

Company number: 05292793  
Charity number: 1113902

# **Manchester International Festival**

**(a company limited by guarantee)**

## **Report and Financial Statements**

**31 March 2008**

MONDAY



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## Company information

### Directors and trustees

Tom Bloxham (Chairman)  
Richard Paver  
Brenda Smith  
Michael Oglesby  
Howard Raynor  
Sir Brian McMaster  
Julia Peyton Jones (resigned 3 December 2007)  
Andrew Stokes  
Michael Kane (appointed 23 October 2007 and resigned 30 April 2008)  
Michael Amesbury (appointed 14 May 2008)

### Secretary and registered office

Jackie McNemey  
Third floor  
81 King Street  
Manchester M2 4AH

### Company number

05292793

### Charity number

1113902

### Auditors

Ernst & Young LLP  
100 Barbirolli 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 ended 31 March 2008.

### 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. The company became a registered charity on 26 April 2006. Anyone over the age of eighteen can become a member, subject to approval by the Board. All Directors are members each of whom agree to contribute a sum not exceeding £10 in the event of the company being wound up.

#### **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. A director must be a natural person aged eighteen years or older who is not disqualified from acting as a director by law.

#### **Appointment of directors and members**

As set out in the Articles of Association membership is open to individuals or organisations who apply to the company in the form required by the directors and who are approved by the directors. Proposed members are approved by the Board at general meetings. The company may, by ordinary resolution, appoint a person who is willing to be a director.

The company amended its Articles of Association on 18 July 2008 to provide for the rotation of directors.

#### **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 six year budget, the most recent management accounts, papers from the previous two board meetings and the trustees' reimbursement policy. The new member then has an induction meeting where the contents of the pack are discussed in detail.

#### **Organisation**

The trustees administer the charity. They meet quarterly and have a Finance and Audit subcommittee, which meets prior to each 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**

The related parties are detailed in note 22 of the accounts.

### **Risk management**

The charity reviews risk bi-annually at the Finance and Audit subcommittee meetings. Action is taken to minimise those risks deemed significant and likely. The Finance and Audit subcommittee reports these findings to the trustees.

### **Objectives and Activities**

The objects of Manchester International Festival are:

"To promote, maintain, improve, develop and advance public education by the encouragement of the arts including (but not limited to) music, opera, dance, singing, dancing, literature and the visual arts and in particular (but without prejudice to the generality of the foregoing) the holding of Festivals of culture, ideas and creativity."

### **Strategies**

Having successfully delivered its inaugural Festival in 2007, the charity is now planning to deliver Festivals on a biannual basis, with the next being in 2009. In addition the charity will produce and promote special public events during the periods between Festivals, alongside its work of preparing and planning for future Festivals. The charity will maintain its distinctive policy of commissioning and producing new work for its Festivals. The charity also plans to expand its programme of education and community engagement activities.

In recognition of the fluctuating workload involved in delivering a biannual Festival, the charity will maintain a flexible staffing structure, securing key core staff on long-term contracts while adding staff on short-term contracts during the busiest periods of activity. The charity has recently moved into new office accommodation, which has been kindly provided by our sponsor Bruntwood.

In order to sustain itself in the medium term, the charity is committed to building and maintaining a mixed funding base and to attempt to secure that funding on a long-term basis. It will look to draw financial support from public sector organisations, from private commercial sponsors, from trusts and foundations, from individual donations and from earned income from the promotion of public events and other trading activities. The trustees are pleased to report that Manchester City Council and the Arts Council have pledged to continue supporting the charity financially for the 2009 Festival.

The company has recently amended its Articles of Association to allow for the rotation of directors. This will enable the company to refresh its pool of trustees as the charity develops.

### **Achievements and performance**

In the year the charity presented its first Festival, which was delivered to schedule and on budget. The Festival was enormously successful, passing all the targets that were set for it. It generated 105 different activities and events in 25 different venues across the city and included

## Trustees' report continued

25 world premieres. A number of Festival productions have gone on to be presented around the world and have won a number of awards.

A total of 200,930 people attended Festival events. 23% of ticket buyers came from the City of Manchester and 25% came from outside the North West region. The Festival brought new people to the arts with 27% of bookers attending an art form for the first time and 26% of bookers reported that their experience of the Festival was 'inspirational'.

