

Company number 05292793

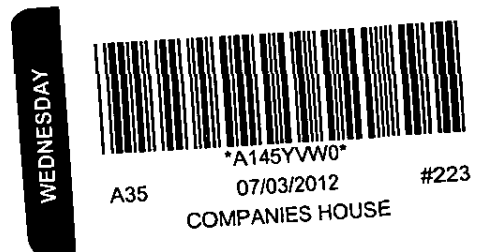
Charity number 1113902

Manchester International Festival

(a company limited by guarantee)

Report and Financial Statements

30 September 2011



Company information

Directors and trustees

Tom Bloxham	(Chairman)
Richard Paver	(nominated by Manchester City Council)
Chris Oglesby	
Michael Amesbury	(nominated by Manchester City Council)
Sir Brian McMaster	
Andrew Stokes	
Kulwinder Thiarai	
Joyce Hytner	
Peter Salmon	

Festival director and senior executive

Alex Poots

Secretary and registered office

Jackie McNerney
Third floor
81 King Street
Manchester M2 4AH

Company number

05292793

Charity number

1113902

Auditors

Ernst & Young LLP
100 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 to 30 September 2011

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 and 17 February 2011. The company became a registered charity on 26 April 2006.

Directors and trustees

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

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

Appointment and retirement of directors

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

Trustee induction and training

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

Organisation

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

Related parties

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

Trustees' report (continued)

Risk management

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

Objectives and Activities

The aims and objectives of the Festival are

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

- Presenting high quality world premieres and special events by leading international artists
- Building strong working relationships with leading cultural organisations locally, nationally and internationally

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

- Creating an ambitious risk-taking Festival
- Reaching a conspicuously broad audience, regionally, nationally and internationally
- Gaining significant media coverage, locally, nationally and internationally

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

- Building a long-term and innovative community engagement programme delivered to the same ambitions and values as the rest of the Festival
- Ensuring that there are opportunities for all Manchester residents to engage with the Festival – through a programme of free events and volunteering

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

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

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

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

Trustees' report (continued)

Achievements and performance

The third Festival took place from 30 June to 17 July 2011. Once again the Festival was able to attract artists of undisputed international standing – Björk, Robert Wilson, Marina Abramovic, Willem Dafoe, Antony (Antony and the Johnsons), Damon Albarn, Rufus Norris, Punchdrunk, Tino Sehgal, Victoria Wood and Amadou & Mariam to name but a few – to create new work for Manchester, work which in many cases will go on to be seen around the world.

The policy of inviting artists back to the festival continued to bear fruit. Damon Albarn, Neil Bartlett, Marina Abramovic, Tino Sehgal, Amadou & Mariam, Punchdrunk and Antony were all making return visits to Manchester and it is MIF's belief that these artists were able to create more ambitious work in 2011 as a direct result of the relationships that they had developed with MIF over previous festivals.

Attendance at the 2011 Festival grew by about 4% compared to 2009 - 231,598 in 2011 compared to 223,960 in 2009.

Attendance at the 2011 Festival divided between 74,720 ticket buyers and 156,878 who attended free events and the Festival Pavilion (compared to 55,621 and 168,339 respectively in 2009). The Pavilion's location in Albert Square, combined with the increased programme of activities on the Pavilion site, ensured that there was a lively hub for the Festival right in the heart of the city. 53% of the audience came from Greater Manchester (compared to 55% in 2009), with 13% coming from elsewhere in North West (compared to 16% in 2009), 36% coming from the rest of UK and overseas (compared to 29% in 2009). In other words, the 2011 festival saw a small, but important, shift in demographics with more people coming from outside the North West compared to the 2009 Festival.

MIF's audience satisfaction ratings held up very well. According to Morris Hargreaves McIntyre's survey of attenders, 97% thought the quality of MIF's event was 'excellent' or 'reasonably good' (compared with 96% in 2009). 82% thought the Festival represented either 'excellent' or 'reasonably good' value for money (exactly the same as in 2009). As in 2009, 96% of those asked thought that they were either 'very likely' or 'quite likely' to attend the Festival in future, and to recommend it to others.

There was a 17% increase in media coverage for the Festival, from £19.9 million (advertising equivalent value) 2009 to £23.3 million in 2011. It is worth noting that these figures refer purely to traditional print and broadcast coverage and exclude completely all online editorial. This was also extensive, with major editorial coverage on media sites including nytimes.com, guardian.co.uk, bbc.co.uk and ft.com plus thousands of features and news mentions on specialist music, art and lifestyle sites and blogs around the world. International coverage increased by 50%. Of particular interest was the rise in national news broadcast coverage, putting MIF and Manchester at the top of the arts agenda during a busy summer season.

