Limited) (or the “Company” or “Druid”) for the financial year ended 31 December 2016.

This report has been prepared in accordance with the requirements of the Companies Act 2014. While not mandatory in Ireland, the directors have prepared their report with reference to best practice published by the Charity Commission for England & Wales in the form of Statement of Recommended Practice (revised 2005), Accounting and Reporting by Charities (or the “Charities SORP”).

Structure, governance and management

Constitution

Druid Performing Arts Company Limited by Guarantee (formerly Druid Performing Arts Limited) is a company limited by guarantee and not having a share capital, incorporated under the Companies Act 2014 with registered number 120786 to promote the study and improve the understanding of the arts. The Company is governed by a Memorandum & Articles of Association originally dated 13 March 1987, last amended on 9 September 2002, which set out the objects for which the Company has been established and the respective duties, responsibilities and obligations of its members and directors.

The office of the Revenue Commissioner has granted the Company charitable status and its tax exemption number is CHY6800.

No person has any rights of control over the Company. The proceedings at general meetings of the Company are transacted by the Company’s members, of which there are currently 7, with each member having one vote. The liability of the directors is limited to €1.27 each.

Individuals or companies that are not members of the Company may become patrons of the Company on such terms and conditions as may from time to time be determined by the directors.

Internal controls

The directors are responsible for ensuring that the Company has effective risk management and internal controls in place. The directors achieve this through its regular reviews with senior management.

Corporate governance and directors

The directors are responsible for the strategic development and governance oversight of the Company on behalf of its members and stakeholders. The board of directors met 5 times during the financial year and also maintained close communication with the Company’s Artistic Director and senior management throughout the financial year.

In accordance with the company’s articles of association, all board members offered themselves for re-election and were re-elected. Mr. Nigel Redden was appointed to the board of directors on 4 February 2016. All new board members receive induction and training once appointed which includes familiarization with the Company’s operations, financial management and governance structure.

The board has not established sub-committees for any aspect of the business.

None of the directors receive any remuneration for their office and neither the directors nor the secretary had any financial interests in the Company during the financial year.

Directors' Report (continued)

For the financial year ended 31 December 2016

Corporate governance and directors (continued)

The membership of the board and directors who served during the financial year is shown below together with meeting attendance in 2016.

Director	Possible Board meeting attendance	Actual attendance
Cathal Goan	5	5
Eugene Downes	5	5
Bride Rosney	5	4
Colm Tóibín	5	1
Liz McConnell	5	4
Nigel Redden	5	3

Presently, the Company is subject to corporate governance practices imposed by:

- The Memorandum and Articles of Association: and
- The Companies Act 2014.

A Code of Practice has been developed by the charities sector for Good Governance of Community, Voluntary and Charitable Organisations in Ireland ("The Charities Code"). The Company has adopted a Charter for Compliance with the Charities Code.

Risk management

The directors consider that the following are the principal risks and uncertainties that can materially negatively affect the Company's future operating results and financial situation:

- Uncertainty of Arts Council and other state funding
- Retention of key staff
- Higher production costs
- Lower box office than projected
- Lower income from fundraising than projected

The directors have assessed the major risks to which the Company is exposed, in particular those related to the operations and finances of the Company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The board of directors regularly review the risks that the Company faces, in so far as possible, and determines actions to manage and mitigate them.

Directors' Report (continued)

For the financial year ended 31 December 2016

Objectives and Activities

Policies and objectives

The main objects for which Druid is established are to promote the study and improve the understanding of the arts as defined in The Arts Acts 1951 and 1973 limited to those approved subjects as set out in Section 32 of The Finance Acts 1984 or any amendment thereof.

Our Vision – Performance for the world.

Our Mission – To be a touring theatre without peer, anchored in the West of Ireland and looking to the world, producing and presenting the best work, old and new, with boldness, agility, passion and flair.

Druid is committed to making first class theatre in our home in Galway, touring the length and breadth of Ireland and flying the flag for Galway overseas is something we pride ourselves on. It is at the heart of our vision and our mission.

Strategies for achieving objectives

- Optimise resources and find new ones for
 1. Fundraising
 2. Development
- Emphasise the importance of building an excellent organisation which can grow and develop. Key to this is the continual review of organisational structure and division of responsibility within a small number of staff
- Target larger projects. Druid has never been short of ambition and the Company's commitment to engaging with large and imaginative projects continues.

