

Company number 05292793

Charity number 1113902

Manchester International Festival

(a company limited by guarantee)

Report and Financial Statements

30 September 2013

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COMPANIES HOUSE

Company information

Directors and trustees

Tom Bloxham MBE (Chairman)
Richard Paver (nominated by Manchester City Council)
Chris Oglesby
Sir Brian McMaster CBE
Andrew Stokes
Rosa Battle (nominated by Manchester City Council)
Kulwinder Thiarai
Jeremy Deller
Joyce Hytner
Peter Salmon
Steve Downes
Nancy Rothwell

Festival director and senior executive

Alex Poots

Secretary and registered office

Jim Forrester
Blackfriars House
Parsonage
Manchester M3 2JA

Company number

05292793

Charity number

1113902

Auditors

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

Bankers

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

Solicitors

DWF LLP
Scott Place,
2 Hardman Street,
Manchester M3 3AA

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 2013

Structure, Governance and Management

Governing Document

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

Directors and trustees

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

All directors on the Board are members with the exception of the directors appointed by Manchester City Council. A director must be a person aged 18 years or older who is not disqualified from acting as a director or charity trustee by law.

Appointment and retirement of directors

The company may, by ordinary resolution, appoint a person who is willing to be a director. Manchester City Council may from time to time by notice in writing appoint up to two persons as directors.

A director appointed by Manchester City Council may at any time be removed from office by notice in writing by the City Council. All other directors are subject to retirement after three years. A director may be re-appointed for a second term of office but at the end of the second term of office, they may only be appointed for a third term if 75% of the Board agree. Following three terms, 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. An Artistic Director & CEO is appointed to administer the day to day operations of MIF. To assist in the effective running of the charity the CEO has, as approved by the trustees, delegated operational matters including finance, production and marketing.

Trustees' report (continued)

Related parties

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

Risk management

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

Objectives and Activities

The aims and objectives of the Festival are

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

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

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

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

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

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

Trustees' report (continued)

Objectives and Activities (continued)

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

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

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

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

Achievements and performance

The fourth Festival took place from 4 July to 21 July 2013, and was a remarkable mix of international artists, newly-found spaces and exceptional weather. In amongst a wealth of events, Kenneth Branagh performed Macbeth in a former church, Sir John Tavener composed for a multi-faith women's choir, and leading Sufi singer Abida Parveen and Maxine Peake delivered performances of Shelley's Masque of Anarchy by candlelight only yards from the scene of the Peterloo Massacre.

The 2013 Festival worked with a total of 23 co-commissioning and co-producing partners, evidencing MIF's international reputation and reach. As well as bringing significant inward investment into the City, which is used to employ artists, technicians and producers, along with wardrobe and makeup teams working in the region, these strong working relationships will continue to deliver future benefits. Many of the works that made their debuts in Manchester will go on to be presented by partner organisations, continuing to raise the profile of MIF and Manchester as they travel around the world.

"Manchester is probably the most radical and important arts festival today, and if the participants are from familiar quarters they're not doing familiar things" **Sasha Frere-Jones, The New Yorker, July 2013**

"It's the combination of global daring and local investigation that has made the Manchester International Festival so indispensable. It mines the city, recovering its stories and finding out exceptional spaces in which to tell them" **Susannah Clapp, The Observer, July 2013**

"Excellent venues with inspiring events in a world-class city!" **MIF13 Audience Member**

Attendance at the 2013 Festival grew by 6.6% compared to 2011, with a total of 246,820 in comparison to 231,598. The proportion of bookers from Greater Manchester increased to 60%, with a further 12% from the North West and 28% travelling from the rest of the UK and overseas. The Festival continued to engage new audiences, with half of all audience members surveyed reporting that they had attended an MIF event for the first time in 2013.

Trustees' report (continued)

Achievements and performance (continued)

Audience satisfaction ratings for the Festival continue to be highly positive, with 96% rating the quality of events as either 'excellent' or 'good', and the same proportion (96%) reporting that they would be 'very likely' or 'quite likely' to attend the Festival in the future and to recommend the Festival to others. Strong trust in the way the Festival is delivered continues, with 91% of those surveyed rating the quality of the overall organisation as 'excellent' or 'good'.

The Festival Square site at Albert Square, including the Pavilion Theatre, was used by 67% of visitors to the Festival in 2013, with an attractive and lively entertainment and hospitality offering ensuring a hive of activity in the heart of the city for the full 18 days of the Festival, helped by a run of exceptionally good weather.