"It is this artist-led vision and can-do attitude that have made it one of the most exciting art events in Britain."

Coline Milliard, International Herald Tribune, 25 June 2011

"In its third season, the biennial Manchester International Festival is cementing its status as Britain's most innovative arts festival."

Dan Cairns, Sunday Times Culture, 19 July 2011

Trustees' report (continued)

The MIF Creative programme, which was launched in 2008, continues to go from strength to strength, thanks to the support of the Calouste Gulbenkian Foundation, the Paul Hamlyn Foundation, the Esmée Fairbairn Foundation, the Zochonis Charitable Trust and the Association of Greater Manchester Authorities

MIF Creative shares MIF's principles of innovation, originality, internationalism and of developing high quality and inspiring cultural work. Its aim is to leave a legacy for the Festival by encouraging leading international artists and cultural practitioners to work with local people of all ages and backgrounds to unlock their talent.

There were five MIF Creative commissions developed as part of the 2011 Festival

i) **That Day We Sang** A new musical written and directed by Victoria Wood, which took as its starting point the Manchester Children's Choir of the 1920s. As part of this project, MIF worked in 4 schools for 9 months in North Manchester to create a new Manchester Children's Choir which performed at the Opera House as part of the production.

ii) **Sacred Sites** A partnership between MIF, the Faith Network for Manchester and five local faith communities of Christian, Hindu, Jewish, Muslim and Sikh denomination. The communities each identified a leading international exponent of sacred music or chant and worked with MIF to present him or her in their place of worship. Running alongside this was a five part BBC Radio 3 series.

iii) **Music Boxes** A major new music project aimed at early years (6 months – 7 years) and their families and carers and developed in partnership with BBC Children's. It combined a large-scale public event sited at MediaCityUK and running throughout the Festival, with research and development residencies in nurseries and early years centres across Greater Manchester and a training programme for emerging music leaders.

iv) **Björk Biophilia Music School** A week-long programme, delivered in partnership with the Museum of Science and Industry, giving young people in Manchester a unique opportunity to be the first in the world to explore Björk's new music ideas and technologies and to develop their own compositional skills.

v) **Vertical Farm** An ambitious new commission, launched at MIF 2011 and in development for MIF 2013. Over a three year period, MIF and a series of expert partners will work with local residents in Wythenshawe to turn a disused office block into an urban farm, exploring urgent issues of food security and sustainability in urban communities.

In total 4,007 people took part in the 2011 MIF Creative programme (compared to 2,683 people in 2009). The growing success of the MIF Creative programme has helped MIF become more rooted in Manchester and helps deliver a festival that balances major international artists with a strong local flavour. One of the reasons for this success is MIF's commitment to ensure that the MIF Creative commissions sit at the heart of the Festival, rather than being tucked away in an associated education programme.

"The MIF Creative programme achieved a very high profile both in the build up and in the delivery. Many contributors to this study – including the artists themselves – stressed how valuable (and, alas, unusual) it was to see the work given equivalent weight to other Festival events."

Graham Devlin, Independent Evaluator

The 2011 Festival continued the policy of 2009 in ensuring that at least a third of the programme was free, giving as many opportunities as possible for local people to engage with the festival, whatever their means. Free events included three major visual arts shows – John Gerrard's *Infinite Freedom Exercise*, *Projections* at the Whitworth Art Gallery and *11 Rooms* at the Manchester Art

Trustees' report (continued)

Gallery Both the Whitworth and the Manchester Art Gallery shows saw dramatic increases in attendance compared to the same period in 2010 Other free events included Sacred Sites, Audio Obscura and Music Boxes

The Festival also increased participation through its volunteer programme 383 volunteers joined the scheme (a 16% increase on that achieved in 2009), and delivered the equivalent of 19,000 hours of labour (worth £286,800) in 13 different roles – this is an 11% increase in hours and a 22% increase in worth compared to 2009 84% of the volunteers lived in Greater Manchester (with 54% drawn from the city) 53% of the volunteers were under 30 and 21% were over 50 (with oldest being 84) – this compares to 58% and 19% respectively in 2009

The volunteer programme is a key part of the Festival and the feedback we have had from volunteers, artists and staff re their contribution for the 2011 Festival has been really positive

