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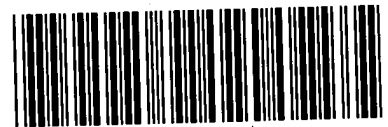
Charity number: 1113902

Manchester International Festival

Trustees Report and Financial Statements

30 September 2019

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Trustees Report and Financial Statements

30 September 2019

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Trustees' Annual Report

The trustees are pleased to present their annual directors' report together with the audited consolidated financial statements of the charity and its trading subsidiary for the year to 30 September 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

Our Purposes, Objectives and Activities

Manchester International Festival (MIF) purposes are to promote, maintain, improve, develop and advance public education by the encouragement of the arts. Arts include music, opera, dance, singing, dancing, literature and visual arts and in particular their promotion by holding of festivals of culture, ideas and creativity.

The organisation has five strategic aims for the reporting period. These are:

1. To continue to grow the international reputation of the Festival and the city – with artists, audiences, partners and media coverage from across the globe and from a wide variety of backgrounds – in turn driving reach for the Festival and attracting people to the city and the best staff to our team.
2. To bring the most extraordinary artists from around the world to Manchester to create diverse and inspiring new work – made in Manchester and shared worldwide.
3. To connect in new and ever deeper ways with the city and region of Manchester, increasing the range and diversity of those engaging with the Festival, with an ever more visible and transformative presence in the city.
4. To build the capacity and scale of MIF in readiness to open The Factory in 2022. This includes creative and commissioning partnerships, fundraising relationships with sponsors and individual donors, building audiences, commissioning and developing the organisation's governance and staffing.
5. To develop the brand, profile and awareness of MIF/The Factory locally, nationally and internationally in readiness for opening in 2022.

Additionally, MIF has set four strategic aims for The Factory to guide the development work over the next few years:

1. To develop the model for creating large-scale cross-platform work in partnership with regional, national and international creative teams and producers. This work will be developed with a focus on export as much as presentation.
2. To create a strong sense of ownership among the region's population through an exciting combination of challenging and accessible programming, an ambitious extension of MIF's community engagement strategies, and in-depth partnerships with a wide range of regional organisations.
3. To develop a game-changing skills and training programme around technical, backstage and organisational skills, contributing to job creation and supporting growth in the creative economy, reaching a wide-ranging demographic, and consolidating Manchester's position as a great place for companies to create ambitious art, media and entertainment projects.
4. To ensure that MIF and The Factory develop a rich, symbiotic relationship, focused on one shared vision.

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In the opinion of the trustees these aims 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 Chapter 4 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission in respect of public benefit matters.

Achievements and performance

The period October 2018 to September 2019 saw the continuation of significant transformation and growth for MIF as the organisation delivered its core offer of a sustainable, biennial two-and-a-half-week Festival in 2019, developed its Skills and Training offer, expanded its Creative Engagement programme and International touring programme whilst making preparations in parallel to open The Factory in 2022. The Factory is currently under construction as a new large-scale arts centre in Manchester. The Factory will be owned by Manchester City Council ('MCC' hereafter), who are responsible for its construction and it will be operated by MIF.

In order to evaluate the 2019 Festival, MIF's board requested that its Executive prepare a detailed report examining MIF's performance in 2019 against both its agreed aims and objectives and a set of KPIs. In order to prepare this report, the MIF executive commissioned external evaluators.

- The Audience Agency were engaged to conduct an on-line audience survey of a sample of ticket buyers and attendees and analyse responses according to an agreed set of metrics.
- New Economy were engaged to analyse the economic impact of the Festival.
- Independent evaluator, Sara Robinson, was commissioned to do an external evaluation assessing the impact of the MIF 2019 Creative Engagement programme.

An international programme

The MIF 2019 programme involved 21 new artist commissions, a full 18-day free programme on Festival Square and a range of other special events including music events, talks, supper clubs, walking tours and residencies across the city.

MIF 2019 was a truly global festival with artists from USA, Europe, South America, Canada, Africa, India, Japan and the UK, including artists who live in Manchester. Venues ranged from established galleries, theatres and concert halls in the wider city – the Royal Exchange Theatre, HOME, Manchester Art Gallery, the Whitworth, the Dance House, Stoller Hall, Academy 1, the Bridgewater Hall, and the Lowry - through to site-specific spaces including Mayfield Depot, Upper Campfield Market, and public spaces including Whitworth Park and Cathedral Gardens. New international commissions and co-productions created by the Festival included:

Parliament of Ghosts – Ibrahim Mahama – this major installation at the Whitworth reflected on the half-forgotten history of Ibrahim's home country: Ghana, whose journey

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from British colony to independent nation was completed barely 60 years ago. Lost objects including railway sleepers and abandoned train seats were repurposed to create a parliamentary chamber in the gallery, surrounded by documents from government archives, films photography, textiles and painting to evoke the history and memories of a country in transition.

"Textured and provocative . . . A raucous display of sudden colour. . . Mahama's show is the high point of the visual art offerings"

Tim Adams, The Observer, 28 July 2019

Invisible Cities – 59 productions and Rambert – with an international creative team, this production brings together choreography, video and projection, theatre and music for a large-scale site-specific spectacle made especially for Mayfield Depot which will then be adapted for a future life in Australia, Kuwait, Hong Kong and London.

"Flamboyant, sweaty, virtuosic and precise"

The New York Times, 13 July 2019

"The spectacular Invisible Cities transforms Mayfield . . . into a place of dreams... The visual inventiveness of the piece is dazzling"

Sarah Hemming, Financial Times, 17 July 2019 – 4 stars

Maggie the Cat – Trajal Harrell – forming part of a trilogy inspired by women fighting for power, was a magnetic new dance work created by this American choreographer, considered to be one of contemporary dance's most inspired artists. MIF will continue this partnership to tour the trilogy around the world to Europe, Abu Dhabi and New York.

"The catwalk procession, the exuberant self-expression, the transformation of ordinary household objects – are handled by Mr. Harrell with masterly timing and aesthetic flair. Through rhythmic juxtaposition and perfect pacing, he creates alternating states of chaos and calm, of joy and excitement, bewilderment and bathos."

Ros Sulcas, The New York Times, 17 July 2019

Studio Creole – created by an international team including Adam Thirwell, Hans Ulrich Obrist, Rem Koolhaas and John Collins and featuring seven internationally acclaimed authors from seven countries telling seven new stories in seven different languages translated through a live interpreter into English and performed by one performer.

"A bewildering experience, in the best possible way . . . Of all the lessons delivered by a Festival that brings visual art, performance, dance, literature, music and combinations of the above from around the world to Manchester this [Studio Creole] might be the most valuable of them all."

Art Review, Ben Eastham

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The Nico Project – co-created by Maxine Peake and Sarah Frankcom - Inspired by Nico's time in Manchester and her 1968 album *The Marble Index*, now regarded as one of the defining masterpieces of 1960's counterculture, this music piece explored the artist's ghosts.

