

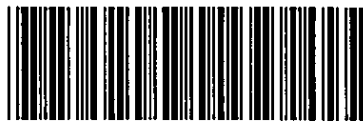
Manchester International Festival

(a company limited by guarantee)

Report and Financial Statements

30 September 2008

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26/06/2009

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COMPANIES HOUSE

Company information

Directors and trustees

Tom Bloxham (Chairman)
Richard Paver
Brenda Smith (resigned 18 November 2008)
Michael Oglesby
Howard Raynor
Sir Brian McMaster
Andrew Stokes
Michael Kane (resigned 14 May 2008)
Michael Amesbury (appointed 14 May 2008)
Kulwinder Thiarai (appointed 28 April 2009)

Secretary and registered office

Jackie McNerney
Third floor
81 King Street
Manchester M2 4AH

Company number

05292793

Charity number

1113902

Auditors

Ernst & Young LLP
100 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 six month period ended 30 September 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 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 with the exception of Directors appointed by the City Council.

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

Trustees' report continued

Related parties

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."

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

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

Strategies

Having successfully delivered its inaugural Festival in 2007, the charity is now planning to deliver Festivals for the public benefit 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.

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.

Trustees' report continued

Achievements and performance

In the period the charity presented Leonard Cohen at the Manchester Opera House for four nights. The concerts sold out almost immediately and the response to his first concerts in the UK in 15 years was extremely positive from audience and critics alike.

His first appearance on a British stage in 15 years came under the auspices of the Manchester International Festival, where he entertained an ecstatic crowd with a droll, graceful show

**** (four stars)

Ludovic Hunter-Tilney

The Financial Times

'[Cohen] repays the acclaim by delivering just about the most perfect two hours you could spend at a concert'

***** (five stars)

Tim De Lisle

The Mail On Sunday

To hear him sing is still an experience to truly make young women and romantics shiver and sweat

***** (five stars)

David Pollock

The Independent

His first show on British soil in 15 years was immaculate, beautiful, exquisite.

David Cheal

Daily Telegraph

During this period, the Festival team worked on developing the programme and securing funding for 2009, aiming to consolidate the Festival's position as the leading Festival of original new work, created by a wide range of major international artists.

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

In reviewing the accounts for the previous year, it was agreed that a September year end would better reflect the financial activity of the Festival over its two year cycle. The Board therefore agreed to change the date of the year end from March to September and it was therefore necessary to produce these 6 month accounts for the period April to September 2008. The period end accounts show a surplus of £289,701. This is mainly due to sponsorship income for the 2009 Festival which was received and recognised during this period. All costs for productions are carried forward to the next financial year when the Festival will take place.

Trustees' report continued

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.

Reserves policy

In accordance with the Arts Council's recommendations for arts organisations to 'thrive not survive', we aim over the medium term 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. This has involved the contracting of a range of different international artists to undertake new commissions for the 2009 Festival.

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.

An important objective of the Festival is to build the creative potential of Manchester's different communities through a series of innovative, high quality community based commissions and creative development programmes.

To run alongside its main programme, the Festival is launching a major new creative learning programme for 2009 – MIF Creative – which will provide opportunities for local people to engage with the Festival and work alongside high profile artists and develop their creative skills including a new trainee producers scheme and a series of community commissions which will provide opportunities for different community groups across Manchester to work alongside major international artists to develop new projects for the 2009 Festival.

There will also be a programme of free events, discount tickets and audience access programmes. In 2009, this will include a new community box office initiative delivered in partnership with Arts About Manchester. This will provide heavily discounted tickets for all festival performances targeted at people across Manchester who have limited access to arts events.

Running throughout the Festival will be a series of major free events. This will include The Great Indoors which will take place in the Town Hall over a period of 5 days and in 2009 will include a special schools programme.

We are also starting to recruit volunteers to work with us on the Festival following on from the 2007 Festival which saw 300 volunteers take part.

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.