"The Pianist was the most fantastic piece of live theatre I have ever seen" - Festival attender

"Monkey – I shall remember our visit forever" - Festival attender

"Il Tempo Del Postino was fantastic. I feel like I have witnessed a moment in history" - Festival attender

The Festival generated considerable press coverage – valued at £12 million (compared to a target of £5.9 million). Most of that coverage was extremely positive, celebrating both the City of Manchester and the Festival.

"Anything that celebrates adventure, newness, intellectualism, radicalism has to be in Manchester. The whole history of the city is all about that and this (Festival) is the kind of thing that it suits" - BBC2 Newsnight Review

"Manchester is the beating cultural heart of Britain" - The Observer

"The organisers of Manchester's new international Festival promised to give the city a cultural jamboree unlike any other in the world...if they all hit the spot like this opening show, the world will come flocking to Manchester" - The Times

Fourteen sponsors supported the Festival alongside a large number of corporate partners and members. The Festival took on 294 local people as volunteers working in a variety of areas from providing information, front of house support, administration support and help on projects. The Festival achieved an economic impact of £28.8 million (against a target of £19.1 million).

With the success of the 2007 Festival to build on, we believe we can look forward to the 2009 Festival with considerable confidence. The trustees remain enormously grateful to Alex Poots and his team for all their hard work and would also like to pay tribute to our major funder, Manchester City Council, which has continued to support the charity from its outset.

### Financial review

The year end accounts show a surplus of £18,603. As the Festival takes place bi-annually the accounts for 2007/08 reflect the final income and expenditure on the 2007 Festival and the start of preparations for the 2009 Festival.

### 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's policy with regard to making best use of available funds endeavours to keep funds in interest bearing deposit accounts.

## Trustees' report continued

### Reserves policy

In accordance with the Arts Council's recommendations for arts organisations to 'thrive not survive', we aim to develop an unrestricted reserve which could be drawn upon to help us achieve our objectives, and which would have, as a priority, the aim to enable the Festival to invest in long term artistic research and development, enabling the Festival to explore artistic innovation without timescales or deadlines. This fund would prioritise the expenditure on international experiment and innovation which is vital to renew and refresh the Festival's vision and its position as a world leading innovator

### Plans for future periods

The charity is in the final stages of detailed planning for the delivery of its second Festival in July 2009. As well as undertaking considerable fundraising activities, the charity is also involved in the seasonal build up of staff required for the delivery of the Festival.

Work has also started on the initial phases of research and development for the 2011 Festival. This includes the early stages of commissioning new artistic works and the identification of potential coproducing partners.

### Auditors

BDO Stoy Hayward LLP resigned as auditors during the year and Ernst & Young LLP were appointed.

In accordance with section 234A of the Companies Act 1985, each of the above Directors (excluding those who have resigned during the financial year):

- 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



Trustee

Date 18/11/08

## **Statement of trustees' responsibilities in respect of the financial statements**

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and charity law requires the trustees to prepare financial statements for each financial year which 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 those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report**

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

We have audited the charitable company's financial statements for the year ended 31 March 2008 which comprise the Statement of Financial Activities, Balance Sheet and related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its 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 described in the Statement of Trustees' Responsibilities the charitable company's trustees' (who are also the directors of Manchester International Festival for the purposes of company law) are responsible for the preparation of the Annual Report and financial statements in accordance with applicable United Kingdom law and accounting standards.

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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements.

We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

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.



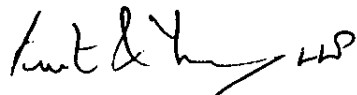
## **Independent auditors' report**

**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, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charitable company as at 31 March 2008 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 the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.



Ernst & Young LLP  
Registered Auditor  
Manchester

Date: 8/12/08

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

for the year ended 31 March 2008

	Note	Unrestricted £	Restricted £	2008 £	2007 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income:					
Grants and donations	2	2,187,437	257,000	2,444,437	1,009,730
Activities for generating funds	3	2,170,429	-	2,170,429	927,937
Investment income	4	22,812	-	22,812	11,919
		<u>4,380,678</u>	<u>257,000</u>	<u>4,637,678</u>	<u>1,949,586</u>
<b>Incoming resources from charitable activities:</b>					
Operation of Festival	5	1,552,186	-	1,552,186	15,000
		<u>5,932,864</u>	<u>257,000</u>	<u>6,189,864</u>	<u>1,964,586</u>
<b>Total Incoming resources</b>					
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Costs of generating voluntary income	6	219,822	4,800	224,622	226,021
<b>Charitable activities</b>					
Festival costs	7	6,163,747	252,200	6,415,947	1,205,986
<b>Governance costs</b>	8	57,885	-	57,885	28,189
		<u>6,441,454</u>	<u>257,000</u>	<u>6,698,454</u>	<u>1,460,196</u>
<b>Total resources expended</b>					
<b>Net movement in funds</b>		<u>(508,590)</u>	<u>-</u>	<u>(508,590)</u>	<u>504,390</u>
<b>Total funds brought forward</b>		<u>527,193</u>	<u>-</u>	<u>527,193</u>	<u>22,803</u>
<b>Total funds carried forward</b>		<u>18,603</u>	<u>-</u>	<u>18,603</u>	<u>527,193</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the statement of financial activities.