"I had the most amazing time and some of the best experiences I can't wait to sign up again for 2013"

2011 Volunteer

The role of the Festival as a driver in the city's economy continues to grow Using the model prepared for the Festival at feasibility stage by Cambridge Policy Consultants, Morris Hargreaves McIntyre calculate that the 2011 festival achieved an economic impact of £37.6m (compared to £35.7m in 2009) The economic impact of MIF on the city is backed up by further data collected by local organisations For instance, footfall in the City Centre was up on 2010

In addition, the Festival creates and sustains a significant number of jobs 17 staff work for the Festival year round and a further 39 are contracted by the Festival for a minimum of 3 weeks during the Festival period This total of 56 jobs does not however take into account the considerable number of people working as performers, stage managers or technicians on MIF commissions nor those people employed by venues and other suppliers working with the Festival

The profile and standing of MIF is further evidenced by the fact that it was able to pull together an impressive group of 14 international and national co-commissioners and a further 12 local co-producing partners for the 2011 Festival This level of co-commissioning and co-producing support represents a tangible and public endorsement of the artistic quality of the projects that MIF is setting out to deliver

The strength of this co-commissioning pool has further benefits to MIF and the city Most of these partners will go on to present the works that premiered in Manchester in their own spaces around the world, further raising the profile of the commission, the Festival and the City In addition, their financial support for MIF's productions represents significant inward investment into the region In 2011, this amounted to some £2.3 million, much of which is used to employ artists, technicians, makers etc working in the region

The strength of the company overall has recently been acknowledged by The Daily Telegraph which included MIF in its recent list of top 1,000 brightest businesses

MIF has continued to make notable progress in sustainable event management In 2010, MIF became the first international festival to be awarded the new British Standard in Sustainable Event Management, BS 8901, and was the recipient of Greater Manchester's Sustainable Tourism Award MIF also made practical progress in environmental sustainability at the 2011 Festival Two key areas of work were identified - minimising waste and improving awareness of sustainable aims – and three challenging targets were set Key achievements included just 21% of waste created on Festival Square being sent to landfill and 85% of volunteers aware that MIF aims to be a sustainable event

Trustees' report (continued)

To support the development of city-wide leadership and support for sustainable event management, in March 2011 MIF secured funding from Arts Council England to establish a 1-year programme bringing cultural organisations together to share knowledge and to develop strong and sustainable working practices. Facilitated by Julie's Bicycle, and supported by Renaissance North West, the programme runs until March 2012 and brings together over 25 local arts organisations in regular meetings to share and develop new learning.

Commissions 2011

1 Biophilia

Björk

Commissioned by Manchester International Festival

Produced by Manchester International Festival and Björk

No. of performances 7

Campfield Market Hall, Museum of Science and Industry

2 Bach, Berio, Biber & Bartók, Béla

Alina Ibragimova, The Quay Brothers

Commissioned by Manchester International Festival, Barbican (London) and CREATE

Produced by Manchester International Festival and Chetham's Foundation

No. of performances 18

Chetham's School and Library

3 Dr Dee

Damon Albarn, Rufus Norris

Commissioned by Manchester International Festival, London 2012 Festival and ENO

Produced by Manchester International Festival and ENO, with thanks to the BBC Philharmonic for their support and collaboration

No. of performances 8

Palace Theatre

4 The Life and Death of Marina Abramovic

Robert Wilson, Marina Abramovic, Antony, Willem Dafoe

Commissioned by Manchester International Festival and Teatro Real Madrid with Theater Basel, Art Basel, Holland Festival, Salford City Council and deSingel

Produced by Manchester International Festival, Teatro Real Madrid and The Lowry

No. of performances 6

The Lowry

5 The Crash of the Elysium

Punchdrunk

Commissioned by Manchester International Festival, BBC, London 2012 Festival and Salford City Council

Produced by Manchester International Festival, Punchdrunk and BBC Wales

No. of performances 58

MediaCityUK

Trustees' report (continued)

6 That Day We Sang

Victoria Wood

Commissioned by MIF Creative

Produced by Manchester International Festival

With thanks to the Hallé Youth Orchestra

No of performances 11

Opera House

7 11 Rooms

John Baldessari, Allora and Calzadilla, Simon Fujiwara, Laura Lima, Roman Ondák, Lucy Raven, Tino Sehgal, Santiago Sierra, Marina Abramovic, Joan Jonas, Xu Zhen

