

Company number 05292793

Charity number 1113902

# **Manchester International Festival** (a company limited by guarantee)

## **Report and Financial Statements**

30 September 2010

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## Company information

### Directors and trustees

Tom Bloxham (Chairman)  
Richard Paver (nominated by Manchester City Council)  
Michael Oglesby (resigned 15 October 2009)  
Chris Oglesby (appointed 1 December 2009)  
Howard Raynor (resigned 23 February 2010)  
Sir Brian McMaster  
Andrew Stokes  
Michael Amesbury (nominated by Manchester City Council)  
Kulwinder Thiarai  
Joyce Hytner (appointed 1 December 2009)  
Irene Khan (resigned 15 July 2010)  
Peter Salmon

### Festival director and senior executive

Alex Poots

### Secretary and registered office

Jackie McNerney  
Third floor  
81 King Street  
Manchester M2 4AH

### Company number

05292793

### Charity number

1113902

### Auditors

Ernst & Young LLP  
100 Barbican Square  
Manchester M2 3EY

### Bankers

The Co-operative Bank  
P O Box 250  
Delf House  
Southway  
Skelmersdale  
WN8 6WT

### Solicitors

Cobbetts LLP  
58 Mosley Street  
Manchester M2 3HZ

## Trustees' report

The trustees are pleased to present their report together with the audited financial statements of the charity for the year to 30 September 2010

### **Structure, Governance and Management**

#### **Governing Document**

Manchester International Festival (MIF) is a company limited by guarantee governed by its Memorandum and Articles of Association dated 22 November 2004 as amended by a special resolution dated 18 July 2008. The company became a registered charity on 26 April 2006.

#### **Directors and trustees**

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

All directors on the Board are members with the exception of the directors appointed by Manchester City Council. A director must be a person aged eighteen years or older who is not disqualified from acting as a director or charity trustee by law.

#### **Appointment and retirement of directors**

The company may, by ordinary resolution, appoint a person who is willing to be a director. Manchester City Council may from time to time by notice in writing appoint up to two persons as directors. The directors may appoint a person who is willing to act to be a director. A director appointed by Manchester City Council may at any time be removed from office by notice in writing by the City Council. All other directors are subject to retirement after three years. A director may be re-appointed for a second term of office but at the end of the second term of office, there must be a gap of at least 12 months before he or she can be re-appointed for a further term.

#### **Trustee induction and training**

All new trustees receive a board induction pack including the charity's governing document, details of the responsibilities of charity trustees, the next Festival budget, the most recent management financial statements and papers from the previous two board meetings. The new trustee then has an induction meeting where the contents of the pack are discussed in detail.

#### **Organisation**

The trustees administer the charity. They meet as a board quarterly and have a Finance and Audit subcommittee, which meets prior to each board meeting. A Festival Director is appointed to administer the day to day operations of MIF. To assist in the effective running of the charity the Festival Director has, as approved by the trustees, delegated operational matters including finance, production and marketing.

## Trustees' report (continued)

### Related parties

Information concerning the related parties is detailed in note 22 of the financial statements

### Risk management

The charity regularly reviews risk at the Finance and Audit subcommittee meetings. Action is taken to minimise those risks deemed significant and likely. In addition, a production risk grid is produced in the run up to the Festival looking at particular risks associated with each production. The Finance and Audit subcommittee reports these findings to the trustees.

### Objectives and Activities

The aims and objectives of the Festival are:

To consolidate Manchester International Festival's position as the leading festival of original, new work, created by a wide range of major international artists:

- Presenting world premieres and special events by internationally acclaimed artists
- Sustaining relationships with key artists across a number of festivals
- Building strong working relationships with leading cultural organisations locally, nationally and internationally

To help secure Manchester's reputation as a leading cultural city and showcase its ability to deliver major large-scale events:

- Creating an ambitious risk-taking festival that animates the city centre
- Attracting a conspicuously broad audience, regionally, nationally and internationally
- Gaining significant media coverage, locally, nationally and internationally

To help build the creative potential of Manchester's different communities and artists through a series of innovative, high quality community-based commissions and creative development programmes:

- Building a long-term and innovative community engagement programme delivered to the same ambitions and values as the rest of the Festival
- Ensuring that there are opportunities for all Manchester residents to attend events in the Festival – through a programme of free events, discount tickets and audience access programmes

## Trustees' report (continued)

### Objectives and Activities (continued)

To ensure that the Festival is a sustainable event – financially and environmentally