As she struggled to make herself heard in a field dominated by men. This piece was seen at the Melbourne Festival in October 2019.

"A Bacchic climax of cacophonous sound, whirling bodies, whipping hair, anguish and exultation. Wild, demanding, utterly intoxicating."

Sam Marlow, *The Times*, 16 July 2019

A Drunk Pandemic – ChimPom and Contact Young Curators – developed by this young company from Tokyo in the tunnels underneath Victoria Station this piece originated from the fact that during Manchester's cholera epidemic almost 200 years ago, those who drank beer not water, were the ones who survived. Contact Young Curators identified the company and worked with them to shape the piece for Manchester.

"With its bizarre blend of humour, beer and a unique slant on Manchester's history, A Drunk Pandemic is not only inventive and educational, but genuinely entertaining."

Kevin Bourke, *Northern Soul*

School of Integration – Tania Brugera – co-commissioned with Manchester Art Gallery this new work by the renowned Cuban artist invited local people originally from other countries around the world, from Zimbabwe to Tibet, to share their experiences, skills and culture as part of a wide-ranging curriculum of classes. The art work fostered cohesion and helped build bridges of cultural understanding.

"The School of Integration humanizes the faceless immigrants that the public are so often taught to fear, spurring a change of outlook. . . If art, as she suggests, can really be a tool for social change, we can hope that this is just the beginning."

Neelam Tailor, *Frieze*, 29 July 2019

Tao of Glass – Philip Glass and Phelim McDermott – Glass, one of the world's greatest living composers collaborated with Manchester-raised director and performer McDermott to create one of the big hits of the festival – and exploration of music, heroes and dreams.

'An exploration of the mystery of artistic creation that's marvellously entertaining and deeply touching'

Richard Morrison, *The Daily Telegraph*, 16 July 2019

Dystopia987 – Skepta – created by The Mercury Prize winner MC and producer, at Mayfield Depot and supported by the Audience of the Future programme by UK Research and Innovation and by the PRS for Music Foundation. This new commission

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featured an intimate live set from Skepta in an environment created by new technology and performance which sold out and attracted a young audience.

"A resounding and powerful victory for Skepta, Manchester International Festival and for pop culture itself." John Robb, Louder Than War, July 2019

Additionally, MIF programmed a series of special music events with internationally renowned artists from a range of music genres. These included Janelle Monae, who opened the Festival with a concert at the Castlefield Bowl and Abida Parveen, one of the world's greatest Sufi singers from Pakistan who performed at The Lowry in a collaboration with Indian Kathak dancer Nahid Siddique.

Audiences

2017 saw a significant uplift in total attendance with audience numbers increasing by 21% from MIF15 with a total of 301,870 attending. 2019 maintained this trend with 302,161 visitors, a record number.

For MIF19 we developed our audience evaluation methodology to ensure we gathered feedback from a wide range of audiences across all ticketed and free Festival events. This included an audience survey, both emailed to ticket bookers and conducted face to face at a range of free events and Festival Square; Vox Pops, family friendly feedback; post Festival focus groups and telephone interviews; and video diaries and written surveys from young reviewers.

Additionally, for the first time MIF19 implemented its own ticketing system; as well as selling tickets directly, this also allowed us to develop a CRM (Customer Relationship Management) strategy for the first time.

The evaluation carried out by the survey indicates 30% of attendees to MIF 2019 came from Manchester with a further 35% from other Greater Manchester boroughs. This remains consistent with 2017 when 65% of visitors were Greater Manchester residents. 10% of visitors were from elsewhere in the North West and 20% from the rest of the UK. 5% of visits were from international attendees.

To grow audiences and awareness for MIF and The Factory, we increased our publicity across the North of England and in London and ran a tourism campaign in partnership with Marketing Manchester and Creative Tourist.

Audience satisfaction continues to go from strength to strength, with 93% of people evaluated rating their whole experience as 'very good' or 'good', up from 86% in MIF17, 90% rating the quality of events either 'very good' or 'good', up from 86% in MIF17 and 92% saying they would recommend the Festival to others.

Festival Square (in Albert Square) was once again the home of the Festival in the heart of the city, and it was more popular than ever this year. Boosted by an unprecedented programme of free live music and DJs, which saw more than 100 acts perform day and night across the Festival's 18 days, Festival Square attracted a record 165,000 visitors during MIF19 – an increase of 15,000 people (10%) over MIF17's previous record attendance.

We continued to offer a discounted ticketing scheme to Greater Manchester residents on a low wage, but for MIF19 the ticket price was reduced from £12 to £10, making the Festival more accessible to a wider range of people. For MIF19, 10% of all tickets for

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events over £10 were offered exclusively at £10 to these residents. Additionally, 2531 free tickets were given to community groups across GM through the Cultural Connector programme.

Digital Reach

There was significant online editorial activity across the Festival programme, within the UK and around the world, we extended our international reach to include 5 additional countries, now at a total of 199. We also created different forms of content during the festival this included podcasts, immersive experiences and web experiments. This saw a 68% increase in digital content consumption compared to 2016-17. This translates to 6.6 million views across all platforms, 1,315,169 interactive users, and a reach of 25,134,763 million.

Artists and Partners

Arts Weekend, held on the middle weekend of each festival offers the opportunity to artists and partners from around the world to come to Manchester to visit the city, the festival and find out more about The Factory. We had a total of 152 attendees, the highest number ever, including representatives from 22 co-commissioning organisations. All attendees were leaders in significant national and international arts and culture organisations, and included some of the world's leading presenters, curators and producers. The attendees were from more than 20 different countries and travelled from 50 different cities including Adelaide, Amsterdam, New York, LA, Paris, Helsinki, Vienna, Brisbane, Melbourne, Moscow, Warsaw, Hong Kong, San Paulo and Zurich.

Co-commissioning partners: We raised just under £3m from co-commissioning partners for MIF 2019, an increase of around 200% from MIF 2017 and the most that has ever been raised from this income stream. This increase is due to a building the capacity of MIF's international resource in order to fulfil our targets for The Factory when it opens and MIF 2022. Over 45 organisations from around the world co-commissioned world premieres with MIF. 15 productions in the festival programme were invested in. These organisations covered 4 continents including Melbourne, Brisbane, and Perth Festivals in Australia, Abu Dhabi's NYU Arts Centre, Carriage Works in Sydney, Hong Kong Festival, University of North Carolina's Performing Arts venue, National Theatre Scotland, the Barbican Centre and Sadlers Theatre in London, various other European festivals and venues and Manchester Cultural organisations including HOME, Future Everything, Science and Industry Museum (SIM), Manchester Art Gallery (MAG), Halle, BBC Philharmonic and Contact.

Connection with the communities of Manchester

MIF plays a significant role in making Manchester a liveable city and a great place to live, work and study. Our widening participation work drives local cultural enjoyment and new audience development with skills development, health, wellbeing, education and learning all evident as key outputs of the programme.