Commissioned by Manchester International Festival, Manchester Art Gallery and the International Arts Festival RUHRTRIENNALE 2012-2014

Produced by Manchester International Festival and Manchester Art Gallery

No of performance days 9

Manchester Art Gallery

8 1395 Days without Red/Projections

Šejla Kamerić and Anri Sala

Commissioned by Artangel with Manchester International Festival, Whitworth Art Gallery (Manchester), Fundació Museu D'Art Contemporani de Barcelona (MACBA), Museum Boijmans Van Beuningen (Rotterdam), enabled by Han Nefkens, H+F patronage, Festival d'Automne (Paris), Arts Council England, European Cultural Foundation, Film Fund Sarajevo, Marian Goodman Gallery (New York), Hauser & Wirth (London & Zurich)

Co-produced by Artangel and SCCA/pro ba

No of performance days 16

Whitworth Art Gallery

9 Eclipse

Amadou & Mariam

Commissioned by Manchester International Festival

Produced by Manchester International Festival, Amadou & Mariam, All Other Music and Because Music

No of performances 3

New Century Hall

10 Sacred Sites

Candi Staton, Mor Karbasi, Anuradha Paudwal, Dya Singh & Qari Syed Sadaqat Ali

Commissioned by MIF Creative

Produced by Manchester International Festival, Faith Network for Manchester and Asian Music Circuit

No of performances 15

Manchester Reform Synagogue, Shree Radha Krishna Mandir, Gurdwara Sri Guru Harkrishan Sahib Ji, Manchester Central Mosque, New Testament Church of God

11 Infinite Freedom Exercise

John Gerrard

Commissioned and produced by Manchester International Festival and Thomas Dane Gallery with the support of Outset Contemporary Art Fund and Culture Ireland

No of performance days 13

Lincoln Square

Trustees' report (continued)

12 Audio Obscura

Lavinia Greenlaw

Commissioned and produced by Manchester International Festival and Artangel

No of performance days 16

Piccadilly Station

13 And Another Thing

Johnny Vegas

Commissioned and produced by Manchester International Festival and Woolyback Productions

No of performances 8

Pavilion Theatre

14 The Madness of an Extraordinary Plan

Sir Mark Elder, the Hallé, Gerard McBurney, Neil Bartlett

Commissioned and produced by Manchester International Festival, the Hallé and The Bridgewater Hall

No of performances 2

The Bridgewater Hall

15 The 8th

Paul Heaton

Commissioned and produced by Manchester International Festival and Paines Plough

No of performances 3

Pavilion Theatre

16 Pop 'O' Motion

Cornershop/Rude

Commissioned by MIF Creative, BBC, Salford City Council and Abu Dhabi Festival as part of Music Boxes

Produced by Manchester International Festival and CBeebies

With support from AGMA (Association of Greater Manchester Authorities)

No of performances 34

The Piazza, MediaCityUK

17 Dreamtime

Inne Goris with Dominique Pauwels and Ruimtevaarders

Commissioned by MIF Creative, BBC, Salford City Council and Abu Dhabi Festival as part of Music Boxes

Produced by Manchester International Festival and CBeebies

With support from AGMA (Association of Greater Manchester Authorities)

No of performances 34

The Piazza, MediaCityUK

18 The Art of Noise

Nik Ramage

Commissioned by MIF Creative, BBC, Salford City Council and Abu Dhabi Festival as part of Music Boxes

Produced by Manchester International Festival and CBeebies

With support from AGMA (Association of Greater Manchester Authorities)

No of performances 34

The Piazza, MediaCityUK

Trustees' report (continued)

19 Gorgeous

Oily Cart

Commissioned by MIF Creative, BBC, Salford City Council and Abu Dhabi Festival as part of Music Boxes

Produced by Manchester International Festival and CBeebies

With support from AGMA (Association of Greater Manchester Authorities)

No of performance days 6

Schools across Greater Manchester

20 Aflutter

JoNny* and Stephen Stockbridge

Commissioned by MIF Creative, BBC, Salford City Council and Abu Dhabi Festival as part of Music Boxes

Produced by Manchester International Festival and CBeebies

With support from AGMA (Association of Greater Manchester Authorities)