Activities for achieving objectives

The range of activities planned for 2017 and 2018 include major projects such as the revival of previous Druid successes namely Beauty Queen of Leenane and Waiting for Godot as part of Irish and international touring projects together with some new work.

Achievements and performance

Principal activity and review of business

In 2016 Druid undertook another ambitious programme of projects, beginning the year with a very successful production of John B. Keane's 'Big Maggie' in the Gaiety Theatre, Dublin. This was followed by Samuel Beckett's 'Waiting for Godot' in Galway International Arts Festival and a unique rural tour to Inis Meáin, Co. Galway, Céide Fields, Co. Mayo and The Military Road, Co. Wicklow where the play was performed outdoors.

In keeping with its commitment to new writing, Druid presented the world premiere of 'Helen and I', by Galway writer Méadhbh McHugh, in the Mick Lally Theatre before taking it to the Civic Theatre, Tallaght, for the Dublin Theatre Festival.

Directors' Report (continued)

For the financial year ended 31 December 2016

Achievements and performance (continued)

Principal activity and review of business (continued)

Finally, 2016 saw a successful remount of 'The Beauty Queen of Leenane' by Martin McDonagh, to coincide with the twentieth anniversary of its premiere in Galway in 1996. The production opened in Galway before touring to Limerick, Cork, Dublin, and Los Angeles, USA.

Druid productions received critical acclaim and reviews in Irish, UK and US publications were extremely positive:

Waiting For Godot

"The freshest, funniest and most affecting production of the play in at least a quarter of a century" Irish Times

"Superb reimagining of an iconic play" The Guardian

"The best work made of the play in years" The Stage UK

Helen and I

"A hugely promising debut" Broadway World

"Weirder, kitschier, and far more enchanting than mere kitchen-sink hysterics" Irish Examiner

The Beauty Queen of Leenane

"Spellbinding, terrifying" – The Observer, UK

"A must-see" – New York Times

"Exquisite" – L.A Weekly

"Hilariously grim" – New York Magazine

Druid's FUEL artist residency programme, in its 3rd year of existence, offered four companies/artists a range of supports over a nine-month period including:

- 1 week development period The Mick Lally Theatre
- A bursary of €2,000
- The option to hot-desk in the Druid office
- Creative development workshops with Raymond Keane, Michael Keegan Dolan and Graham Whybrow
- Monthly mentor meetings with Druid staff
- The opportunity to present work at Galway Theatre Festival under a showcase billing

The cost of the venue including staff etc. for the collective four-week development period was covered by Druid and hot desking in the Druid office gave access to internet, phones and photocopying etc. Mentorship and support were provided to the recipients by Druid staff and associates and included artistic, production, financial budgeting/control, marketing & PR, touring and funding applications support.

Directors' Report (continued)

For the financial year ended 31 December 2016

Achievements and performance (continued)

Principal activity and review of business (continued)

This programme continues to strengthen Druid's relationships with the theatre community in the West of Ireland and to support grassroots work. It has given artists the time and space to develop their ideas and for us to nurture relationships with them, such as the upcoming premiere of FUEL artist Little John Nee's new work, Radio Rosario, at the Mick Lally Theatre. We are delighted to report that two out of the four recipients have recently been successful in applying for Project Funding from the Arts Council.

Druid's FUEL programme is delighted to be partnered with St Anthony's and Claddagh Credit Union who are sponsoring this project from 2015 to 2019 and we are very appreciative of their support.

During the 2016 Galway International Arts Festival (GIAF) there were readings of new plays continuing this Druid tradition; 'In Lipstick' by Annie Jenkins and 'Shelter' by Christin Kehoe. We have subsequently commissioned Christin Kehoe to write a new play for Druid.

Druid's box office was ahead of expectations in 2016, with strong revenue for both 'Big Maggie' and 'The Beauty Queen of Leenane' particularly, and selling out the MLT in Galway for the run of 'Waiting For Godot'. The number of people who saw a Druid production in 2016 was 76,317. (2015: 12,371).

Like all other arts organisations dependent on Arts Council funding, Druid faces a number of challenges in the context of diminishing public funding. This has underlined again the need for Druid to engage in its own fundraising both to support its artistic programme and developments. In this regard, Druid continues to develop its Supporters campaign both at home and abroad in conjunction with international touring.