Trustees' report continued

Auditors

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 18/6/09

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 period 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 period ended 30 September 2008 which comprise the Statement of Financial Activities, Balance Sheet and related notes 1 to 23. 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 30 September 2008 and of its incoming resources and application of resources, including its income and expenditure, for the period 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: 19/6/09

Statement of financial activities (including income and expenditure account)

for the six months period ended 30 September 2008

| | | | | 6 months to 30 September 2008 | 12 months to 31 March 2008 (as restated) |
|---|------|-------------------|-----------------|-------------------------------------|---|
| | Note | Unrestricted £ | Restricted £ | £ | £ |
| Incoming resources | | | | | |
| Incoming resources from generated funds: | | | | | |
| Voluntary income: | | | | | |
| Grants and donations | 2 | 838,793 | - | 838,793 | 2,444,437 |
| Activities for generating funds | 3 | 298,833 | - | 298,833 | 2,170,429 |
| Investment income | 4 | 8,072 | - | 8,072 | 22,812 |
| | | <u>1,145,698</u> | <u>-</u> | <u>1,145,698</u> | <u>4,637,678</u> |
| Incoming resources from charitable activities: | | | | | |
| Operation of Festival | 5 | 486,372 | - | 486,372 | 1,425,753 |
| | | <u>1,632,070</u> | <u>-</u> | <u>1,632,070</u> | <u>6,063,431</u> |
| Total incoming resources | | | | | |
| Resources expended | | | | | |
| Cost of generating funds | | | | | |
| Costs of generating voluntary income | 6 | 113,242 | - | 113,242 | 224,622 |
| Charitable activities | | | | | |
| Festival costs | 7 | 1,097,072 | - | 1,097,072 | 6,415,947 |
| Governance costs | 8 | 24,225 | - | 24,225 | 57,885 |
| | | <u>1,234,539</u> | <u>-</u> | <u>1,234,539</u> | <u>6,698,454</u> |
| Total resources expended | | | | | |
| Net movement in funds | | | | | |
| | | <u>397,531</u> | <u>-</u> | <u>397,531</u> | <u>(635,023)</u> |
| Total funds brought forward: | | | | | |
| As previously reported at 31 March 2008 | | 18,603 | -- | 18,603 | 527,193 |
| Prior year adjustment | 19 | (126,433) | - | (126,433) | - |
| | | <u>(107,830)</u> | <u>-</u> | <u>(107,830)</u> | <u>527,193</u> |
| As restated at 31 March 2008 | | <u>(107,830)</u> | <u>-</u> | <u>(107,830)</u> | <u>527,193</u> |
| Total funds carried forward | | | | | |
| | | <u>289,701</u> | <u>-</u> | <u>289,701</u> | <u>(107,830)</u> |

The results for the year ended 31 March 2008 have been restated in accordance with the prior year adjustment explained in note 19.

All amounts relate to continuing activities.

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

Balance Sheet

30 September 2008

| | | 30 September 2008 | 31 March 2008 (as restated) |
|---|-------|----------------------|-----------------------------------|
| | Notes | £ | £ |
| Fixed assets | | | |
| Tangible assets | 12 | 20,368 | 22,689 |
| Current assets | | | |
| Debtors | 13 | 467,032 | 575,250 |
| Cash and bank balances | | 225,194 | 488,320 |
| | | 692,226 | 1,063,570 |
| Creditors: amounts falling due within one year | 14 | (422,893) | (1,194,089) |
| Net current assets/(liabilities) | | 269,333 | (130,519) |
| | | 289,701 | (107,830) |
| Funds | | | |
| Unrestricted funds | | | |
| General | 16 | 289,701 | (107,830) |
| Restricted funds | | | |
| Restricted | | - | - |
| | | 289,701 | (107,830) |

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



R Paver

18/10/09

Notes to the financial statements

at 30 September 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 period from box office income and co-commissioning income. Income is deferred when it is received in advance of an event taking place.

Investment income is recognised on a receivable basis.

Resources expended

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

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

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories on the 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 30 September 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 period.

Leasing commitments

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

2. Grants and donations

| | 30 September 2008 | | 31 March 2008 |
|---|----------------------|-----------------|------------------|
| | Unrestricted £ | Restricted £ | Total £ |
| Manchester City Council | 500,000 | - | 500,000 |
| Arts Council England | 330,793 | - | 330,793 |
| Salford City Council | - | - | - |
| Department of Business Enterprise and Regulatory Reform (BERR) | - | - | - |
| Jerwood Charitable Foundation | - | - | - |
| Zochonis Charitable Trust | - | - | - |
| Arts and Business | - | - | - |
| Henry Moore Foundation | - | - | - |
| Peter Moores Foundation | 8,000 | - | 8,000 |
| British Council | - | - | - |
| Granada Foundation | - | - | - |
| Clore Duffield Foundation | - | - | - |
| Emerson Foundation | - | - | - |
| Visiting Arts | - | - | - |
| Other | - | - | - |
| | 838,793 | 0 | 838,793 |
| | | | 2,444,437 |

Notes to the financial statements

at 30 September 2008

3. Activities for generating funds

| | 30 September 2008 | 31 March 2008 |
|---------------------|----------------------|------------------|
| | £ | £ |
| Sponsorship | 254,500 | 1,795,537 |
| Sponsorship in kind | 39,996 | 341,878 |
| Other income | 4,337 | 33,014 |
| | <u>298,833</u> | <u>2,170,429</u> |

Sponsorship in kind includes services provided by Bruntwood, Cobbetts and Ernst & Young LLP.