90% of respondents were 'very likely' or 'quite likely' to want to return to venues they had visited for the first time during MIF, and 91% also reported that they would experiment with new types of art events following their attendance of the Festival.

"You always put on such ground-breaking and fantastic events it makes me proud to be from Manchester. The whole city spends a couple of weeks on a festival high and I just love it!" **MIF13 Audience member**

"...there is only one sensible thing to do: get on a train to Manchester. The Manchester International Festival is a wondrous thing." **Moira Jeffrey, The Scotsman, July 2013**

Media coverage of the Festival grew in 2013 – a 12% increase, in comparison to MIF11, in the value of its media coverage to £26 million.

Extensive preview and review coverage ran in print outlets locally and nationally, in outlets as diverse as The Guardian, Wired Magazine, Stylist, Manchester Evening News, Intelligent Life and The Sun. Broadcast coverage was wide-ranging and included MIF specials from Radio 4's Front Row and Saturday Review, Radio 3 In Tune, several features on Radio 4's Today Programme, MIF specials from The Review show and The Culture Show, Alex Kingston on The One Show and a broadcast of 6 Music's Radcliffe and Maconie show live from Festival Square, plus daily news items on BBC Radio Manchester and North West Tonight. MIF attracted a large number of international arts correspondents, with coverage appearing in titles including the New York Times and the International Herald Tribune, China's Vision magazine, French/German broadcaster ARTE, the New Yorker, Liberation, Monopol, LA Times, Suddeutsche Zeitung and more.

The AVE figures exclude all online coverage, which was also up by more than 50%, with over 1,400 online pieces of coverage in June and July 2013 alone.

It's worth noting that in conjunction with the National Theatre, Sir Kenneth Branagh's Macbeth was filmed and relayed live to an audience of over 5,000 in Manchester during the Festival and then subsequently to audiences of over 100,000 worldwide.

The third edition of the **MIF Creative** programme continued to bring leading artists and thinkers together with local people to create extraordinary experiences during the Festival. Its long term aim is to engage with Mancunians of all ages and backgrounds to unlock their talent and ensure that MIF leaves a lasting local legacy. Over 6,000 hours of engagement with the MIF Creative programme were recorded this year.

Trustees' report (continued)

Achievements and performance (continued)

The programme continued to attract significant support from private charitable Trusts and Foundations such as the Calouste Gulbenkian, Esmeé Fairbairn, Paul Hamlyn and PRS for Music Foundations, the Zochonis Charitable Trust and the People's Postcode Lottery. This significant external investment into the city region enables **MIF Creative** to imagine and deliver projects that are both international in their scope and ambition as well as having an impact on the local communities involved.

The MIF Creative Programme continued with support from Salford City Council, the Calouste Gulbenkian Foundation, the Paul Hamlyn Foundation, the Esmeé Fairbairn Foundation, and the Association of Greater Manchester Authorities. Three major MIF Creative commissions were developed for the 2013 Festival -

ii. Sacred Sounds Seventy-five women from faith communities across the city-region - including Buddhist, Christian, Hindu, Jewish, Muslim and Sikh - came together to learn and perform a new composition written for them by celebrated UK composer Sir John Tavener. Technically challenging and spiritually profound, the piece brought the choir together around a shared goal, an opportunity to perform at the highest level and an intense music development experience. The project culminated in the world premiere accompanied by the BBC Philharmonic Orchestra as part of an evening of Tavener's work which also saw the choir perform with acclaimed Sufi singer Abida Parveen, recorded by BBC Radio 3 for later broadcast. Alongside this, the choir performed a concert of music from across a range of faiths.

"The choir became a tool for growth and transformation. By taking people outside their everyday pressures, it brought a richer level of wellbeing to participants whilst singing, and carrying on that positivity when they left the sessions back into their home lives." **Sally Fort, Independent Evaluator**

iii. Once Upon a Story. Leading Belgian theatre director, Inne Goris, returned to MIF (after premiering *Daydream* at MIF 2011's *Music Boxes*) to deliver a new programme of work for schools and young people from across Greater Manchester. Over 18 days, four performances were delivered for ages three to twenty-five and attended by 3,500 young people and families, including from 31 local schools.