The directors wish to thank NUI Galway Foundation for their continued support in 2016.

Druid completed the assessment of redevelopment potential on Lowstrand House (purchased 2015) where Druid offices are located, and which is adjacent to Druid's current venue. It was decided that while it was important to acquire the building thereby ensuring Druid's future with an enlarged site, redevelopment will not be progressed at this time.

Financial review

Reserves policy

The Company is precluded by its Memorandum of Association from paying dividends, either as part of normal operations or on a distribution of its assets in the event of a winding-up.

Results

The surplus for the financial year after providing for depreciation amounted to €320,245 (2015 deficit, €165,673). This surplus arose from notable strong revenue generated from Druid's productions of 'Big Maggie' and 'Beauty Queen of Leenane' in particular and favourable cost variances.

The board approved a one time pension fund top up for the Artistic Director's defined contribution pension plan of €37,485 bringing total pension contribution total to €47,277. This approval arose in the context of historic underfunding of the Director's pension plan and as a direct result of the strong box office and overall financial results for the aforementioned productions.

Directors' Report (continued)

For the financial year ended 31 December 2016

Financial review (continued)

Results (continued)

While Druid's reserves positioned strengthened further at year end, the board wish to highlight that the nature of the sector that Druid operates in is a cyclical one, not least highlighted by the differential in financial results between 2015 and 2016. In addition, a significant portion of the reserves position is not liquid as it is included within property holdings of the Company. Finally, Druid's strategy is to maintain healthy cash reserves for future developments, and if the strong reserves position continues, Druid will consider a debt reduction on the Lowstrand property mortgage for some of the surplus cash.

Investments policy

It is the policy of Druid that funds not immediately required for operational purposes are invested into interest bearing deposits maintained in major financial institutions in Ireland.

Political donations

The Company did not make any political donations during the financial year (2016: €Nil).

Plans for the future

Important events since financial year end

The Irish Times Theatre Awards announced 6 nominations for Druid's Waiting For Godot and there were 2 award winners on 5 March 2017.

Future developments

Druid are planning a busy year for 2018 and are currently finalising plans for significant productions and touring both nationally and internationally. Druid's board continued to explore with external advisors in 2016 on how to proceed with plans for Lowstrand House and have decided to postpone any redevelopment at this time.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Companies Act 2014

Under the Companies Act 2014, effective 1 June 2015, a Company Limited by Guarantee (CLG) does not have to convert or register but continues in existence. The transition period is 18 months after the law took effect.

As the Company is a CLG, the Company will have to change its name to include the words 'Company Limited by Guarantee' or 'CLG' or 'Ltd' at the end of its name by the end of the transition period, otherwise this will happen automatically.

During the financial year, the Company has complied to the Companies Act 2014. Effective 1 December 2016, the Company changed its name to Druid Performing Arts Company Limited by Guarantee.

Directors' Report (continued)

For the financial year ended 31 December 2016

Plans for the future (continued)

Accounting Records

The directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records by employing persons with appropriate expertise and by providing adequate resources to the financial function. The accounting records are held at the Company's business address at Lowstrand House, Flood Street, Galway.

Statement of Relevant Audit Information

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Grant Thornton, continue in office in accordance with section 383(2) of the Companies Act 2014.

Directors' responsibilities statement

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Irish law in Ireland requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of assets, liabilities and financial position as at 31 December 2016 and of its incoming resources and application of resources; including its income and expenditure the Company for that year. In preparing those financial statements, the directors are required to:

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

Directors' Report (continued)

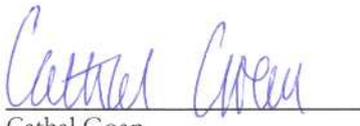
For the financial year ended 31 December 2016

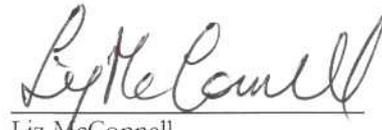
Directors' responsibilities statement (continued)

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the Directors' report and other information included in the financial statements is prepared in accordance with company law.