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Creative engagement ran throughout this year's festival from the very opening moments of *Bells for Peace* – led by three emerging female artists from the city – to its closing event *Animals of Manchester* - curated with the support of our city's schoolchildren. Over 5,900 people were involved in MIF's volunteering and engagement programmes benefitting from nearly 33,000 person engagement hours and contributing a further 15,793 hours in volunteer time. A further 2,531 community members and groups were given free access to MIF and pre-Factory events with supported follow up via our Cultural Connector.

In addressing the need to increase the range and diversity of engagement over the last two years we have seen increases in participants from a BAME background (to 27%) and in participants identified as having a disability (to 21%) as well as a significant increase in young people as participants with 43% of participants under 20. Targeted activity to increase involvement from areas of Manchester with lower previous engagement with MIF saw particular increases in a number of priority wards including Harpurhey, Moston and Moss Side.

In terms of socio-economic classification, MIF participants have an above average percentage of those who identify as 'never worked or on long-term sickness' than the UK population (MIF participants 12% / population average 9%). See Appendix 2 for a full breakdown of people from Manchester wards accessing free or low-cost tickets.

Access

A total of 37 accessible performances/events were delivered during MIF19, across 14 different productions. This represents a significant increase on the 13 access performances across 8 productions that were delivered at MIF17 (before MIF had dedicated resource for access), and an increase on the 25 performances that were announced in March. MIF also provided BSL interpretation at all Festival events which featured speeches.

Media

The 2019 Festival again attracted a significant amount of media attention locally, nationally and internationally, valued at £43 million Advertising Value Equivalent (AVE). A large proportion of coverage was generated through continuing relationships with media partners - BBC, The Guardian and Manchester Evening News - who provided extensive support leading up to and during the Festival period.

Highlights included 45 hours of national and international broadcasts (TV and radio) featuring MIF shows, including major interview slots on BBC Breakfast, BBC Radio 2, 3, 4, 6, World Service and Asian Network, and primetime news bulletins and reports on BBC Radio 4 and 5 Live, Sky News and Channel 4 News. These included five dedicated Radio 6 Music broadcasts from Festival Square by Mary Anne Hobbs and Shaun Keaveny with multiple guest appearances and an entire episode of BBC Radio 4's flagship cultural programme *Front Row* dedicated to MIF19. Much of this content was also made available to wider national and international audiences online.

A BBC2 special on MIF, *Welcoming the World*, presented by Brenda Emmanus, featuring exclusive behind-the-scenes footage of *Tree*, *Parliament of Ghosts*, *Alphabus* and *Bells for Peace*, was broadcast on BBC 2, providing a great signpost to MIF for national audiences. *Welcoming the World* also had extensive international reach to

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international audiences, receiving eight repeats on the BBC World News channel across multiple territories.

Significantly increased regional broadcast coverage helped tell the story of MIF's community and engagement work to local audiences. Highlights included 40 hours of live broadcasts from Festival Square, featuring creatives, talents and packages from across the MIF19 programme; live coverage of *Bells for Peace* from Cathedral Gardens; a live special of BBC Lancashire's culture programme; and a live broadcast from the first Festival in My Neighbourhood. There were over ten features and news items on BBC North West Tonight and several on ITV's Granada Reports

Print and online editorial activity across the Festival programme also increased, within the UK and around the world, with coverage from 41 countries. A wide range of national and international media was secured, with previews, features, interviews and reviews appearing in titles across the globe, from the US to Africa, Asia to Australia and Europe to Russia. These included a wide range of UK dailies, Sundays and consumer print and online publications such as Easy Jet Traveller, Harper's Bazaar, Conde Nast Traveller, Uncut, Creative Review, Big Issue, The Stage, Art Review, Radio Times, Stylist, Wallpaper, The Face, Time Out, Artnet, Dazed media, and Frieze; as well as New York Times, Vogue US, New Statesman Ghana, Art Review Asia, Financial Times Asia, The Age, Brisbane Times, South Africa Sunday Times and Berliner Zeitung. Press Association pick up meant that several stories were syndicated across the country through local press.

Economic Impact

MIF supports economic growth by substantially raising the city's profile, drawing in national and international visitors, and attracting inward investment by positioning the Manchester as a leading cultural city with an ability to showcase major large-scale events. With the large numbers of visitors into Greater Manchester (10% were from other areas of the North West, 19% from UK (outside the North West) and 5% international), and the increased investment from Manchester City Council and the Arts Council as we move towards The Factory, the economic impact of the Festival grew to £50.2million in 2019. This compares to a target of £40m for 2019 and an actual of £42.20m in 2017. 766 suppliers from the Manchester city region also supported the Festival – which is a significant increase from the 274 in the previous Festival cycle.

Earned Income

Box office income achieved during the Festival was on target, at £1.1m.

Co-commissioning income and coproducing value in kind (VIK) support met target, contributing just under £3m in cash and co-production contribution towards the cost of the artistic programme.

The final amount raised from individual donors, corporate partners for MIF19 is £2.37million including value in kind. MIF19 was supported by 65 corporate sponsors and media partners including ongoing top tier Official Partners; Bruntwood, Manchester Airport Group and NCP. Significant Media Partnerships with BBC, Guardian and Manchester Evening News continued. Many important partners joined for the first time, including Aviva Investors, The Hut Group and Lendlease, who have made the commitment as part of a two-year festival partnership; embracing a new multi-year

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festival model which we are working to grow. 75 individuals joined as supporters, and including online donations, contributed £186,550 toward the overall target.

Organisational development

In preparation for running the Factory when it opens, MIF continued to build capacity over this period. Strands of work included:

- Ongoing development of The Factory Business Plan, with updates issued to ACE at the end of December 2018, July and December 2019.
- Launch of the Greater Manchester Cultural Skills Consortium and The Factory Academy to collaborate on the provision of training and skills development in the region. Members include Contact, the Hallé, HOME, The Lowry, Manchester International Festival, Manchester Metropolitan University, Octagon Theatre Bolton, Oldham Coliseum Theatre, Palace Theatre & Opera House, Royal Exchange Theatre, Royal Northern College of Music, Science and Industry Museum, Walk the Plank and Z-Arts.
- Delivery of a pilot Creative Traineeship Programme, which launched in December 2018 and involved seven local young people working in roles such as IT, Digital, Production, Ticketing and Development, leading up to and during MIF19.
- Hosting of a series of Factory Stakeholder Events where updates on the Factory project were provided to a wide range of stakeholders (including Artists, Arts Organisations, Media, Businesses and local residents)
- Continued development of the organisational design and staffing structure
- Growth of the core staff permanent team to c70 people, broadening skills and growing capacity required to prepare for running the Factory including: an enhanced international team to develop co-commissioning relationships, a larger producing team to deliver a bigger programme of work over this year and the next few, including not only the festival but international touring, pre-factory events and commissions for The Factory.
- Development of a new brand for the larger organisation including a review of vision and values.
- Creating an HR sub-committee of the board to support and provide scrutiny of the Organisational development work the company is undertaking to support its growth to The Factory.