"I was amazed that such a powerful and varied physical performance was able to be performed in the classroom space. The majority of children in our school come from significantly disadvantaged backgrounds. It is really important for their cultural development for them to be made aware of the opportunities that the arts can offer to them." **Pat Adams, Headteacher, Crab Lane Primary School**

iii/. The Biospheric Project An ambitious legacy project for MIF Creative, The Biospheric Project saw a disused three-storey mill in Salford transformed into a thriving urban farm, research centre and community food hub. The project saw MIF and a range of critical partners - including Siemens and BDP - supporting a group of young researchers and volunteers to create new experiments into sustainable city living - developing their ideas and organisational skills, capacity and networks to continue running the project well after the end of MIF 2013 and into the future.

"The project has raised the quality of life in local people by raising their aspirations, by having good volunteering opportunities, and by the training that's been delivered through the Festival." **Georgina Neild, Salix Homes, Salford**

Trustees' report (continued)

Achievements and performance (continued)

In addition to thousands as audiences, 2,450 people were active participants in the 2013 MIF Creative and MIF Learning programmes – boosting local engagement and participation in MIF and helping the Festival to become more rooted in Manchester and the city region. There was a total of 6,031 engagement hours in creative learning projects.

A new initiative for the 2013 Festival saw 5% of tickets for all events being made available to Greater Manchester residents on lower incomes at £12 each, helping to make the full range of MIF events accessible to all members of local communities. Additionally, 30% of the 2013 Festival programme was free, giving as many opportunities as possible for local people to engage with the Festival whatever their means.

"My unwaged son was lucky to be able to get a £12 ticket to see The xx" **MIF13 Audience member**

The Festival also increased participation through its volunteer programme. 405 volunteers joined the scheme, and delivered the equivalent of over 15,000 hours of labour (worth an estimated £225,000).

"Just loved the whole experience and cannot wait to do it again. Plus I now volunteer for other organisations too" **MIF13 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 estimate that the 2013 Festival achieved an economic impact of £38m (compared to £37.6m in 2011).

In addition, the Festival creates and sustains a significant number of jobs. 20 staff work for the Festival all year round and a further 38 are contracted by the Festival for a minimum of 3 weeks during the Festival period. In addition, MIF contracted a further 520 people who worked as performers, stage managers, front of house or technicians on MIF commissions. 262 suppliers from the Manchester city region also supported the Festival.

MIF has continued to make notable progress in sustainable event management. All the sustainability targets set for the 2013 Festival were achieved, including only 1% of waste from Festival Square being sent to landfill following separation of waste at Enterprise's plant, and an improvement in the public's awareness of our aims – 50% of those surveyed were aware that one of the aims of the Festival was to be sustainable.

In 2013, MIF was 2nd Level certified as ISO20121 – following the BS8901 certification in 2010. MIF has also maintained its relationship with other key cultural organisations across the City. MAST (Manchester Arts Sustainable Team) still meets regularly – partners now pay to become members of the group, proving that ideas sharing and collaboration is recognised as best practice across the City.

Commissions 2013

Commissions

Massive Attack v Adam Curtis

Robert Del Naja, Adam Curtis, Es Devlin

Commissioned by Manchester International Festival, Ruhrtriennale International Festival of the Arts and Park Avenue Armory

Produced by Manchester International Festival

In partnership with the BBC

No. of performances: 8

Venue: Mayfield Depot

Trustees' report (continued)

Macbeth

Kenneth Branagh, Alex Kingston, Rob Ashford

Commissioned by Manchester International Festival and Park Avenue Armory

Produced by Manchester International Festival

No of performances 20

Venue St Peter's Church

The Old Woman

Robert Wilson, Mikhail Baryshnikov, Willem Dafoe

Commissioned and produced by Manchester International Festival, Spoleto Festival dei 2Mondi, Théâtre de la Ville-Paris/Festival d'Automne à Paris and deSingel, Antwerp

A Baryshnikov Productions, Change Performing Arts and The Watermill Center project

No of performances 4

Venue Palace Theatre

do it 20 13

A group art show

Commissioned and produced by Manchester International Festival and Manchester Art Gallery

No of performances 17

Venue Manchester Art Gallery

The Masque of Anarchy

Maxine Peake, Sarah Frankcom

Commissioned by Manchester International Festival

Produced by Manchester International Festival and Royal Exchange

No of performances 4

Venue Albert Hall

The xx In residence

Commissioned and produced by Manchester International Festival

No of performances 18

Venue Secret venue

Michelangelo Sonnets

Peter Sellars, Eric Owens, Cameron Carpenter

Commissioned and produced by Manchester International Festival

No of performances 3

Venue Albert Hall

Trustees' report (continued)

The Machine

Matt Charman, Josie Rourke

Commissioned and produced by Manchester International Festival, Donmar Warehouse and Park Avenue Armory