- Building a mixed funding base for the Festival, combining public and private sector support with an entrepreneurial approach to fundraising and a rigorous approach to cost control
- Working towards making the Festival a model of sustainability – ie creating an enduring and balanced approach to economic activity, environmental responsibility and social progress throughout the Festival's activities

In the opinion of the Trustees these objectives are consistent with the duty to further its charitable purposes for the public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission in respect of public benefit matters

### Achievements and performance

During the year several productions which premiered in Manchester during the 2009 Festival toured to other venues both nationally and internationally

*Prima Donna* toured to both Sadlers Wells in London in April 2010 and the Luminato Toronto Festival of Arts and Creativity in June 2010

"'Prima Donna' is the opera Andrew Lloyd Webber would write if he could write serious music. Rufus Wainwright's opera is a romantic throwback to late 19th-century Italian opera and Richard Strauss, except that tying it all together you hear the orchestra's pounding rhythms and broken arpeggios, influenced by minimalist contemporary composers such as Philip Glass and John Adams. The piece had its exciting debut at the 2009 Manchester International Festival, the new production directed by Tim Albery at Sadler's Wells is even better." **Wall Street Journal**

The *JS Bach/Zaha Hadid* commission toured to the Holland Festival in Amsterdam in June 2010

*End of the Road* performed by the Young @ Heart chorus toured to Rotterdamse Schouwburg and Vooruit Ghent in September 2009 and the St Anns Warehouse, New York in April 2010

The Carlos Acosta programme toured to Sadlers Wells in December 2009

*The Difference Engine* was performed at the Museum of Science and Industry, Manchester in November 2009

Following the *Procession* commission by Jeremy Deller in 2009, MIF and Cornerhouse commissioned and published a book featuring previously unseen pictures and stories from the event, the exhibition and from Jeremy Deller's research across the city. The book was launched in July 2010. Jeremy Deller has since been awarded the 2010 Albert Medal for creating art that encourages public responses and creativity.

## **Trustees' report (continued)**

### **Achievements and performance (continued)**

MIF has continued with its commitment to become a more environmentally sustainable organisation. In May 2010 MIF achieved the national standard for sustainable event management (BS 8901) making it one of the first international festivals to be independently awarded the standard.

MIF was also nominated for two awards in the Manchester Tourism awards winning both Tourism Event of the Year and the Sustainable Tourism awards. MIF then went on to the North West regional awards where it won the Tourism Event of the Year award.

Several volunteers from the 2009 Festival have gone on to secure work directly as a result of their experiences at MIF. One of the volunteers, Lucy Kerrigan, was awarded the Involved Legend award in November 2009 for her work at the Festival and is now on the V20 panel which advises on youth volunteering in the UK.

### **Financial review**

As MIF is a biennial Festival, budgets are prepared over a two year cycle so the surplus for this year of £1,172,644 is the balance mid way through the two year Festival cycle - it does not accurately reflect the likely financial position at the end of that cycle. The Festival is currently working to a break even budget over the two year cycle and all of the current surplus is forecast to be spent by 30 September 2011. MIF aims to ensure robust financial planning, which has resulted in significant sponsorship and grant income being secured in the first year of the 2011 Festival cycle to enable us to plan for the operation of the Festival in 2011. All of this sponsorship and grant income has been recognised in full within these financial statements, according to Charities SORP recommendations, even though only a small percentage of the income pledged has been received at the year end date.

MIF is grateful to the continued support of Manchester City Council and Arts Council England as revenue funders.

MIF is working hard to secure the remaining income for the 2011 Festival and has been successful in securing an increased amount of co-commissioning income with up to nine co-commissioners committed for 2011.

### **Investment powers and policy**

Under the company's Memorandum and Articles of Association the charity has the power to invest in any way deemed appropriate. MIF endeavours to make best use of available funds by investing these funds in interest bearing deposit financial statements.

### **Reserves policy**

The Trustees wish to establish a reserve that will aim to cover three months of fixed costs (excluding project costs). The surplus brought forward from September 2009 of £57,598 is currently held on this basis but the surplus for the year to 30 September 2010 will all be used for the 2011 Festival.

## Trustees' report (continued)

### Plans for future periods

The next Festival will run from 30 June until 17 July 2011. The Festival will continue to programme a series of new artist-led commissions, looking at ways of making more of the commissions work harder for MIF and reaching larger numbers of people – for instance by running them for longer or by designing the commissions so that they work across a number of platforms and connect to community engagement initiatives. These commissions will be supported by a programme of concerts and special events.