Fundraising

MIF employs an in-house development team who are responsible for fundraising for the Festival.

In addition to our public sector income, funds raised come from; corporate partners, individual philanthropists, trusts & foundations, and through membership and donations at point of ticket purchase.

With the exception of income from trusts & foundations, funds raised are unrestricted.

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Our fundraising strategy is developed in accordance with our company policies relating to GDPR and ethics. Gift Aid is claimed in accordance with HMRC policy.

All donations are processed directly by the development and finance teams, with the exception of membership and box office donations which are processed through our ticketing system, Spektrix, and by our box office teams who receive donation training as part of their induction.

In the period there were no reported complaints relating to fundraising.

Financial review

As MIF currently runs a biennial Festival, budgets are prepared over a two-year cycle and 2018/19 is the second year of the cycle for the 2019 Festival. The surplus for the year was £733,832, which resulted in Reserves increasing from £3,324,072 at the start of the year to £4,007,904 as at 30 September 2019.

MIF worked hard to secure income for the 2019 Festival and was successful in attracting co-commissioning income for MIF19 despite the ongoing uncertainty around Brexit and competitive landscape for attracting arts funding across the world.

MIF is grateful for the continued support of all of its funders, and in particular, Arts Council England and Manchester City Council as long-term revenue funding partners. From April 2018 MIF secured a £9m annual grant from Central Government for four years, delivered via Arts Council England's National Portfolio organisation funding, in respect of the ongoing preparation for, development and operation of The Factory. Ongoing fundraising and business modelling has continued to ensure supplementary income is secured for the delivery of a world class programme featuring extraordinary artists from around the world coming to Manchester to create a diverse range of inspiring new work.

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 accounts.

Reserves policy

The organisation's Reserves Policy has been developed and updated as part of the ongoing business planning work, as MIF transitions towards The Factory opening in 2022. The Board is undertaking a regular review process with an underlying risk identification approach, encompassing ongoing working capital requirements as well as capacity building for the increase in scale and complexity of future plans.

The current free (unrestricted) reserve is £300k, down from £715k at the end the previous MIF17 Festival cycle (30 September 2017) as a result of additional investment in the delivery of the successful MIF19 Festival. We also carry forward £3.4m of funds which will be used to build up our reserves.

Since 2018, MIF has been in receipt of £9 million per annum from Central Government via the Arts Council. This funding is restricted to The Factory Business Plan, which incorporates MIF's activities and its transition into The Factory as well as the first few years of The Factory's operations.

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MIF is currently in a period of transition from running a biennial festival to operating The Factory year-round. The Reserves Policy has been designed to ensure that MIF can deliver its charitable objectives throughout this transition period and during the first three years of operating The Factory (the period covered by the Business Plan), whilst ensuring financial stability through aiming to keep adequate, but not excessive, levels of reserves.

The Reserves Policy is reviewed and updated annually. The scope and scale of MIF's operations will increase throughout the period covered by the Business Plan and the Reserves Policy reflects this, with the level of reserves flexing based on the nature and scale of the key risks facing the organisation.

The overall level of reserves is informed by future cash needs, annual budgeting to ensure adequate cash liquidity, expected cash inflows and suitable contingency levels within operating budgets.

The Business Plan currently outlines the following reserve needs, prior to opening of The Factory (note that the needs change over the first few full years of operation):

- 1) A Designated FF&E Reserve of £5.5m, which is built up well before the opening of The Factory to contribute towards the cost of Fixtures, Fittings & Equipment for the building (and then reduced to £1m by the end of 23/24 by offsetting it against depreciation of the FF&E over 2 years - 22/23 and 23/24). These funds are restricted.
- 2) A Designated Production Reserve of £1m, which is built up prior to the opening given the inherent uncertainty around the costs of the artistic programme in a new venue in the first few years. This Reserve is reduced at the time of opening to £500k but consequently built up again and maintain at a balance of £1m in future years. It is unrestricted.
- 3) A Designated Start Up Reserve, given the greater risk and uncertainty (in respect of both income and expenditure) in the first few years of operation of the new venue. This Reserve is initially set at £2m prior to opening, but is reduced year on year by £500k down to £NIL by March 24. This is unrestricted reserve.
- 4) A Restricted (Operating) Reserve is designed to mitigate against the inherent risk around growth in earned income and to provide a safeguard fund to be able to respond to and deal with unanticipated costs or events. It is to be built up prior to opening and is initially set at £1m. This reserve is to be maintained at the same level in future years and is restricted to the whole Business Plan.

A small remainder of the restricted reserves (£0.15 million) will be funding restricted to specific project work.

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Going Concern

The charity's plans are set out below (but note Covid-19 impact). The group manages its activities with positive restricted and unrestricted cash balances. The charity relies on the funding from Central Government paid via an NPO grant (£9m per year) by Arts Council as it builds up its capacity in readiness to open The Factory in 2022. MIF is also in receipt of circa £2m of unrestricted NPO funding from Arts Council, by the end of its current two-year budget cycle. Whilst both current NPO funding agreements cover the period to March 2022, as a response to Covid-19, Arts Council England has recently announced the extension of all NPO grants by one year to March 2023. Additionally, the NPO funding for 2020/21 is receiving an inflationary increase from April 2020, which brings an additional £179k into the MIF21 budget. MIF has also secured £2.5 million funding from Manchester City Council for the MIF21 two-year budget cycle.

As with all other businesses, MIF has been affected by the Covid-19 pandemic. From day 1 of the closure, due to social distancing, the company has been working on its response to the crisis and its assessment of the impact of this unprecedented situation. Whilst this is a non-festival year, there is a significant impact on touring plans, and adjustments will be necessary to the schedule of preparation for the festival. It is expected that there will be a significant impact on the organisation's ability to raise sponsorship funding and donations from individuals over the next few years, due to the economic downturn.

Financial modelling and three-year re-forecasting has begun to assess the financial impact, particularly on the revenue side. Like other organisations, MIF is looking at all Government support mechanisms to reduce the financial impact. This work will be on-going but the first assessment of potential losses across this two-year festival cycle is a reduction in revenue of £1.5 million across the current budget cycle. Equivalent cost reductions are being planned.

MIF has currently healthy cash reserves and should be able to meet all its obligations, despite the Covid-19 impact.

Having reviewed the future plans and the cashflow forecast up to March 2021, the trustees are of a view that the charity is a going concern.

Plans for future periods

Artistic Programme:

The organisation is gearing up to plan and deliver:

- a programme of pre-Factory events in 20/21 and the next Festival, the eighth edition in July 2021
- a significant programme of international touring – presenting co-commissioned premieres from MIF2015, 2017 and 2019 at co-commissioners venues and festivals across the world and continuing to tour other work.
- A growing programme of Community Engagement work focusing on connecting emerging talent and communities to the Factory
- Pilot programmes for The Factory Academy working with the GMCSC.