No of performances 14

Venue Campfield Market Hall

This Variation

Tino Sehgal

Commissioned by Manchester International Festival and dOCUMENTA (13)
Produced by Manchester International Festival

No of performances 9

Venue Mayfield Depot

Coal on Cotton

Nikhil Chopra

Commissioned and produced by Manchester International Festival and Whitworth Art Gallery

No of performances 3

Venue Whitworth Art Gallery

Despacio

James Murphy, David Dewaele, Stephen Dewaele

Commissioned by Manchester International Festival

Produced by Manchester International Festival and Warehouse Project

No of performances 3

Venue New Century Hall

John Tavener

BBC Philharmonic, Abida Parveen, Sacred Sounds Women's Choir

Commissioned by MIF Creative

Produced by Manchester International Festival

No of performances 1

Venue The Bridgwater Hall

ZigZag ZigZag

Inne Goris

Commissioned by MIF Creative LOD|music theatre, ZEVEN, Crying Out Loud, JUICE Festival and Norfolk and Norwich Festival

Commissioned by Manchester International Festival, LOD|music theatre and ZEVEN

No of performances 8

Venue Manchester Town Hall

Trustees' report (continued)

The Biospheric Project

Commissioned by MIF Creative and Salford City Council

Produced by Manchester International Festival and The Biospheric Foundation

No of performances 41

Venue Irwell House

Smokey's Barbers, History of Grime: Rebels with a Cause, Jokes from the Hood Jamal Edwards and SB TV

Commissioned by Manchester International Festival

Produced by Manchester International Festival and SB TV

No of performances 7

Venue Pavilion Theatre

Are we Powerless

Evan Davis

Commissioned and produced by Manchester International Festival

No of performances 1

Venue Albert Hall

Our Wordly Collections

Delphic

Commissioned and produced by Manchester International Festival

No of performances 3

Venue Pavilion Theatre

A musical history in sound and pictures

Rob da Bank

Commissioned and produced by Manchester International Festival

No of performances 4

Venue Pavilion Theatre

Special Events

Abida Parveen

No of performances 1

Venue The Bridgwater Hall

Martha Argerich, Manchester Camerata, Gábor Takács-Nagy

No of performances 1

Venue The Bridgwater Hall

Trustees' report (continued)

The xx

No of performances 1

Venue The Ritz

Dan Graham

No of performances 5

Venue Mayfield Depot

Mette Ingvarsen

No of performances 3

Venue Mayfield Depot

Mårten Spångberg

No of performances 3

Venue Mayfield Depot

Eszter Salamon

No of performances 2

Venue Mayfield Depot

Frank Willens

No of performances 3

Venue Mayfield Depot

Isabel Lewis

No of performances 3

Venue Mayfield Depot

Goldfrapp, RNCM String Orchestra

No of performances 2

Venue Albert Hall

Mogwai Performing live to Zidane, A 21st Century Portrait

No of performances 2

Venue Albert Hall

Macbeth

Big screen relay

No of performances 1

Venue NCP Bridgewater Hall Car Park

Trustees' report (continued)

Neneh Cherry and RocketNumberNine

No of performances 2

Venue Pavilion Theatre

River of Fundament

Matthew Barney, Jonathan Bepler

No of performances 2

Venue Pavilion Theatre

Long Grass

Inne Goris

No of performances 20

Venue Manchester Town Hall

Daydream

No of performances 15

Venue Manchester Town Hall

MONEY

No of performances 2

Venue Pavilion Theatre

Once Upon a Time

No of performances 10

Venue Manchester Town Hall

Drunk at Vogue

No of performances 1

Venue Pavilion Theatre

Yellow, Dave Haslam

No of performances 1

Venue Pavilion Theatre

Trustees' report (continued)

In Conversation

Dave Haslam, Neneh Cherry, Jamal Edwards, Delphic, Rob da Bank, Kevin Cummins

No of performances 4

Venue Pavilion Theatre

Financial review

As MIF is a biennial Festival, budgets are prepared over a two year cycle and 2012/13 is the second year of the cycle for the 2013 Festival

The deficit of £795,199 on the year is offset by the brought forward surplus from the previous year of £938,548, as anticipated, increasing the general reserves over the Festival two-year cycle to £143,349 (from £99,632 at 1 October 2011)

MIF has continued to develop the financial base of the Festival public funding has reduced to 34% of turnover whilst leveraged funding has continued to grow total sponsorship is now up to 25% and the Festival this year generated 66% of its total income from non-public sector sources, up from 61% in 2011

The turnover of the Festival grew by 5% or £0.6 million in 2013 compared to 2011. This increase was driven largely by the continuing growth in co-commissioning and associated touring funding which grew from £2.2m in 2011 to £2.5 million in 2013 but which also resulted in increased operational costs. With stable financial support from MCC and ACE, MIF has been able to grow its other funding sources, mostly through co-commissioning and touring, from 26% to 29% of turnover and both drive growth in the festival programme.