Some of the projects announced for 2011 include

Bjork will open the Festival with the world premiere of her *Biophilia* show in the striking space of Campfield Market and will be in residence throughout the Festival performing 6 shows.

*Doctor Dee* – a new work composed by Damon Albarn and directed by Rufus Norris.

Victoria Wood, one of the UK's best-loved writers and performers, is creating a new show *That Day We Sang*, the story of some of the children who sang on the famous recording of 'Nymphs and Shepherds' by the Manchester Children's Choir.

MIF and Teatro Real Madrid present the world premiere of a startling new piece for the stage *The Life and Death of Marina Abramović*, a biography of the godmother of performance art, re-imagined by visionary director Robert Wilson.

MIF Creative will continue into the 2011 Festival, enabling MIF to build relationships with local communities and creating a genuine long-term legacy. Several commissions are planned to work with communities throughout the Manchester area.

MIF will continue to offer many free events as part of the Festival in 2011.


The volunteer scheme will again form a crucial part of the 2011 Festival offering opportunities in many different areas and already 400 volunteers have been recruited.

### **Auditors**

In accordance with section 418(2) of the Companies Act 2006, each of the above Trustees (excluding those who have resigned at the date of this report)

- is not aware of any relevant audit information of which the Company's auditors are unaware, and
- has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



Richard Paver

Date 14/6/11

## **Statement of trustees' responsibilities**

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company and charity law requires the trustees to prepare financial statements for each financial year. Under these laws the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees 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 charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the trustees are required to

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are also responsible for ensuring that the assets of the charity are properly applied in accordance with charity law.



## **Independent auditors' report**

**to the members of Manchester International Festival (a company limited by guarantee)**

We have audited the charitable company's financial statements for the year ended 30 September 2010 which comprise the Statement of Financial Activities, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As set out in the Statement of Trustees' Responsibilities on page 6, the charitable company's trustees (who are also the directors of Manchester International Festival Limited for the purposes of company law) are responsible for the preparation of the financial statements and the Annual Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the information gives a true and fair view.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Independent auditors' report

to the members of Manchester International Festival (a company limited by guarantee)  
(continued)

### Opinion

In our opinion

- the financial statements give a true and fair view of the state of affairs of the charitable company as at 30 September 2010 and of its incoming resources and application of resources including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustee's Annual Report is consistent with the financial statements



Jan Gregory (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor  
100 Barbirolli Square,  
Manchester

Date 17/6/11

## Statement of financial activities (including income and expenditure account)

for the year ended 30 September 2010

		Unrestricted	Restricted	2010 Total	2009 Total
	Note	£	£	£	£
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income					
Grants and donations *	2	1,328,915	26,549	1,355,464	2,512,920
Activities for generating funds *	3	1,005,609	-	1,005,609	2,517,324
Investment income	4	1,794	-	1,794	7,805
		2,336,318	26,549	2,362,867	5,038,049
<b>Incoming resources from charitable activities.</b>					
Operation of Festival	5	69,760	-	69,760	2,133,582
<b>Total incoming resources</b>		2,406,078	26,549	2,432,627	7,171,631
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Costs of generating voluntary income	6	172,687	6,549	179,236	359,249
<b>Charitable activities</b>					
Festival costs	7	1,030,959	-	1,030,959	6,990,738
<b>Governance costs</b>	8	49,788	-	49,788	53,747
<b>Total resources expended</b>		1,253,434	6,549	1,259,983	7,403,734
<b>Net movement in funds **</b>	9	1,152,644	20,000	1,172,644	(232,103)
<b>Total funds brought forward:</b>					
At 30 Sep 2009		57,598	-	57,598	289,701
<b>Total funds carried forward</b>		1,210,242	20,000	1,230,242	57,598

All amounts relate to continuing activities

All recognised gains and losses are included in the Statement of Financial Activities

\*The current year is the first of the two year Festival cycle. Income is received over the two year cycle in order to fund the costs of the Festival which will take place in July 2011 and most of the expenditure will therefore take place in the next financial year.

\*\*The surplus for the year of £1,172,644 is expected to be used in full to fund the expenditure of the 2011 Festival.