This report was approved by the directors on 18 July 2017 and signed on their behalf by:


Cathal Goan
Director


Liz McConnell
Director

Independent Auditors' Report to the Members of Druid Performing Arts Company Limited by Guarantee (formerly Druid Performing Arts Limited)

We have audited the financial statements of Druid Performing Arts Company Limited by Guarantee (formerly Druid Performing Arts Limited) (or the "Company") for the financial year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with the Companies Act 2014. 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 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 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements giving a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' Report to the Members of Druid Performing Arts Company Limited by Guarantee (formerly Druid Performing Arts Limited) (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2016 and of its incoming resources and application of resources; including its income and expenditure, for the financial year then ended;
- have been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion adequate accounting records have been kept by the Company.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.



John Glennon for and on behalf of

Grant Thornton
Chartered Accountants & Statutory Audit Firm
Merchants Square
Merchants Road
Galway

Date: 18 July 2017

**Druid Performing Arts Company Limited by Guarantee
(formerly Druid Performing Arts Limited)**

Statement of Financial Activities

(Incorporating Income and Expenditure Account)

For the financial year ended 31 December 2016

		Unrestricted funds	Restricted funds	Designated funds	Total funds	Total funds
		2016	2016	2016	2016	2015
	Note	€	€	€	€	€
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	4	1,007,148	96,978	-	1,104,126	1,231,557
Activities for generating funds	5,7	109,736	-	-	109,736	86,457
Incoming resources from charitable activities	8	1,280,250	-	-	1,280,250	421,431
Other incoming resources		-	-	-	-	-
Total incoming resources		2,397,134	96,978	-	2,494,112	1,739,445
Resources expended						
Costs of generating funds:						
Costs of generating voluntary income	9	214,582	-	-	214,582	151,631
Costs of activities for generating funds	5,7	57,563	-	-	57,563	51,710
Theatre production activities	12,13	1,510,715	232,380	-	1,743,095	1,498,794
Governance costs	10	152,516	-	-	152,516	199,700
Other resources expended	11	6,111	-	-	6,111	3,283
Total resources expended	14	1,941,487	232,380	-	2,173,867	1,905,118
Net movement in total funds for the year		455,647	(135,402)	-	320,245	(165,673)
Transfer from unrestricted funds to restricted funds		(135,402)	135,402	-	-	-
Transfer out of designated funds		-	-	-	-	-
Total funds as at 1 January 2016		623,578	-	-	623,578	789,251
Total funds as at 31 December 2016		943,823	-	-	943,823	623,578

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the financial year. The notes on pages 16 to 27 form part of these financial statements.

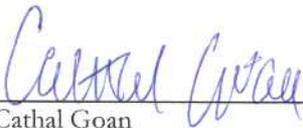
Balance Sheet

As at 31 December 2016

	Note	2016 €	2015 €
Fixed assets			
Tangible assets	17	1,776,112	1,839,141
Current assets			
Debtors	19	135,056	19,247
Cash and cash equivalents	3	580,397	479,338
Total current assets		715,453	498,585
Creditors: amounts falling due within one year	20	(212,276)	(158,747)
Net current assets		503,177	339,838
Total assets less current liabilities		2,279,289	2,178,979
Creditors: amounts falling due after more than one year	21	(1,332,096)	(1,552,420)
Net assets excluding pension scheme liabilities		947,193	626,559
Pension scheme liability	25	(3,370)	(2,981)
Net assets including pension scheme liabilities		943,823	623,578
Represented by:			
Restricted funds	23	-	-
Designated funds	23	-	-
Unrestricted funds	23	943,823	623,578
Total funds		943,823	623,578

The notes on pages 16 to 27 form part of these financial statements.

The financial statements were approved by the directors on 18 July 2017 and signed on their behalf, by:


 Cathal Goan

Director


 Liz McConnell

Director

**Druid Performing Arts Company Limited by Guarantee
(formerly Druid Performing Arts Limited)**

Cash Flow Statement

For the financial year ended 31 December 2016

	2016 €	2015 €
Cash flows from operating activities		
Net cash provided by operating activities	306,068	52,936
Cash flows from investing activities		
Purchase of fixed assets	(62,399)	(856,270)
Disposal of fixed assets	-	1,952
Net cash used in investing activities	<u>(62,399)</u>	<u>(854,318)</u>
Cash flows from financing activities		
(Decrease)/increase in government grants	(77,000)	37,250
Receipt of bank loan	-	550,000
Interest and loan paid	(65,609)	(50,071)
Net cash provided by financing activities	<u>(142,609)</u>	<u>537,179</u>
Net increase/(decrease) in cash and cash equivalents	101,060	(264,203)
Cash and cash equivalents at the beginning of financial year	479,337	743,541
Cash and cash equivalents at the end of financial year	<u>580,397</u>	<u>479,338</u>