In the prevailing economic conditions, raising just under £3m in total sponsorship of various kinds, an increase of 8% in real terms on 2011, is an impressive performance. The top tier sponsors included the Cooperative Group, PZ Cussons, NCP, Doubletree Hotel, Bruntwood and Manchester Airport Group. They were joined by a range of official supporters, official suppliers, corporate partners and corporate members along with a number of trusts & foundations and individual givers.

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

MIF is now beginning the process of raising income for the 2015 Festival and has been successful in securing significant co-commissioning income for 2015 in spite of worldwide budget cutbacks in the arts.

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 bank accounts.

Reserves policy

The Trustees wish to establish a reserve that will aim to cover three months of fixed costs (excluding project costs). The larger part of the surplus brought forward from September 2011 of £99,632 is currently held on this basis and the use of the surplus for the year to 30 September 2013 will be considered by the Board in due course.

Plans for future periods

The next Festival will run from 2 July to 19 July 2015. The Festival will continue to programme a series of new artist-led commissions, looking at ways of making each commission work harder for MIF and reaching larger numbers of people – for instance by running them for longer or by

Trustees' report (continued)

designing the commissions so that they work across a number of platforms and connect to community engagement initiatives. These commissions will be supported by a programme of concerts and special events.

MIF Creative will continue into the 2015 Festival, enabling MIF to build relationships with local communities and creating a genuine long-term legacy.

MIF will continue to offer many free events as part of the Festival in 2015 and the volunteer scheme will again be a crucial component, offering opportunities in many different areas, and around 400 volunteers will be recruited early in 2015.

The following are a series of strategic recommendations for the next two years.

- 1 MIF 2015 should continue to be built around a festival of new artist-led commissions. By avoiding the 'bigger is better' approach, MIF can remain focused on improving the quality of the Festival's programme, how it is realised and communicated. This makes the range of commissions as rewarding as possible for our featured artists and audiences, for MIF and partners (e.g. co-commissioners and income, growing recognition), for our city (e.g. community engagement, economic impact, profile) and for our staff and volunteers. Attention should be given to making the programme as broad as possible.
- 2 MIF 2015 should further develop its successful co-commissioning model with international and national organisations (e.g. Teatro Real, Holland, Park Avenue Armory and Luminato Festivals, ENO, Ruhr Triennale etc) and with Manchester organisations (e.g. The Whitworth and Manchester Art Galleries, Cornerhouse, The Hallé, BBC North, Chetham's School etc).
- 3 MIF should seek out and develop 'New Initiatives', e.g. MIF Touring, MIF Partnerships with like-minded organisations (e.g. Park Avenue Armory, Abu Dhabi, Stavros Niarchos Foundation-tbc), and one-off specials. These should be selected for their artistic merits, benefits to MIF (e.g. artist contacts, co-commissions, new income, team skills/work balance) and benefits to the city (e.g. business, profile).
- 4 MIF should continue to enhance Manchester's festival team and skills, moving towards a more balanced, year round range of work from 2014 or 2016 - with MIF 2015 being complemented by new initiatives (e.g. MIF Touring, partnerships with like-minded organisations).
- 5 MIF Communications should review its marketing, box office, on-line and IT facility, to continue improving communications with local, national and international audiences and to attract new audiences making the programme as accessible as possible. MIF should build on its impressive press coverage and be increasingly proactive in this area.
- 6 MIF should sustain its ambitious sponsorship and individual giving programme - looking to expand its funding model made up of public and private sector sums and complemented by co-commissioning money, box office income and revenue from new initiatives.