4. Income from investments

| | 30 September 2008 | 31 March 2008 |
|---------------------|----------------------|------------------|
| | £ | £ |
| Interest receivable | 8,072 | 22,812 |
| | <u>8,072</u> | <u>22,812</u> |

5. Incoming resources from charitable activities

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

| | 30 September 2008 | 31 March 2008 (as restated) |
|---------------------------------|----------------------|-----------------------------------|
| | £ | £ |
| Festival and trailblazer events | 486,372 | 1,425,753 |
| | <u>486,372</u> | <u>1,425,753</u> |

Incoming resources from charitable activities for the year ended 31 March 2008 have been restated in accordance with the prior year adjustment explained in note 19.

Notes to the financial statements

at 30 September 2008

6. Costs of generating voluntary income

| | 30 September 2008 | 31 March 2008 |
|------------------------|----------------------|------------------|
| | £ | £ |
| Wages and salaries | 75,930 | 176,033 |
| Direct costs | 21,524 | 31,523 |
| Support costs (Note 8) | 15,788 | 17,066 |
| | <u>113,242</u> | <u>224,622</u> |

7. Analysis of charitable expenditure – Festival costs

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

| | | 30 September 2008 | 31 March 2008 |
|--------------------------|----------------------------|----------------------|------------------|
| | <i>Basis of allocation</i> | £ | £ |
| Wages and salaries | Direct | 353,290 | 544,220 |
| R&D | Direct | 32,458 | 20,642 |
| Commission costs | Direct | 509,490 | 4,748,376 |
| Branding and advertising | Direct | 55,336 | 674,851 |
| Volunteers | Direct | - | 16,057 |
| Support costs (note 8) | Direct | 146,498 | 411,801 |
| | | <u>1,097,072</u> | <u>6,415,947</u> |

8. Support costs

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

| | <i>Voluntary</i> | | <i>Charity 30 September</i> | <i>31 March</i> |
|-------------------------------|------------------|-------------------|-----------------------------|-----------------|
| | <i>Income</i> | <i>Governance</i> | <i>activity</i> | <i>2008</i> |
| | £ | £ | <i>Festival</i> | <i>2008</i> |
| | | | £ | £ |
| Wages and salaries | - | 19,582 | - | 19,582 |
| Professional fees and charges | 8,200 | 4,455 | 39,861 | 52,516 |
| Other staff costs | 5,250 | 188 | 18,666 | 24,104 |
| Depreciation | - | - | 9,977 | 9,977 |
| Running expenses | 2,338 | - | 21,049 | 23,387 |
| Premises costs | - | - | 56,945 | 56,945 |
| | <u>15,788</u> | <u>24,225</u> | <u>146,498</u> | <u>186,511</u> |
| | | | | <u>486,752</u> |

The costs are allocated on a time basis.

Notes to the financial statements

at 30 September 2008

9. Movement in total funds for the period

Net movement in funds are stated after charging:

| | 30 September 2008 £ | 31 March 2008 £ |
|--|---------------------------|-----------------------|
| Auditors' remuneration – current period | 4,000 | 10,000 |
| Operating lease rentals – land & buildings | 37,198 | 105,346 |
| Depreciation | 9,977 | 24,480 |
| | <u> </u> | <u> </u> |

10. Analysis of staff costs

| | 30 September 2008 £ | 31 March 2008 £ |
|-----------------------|---------------------------|-----------------------|
| Wages and salaries | 393,855 | 671,898 |
| Social security costs | 45,427 | 74,597 |
| Other pension costs | 9,520 | 13,135 |
| | <u> </u> | <u> </u> |
| | 448,802 | 759,630 |
| | <u> </u> | <u> </u> |

Number of employees:

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

| | 30 September 2008 No. | 30 March 2008 No. |
|-------------|-----------------------------|-------------------------|
| Festival | 12 | 12 |
| Fundraising | 3 | 3 |
| Governance | 1 | 1 |
| | <u> </u> | <u> </u> |
| | 16 | 16 |
| | <u> </u> | <u> </u> |

Notes to the financial statements

at 30 September 2008

10. Analysis of staff costs (*continued*)

The number of staff who were paid more than £60,000 (pro rata for 6 months) in the following ranges were:

| | 30 September 2008 | 31 March 2008 |
|---------------------|----------------------|------------------|
| £60,001 - £70,000 | 1 | - |
| £90,001 - £100,000 | 1 | 1 |
| £120,001 - £130,000 | 1 | 1 |
| | <u>3</u> | <u>2</u> |

11. Executive Board's remuneration and reimbursed expenses

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

One trustee was reimbursed expenses of £47 in the period. No other trustees were reimbursed for expenses during the period.