Reconciliation of Net Incoming (Outgoing) Resources to Net Cash Flow from Operating Activities

	2016 €	2015 €
Profit (loss) for the financial year	320,245	(165,673)
Adjustments for:		
Depreciation of fixed assets	125,428	111,122
Amortisation of government grants	(95,173)	(105,838)
Interest expense on loans	17,459	13,804
Decrease/(increase) in trade and other debtors	(115,809)	165,984
Increase in trade creditors	53,918	33,537
Net cash provided by operating activities	<u>306,068</u>	<u>52,936</u>

Analysis of Cash

	2016 €	2015 €
Cash on hand	2,468	193
Cash at bank	179,339	84,338
Term deposits	398,590	394,807
Total cash and cash equivalents	<u>580,397</u>	<u>479,338</u>

The notes on pages 16 to 27 form a part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2016

1. Company Information

Druid Performing Arts Company Limited by Guarantee (formerly Druid Performing Arts Limited) (the “Company”) was incorporated in Ireland on 13 March 1987. The Company is a company limited by guarantee not having a share capital. In the event of the Company being wound up, the liability in respect of the guarantee is limited to €1.27 per member of the Company. The Company is a public benefit entity. The Company records are kept at Lowstrand House, Flood Street, Galway.

The principal activity of the Company is to be a touring theatre without peer, anchored in the West of Ireland and looking to the world, producing and presenting the best work, old and new, with boldness, agility, passion and flair.

2. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’), the Statement of Recommended Practice (‘SORP’), ‘Accounting and Reporting by Charities’ published in July 2008, and the Companies Act, 2014. The financial statements have been prepared under historical costs convention.

The financial statements for the financial year ended 31 December 2015 was the first year in which the financial statements have been prepared under FRS 102. Based on a review of FRS 102, the 2014 prior year figures are not required to be restated as there has been no significant change in transitioning to FRS 102.

The financial statements are presented in Euro (€), which is same as the functional currency. All figures are rounded to the nearest whole number.

Going concern

The financial statements have been prepared on the going concern basis which assumes the Company will continue in operational existence for the foreseeable future. Given the nature of the activities by the Company, funding for the majority of the activities is provided on an annual basis by way of grants. The Company has already received notification of approval of its grant application for 2016 from the Arts Council.

The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

3. Principal accounting policies

Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the directors in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors/grantors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Revenue recognition

All incoming resources are included in the Statement of Financial Activities when the Company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

Principal accounting policies (continued)

Revenue recognition (continued)

Revenue funding in the form of grants from Irish State Bodies is accounted for on an accruals basis and is therefore included in the Statement of Financial Activities in the financial year to which it relates. Where the expenditure to which the grant relates has not been incurred in full, the excess of the grant revenue, if any, is recorded as deferred in the Balance Sheet.

In the main, grants are received for a specific time period and purpose and are subject to service level agreements.

Grants received for capital expenditure which have specific conditions attached are deferred and amortised to the Balance Sheet in line with the depreciation policy applied to fixed assets to which they relate.

Expenditure and cost allocation

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the Company and include project management carried out at the Company's main office. Governance costs are those incurred in connection with administration of the Company and compliance with constitutional and statutory requirements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term property improvements	5% Straight line
Building	2% Straight line
Fixtures and fittings and sound equipment	15% Straight line
Computer equipment	33.33% Straight line

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

As the building has a long useful life, there is no requirement of an annual impairment test.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

Principal accounting policies (continued)

Investments

Investments relate to term deposits. Income received from these investments is recognised in the statement of financial activities at their value on date of receipt.

Investments disclosed under current assets are expected to mature within the next twelve months and are carried at the historic cost of the amount invested. Investments disclosed under non-current assets are expected to mature in a period longer than twelve months.

Heritage asset

Heritage asset relates to the listed building that the Company own, Lowstrand House. Heritage assets are disclosed at cost less accumulated depreciation. Depreciation is charged annually at 2% straight line per annum.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured at subsequently amortised costs using the effective interest method.

Taxation

The Company has charitable status and as such is exempt from corporation tax.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Foreign currency translation

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the date of transaction. Exchange differences are recognised in the statement of financial activities in the period in which they arise.