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The Factory opening:

The organisation is developing a transition plan, identifying key milestones and a critical path over the next two years culminating in the opening of The Factory. Key strands of work include:

- Continuing to develop the brand, profile and awareness of MIF/The Factory locally, nationally and internationally in readiness for opening in 2022. Following the Covid-19 pandemic, the organisation will be revising plans as any impact on the capital build schedule becomes clear.
- Continuing to develop the 5-year strategic and financial plan 2020-2025
- Developing plans and budgets for the fitting out of the Factory
- Continuing to build the capacity and scale of MIF in readiness to open The Factory in 2022. This includes creative and commissioning partnerships, fundraising relationships with sponsors and individual donors, audiences, commissioning, and the organisation – governance and staffing.
- Creating a new board Commercial Committee in line with the needs and aspirations of the growing business.

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. Articles were amended last in September 2015. 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 18 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.

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 four years (Articles amended to permit four years from 24 September 2014). A director may be re-appointed for a second term of office, but at the end of the second term of office, may only be appointed for subsequent terms if 75% of the board agree.

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

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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 committee and an HR committee, which meets prior to each board meeting. A CEO and Artistic Director is appointed to administer the day to day operations of MIF. To assist in the effective running of the charity, operational matters including finance, production and marketing, are delegated to the CEO and Artistic Director with the approval of the trustees.

Subsidiary

On 12 November 2014, a subsidiary MIF Productions was incorporated to deliver specific dramatic and music productions. The subsidiary is a private company with a £1 share issue and is wholly owned by MIF. The charity consolidates in its financial statements the results of MIF Productions.

Related parties

Information concerning the related parties is detailed in note 23 of the financial statements.

Risk management

Key areas of risk for the organisation include: meeting income targets and specifically box office, co-commissioning income, sponsorship and philanthropic donations; not exceeding expenditure estimates especially around larger more complex projects; reputational issues; the use of found venues including licensing issues and security; and the organisation's capacity to deliver its ongoing activities and prepare to run The Factory at the same time (which is being mitigated by an increase in staffing numbers to deliver both).

The impact of Covid-19 and broader economic uncertainties following the pandemic will increase the potential risk to revenue, delivery of touring and risk of further delays to the opening of The Factory. Additionally, the implementation of Brexit may increase the risk of currency fluctuations which could impact on co-commissioning income and touring activities, as well as increasing the risk of delays to the supply chain for importing or exporting goods and equipment relating to MIF productions.

The charity regularly reviews risk at the Finance and Audit committee meetings. Action is taken to mitigate and 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 committee reports these findings to the trustees.

Indemnity

During the financial year, a qualifying third party indemnity provision for the benefit of all trustees was in force.

Trustees' Annual Report Continued

Reference and administrative details

Charity name	Manchester International Festival
Charity number	1113902
Company number	05292793
Country of incorporation	England and Wales
Company registered address	Blackfriars House Parsonage Manchester M3 2JA
Legal form	Company limited by guarantee
Charity address	Blackfriars House Parsonage Manchester M3 2JA
Auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Bankers	The Co-operative Bank P O Box 250, Delf House Southway Skelmersdale WN8 6WT
Solicitors	Eversheds Sutherland 70 Great Bridgewater St Manchester M1 5ES

Directors and trustees of Manchester International Festival:

Thomas Bloxham MBE (Chairman)
Richard Paver (nominated by Manchester City Council)
Christopher Oglesby
Cllr Luthfur Rahman (nominated by Manchester City Council)
Kulwinder Thiarai
Jeremy Deller
Peter Salmon (resigned 1 October 2019)
Sir Brian McMaster (resigned 20 November 2018)
Sir Howard Bernstein
Charles Bell
Cathryn Wright
Malcolm Press
Lemn Sissay (resigned 1 October 2019)

Trustees' Annual Report Continued

Jamil Khalil
Alan Bishop
Amy Lawrence
Maria Balshaw

Company Secretary: Fiona Gasper

Key Management Personnel: Senior Manager of Manchester International Festival

Chief Executive Officer and Artistic Director - John McGrath
Managing Director - Christine Cort
Creative Director - Mark Ball
Executive Director for Transition to Factory - Fiona Gasper
Chief Operating Officer – Alex Byars (until 31 December 2019)
Executive Director – Randel Bryan (from 27 January 2020) following a
restructure of Executive Team
Director for Finance & Resources – Hannah Cork (appointed in March 2020,
start date 1 June 2020)

Directors of MIF Productions:

Thomas Bloxham MBE (Chairman)
Richard Paver
Fiona Gasper

Trustees' Annual Report (continued)

Trustees' Responsibilities

The trustees (who are also directors of Manchester International Festival for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting 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.

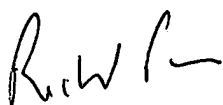
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees 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 financial statements may differ from legislation in other jurisdictions.

By order of the board of trustees



Richard Paver

Independent auditor's report

to the members and trustees of Manchester International Festival

Opinion

We have audited the financial statements of Manchester International Festival for the year ended 30 September 2019 which comprise the group statement of financial activities, the charity statement of financial activities, the group and charity balance sheets, the group and charity statements of cash flows and the notes to the financial statements, including a summary of significant accounting policies. 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 30 September 2019 and of the group's and the parent charitable company's incoming resources and application of resources, including its 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report (continued)

to the members and trustees of Manchester International Festival

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Other matters 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 Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

- the group or parent charitable company has not kept adequate and sufficient 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 and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Independent auditor's report (continued)

to the members and trustees of Manchester International Festival

- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption in preparing the Trustees' Annual Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members and the trustees, 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 charitable company's members and trustees 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, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report (continued)

to the members and trustees of Manchester International Festival

Saffery Champness LLP

Cara Turtington (Senior Statutory Auditor)

for and on behalf of Saffery Champness LLP

Chartered Accountants

Statutory Auditors

71 Queen Victoria Street

London

EC4V 4BE

27 April 2020

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Group Statement of Financial Activities

(including income and expenditure account)

for the year ending 30 September 2019

		Unrestricted	Restricted	Year Ended	Unrestricted	Restricted	Year Ended
		£	£	30 Sep 19	£	£	30 Sep 18
	Note						
Income:							
Donations & Legacies	2	2,320,980	9,034,695	11,355,675	1,181,812	4,499,961	5,681,773
Charitable Activities	3	6,238,012	-	6,238,012	1,125,896	-	1,125,896
Other Trading Activities	4	81,047	-	81,047	189	-	189
Investments	5	28,381	-	28,381	7,920	-	7,920
Total income		8,668,420	9,034,695	17,703,115	2,315,817	4,499,961	6,815,778
Expenditure							
Cost of raising funds							
Costs of generating income from Sponsors & Donations	6	507,666	56,407	564,074	254,190	-	254,190
Expenditure on charitable activities							
Festival costs	7	9,311,106	2,904,378	12,215,483	1,276,329	1,795,817	3,072,146
Factory Transition costs	7	-	4,239,726	4,239,726	-	1,154,738	1,154,738
Total expenditure		9,818,772	7,200,511	17,019,283	1,530,519	2,950,555	4,481,074
Net income and movement in funds	16	(1,150,352)	1,834,184	683,832	785,298	1,549,406	2,334,704
Total funds brought forward:							
At 1 October 2018		1,530,391	1,793,681	3,324,072	745,093	244,275	989,368
Total funds carried forward		380,039	3,627,865	4,007,904	1,530,391	1,793,681	3,324,072

These results derive from continuing activities and all gains and losses recognised in the year are included in the above statement.