No of performances 34

The Piazza, MediaCityUK

Special Events

1 Doggystyle

Snoop Dogg

No of performances 1

O2 Apollo

2 Projections Works from the Artangel Collection

No of performance days 16

Whitworth Art Gallery

3 Sinéad O'Connor

No of performances 3

Pavilion Theatre

4 WU LYF

No of performances 1

The Bridgewater Hall

5 Rickie Lee Jones

No of performances 1

The Bridgewater Hall

6 Mark Andre

No of performances 1

Martin Harris Centre for Music and Drama

7 Candi Staton

No of performances 1

Pavilion Theatre

8 Die Walküre

No of performances 3

The Bridgewater Hall

Trustees' report (continued)

9 True Faith

Dave Haslam, Bernard Sumner, Paul Morley, Barry Adamson, Egyptian Hip Hop, XXXY Plank!, LoneLady, Silverclub, Air Cav, D/R/U/G/S, Young British Artists, Golden Glow

No of performances 6

Pavilion Theatre

10 Festival Pavilion DJs

Contort Yourself v Naïve Melody

Mixed Up feat Dave Haslam

Kingspinna

Tempo feat Dave Law & Dean Jay

Across the Tracks with Terry Hall

Everything Everything

Freitags feat Craig Campbell

Disco Outcasts

Micron feat Ewan Pearson

Dialog plus Paul Jenks

Disco Mums and Andrea Trout

Pull Yourself Together

Moshi Moshi

Jonny Shire v Gumbo Yaya

Out of the Gloom v Development

Up the Racket

No of performances 16

Festival Pavilion

11 Yellow

Dave Haslam with special guest Dave Lee

No of performances 1

Pavilion Theatre

12 That Day We Sang children's choir

No of performances 1

Festival Pavilion

13 Icelandic Choir

No of performances 2

Festival Square

14 1395 Days talk

No of performances 1

Whitworth Art Gallery

Trustees' report (continued)

Financial review

As MIF is a biennial Festival, budgets are prepared over a two year cycle and 2010/11 is the second year of the cycle for the 2011 Festival. The deficit of £1,080,610 on the year is offset by the brought forward surplus from the previous year of £1,230,242, as anticipated, leaving a small surplus at the year end. The turnover of the Festival in 2011 grew by 19% (or some £1.7 million) compared to 2009. This increase was driven largely by 'other funding' and, in particular, by co-commission funding which grew from £720,000 in 2009 to £2.3 million in 2011, a growth that was made possible by the opening of MediaCityUK with additional funding from Salford City Council and the London 2012 Olympics providing funding for 2 projects. As in 2009, MIF managed to generate a small surplus which will be used to build reserves and provide some investment funds for future developments. The financial results for 2011 indicate that MIF is continuing to develop a diverse and stable financial base for the Festival. While public funding has remained stable at 40% of turnover, the leveraging impact of this public funding has grown dramatically. The stable support from both Manchester City Council and Arts Council England has enabled MIF to grow its 'other funding' from 14% to 25% of turnover and both drive growth in the festival programme and offset reductions in commercial sponsorship.

MIF believes that as its international profile grows, there will be opportunities for the Festival to grow new income streams in future through national and international touring and special partnerships.

In the prevailing economic conditions, raising £2.4 million in sponsorship is an impressive performance, especially given the demise of the NWDA, whom MIF has traditionally treated as a corporate sponsor. The Cooperative Group joined existing official sponsors PZ Cussons, NCP, Mint Hotel, Bruntwood and Manchester Airport Group at top tier. They were joined by a range of official supporters, official suppliers, corporate partners and corporate members.

Box office income also increased by 65% on 2009 increasing to £1,645,137 (£1 million 2009).

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

Investment powers and policy

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

Reserves policy

The Trustees wish to establish a reserve that will aim to cover three months of fixed costs (excluding project costs). The surplus at 30 September 2011 of £99,632 is currently held on this basis. In addition the Trustees have set up a designated fund for IT and digital development and have allocated £50,000 to this reserve.

Trustees' report (continued)

Plans for future periods

The next Festival will run from 4 to 21 July 2013. The Festival will continue to programme a series of new artist-led commissions and will focus on improving the quality of the programme, making the range of commissions as rewarding as possible for our featured artists, audiences, co-commissioners, Manchester, our staff and volunteers. These commissions will be supported by a programme of concerts and special events.

MIF 2013 should continue to grow its successful co-commissioning model with international and national organisations (eg Teatro Real, Holland and Luminato Festivals, ENO, Ruhr Triennale) and with Manchester organisations (eg The Whitworth and Manchester Art Galleries, MOSI, Cornerhouse, The Hallé, BBC North, Chetham's School).