Pension

The Company operates a defined contribution scheme which is administered by independent trustees and is financially separate from the Company. The contributions are charged to costs of voluntary income.

Cash and cash equivalents

Cash comprises demand deposits and cash at bank. Cash equivalents are short term (less than 3 months or 90 days), highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. Refer to the analysis of cash in the cash flow statement in page 15 for the breakdown of cash and cash equivalents.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

4. Voluntary Income

	Unrestricted funds 2016 €	Restricted funds 2016 €	Designated funds 2016 €	Total funds 2016 €	Total funds 2015 €
Donations	121,976	5,000	-	126,976	176,634
Government & capital grants	885,172	91,978	-	977,150	1,054,923
Voluntary Income	1,007,148	96,978	-	1,104,126	1,231,557

5. Other activities for generating funds

	Unrestricted funds 2016 €	Restricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Income from other activities				
Rental income	62,931	-	62,931	44,384
Interest receivable	4,474	-	4,474	11,422
Other income	11,533	-	11,533	5,673
Income from other activities	78,938	-	78,938	61,479
Expenses from other activities				
Rental expenses	15,970	-	15,970	8,337
Fundraising costs	12,198	-	12,198	22,624
	28,168		28,168	30,961
Net income from other activities	50,770	-	50,770	30,518

Rental income consists of the income from the rental of the Druid Theatre to other organisations and the rental of Lowstrand House, following the purchase of the building in April 2015.

From April 2015 to December 2015, the Company collected the rental income from the previous lessor/owner of the building who in turn held the leases with the tenants. The Company entered into a 4 year and 9 months non-cancellable operating lease directly with the tenants of Lowstrand House beginning 1 January 2016. The Company also entered a further 12 month lease with an additional tenant of Lowstrand House beginning on 10 October 2016.

Total future minimum lease income under non-cancellable operating lease:

	2016 €	2015 €
Less than 1 year	54,427	50,560
1-5 years	181,541	198,101
Total	235,968	248,661

Rental expense is related to a 10 years non-cancellable operating lease of a storage warehouse entered into by the Company on 13 October 2016. Total future minimum lease expense under non-cancellable operating lease:

	2016 €	2015 €
Less than 1 year	28,000	-
1-5 years	112,000	-
More than 5 years	133,000	-
Total	273,000	-

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

6. Employees and remuneration

The average number of persons employed (including executive directors) during the financial year was as follows:

	2016 Number	2015 Number
Administration	7	7
Cast	11	11
Production	9	8
New writing	1	1
Total	28	27
	2016	2015
	€	€
Wages and salaries	782,272	669,372
Social security costs	209,888	68,661
Pension costs	54,420	16,140
Total Cost	1,046,580	754,173

One employee has a salary of €97,926. This was the only salary that falls within the pay band of €90,000 - €100,000 for the 2016 and 2015 financial year. Pay bands disclosures for the 2016 financial year are calculated based upon emoluments paid in that financial year.

7. Trading activities

	Unrestricted funds 2016 €	Restricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Trading income				
Merchandising income	1,764	-	1,764	885
Programme sales	16,128	-	16,128	6,539
Bar income	12,906	-	12,906	17,554
Total	30,798	-	30,798	24,978
Trading expenses				
Merchandising expenses	-	-	-	152
Programme expenses	20,168	-	20,168	11,277
Bar expenses	9,227	-	9,227	9,320
Total	29,395	-	29,395	20,749
Net income from trading activities	1,403	-	1,403	4,229

8. Incoming resources from charitable activities

	Unrestricted funds 2016 €	Restricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Theatre production and promotion of the Arts	1,280,250	-	1,280,250	421,431

**Druid Performing Arts Company Limited by Guarantee
(formerly Druid Performing Arts Limited)**

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

9. Costs of generating voluntary income

	Unrestricted funds 2016 €	Restricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Voluntary income direct costs	44,402	-	44,402	35,079
Voluntary income staff costs	170,180	-	170,180	116,552
Total	214,582	-	214,582	151,631

10. Governance costs

	Unrestricted funds 2016 €	Restricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Auditor's remuneration	7,000	-	7,000	7,088
Accounting fees	-	-	-	-
Legal and professional fees	14,617	-	14,617	53,578
Board meeting expenses	4,732	-	4,732	3,630
Governance support costs	126,167	-	126,167	135,404
Total	152,516	-	152,516	199,700

Governance support costs include allocations from general overheads expenditure associated with operating Druid.