The notes on pages 28 to 39 form part of these financial statements.

Charity Statement of Financial Activities

(including income and expenditure account)

for the year ending 30 September 2019

		Unrestricted	Restricted	Year Ended	Unrestricted	Restricted	Year Ended
				30 Sep 19			30 Sep 18
		£	£	£	£	£	£
	Note						
Income:							
Donations & Legacies	2	2,320,980	9,034,695	11,355,675	1,181,812	4,499,961	5,681,773
Charitable Activities	3	6,238,012	-	6,238,012	1,125,896	-	1,125,896
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Total funds carried forward		380,039	3,627,865	4,007,904	1,530,391	1,793,681	3,324,072

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

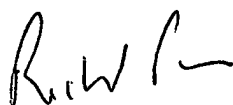
The notes on pages 28 to 39 form part of these financial statements.

Balance Sheet – Group and Charity

At 30 September 2019

	Note	Group 30 Sep 2019 £	Charity 30 Sep 2019 £	Group 30 Sep 2018 £	Charity 30 Sep 2018 £
Fixed assets					
Tangible assets	12	71,757	71,757	47,850	47,850
Investments	25	-	1	-	1
		<u>71,757</u>	<u>71,758</u>	<u>47,850</u>	<u>47,851</u>
Current assets					
Debtors	13	4,239,818	4,239,818	706,976	706,976
Cash and bank balances		<u>2,197,872</u>	<u>2,197,871</u>	<u>3,883,620</u>	<u>3,883,619</u>
		6,437,690	6,437,689	4,590,596	4,590,595
Creditors:					
Amounts falling due within one year	14	(2,501,544)	(2,501,544)	(1,314,374)	(1,314,374)
Net current assets		3,936,146	3,936,145	3,276,222	3,276,221
Net assets		<u>4,007,904</u>	<u>4,007,904</u>	<u>3,324,072</u>	<u>3,324,072</u>
Funds					
Unrestricted Funds - General	16	380,039	380,039	1,530,391	1,530,391
Restricted Funds	16	3,627,865	3,627,865	1,793,681	1,793,681
		<u>4,007,904</u>	<u>4,007,904</u>	<u>3,324,072</u>	<u>3,324,072</u>

These financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Richard Paver
Date: 22 April 2020

The notes on pages 28 to 39 form part of these financial statements.

Group and Charity Statements of Cash Flows for year ended 30 September 2019

At 30 September 2019

	Group 2019 £	Charity 2019 £	Group 2018 £	Charity 2018 £
Cash inflow from operating activities				
Surplus/(deficit) for the year	683,832	683,832	2,334,704	2,334,704
Adjustment for non-cash items				
Depreciation	66,160	66,160	24,947	24,947
Decrease/(Increase) in debtors	(3,532,843)	(3,532,842)	1,513,100	1,513,100
(Decrease)/Increase in trade and other creditors	337,407	337,407	(346,492)	(346,492)
(Decrease)/Increase in accruals and prepayments	849,762	849,762	(254,808)	(254,808)
Adjustment for investing or financing activities				
Interest receivable	(28,381)	(28,381)	(7,920)	(7,920)
Net cash flow from operating activities	<u>(1,624,064)</u>	<u>(1,624,064)</u>	<u>3,263,532</u>	<u>3,263,531</u>
Cash flow from investing activities				
Investment income	28,381	28,381	7,920	7,920
Payments made to acquire fixed assets	(90,066)	(90,066)	(58,973)	(58,973)
	<u>(61,685)</u>	<u>(61,685)</u>	<u>(51,053)</u>	<u>(51,053)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalent in the year	<u>(1,685,749)</u>	<u>(1,685,748)</u>	<u>3,212,478</u>	<u>3,212,478</u>
Cash and cash equivalents at beginning of the year	<u>3,883,620</u>	<u>3,883,619</u>	<u>671,142</u>	<u>671,141</u>
Cash and cash equivalents at end of the year	<u>2,197,872</u>	<u>2,197,871</u>	<u>3,883,620</u>	<u>3,883,619</u>

Notes to the financial statements

at 30 September 2019

Manchester International Festival is a company (company registration number: 05292793) limited by guarantee and incorporated in England. It is also a charity (charity registration number: 1113902) registered at the address Blackfriars House, Parsonage, Manchester, M3 2JA.

1. Accounting policies

Basis of preparation

The group financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS102) 2015) and with Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011 and the Companies Act 2006.

Manchester International Festival meets the definition of a public entity under FRS102. Assets and liabilities are initially recognised at historical costs or transaction value unless otherwise stated in the relevant accounting policy note.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historic cost convention.

Preparation of the accounts on a going concern basis

The group's activities and future plans are set out in the Trustees' Annual Report. The trustees are satisfied that having considered the future plans and all identified risks, and reviewed a cashflow forecast for a period not shorter than 12 months from the date of signing these financial statements the business is a going concern, and these financial statements have been prepared on that basis.

Group financial statements

These financial statements consolidate the results of the charity Manchester International Festival (MIF) and its wholly owned subsidiary, MIF Productions on a line by line basis.

The accounting period for MIF Productions is co-terminus with that of the charity. The charity's statement of financial activities for the year is also provided.

Funds

Unrestricted funds comprise accumulated surpluses and deficits on general funds and are available for use at the discretion of the 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.

Income recognition policy

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the items of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

Income received in respect of memberships is recognised in the year when the members receive the benefits.

Notes to the financial statements (continued)

at 30 September 2019

Donated services and facilities

Donated services or facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item has been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Cost of generating funds comprises 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.

All significant producing costs expended in respect of the shows presented in future years are included in the prepayments in the Balance Sheet.

Depreciation

Depreciation has been provided to write off cost, less estimated residual values, of tangible fixed assets over £1,000 evenly over their expected useful lives. It is calculated at the following rates:

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

Pension costs

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

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.

Taxation

Manchester International Festival is considered to pass the test set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and, therefore, it meets the definition of a charitable company for UK

Notes to the financial statements (continued)

at 30 September 2019

corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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 in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All differences are recognised in the Statement of Financial Activities.

Financial instruments

The Charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Other than where specifically stated all of the charity's financial instruments are classed as basic financial instruments. Financial assets are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through the statement of financial activities are measured at fair value.

Basic financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through the statement of financial activities are measured at fair value.