MIF will also seek to develop New Initiatives, MIF Touring and MIF Partnerships with like-minded organisations (eg, New York's Armory). These should be selected for their artistic merit, benefits to MIF and benefits to the city.

The important work of MIF Creative should be more prominent in MIF 2013, extending to New Initiatives to create further legacy through distinctive relationships with local communities and greater partnerships with Trusts and Foundations.

Many of the projects from the 2011 Festival will tour during 2012 including *The Crash of the Elysium*, *Dr Dee*, *11 Rooms*, *Music Boxes* and *Life and Death of Manna Abramovic*. In addition *Prima Donna* from the 2009 Festival will be performed in New York in 2012.

Auditors

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

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

On behalf of the Board



Richard Paver

Date 7/2/12

Statement of trustees' responsibilities

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

Company and charity law requires the trustees to prepare financial statements for each financial year. Under these laws the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that year. In preparing these financial statements, the trustees are required to

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

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

Independent auditor's report

to the members of Manchester International Festival

We have audited the financial statements of Manchester International Festival for the year ended 30 September 2011 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2011 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

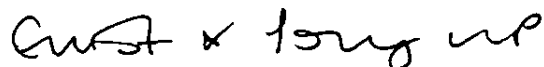
Independent auditor's report

to the members of Manchester International Festival (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Alastair Nuttall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date 10/02/12

Statement of financial activities (including income and expenditure account)

for the year ended 30 September 2011

	Note	Unrestricted £	Restricted £	2011 Total £	2010 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Grants and donations *	2	2,762,064	470,385	3,232,449	1,355,464
Activities for generating funds *	3	1,424,246	–	1,424,246	1,005,609
Investment income	4	21,420	–	21,420	1,794
		4,207,730	470,385	4,678,115	2,362,867
Incoming resources from charitable activities					
Operation of Festival	5	4,093,028	–	4,093,028	69,760
Total incoming resources		8,300,758	470,385	8,771,143	2,432,627
Resources expended					
Cost of generating funds					
Costs of generating voluntary income	6	287,238	9,000	296,238	179,236
Charitable activities					
Festival costs	7	8,997,699	481,385	9,479,084	1,030,959
Governance costs	8	76,431	–	76,431	49,788
Total resources expended		9,361,368	490,385	9,851,753	1,259,983
Net movement in funds **	9	(1,060,610)	(20,000)	(1,080,610)	1,172,644
Total funds brought forward					
At 30 September 2010		1,210,242	20,000	1,230,242	57,598
Total funds carried forward		149,632	–	149,632	1,230,242

All amounts relate to continuing activities

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

*The current year is the second of the two year Festival cycle. Income is received over the two year cycle in order to fund the costs of the Festival which took place in July 2011 and most of the expenditure therefore took place in this financial year

**The deficit for the year of £1,080,610 arose from the expenditure of the 2011 Festival against income received over the 2 year Festival cycle, much of which was recorded in the previous year

Balance sheet

at 30 September 2011

Company Number 05292793 – Registered Charity Number 1113902

		30 September 2011	30 September 2010
	Notes	£	£
Fixed assets			
Tangible assets	12	2,854	5,195
Current assets			
Debtors	13	1,257,723	992,786
Cash and bank balances		302,772	458,177
		1,560,495	1,450,963
Creditors amounts falling due within one year	14	(1,413,717)	(225,916)
Net current assets		146,778	1,225,047
Total assets		149,632	1,230,242
Funds			
Unrestricted funds			
General	16	99,632	1,210,242
Designated	16	50,000	–
Restricted funds			
MIF Creative Reserve	16	–	20,000
		149,632	1,230,242

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



Richard Paver

Date

7/2/12

Notes to the financial statements

at 30 September 2011

1. Accounting policies

Basis of preparation

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

Statement of cash flows

As a small company, no statement of cash flows is required to be prepared under the exemption allowed in FRS 1 (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 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.

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:

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

Notes to the financial statements

at 30 September 2011

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 prepayments. These costs are subsequently charged to the Statement of Financial Activities in the year 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.