11. Other resources expended

	Unrestricted funds 2016 €	Restricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Other administrative expenses	6,111	-	6,111	3,283

12. Direct costs

	Theatre Production €	Total 2016 €	Total 2015 €
Front of house	7,227	7,227	5,409
Cast	323,765	323,765	412,496
Production	1,187,218	1,187,218	869,152
Venue	21,797	21,797	22,861
Total	1,540,007	1,540,007	1,309,918

13. Support costs

	Theatre Production €	Total 2016 €	Total 2015 €
Administration	437	437	1,391
Production	71,837	71,837	69,938
Venue	130,814	130,814	117,547
Total	203,088	203,088	188,876

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

14. Analysis of resources expended by expenditure type

	Total 2016 €	Total 2015 €
Costs of generating voluntary income	214,582	151,631
Fundraising expenses	57,563	51,710
Costs of generating funds	272,145	203,341
Theatre production and promotion of the Arts	1,743,095	1,498,794
Governance	152,516	199,700
Other resources expended	6,111	3,283
	1,901,722	1,701,777
Total resources expended	2,173,867	1,905,118

15. Analysis of resources expended by activities

	Activities undertaken directly 2016 €	Support costs 2016 €	Total 2016 €	Total 2015 €
Theatre production and promotion of the Arts	1,540,007	203,088	1,743,095	1,498,794

16. Net incoming resources / (resources expended)

This is stated after charging:

	2016 €	2015 €
Depreciation of tangible fixed assets:		
- owned by the Company	(125,428)	(111,122)
Grant amortisation	95,173	105,838
Auditors' remuneration	(7,000)	(7,088)

During the financial year, no director received any remuneration (2015: €Nil).

During the financial year, no director received any benefits in kind (2015: €Nil).

During the financial year, directors received reimbursement of expenses amounting to €130 (2015: €263).

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

17. Tangible fixed assets

	Long-term leasehold property €	Building* €	Fixtures and fittings and Sound Equipment €	Computer equipment €	Total €
Cost					
At 1 January 2016	1,573,959	785,000	254,711	69,498	2,683,169
Additions	-	-	43,973	18,426	62,399
Disposals	-	-	-	-	-
At 31 December 2016	1,573,959	785,000	298,684	87,924	2,745,568
Depreciation					
At 1 January 2016	576,782	15,700	191,501	60,045	844,028
Charge for the financial year	78,698	15,700	19,849	11,181	125,428
At 31 December 2016	655,480	31,400	211,350	71,226	969,456
Net book value					
At 31 December 2016	918,479	753,600	87,334	16,698	1,776,112
At 31 December 2015					
	Long-term leasehold property €	Building* €	Fixtures and fittings and Sound Equipment €	Computer equipment €	Total €
Cost					
At 1 January 2015	1,573,959	-	197,079	57,813	1,828,851
Additions	-	785,000	59,584	11,686	856,270
Disposals	-	-	(1,952)	-	(1,952)
At 31 December 2015	1,573,959	785,000	254,711	69,499	2,683,169
Depreciation					
At 1 January 2015	498,084	-	180,335	54,487	732,906
Charge for the financial year	78,698	15,700	11,166	5,558	111,122
At 31 December 2015	576,782	15,700	191,501	60,045	844,028
Net book value					
At 31 December 2015	997,177	769,300	63,210	9,454	1,839,141

* *Heritage Asset*

Tangible fixed assets with a carrying value of €1,776,112 (2015: €1,839,141) are pledged as security for the company's bank loan.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

18. Heritage Asset

The building which the Company purchased in 2015, Lowstrand House, is a listed building and therefore qualifies as a heritage asset as set out in note 17.

The Company is responsible for the day to day maintenance of the building. The building is secured with alarm systems and only authorised persons have access to the building.