Manchester International Festival (a company limited by guarantee)

# Balance sheet

at 31 March 2008

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	12	22,689	22,754
<b>Current assets</b>			
Debtors	13	527,977	1,567,906
Cash and bank balances		488,319	75,095
		1,016,296	1,643,001
<b>Creditors: amounts falling due within one year</b>	14	(1,020,382)	(1,138,562)
<b>Net current (liabilities)/assets</b>		(4,086)	504,439
		18,603	527,193
<b>Funds</b>			
<b>Unrestricted funds</b>			
General	16	18,603	527,193
<b>Restricted funds</b>			
Restricted		-	-
		18,603	527,193

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

 18/11/08

R Paver

## Notes to the financial statements

at 31 March 2008

### 1. Accounting policies

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with the Companies Act 1985 and Charities Act 1993 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in October 2005.

#### **Cash flow statement**

As a small company, no cash flow statement 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 year 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 SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on 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
Fixtures and fittings	- 33 1/3% - 50% straight line

## Notes to the financial statements

at 31 March 2008

### 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 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.

### 2. Grants and donations

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>2008</i>	<i>2007</i>
			<i>£</i>	<i>£</i>
Urban Cultural Partnership	-	-	-	254,489
Manchester City Council	1,505,730	-	1,505,730	750,000
Arts Council England	669,207	-	669,207	-
Salford City Council	-	135,000	135,000	-
Department of Business Enterprise and Regulatory Reform (BERR)	-	50,000	50,000	-
Jerwood Charitable Foundation	-	20,000	20,000	-
Zochonis Charitable Trust	-	19,000	19,000	-
Arts and Business	-	10,000	10,000	-
Henry Moore Foundation	-	10,000	10,000	-
British Council	5,000	-	5,000	-
Granada Foundation	-	7,500	7,500	-
Clore Duffield Foundation	-	5,500	5,500	-
Emerson Foundation	5,000	-	5,000	-
Visiting Arts	2,500	-	2,500	5,000
Other	-	-	-	241
	<u>2,187,437</u>	<u>257,000</u>	<u>2,444,437</u>	<u>1,009,730</u>

## Notes to the financial statements

at 31 March 2008

### 3. Activities for generating funds

	2008 £	2007 £
Sponsorship	1,795,537	818,336
Sponsorship in kind	341,878	109,601
Other income	33,014	-
	<u>2,170,429</u>	<u>927,937</u>

Sponsorship in kind includes services provided by Bruntwood Ltd, City Inn, Cobbetts LLP, Deloitte & Touche LLP, Ernst & Young LLP, Manchester City Council, Speedy Hire and Virgin Trains.

### 4. Income from investments

	2008 £	2007 £
Interest receivable	<u>22,812</u>	<u>11,919</u>

### 5. Incoming resources from charitable activities

This income relates to box office and co-commissioning income:

	2008 £	2007 £
Festival and trailblazer events	<u>1,552,816</u>	<u>15,000</u>

### 6. Costs of generating voluntary income

	2008 £	2007 £
Wages and salaries	176,033	128,895
Direct costs	31,523	31,832
Support costs	17,066	65,294
	<u>224,622</u>	<u>226,021</u>

## Notes to the financial statements

at 31 March 2008

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

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

	<i>Basis of allocation</i>	<i>2008</i>	<i>2007</i>
		£	£
Wages and salaries	Direct	544,220	513,028
R&D	Direct	20,642	51,552
Commission costs	Direct	4,748,376	68,276
Branding and advertising	Direct	674,851	304,482
Volunteers	Direct	16,057	-
Support costs (note 8)	Direct	411,801	268,648
		<u>6,415,947</u>	<u>1,205,986</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.