## Balance sheet

at 30 September 2010

Company Number 05292793 – Registered Charity Number 1113902

	Notes	30 Sep 2010 £	30 Sep 2009 £
<b>Fixed assets</b>			
Tangible assets	12	5,195	13,041
<b>Current assets</b>			
Debtors	13	992,786	651,045
Cash and bank balances		458,177	443,647
		1,450,963	1,094,692
<b>Creditors</b> amounts falling due within one year	14	(225,916)	(1,050,135)
<b>Net current assets</b>		1,225,047	44,557
		1,230,242	57,598
<b>Funds</b>			
<b>Unrestricted funds</b>			
General	16	1,210,242	57,598
<b>Restricted funds</b>			
MIF Creative Reserve	16	20,000	-
		1,230,242	57,598

These financial statements were approved and authorised for issue by the Executive Board and were signed on its behalf by



Richard Paver  
Treasurer

14/6/11

## Notes to the financial statements

at 30 September 2010

### 1. Accounting policies

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with the Companies Act 2006 and follow the recommendations in Accounting and Reporting by Charities Statement of Recommended Practice issued in March 2005

#### **Statement of cash flows**

As a small company, no statement of cash flows is required to be prepared under the exemption allowed in FRS1 (Revised)

#### **Funds**

Unrestricted funds comprise accumulated surpluses and deficits on general funds and are available for use at the discretion of the Executive Board in furtherance of the general charitable objectives. Restricted funds are funds subject to specific restricted conditions imposed by the donors, or which have been raised by the charity for particular purposes

#### **Incoming resources**

Voluntary income comprises grants, donations and sponsorship that provide core funding or are of a general nature. All grants and donations receivable are recognised when the conditions for receipt have been met. Where grants and donations are performance related or restricted to future accounting periods they are deferred and accounted for as a liability.

Income from charitable activities represents the total income receivable during the period from box office income and co-commissioning income. Income is deferred when it is received in advance of an event taking place.

Investment income is recognised on a receivable basis.

#### **Resources expended**

Expenditure is recognised on an accruals basis as a liability is incurred.

Cost of generating funds comprise the costs associated with attracting voluntary income and the costs of the expenditure for raising sponsorship income.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. 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 on the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

#### **Depreciation**

Depreciation has been provided to write off cost, less estimated residual values, of tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Computers	- 50% straight line per annum
Fixtures and fittings	- 33 1/3% - 50% straight line per annum

## Notes to the financial statements

at 30 September 2010

### 1. Accounting policies (continued)

#### *Productions in preparation*

Costs relating directly to a production which are incurred in advance of its staging, such as commissioning and build costs, are charged in the first instance to the balance sheet and disclosed under the heading 'production costs'. These costs are subsequently charged to the Statement of Financial Activities in the period in which the production's first performance takes place.

#### *Donated services and facilities*

Where services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity.

#### *Pension costs*

The Charity operates a defined contribution scheme. The assets of this scheme are held separately from those of the Charity, being invested with insurance companies. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the Charity in the period.

#### *Leasing commitments*

Rentals payable under operating leases are charged as expenditure to the Statement of Financial Activities on a straight line basis over the lease term.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the Statement of Financial Activities.

### 2. Grants and donations

	<i>Unrestricted</i>	<i>Restricted</i>	<i>2010 Total</i>	<i>2009 Total</i>
	£	£	£	£
Manchester City Council	1,000,000	-	1,000,000	1,200,000
Arts Council England	325,000	-	325,000	557,500
Innovation Investment Fund	-	4,768	4,768	295,232
Salford City Council	-	-	-	100,000
Esmée Fairbairn Foundation	-	-	-	72,500
Greater Manchester Strategic Arts Fund	-	-	-	66,945
Association of Greater Manchester Authorities	-	-	-	66,400
Zochonis Charitable Trust	-	20,000	20,000	45,000
Heritage Lottery Fund	-	1,781	1,781	40,000
Department of Business Enterprise and Regulatory Reform (BERR)	-	-	-	25,000
Paul Hamlyn Foundation	-	-	-	20,000
British Council	-	-	-	18,561
Tom Bloxham Trust	-	-	-	2,000
Individual Giving	3,915	-	3,915	3,782
	<u>1,328,915</u>	<u>26,549</u>	<u>1,355,464</u>	<u>2,512,920</u>

The current year is the first year of the two year Festival cycle. Grants and donations are received over the two year cycle in order to fund the costs of the Festival which will take place in July 2011 and most of the expenditure will therefore take place in the next financial year.