Foreign currencies

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

2. Grants and donations

	<i>Unrestricted</i>	<i>Restricted</i>	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>	<i>Total</i>	<i>Total</i>
			<i>£</i>	<i>£</i>
Manchester City Council	2,100,000	–	2,100,000	1,000,000
Arts Council England	608,000	–	608,000	325,000
Arts Council England project grant	–	2,500	2,500	–
Calouste Gulbenkian Foundation	–	175,000	175,000	–
Paul Hamlyn Foundation	–	65,000	65,000	–
Greater Manchester Strategic Arts Fund	–	60,000	60,000	–
Association of Greater Manchester Authorities	–	60,000	60,000	–
Esmée Fairbairn Foundation	–	25,000	25,000	–
The Foyle Foundation	–	20,000	20,000	–
Jerwood DCMS Creative Bursary	–	20,000	20,000	–
Vision & Media	–	20,000	20,000	–
Zochonis Charitable Trust	–	–	–	20,000
Anneburg Foundation (Chora Council)	–	15,885	15,885	–
Tom Bloxham Trust	5,000	–	5,000	–
Innovation Investment Fund	–	–	–	4,768
Performing Rights Society	–	3,000	3,000	–
Diaphonique	–	3,000	3,000	–
Heritage Lottery Fund	–	–	–	1,781
The Steinberg Family Charitable Trust	–	1,000	1,000	–
Individual Giving	49,064	–	49,064	3,915
	<u>2,762,064</u>	<u>470,385</u>	<u>3,232,449</u>	<u>1,355,464</u>

Notes to the financial statements

at 30 September 2011

3. Incoming resources from generated funds:

Activities for generating funds

	2011 £	2010 £
Sponsorship	1,088,000	893,000
Sponsorship in kind	297,736	96,337
Other income	38,510	16,272
	<u>1,424,246</u>	<u>1,005,609</u>

Sponsorship in kind includes services provided by American Airlines, BDP, Bruntwood Group Limited, Cobbetts LLP, Ernst & Young LLP, The Guardian, Mint Hotel, Selfridges, Speedy Hire and Virgin Trains

4. Income from investments

	2011 £	2010 £
Interest receivable	21,420	1,794
	<u>21,420</u>	<u>1,794</u>

5. Incoming resources from charitable activities

	2011 £	2010 £
Box office	1,645,137	—
Co-commission income	2,375,502	—
Touring, project rentals and sales and royalties	45,321	69,654
Programme and miscellaneous income	27,068	106
	<u>4,093,028</u>	<u>69,760</u>

Notes to the financial statements

at 30 September 2011

6. Costs of generating voluntary income

	2011 £	2010 £
Wages and salaries	172,484	145,248
Direct costs	102,756	10,169
Support costs (note 8)	20,998	23,819
	<u>296,238</u>	<u>179,236</u>

7. Analysis of charitable expenditure – Festival costs

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

	Direct costs £	Wages and salaries £	2011 £	2010 £
Core festival staff	–	446,034	446,034	376,162
Research and development	55,816	–	55,816	8,369
Commission costs	6,806,692	657,106	7,463,798	291,498
Branding and advertising	950,763	193,909	1,144,672	153,286
Volunteers	24,796	30,335	55,131	–
Support costs (note 8)	313,633	–	313,633	201,644
	<u>8,151,700</u>	<u>1,327,384</u>	<u>9,479,084</u>	<u>1,030,959</u>

8. Support costs

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

	Voluntary income £	Governance £	Charity Activity Festival £	2011 Total £	2010 Total £
Wages and salaries	–	41,940	–	41,940	40,813
Professional fees and charges	9,000	34,086	–	43,086	22,744
Other staff costs	3,972	405	109,462	113,839	42,684
Depreciation	–	–	6,550	6,550	9,846
Running expenses	8,026	–	72,240	80,266	45,582
Premises costs	–	–	125,381	125,381	113,582
	<u>20,998</u>	<u>76,431</u>	<u>313,633</u>	<u>411,062</u>	<u>275,251</u>

The costs are allocated on a time basis

Notes to the financial statements

at 30 September 2011

9. Movement in total funds for the year

Net movement in funds are stated after charging

	2011 £	2010 £
Auditors' remuneration – current year	12,000	4,500
Operating lease rentals – land and buildings	78,061	78,061
Depreciation	6,550	9,846

10. Analysis of staff costs

	2011 £	2010 £
Wages and salaries (including production wages)	1,364,835	809,367
Social security costs	153,134	90,710
Other pension costs	23,839	15,715
	<u>1,541,808</u>	<u>915,792</u>

Number of employees

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

	2011 No	2010 No
Festival	32	14
Fundraising	4	3
Governance	1	1
	<u>37</u>	<u>18</u>

Notes to the financial statements

at 30 September 2011

10. Analysis of staff costs (continued)

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

	2011 No	2010 No
£60,001 - £70,000	1	1
£70,001 - £80,000	1	—
£90,001 - £100,000	1	1
£120,001 - £130,000	1	1
	<u>4</u>	<u>3</u>

Three (2010 – two) of the higher-paid staff are members of the company's defined contribution pension scheme. A total of £12,306 (2010 – £8,223) was paid in pension contributions for these persons.