	<i>Voluntary</i>	<i>Governance</i>	<i>Charity activity</i>	<i>Total</i>	<i>Total</i>
	£	£	<i>Festival</i>	<i>2008</i>	<i>2007</i>
			£	£	£
Wages and salaries	-	39,377	-	39,377	85,331
Professional fees and charges	-	15,000	86,169	101,169	33,419
Other staff costs	4,494	3,508	71,798	79,800	54,987
Depreciation	-	-	24,480	24,480	26,792
Running expenses	12,572	-	109,066	121,638	89,176
Premises costs	-	-	120,288	120,288	72,426
	<u>17,066</u>	<u>57,885</u>	<u>411,801</u>	<u>486,752</u>	<u>362,131</u>

The costs are allocated on a time basis.

## Notes to the financial statements

at 31 March 2008

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

Net movement in funds are stated after charging:

	2008	2007
	£	£
Auditors' remuneration – current year	10,000	4,000
Operating lease rentals – land & buildings	105,346	107,202
Depreciation	24,480	26,792

### 10. Analysis of staff costs

	2008	2007
	£	£
Wages and salaries	671,898	535,894
Social security costs	74,597	48,563
Other pension costs	13,135	11,169
	<u>759,630</u>	<u>595,626</u>

Number of employees:

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

	2008	2007
	No.	No.
Festival	12	10
Fundraising	3	3
Governance	1	1
	<u>16</u>	<u>14</u>

Three employees received remuneration amounting to more than £60,000 in 2008 (2007: 2).

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

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

One trustee was reimbursed expenses of £50 in the year. No other trustees were reimbursed for expenses during the year.



## Notes to the financial statements

at 31 March 2008

### 12. Fixed assets

	<i>Office equipment</i> £	<i>Fixtures &amp; fittings</i> £	<i>Total</i> £
Cost:			
At 1 April 2007	46,042	15,784	61,826
Additions	23,162	1,253	24,415
At 31 March 2008	69,204	17,037	86,241
Depreciation:			
At 1 April 2007	28,659	10,413	39,072
Charge for the year	19,607	4,873	24,480
At 31 March 2008	48,266	15,286	63,552
Net book value: At 31 March 2008	20,938	1,751	22,689
At 31 March 2007	17,383	5,371	22,754

### 13. Debtors

	2008 £	2007 £
Trade debtors	428,511	449,909
Other debtors	12,805	21,828
Prepayments and accrued income	67,407	375,387
Production costs	2,988	680,617
VAT	16,266	40,165
	527,977	1,567,906

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

	2008 £	2007 £
Trade creditors	602,024	468,469
Accrued and deferred income	418,358	670,093
	1,020,382	1,138,562

## Notes to the financial statements

at 31 March 2008

### 15. Deferred income

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

	£
At 1 April 2007	474,483
Amount released in the year	(474,483)
Amount deferred in the year	380,793
At 31 March 2008	<u>380,793</u>

### 16. Analysis of charitable funds

Analysis of unrestricted fund movements:

	Balance at 1 April 2007 £	Net outgoing resources £	Movement in funds Transfer to unrestricted fund £	Balance at 31 March 2008 £
General Fund	527,193	(508,590)	-	18,603

Analysis of restricted fund movements:

Restricted fund income is detailed in note 2 and was wholly expended in the year on events during the Festival.

### 17. Analysis of net assets between funds

Fund balances at 31 March 2008 are represented by:

	General Funds £	Restricted Fund £	Total Funds £
Tangible fixed assets	22,689	-	22,689
Current assets	1,016,296	-	1,016,296
Current liabilities	(1,020,382)	-	(1,020,382)
	<u>18,603</u>	<u>-</u>	<u>18,603</u>

### 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.

## Notes to the financial statements

at 31 March 2008

### 19. Taxation

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

### 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 2008 £</i>	<i>Land &amp; buildings 2007 £</i>
Operating leases which expire Within two to five years	84,061	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 £13,135 (2007 £11,169) 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 year is disclosed in note 2.

In addition, the charity receives grant funding from other bodies such as Arts Council England as well as sponsorship income from other bodies such as North West Development Agency, Bruntwood Ltd and Manchester Airport Group that also have board members who act as trustees of the Festival.

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.

The charity is provided with rent-free offices in Manchester by Bruntwood Ltd, whose Chairman Michael Oglesby also acts as a trustee.

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.