19. Debtors

	2016	2015
	€	€
Other debtors	72,051	5,302
Prepayments and accrued income	63,006	13,945
Total	135,056	19,247

20. Creditors: Amounts falling due within one year

	2016	2015
	€	€
Trade creditors	49,415	48,875
Social security payable	19,489	23,554
Other creditors	-	(1,085)
Accruals and deferred income	76,608	20,639
Loan payable	66,764	66,764
Total	212,276	158,747

Trade and other creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

The Company's total bank loan at 31 December 2016 was €465,582 (2015: €513,733), representing the borrowings drawn down under the Company's 10 year term loan. The loan is subject to interest at a rate of 3% per annum over the Cost of Funds Rate (2014: N/A). The loan is due for repayment in annual instalments over the next 10 years. The bank loan is secured by a mortgage over the building (Lowstrand House) and other chattels and assets that the Company own.

Taxes including social security are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

21. Creditors: Amounts falling due after more than one year

	2016	2015
	€	€
Government grants – deferred revenue	933,278	1,105,451
Loan payable	398,818	446,969
	1,332,096	1,552,420

The bank loan is secured against the assets of the Company. The Company obtained a loan with an Irish bank for €Nil (2015: €550,000). The loan is repayable over the period until 2025. The interest rate on the loan is 3% per annum over the Cost of Funds Rate.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

22. Government grants deferred

	2016 €	2015 €
Capital grants received and receivable		
At 1 January	1,105,451	1,174,039
(Decrease)/increase in the financial year	(77,000)	37,250
At 31 December	1,028,451	1,211,289
Amortisation		
Amortisation in the financial year	(95,173)	(105,838)
Net Book Value	933,278	1,105,451

23. Statement of funds

	Brought Forward €	Incoming Resources €	Resources Expended €	Transfers between funds €	Carried Forward €
Unrestricted funds					
Reserves	747,038	-	-	-	747,038
General funds	(123,460)	2,397,134	(1,941,487)	(135,402)	196,785
	623,578	2,397,134	(1,941,487)	(135,402)	943,823
Restricted funds					
Restricted funds	-	96,978	(232,380)	135,402	-
Designated funds					
Designated funds	-	-	-	-	-
Total of funds	623,578	2,494,112	(2,173,867)	-	943,823

Summary of funds

	Brought Forward €	Incoming Resources €	Resources Expended €	Transfers between funds €	Carried Forward €
Unrestricted funds	623,578	2,397,134	(1,941,487)	(135,402)	943,823
Restricted funds	-	96,978	(232,380)	135,402	-
Designated funds	-	-	-	-	-
	623,578	2,494,112	(2,173,867)	-	943,823

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

24. Analysis of net assets between funds

	Unrestricted funds 2016 €	Restricted funds 2016 €	Total funds 2016 €	Total funds 2015 €
Tangible fixed assets	1,776,112	-	1,776,112	1,839,141
Current assets	715,453	-	715,453	498,585
Creditors due within one year	(212,276)	-	(212,276)	(158,747)
Creditors due in more than one year	(1,332,096)	-	(1,332,096)	(1,552,420)
Provisions for liabilities and charges	(3,370)	-	(3,370)	(2,981)
Total	943,823	-	943,823	623,578

25. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to €54,420 for the financial year ended 31 December 2016 (2015: €16,140). During the financial year, the employee's (referred to in Note 6) pension contribution was topped up by €25,929 arising from strong financial performance of Big Maggie and Beauty Queen of Leenane. Contributions totalling €3,370 (2015: €2,981) were payable at the balance sheet date and are included in creditors.

26. Financial risk management

The Company has exposure to two main areas of risk – liquidity risk and interest rate risk.

Liquidity risk

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through operating cashflows. In the event that operating cashflows would not cover all the financial obligations, the Company has cash reserves available. Given the maturity of the bank loan in note 21, the Company is in a position to meet its commitments and obligations as they come due.

Interest rate risk

The Company borrows from its bankers using a term loan whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

27. Interest and similar charges

The amount of interest on or any similar charges in respect of the following have been charged:

	2016 €	2015 €
Banks loans	17,459	15,953
Bank account	2,925	5,653
	20,384	21,606

Interest payable as of 31 December 2016 is €1,000 (2015: €Nil)

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2016

28. Related party transactions

No related party transactions have occurred that require disclosure in the financial statements.

29. Post balance sheet events

There have been no post balance date events that have occurred that require disclosure in the financial statements.

30. Controlling party

The Company is under control of its directors.

31. Comparative information

The prior year information covers the financial year from 1 January 2015 to 31 December 2015.

32. Approval

The financial statements were approved and authorised for issue by the Board of Directors on 18 July 2017.