11. Board's remuneration and reimbursed expenses

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

One board member received travel reimbursements of £190 during the year. Another board member received travel reimbursements of £54 during the year.

12. Fixed assets

	Office equipment £	Fixtures and fittings £	Total £
Cost			
At 1 October 2010	92,936	17,037	109,973
Additions	4,209	—	4,209
At 30 September 2011	<u>97,145</u>	<u>17,037</u>	<u>114,182</u>
Depreciation			
At 1 October 2010	87,848	16,930	104,778
Charge for the year	6,443	107	6,550
At 30 September 2011	<u>94,291</u>	<u>17,037</u>	<u>111,328</u>
Net book value			
At 30 September 2011	<u>2,854</u>	<u>—</u>	<u>2,854</u>
At 1 October 2010	<u>5,088</u>	<u>107</u>	<u>5,195</u>

Notes to the financial statements

at 30 September 2011

13. Debtors

	2011 £	2010 £
Trade debtors	656,831	96,271
Other debtors	7,599	5,115
Prepayments and accrued income	163,125	891,400
VAT	430,168	–
	<u>1,257,723</u>	<u>992,786</u>

14. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	948,594	149,733
Accruals and deferred income	465,123	63,294
VAT	–	12,889
	<u>1,413,717</u>	<u>225,916</u>

15. Deferred income

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

	£
At 1 October 2010	49,750
Amount released in the year	(49,750)
Amount deferred in the year	134,168
At 30 September 2011	<u>134,168</u>

Notes to the financial statements

at 30 September 2011

16. Analysis of charitable funds

	<i>Movement in funds</i>				
	<i>Balance at 1 October 2010</i>	<i>Incoming resources</i>	<i>Outgoing resources</i>	<i>Transfer to designated funds</i>	<i>Balance at 30 September 2011</i>
	£	£	£	£	£
<i>Analysis of Unrestricted Fund movements</i>					
General Fund	1,210,242	8,300,758	(9,361,368)	(50,000)	99,632
<i>Designated Funds</i>					
Digital and IT Reserve				50,000	50,000
	<u>1,210,242</u>	<u>8,300,758</u>	<u>(9,361,368)</u>		<u>149,632</u>
<i>Analysis of Restricted Fund movements</i>					
MIF Creative Reserve	20,000	470,385	(490,385)		—
Total	<u>1,230,242</u>	<u>8,771,143</u>	<u>(9,851,753)</u>		<u>149,632</u>

Digital & IT Reserve

This fund has been set up specifically to invest in an IT and digital review of the Festival and to invest in future infrastructure

MIF Creative Reserve

This fund represents funds received for MIF Creative projects for 2011. This money has all been allocated in this financial year.

17. Analysis of net assets between funds

Fund balances at 30 September 2011 are represented by

	<i>General Funds</i>	<i>Restricted Fund</i>	<i>Total Funds</i>
	£	£	£
Tangible fixed assets	2,854	—	2,854
Current assets	1,560,495	—	1,560,495
Current liabilities	(1,413,717)	—	(1,413,717)
	<u>149,632</u>	<u>—</u>	<u>149,632</u>

Notes to the financial statements

at 30 September 2011

18. Share capital

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

19. Taxation

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

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</i>	<i>Land and buildings</i>
	<i>30 September 2011</i>	<i>30 September 2010</i>
	£	£
Operating leases which expire		
Within one year	84,061	68,561
Within two to five years	–	15,500
	<hr/>	<hr/>

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 £23,839 (2010 – £15,715) towards pension contributions.

Notes to the financial statements

at 30 September 2011

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 biennial festival. The income from MCC in the year is disclosed in note 2.

In addition, the charity receives grant funding from Arts Council England (ACE) as well as sponsorship income from Bruntwoods and National Car Parks Manchester Ltd, which also have board members who act as trustees of the Festival. BBC North were a co-commissioner for two projects in the 2011 Festival and the trustee Peter Salmon is Director, BBC North.

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

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

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

23. Derivatives

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

	30 September 2011 £	30 September 2010 £
Forward Foreign Currency Contracts	–	(4,801)