12. Fixed assets

| | Office equipment £ | Fixtures & fittings £ | Total £ |
|-----------------------|--------------------------|-----------------------------|---------------|
| Cost: | | | |
| At 1 April 2008 | 69,204 | 17,037 | 86,241 |
| Additions | 7,656 | - | 7,656 |
| At 30 September 2008 | <u>76,860</u> | <u>17,037</u> | <u>93,897</u> |
| Depreciation: | | | |
| At 1 April 2008 | 48,266 | 15,286 | 63,552 |
| Charge for the period | 9,445 | 532 | 9,977 |
| At 30 September 2008 | <u>57,711</u> | <u>15,818</u> | <u>73,529</u> |
| Net book value: | | | |
| At 30 September 2008 | <u>19,149</u> | <u>1,219</u> | <u>20,368</u> |
| At 31 March 2008 | <u>20,938</u> | <u>1,751</u> | <u>22,689</u> |

Notes to the financial statements

at 30 September 2008

13. Debtors

| | 30 September 2008 | 31 March 2008 (as restated) |
|--------------------------------|----------------------|-----------------------------------|
| | £ | £ |
| Trade debtors | 311,258 | 428,511 |
| Other debtors | 7,871 | 12,805 |
| Prepayments and accrued income | 40,451 | 67,407 |
| Production costs | 92,139 | 2,988 |
| VAT | 15,313 | 63,539 |
| | <u>467,032</u> | <u>575,250</u> |

14. Creditors: amounts falling due within one year

| | 30 September 2008 | 31 March 2008 (as restated) |
|-----------------------------|----------------------|-----------------------------------|
| | £ | £ |
| Trade creditors | 307,345 | 775,731 |
| Accrued and deferred income | 115,548 | 418,358 |
| | <u>422,893</u> | <u>1,194,089</u> |

15. Deferred income

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

| | £ |
|-------------------------------|---------------|
| At 1 April 2008 | 380,793 |
| Amount released in the period | (330,793) |
| Amount deferred in the period | 42,668 |
| | <u>92,668</u> |
| At 30 September 2008 | <u>92,668</u> |

Notes to the financial statements

at 30 September 2008

16. Analysis of charitable funds

Analysis of unrestricted fund movements:

| | <i>Balance at 1 April 2008 (as restated)</i> | <i>Movement in funds</i> | | <i>Balance at 30 September 2008</i> |
|--------------|--|---------------------------------------|--|---|
| | | <i>Net outgoing resources</i> | <i>Transfer to unrestricted fund</i> | |
| | £ | £ | £ | £ |
| General Fund | (107,830) | 397,531 | - | 289,701 |

Analysis of restricted fund movements:

No restricted fund income was received in this period.

The balance as at 1 April 2008 has been restated in accordance with the prior year adjustment explained in note 19.

17. Analysis of net assets between funds

Fund balances at 30 September 2008 are represented by:

| | <i>General Funds</i> | <i>Restricted Fund</i> | <i>Total Funds</i> |
|-----------------------|--------------------------|----------------------------|------------------------|
| | £ | £ | £ |
| Tangible fixed assets | 20,368 | - | 20,368 |
| Current assets | 692,226 | - | 692,226 |
| Current liabilities | (422,893) | - | (422,893) |
| | 289,701 | - | 289,701 |

18. Share capital

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

19. Prior year adjustment

The prior year adjustment relates to an overstatement of income from the operation of 2007 Festival reported in the accounts for the year ended 31 March 2008. This was caused by the overpayment of box office income from the ticketing agents that were administering certain events of the 2007 Festival and the declaration and payment of VAT on such income at the time.

20. Taxation

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

Notes to the financial statements

at 30 September 2008

21. Operating lease commitments

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

| | <i>Land and buildings 30 September 2008 £</i> | <i>Land & buildings 31 March 2008 £</i> |
|-------------------------------|---|---|
| Operating leases which expire | | |
| Within one year | 15,500 | - |
| Within two to five years | 68,561 | 84,061 |

22. 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 period the charity paid £11,017 (for year ended 31 March 2008: £13,135) towards pension contributions.

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 in the period 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 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 Estates, 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.