Notes to the financial statements (continued)

at 30 September 2019

2 Donations & Legacies

	Unrestricted £	Restricted £	30-Sep-19 £	30-Sep-18 £
Manchester City Council	1,500,000		1,500,000	1,000,000
Manchester City Council - project grant			0	29,685
Arts Council England	588,204	8,671,000	9,259,204	4,396,499
Arts Council England project grants			0	56,793
Association of Greater Manchester Authorities	90,000		90,000	55,000
Innovate UK		202,694	202,694	0
The Esme Fairbairn Foundation		85,574	85,574	82,483
Jerwood Charitable Foundation		36,589	36,589	-
The Bloxham Charitable Trust	25,000		25,000	-
Other Trusts & Foundations		38,838	38,838	6,000
Individual Donations	117,776		117,776	35,313
	<u>2,320,980</u>	<u>9,034,695</u>	<u>11,355,675</u>	<u>5,661,773</u>

The amount received from Government grants was £11,051,898.

3 Income from Charitable Activities

	Unrestricted 30-Sep-19 £	Unrestricted 30-Sep-18 £
Support from Sponsors	1,622,193	254,886
Contractual income from Local Authorities	40,000	50,203
Box Office (Admission charges)	1,157,832	235
Income from co-production & co-commissioning activities	2,457,129	7,000
Income from touring activities	696,028	804,477
Membership, Sale of Programmes and Ancillary activities	264,830	9,095
	<u>6,238,012</u>	<u>1,125,897</u>

4 Income from other trading activities

	30-Sep-19 £	30-Sep-18 £
Food & drink, merchandise & miscellaneous	<u>81,048</u>	<u>189</u>

5 Income from investments

	30-Sep-19 £	30-Sep-18 £
Interest receivable	<u>28,381</u>	<u>7,920</u>

Notes to the financial statements (continued)

at 30 September 2019

6 Costs of generating income from sponsors & donations

	30-Sep-19 £	30-Sep-18 £
Wages and salaries	415,603	189,562
Direct costs	85,923	21,129
Support costs (Note 8)	62,548	43,499
	<u>564,074</u>	<u>254,190</u>

7 Analysis of charitable expenditure

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

Festival activities

	Other Direct Costs £	Wages and Salaries £	30-Sep-19 £	30-Sep-18 £
General Festival Costs	722,550	356,051	1,078,601	263,331
R&D	254,482	49,623	304,104	135,480
Festival Producing Costs (including touring)	7,041,119	1,409,627	8,450,746	1,721,528
Creative Engagement	171,306	152,986	324,292	198,931
Volunteers	31,166	40,359	71,525	3,432
Branding, Communications & Marketing	1,009,639	463,010	1,472,649	261,377
Governance	8,935	29,610	38,545	84,222
Support costs (note 8)	475,022	-	475,022	403,845
	<u>9,714,219</u>	<u>2,501,264</u>	<u>12,215,483</u>	<u>3,072,147</u>

The Factory Transition activities

	Other Direct Costs £	Wages and Salaries £	30-Sep-19 £	30-Sep-18 £
General Factory Transition Costs	73,759	333,770	407,530	316,352
R&D	131,667	146,932	278,600	178,445
Pre-Factory events	1,611,249	337,001	1,948,252	359,426
Creative Engagement	171,306	64,991	236,298	22,942
Skills & Training	16,629	87,899	104,529	17,026
Branding, Communications & Marketing	866,874	134,215	1,001,090	208,244
Governance	7,311	24,226	31,537	-
Support costs (note 8)	231,893	-	231,893	52,303
	<u>3,110,689</u>	<u>1,129,037</u>	<u>4,239,726</u>	<u>1,154,738</u>

Notes to the financial statements (continued)

at 30 September 2019

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.

	Generating		Charitable Activities		30-Sep-19	30-Sep-18
	Income	Governance	Festival	Factory Transition		
	£	£			£	£
Professional fees and charges	5,378	12,513	19,754	16,134	53,778	11,418
Other staff costs	9,000	3,733	166,247	71,249	250,228	152,315
Depreciation	6,616	-	39,696	19,848	66,160	24,948
Running expenses	19,769	-	118,613	59,306	197,688	126,276
Premises costs	21,785	-	130,712	65,356	217,854	194,671
	<u>62,548</u>	<u>16,246</u>	<u>475,022</u>	<u>231,893</u>	<u>785,708</u>	<u>509,627</u>

Where relevant, Professional fees and charges and Other staff costs are directly attributed to activities in respect of which they were incurred. Otherwise they are apportioned to activities according to estimated usage.

Depreciation, Running expenses and Premises costs are apportioned to activities according to estimated usage.

9 Movement in total funds for the period

Net movements in funds are stated after charging:

	30-Sep-19	30-Sep-18
	£	£
Auditors' remuneration:		
Audit services	12,500	6,180
Non-audit services	-	-
Operating lease rentals	215,526	193,955
Depreciation	66,160	24,947
Foreign exchange (gain)/loss	<u>(2,174)</u>	<u>2,225</u>

Notes to the financial statements (continued)

at 30 September 2019

10 Analysis of staff costs

	30-Sep-19	30-Sep-18
	£	£
Wages and salaries	3,554,549	1,939,634
Social security costs	367,251	210,289
Pension costs	124,104	66,457
	<u>4,045,904</u>	<u>2,216,380</u>

Number of employees:

The average monthly head count was 115.

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

	30-Sep-19	30-Sep-18
	No.	No.
Festival & The Factory	89	37
Fundraising	8	3
Governance	1	1
	<u>99</u>	<u>41</u>

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

	30-Sep-19	30-Sep-18
	No.	No.
£ 60,001 - £ 70,000	2	2
£ 70,001 - £ 80,000	1	-
£ 80,001 - £ 90,000	1	1
£ 90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£120,001 - £130,000	2	1
	<u>9</u>	<u>7</u>

Total pension paid for in respect of the higher paid employees was	40,136	30,401
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11 Board's remuneration and expenses, and the costs of key management personnel.

None of the board members received remuneration for their services during the year. Eight board members received re-imbursed travel expenses of £2,526.

The key management of the parent charity, Manchester International Festival, comprise the trustees, Executive Director, Creative Director, Chief Operating Officer, Chief Executive Officer/ Artistic Director and Managing Director. The total employee benefits of the key management personnel were £592,192 (2018: £538,228).

Notes to the financial statements (continued)

at 30 September 2019

The key management personnel of the group are the same as of the charity as the wholly owned subsidiary does not employ any personnel. The employee benefits of key management personnel for the group are therefore the same as for the charity.