## Notes to the financial statements

at 30 September 2010

### 3. Activities for generating funds

	2010 £	2009 £
Sponsorship*	893,000	2,230,729
Sponsorship in kind	96,337	269,323
Other income	16,272	17,272
	<u>1,005,609</u>	<u>2,517,324</u>

Sponsorship in kind includes services provided by Bruntwood Group Limited and Ernst & Young LLP

\* In the current year sponsorship includes £637,500 which reflects amounts agreed under signed contracts but not due to be received until 2010/11

The current year is the first year of the two year Festival cycle. Sponsorship is received over the two year cycle in order to fund the costs of the Festival which will take place in July 2011 and most of the expenditure will therefore take place in the next financial year

### 4. Income from investments

	2010 £	2009 £
Interest receivable	1,794	7,805

### 5. Incoming resources from charitable activities

	2010 £	2009 £
Box office	-	1,002,427
Co-production income	-	719,750
Touring, project rentals and sales and royalties	69,654	391,172
Programme and miscellaneous income	106	20,233
	<u>69,760</u>	<u>2,133,582</u>

## Notes to the financial statements

at 30 September 2010

### 6. Costs of generating voluntary income

	2010 £	2009 £
Wages and salaries	145,248	185,315
Direct costs	10,169	147,026
Support costs (note 8)	23,819	26,908
	<u>179,236</u>	<u>359,249</u>

### 7. Analysis of charitable expenditure – Festival costs

The charity undertakes direct charitable activities only and does not make grant payments

	Direct costs £	Wages and salaries £	2010 £	2009 £
Core Festival Staff	-	376,162	376,162	371,427
R&D	8,369	-	8,369	65,840
Commission costs	5,317	286,181	291,498	5,244,762
Branding and advertising	85,899	67,387	153,286	907,002
Volunteers	-	-	-	51,629
Support costs (note 8)	201,644	-	201,644	350,078
	<u>301,229</u>	<u>729,730</u>	<u>1,030,959</u>	<u>6,990,738</u>

### 8. Support costs

The charity allocates its support costs as shown in the table below and then further apportions these costs on a basis consistent with the use of resources

	Voluntary income £	Governance £	Charity Activity Festival £	2010 Total £	2009 Total £
Wages and salaries	-	40,813	-	40,813	40,413
Professional fees and charges	14,980	7,764	-	22,744	31,946
Other staff costs	4,281	1,211	37,192	42,684	117,621
Depreciation	-	-	9,846	9,846	21,402
Running expenses	4,558	-	41,024	45,582	90,627
Premises costs	-	-	113,582	113,582	128,725
	<u>23,819</u>	<u>49,788</u>	<u>201,644</u>	<u>275,251</u>	<u>430,734</u>

The costs are allocated on a time basis



## Notes to the financial statements

at 30 September 2010

### 9. Movement in total funds for the period

Net movement in funds are stated after charging

	2010 £	2009 £
Auditors' remuneration – current period	4,500	12,000
Operating lease rentals – land and buildings	78,061	76,515
Depreciation	9,846	21,402

### 10. Analysis of staff costs

	2010 £	2009 £
Wages and salaries (including production wages)	809,367	1,154,079
Social security costs	90,710	125,518
Other pension costs	15,715	20,667
	915,792	1,300,264

Number of employees

The average monthly number of full-time equivalent employees (including casual and part time staff) during the period was as follows

	2010 No	2009 No
Festival	14	26
Fundraising	3	4
Governance	1	1
	18	31

## Notes to the financial statements

at 30 September 2010

### 10. Analysis of staff costs (continued)

The number of staff who were paid more than £60,000 in the following ranges were

	2010 No	2009 No
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£90,001 - £100,000	1	1
£120,001 - £130,000	1	1
	<u>3</u>	<u>3</u>

Two (2009 two) of the higher-paid staff are members of the company's defined contribution pension scheme. A total of £8,223 (2009 £8,809) was paid in pension contributions for these persons.

### 11. Executive Board's remuneration and reimbursed expenses

None of the Executive Board members received remuneration for their services during the period.

One board member received travel re-imbursements of £59 during the year. Another board member received travel re-imbursements of £66 during the year.