12 Tangible Fixed Assets - Group and Charity

	Equipment £	Fixtures & Fittings £	Total £
Cost:			
At 1 October 2018	212,114	20,878	232,992
Additions	87,266	2,800	90,066
Disposals			-
At 30 September 2019	299,380	23,678	323,058
Depreciation:			
At 1 October 2018	167,285	17,856	185,141
Disposals			
Charge for the year	64,257	1,903	66,160
At 30 September 2019	231,542	19,759	251,301
Net book value:			
At 30 September 2019	67,838	3,919	71,757
At 30 September 2018	44,829	3,022	47,850

13. Debtors

	Group 30-Sep-19 £	Charity 30-Sep-19 £	Group 30-Sep-18 £	Charity 30-Sep-18 £
Trade debtors	2,962,448	2,962,447	377,514	377,514
Other debtors	2,821	2,821	8,679	8,679
Prepayments	224,139	224,139	74,989	74,989
Accrued Income	353,204	353,204	101,465	101,465
VAT	697,207	697,207	144,329	144,329
	4,239,818	4,239,818	706,976	706,976

Notes to the financial statements (continued)

at 30 September 2019

14 Creditors: amounts falling due within one year

	Group 30-Sep-19	Charity 30-Sep-19	Group 30-Sep-18	Charity 30-Sep-18
	£	£	£	£
Trade creditors	883,577	883,577	553,833	553,833
Other creditors	22,763	22,763	15,100	15,100
Accruals	894,092	894,092	291,982	291,982
Deferred income	701,111	701,111	453,459	453,459
	<u>2,501,544</u>	<u>2,501,544</u>	<u>1,314,374</u>	<u>1,314,374</u>

15 Deferred income - Group and Charity

Deferred income:

	Group £	Charity £
At 1 October 2018	453,459	453,459
Amount released in the year	(331,190)	(331,190)
Amount deferred in the period	578,842	578,842
At 30 September 2019	<u>701,111</u>	<u>701,111</u>

The funds are deferred when the charity or its subsidiary receives funds but does not yet have entitlement to them or there are performance conditions attached to the items of income which have not yet been met or are not fully within the control of the charity or its subsidiary.

16 Analysis of charitable funds - Group and Charity

Movement in Funds

	Balance at 01-Oct-18	Net incoming resources	Net outgoing resources	Balance at 30-Sep-19
	£	£	£	£
Analysis of unrestricted fund movements:				
General Fund	1,530,391	8,668,420	(9,818,772)	380,039
Analysis of restricted fund movements:				
Restricted Fund	1,793,681	9,034,695	(7,200,511)	3,627,865
	<u>3,324,072</u>	<u>17,703,115</u>	<u>(17,019,283)</u>	<u>4,007,904</u>

Notes to the financial statements (continued)

at 30 September 2019

17 Outline summary of restricted fund movements - Group and Charity

Fund Name	Fund Balances Brought Forward	Income	Expenditure	Fund Balances Carried Forward
	01-Oct-18			30-Sep-19
	£	£	£	£
Arts Council - Ambition for Excellence	21,213	-	21,213	-
Arts Council - The Factory grant	1,676,561	8,671,000	6,809,607	3,537,953
Innovate UK	-	202,694	202,694	-
Esmee Fairbairn Foundation	31,413	85,574	107,669	9,318
Paul Hamlyn Foundation	64,494	-	64,494	-
Jerwood Charitable Foundation	-	36,589	36,589	-
Other Restricted Funds	-	38,838	38,838	-
	1,793,681	9,034,695	7,281,104	3,547,271

Name of restricted fund	Description, nature and purpose of the fund
Arts Council - Ambition for Excellence	Support for the development of major commissions in the public realm, a digital skills programme including the C50 and Jerwood talent development programmes and development of My Festival activity.
Arts Council - The Factory grant	NPO Funding for delivery of Factory's Business Plan, including the MIF19 Festival activities.
Innovate UK	Delivery of the programme of work in respect of Audiences of Future project that focuses on immersive performances of the future.
Esmee Fairbairn Foundation	To deliver My Festival programme of work.
Paul Hamlyn Foundation	To deliver My Festival Welcomes, My Festival Community, My Channels and Festival in My House programme.
Other Restricted Funds	Contributions to the development and delivery of learning programmes, participatory work and employee development.

18 Analysis of net assets between funds - Group

	General Fund	Restricted Fund	Total Funds
	£	£	£
Fixed Assets	50,231	21,526	71,757
Current assets	2,583,507	4,400,387	6,983,894
Current liabilities	(2,193,187)	(804,560)	(2,997,747)
	440,551	3,617,353	4,057,904

Notes to the financial statements (continued)

at 30 September 2019

19 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 members of the charitable company or one year thereafter as stated in the Memorandum of Association.

The wholly owned subsidiary MIF Productions is limited by shares. Its share capital is £1.

20 Taxation

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

21 Operating lease commitments

	Land & Buildings 30 Sep 19 £	Office Equipment 30 Sep 19 £	Land & Buildings 30 Sep 18 £	Office Equipment 30 Sep 18 £
Total of non-cancellable operating leases payments for the following periods:				
not later than one year	205,350	1,206	213,646	2,412
later than one year and not later than 5 years	33,325	-	38,724	1,206
later than 5 years	-	-	-	-

22 Pension arrangements

MIF participated in a scheme provided by Scottish Widows. Due to the nature of the Plan, the accounting charge for the period under FRS102 represents the employer contributions payable. For the year, the pension contributions charged to the accounts totalled £124,104 (£66,457 for the year ended 30 Sep 2018). Pension contributions of £22,136 were still due to Scottish Widows at 30 September 2019 (2018: £14,400).

23 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 for the year is disclosed in note 2.

Notes to the financial statements (continued)

at 30 September 2019

MIF also receives grant funding from Arts Council England (ACE), the grant for the year is disclosed in note 2.

MIF receives further grant funding from Greater Manchester Combined Authority (GMCA), which is disclosed in note 2.

During the year, the charity was provided with rent-free offices (valued at £202,000) by Bruntwood Limited.

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 accounts.

MIF received donations from Tom Bloxham Charitable Trust, as disclosed in note 2.

One of the Board members received fee payments of £927 for services not related to their role as a Board member.

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

MIF Productions has two common board members/directors with MIF. At the balance sheet date, there was £765,700 (2018: NIL) due to MIF from MIF Productions, which is included within trade debtors. This is resulting from the intercompanies transactions related to the delivery of production, presentation and closure of the festival shows eligible for theatre and orchestra tax relief.

24 Derivatives

The charity purchases forward foreign currency contracts to hedge currency exposure on firm future commitments in respect of foreign suppliers. The derivatives of £95,947 (2018: £7,296) were still held at the balance sheet date.

25 Investments

On 12 November 2014 the entire share capital of MIF Productions was acquired for £1 being one ordinary share of £1 each, representing all voting rights. The company was incorporated in England on 12 November 2014 and is a private limited company (Registration number: 09308388, registered address: Blackfriars House, Parsonage, Manchester, M3 2JA). The company delivers production, running and closure of productions presented at the MIF Festivals. The turnover in 2018/19 was £4,859,699 (2018: NIL), as the company was contracted by Manchester International Festival to deliver production, presentation and closure of the shows eligible for theatre and orchestra tax relief. Net assets were £1 in 2018/19 (2018: £1).