### 12. Fixed assets

	Office equipment £	Fixtures and fittings £	Total £
Cost			
At 1 October 2009	90,936	17,037	107,973
Additions	2,000	-	2,000
At 30 September 2010	<u>92,936</u>	<u>17,037</u>	<u>109,973</u>
Depreciation			
At 1 October 2009	78,418	16,514	94,932
Charge for the year	9,430	416	9,846
At 30 September 2010	<u>87,848</u>	<u>16,930</u>	<u>104,778</u>
Net book value			
At 30 September 2010	<u>5,088</u>	<u>107</u>	<u>5,195</u>
At 1 October 2009	<u>12,518</u>	<u>523</u>	<u>13,041</u>

## Notes to the financial statements

at 30 September 2010

### 13. Debtors

	2010 £	2009 £
Trade debtors	96,271	329,504
Other debtors	5,115	10,780
Prepayments and accrued income	891,400	119,702
VAT	-	191,059
	<u>992,786</u>	<u>651,045</u>

### 14. Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	149,733	655,851
Accruals and deferred income	63,294	394,284
VAT	12,889	-
	<u>225,916</u>	<u>1,050,135</u>

### 15. Deferred income

Deferred income comprises grants and sponsorship received in advance of expenditure incurred

	£
At 1 October 2009	150,000
Amount released in the period	(150,000)
Amount deferred in the period	<u>49,750</u>
At 30 September 2010	49,750

## Notes to the financial statements

at 30 September 2010

### 16. Analysis of charitable funds

	<i>Balance at 1 Oct 2009</i>	<i>Incoming resources</i>	<i>Movement in funds Outgoing resources</i>	<i>Balance at 30 Sep 2010</i>
	£	£	£	£
<i>Analysis of Unrestricted Fund movements</i>				
General Fund	57,598	2,406,078	(1,253,434)	1,210,242
<i>Analysis of Restricted Fund movements</i>				
MIF Creative Reserve	-	26,549	(6,549)	20,000
Total	57,598	2,432,627	(1,259,983)	1,230,242

MIF Creative Reserve

This fund represents funds received for MIF Creative projects which will take place in the next financial year

### 17. Analysis of net assets between funds

Fund balances at 30 September 2010 are represented by.

	<i>General Funds</i>	<i>Restricted Fund</i>	<i>Total Funds</i>
	£	£	£
Tangible fixed assets	5,195	-	5,195
Current assets	1,430,963	20,000	1,450,963
Current liabilities	(225,916)	-	(225,916)
	1,210,242	20,000	1,230,242

### 18. Share capital

The charitable company is limited by guarantee and has no share capital. The liability of the members is limited. In the event of the charitable company being wound up, the liability of the members in respect of their guarantee is limited to £10. The members' liability applies during the time they are a member of the charitable company or one year thereafter as stated in the Memorandum of Association.

### 19. Taxation

The company is a registered charity and no provision is considered necessary for taxation.

## Notes to the financial statements

at 30 September 2010

### 20. Operating lease commitments

The amounts payable under operating leases shown below are analysed according to the expiry of the leases

	<i>Land and buildings 30 Sep 2010 £</i>	<i>Land and buildings 30 Sep 2009 £</i>
Operating leases which expire		
Within one year	68,561	68,561
Within two to five years	15,500	15,500

### 21. Pension arrangements

The Charity operates a defined contribution scheme. The assets of this scheme are held separately from those of the Charity, being invested with insurance companies. During the year, the charity paid £15,715 (2009 £20,667) towards pension contributions.

### 22. Related parties

The charity has a close working relationship with Manchester City Council ("MCC") which has nominated two of the charity's trustees and provides a significant proportion of the funding to enable the charity to carry out its charitable objectives, principally the delivery of a biannual festival. The income from MCC in the period is disclosed in note 2.

The charity is provided with rent-free offices in Manchester by Bruntwood Estates, whose CEO, Chris Oglesby, also acts as a trustee.

As the funding received from such bodies is applied to pursue the normal, independent activities of the charity and in no way inhibits it from doing so, none of the transactions with these bodies is regarded as a related party transaction that needs to be disclosed in further detail in the financial statements.

Other less significant sums of income and expenditure are also received from and paid to bodies with which trustees have connections but the amounts are not material and arise in the normal course of business.

### 23. Derivatives

The charity purchases forward foreign currency contracts to hedge currency exposure on firm future commitments in respect of artists' fees. The fair values of the derivatives held at the balance sheet date, determined by reference to their market values are as follows:

	<i>30 Sep 2010 £</i>	<i>30 Sep 2009 £</i>
Forward Foreign Currency Contracts	(4,801)	-