Trustees' report (continued)

- 7 The important work of MIF Creative as well as MIF Learning should be more prominent in MIF 2015 - creating further legacy through distinctive relationships with artists working with local communities and building partnerships with Trusts and Foundations
- 8 MIF 2015 should continue to look for "Manchester moments" (e.g. *Elbow/the Hallé*, *Jeremy Deller's Procession*, *Victoria Wood's 'That Day We Sang'*, *Maxine Peake's 'The Masque of Anarchy'*, *Macbeth NCP Relay* etc) and continue to address 'urgent stories of our time' with commissions such as *Steve McQueen's 'Queen and Country'*, *Vertical Farm*, *the Biospheric Project* and *'Are We Powerless?'*
- 9 MIF 2015 should enhance and further improve on the success of MIF 2013's *'Festival Square'* and continue to expand 'guest services', to attract more national and international cultural and media delegates

Auditor

Ernst & Young LLP resigned as auditor of the company during the year

Grant Thornton UK LLP were appointed auditor on 16 September 2013

By order of the Board



Richard Paver

Date 26 February 2014

Statement of Trustees' responsibilities

Statement of Trustees' responsibilities

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

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

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

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

The trustees confirm that

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Manchester International Festival

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 2013 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. 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 charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company 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 auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 16, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on 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 2013 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.

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

Independent auditor's report (continued)

to the members of Manchester International Festival

- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' Annual Report

Grant Thornton UK LLP

Carl Williams

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

Date *28 February 2014*

Statement of financial activities

(including income and expenditure account)

for the year ending 30 September 2013

Company Number 05292793 – Registered Charity Number 1113902

		Unrestricted	Restricted	Year Ended 30 Sep 13	Year Ended 30 Sep 12
		£	£	£	£
Incoming resources	Note				
<i>Incoming resources from generated funds:</i>					
Voluntary Income					
Grants and donations	2	2,558,516	140,561	2,699,077	1,718,395
Activities for generating funds	3	2,351,713	-	2,351,713	540,857
Investment income	4	24,514	-	24,514	5,992
		<u>4,934,743</u>	<u>140,561</u>	<u>5,075,304</u>	<u>2,265,244</u>
<i>Incoming resources from charitable activities</i>					
Operation of festival	5	3,164,741	-	3,164,741	1,080,705
Total incoming resources		<u>8,099,484</u>	<u>140,561</u>	<u>8,240,045</u>	<u>3,345,949</u>
Resources expended					
<i>Cost of generating funds</i>					
Costs of generating voluntary income	6	276,725	-	276,725	156,886
<i>Charitable activities</i>					
Festival costs	7	8,530,038	183,973	8,714,011	2,360,743
<i>Governance costs</i>	8	44,508	-	44,508	39,405
Total resources expended		<u>8,851,271</u>	<u>183,973</u>	<u>9,035,244</u>	<u>2,557,034</u>
Net Movement in Funds		(751,787)	(43,412)	(795,199)	788,915
Total funds brought forward					
At 1 October 2012		895,136	43,412	938,548	149,632
Total funds carried forward		<u>143,349</u>	<u>-</u>	<u>143,349</u>	<u>938,548</u>

Balance sheet

at 30 September 2013

Company Number 05292793 – Registered Charity Number 1113902

	Note	30 Sep 2013 £	30 Sep 2012 £
Fixed assets			
Tangible assets	12	<u>34,832</u>	<u>7,932</u>
		34,832	7,932
Current assets			
Debtors	13	1,368,356	353,555
Cash and bank balances		<u>1,167,461</u>	<u>1,165,298</u>
		2,535,817	1,518,855
Creditors:			
Amounts falling due within one year	14	(2,427,300)	(588,239)
Net current assets		108,517	930,616
Net assets		<u>143,349</u>	<u>938,548</u>
Funds			
Unrestricted Funds - General	16	143,349	859,734
- Designated (Digital & IT)	16	-	35,402
Restricted Funds	16	-	43,412
		<u>143,349</u>	<u>938,548</u>

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



Richard Paver

Date 26 February 2014

Notes to the financial statements

at 30 September 2013

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:

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

Notes to the financial statements

at 30 September 2013

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.

Notes to the financial statements

at 30 September 2013

2 Grants and donations

	Unrestricted £	Restricted £	30-Sep-13 £	30-Sep-12 £
MCC	1,500,000	-	1,500,000	1,050,000
Arts Council England	600,000	-	600,000	507,900
Arts Council England project grant	179,927	-	179,927	7,500
Calouste Gulbenkian Foundation	75,000	-	75,000	-
Paul Hamlyn Foundation	-	65,000	65,000	20,000
PRS Foundation	-	10,000	10,000	-
Association of Greater Manchester Authorities	125,000	-	125,000	45,000
Esmée Fairbairn Foundation	-	20,000	20,000	55,000
John Ellerman	25,000	-	25,000	-
Peoples Post Code Lottery	-	45,561	45,561	-
Rita Leila Howard Foundation	10,000	-	10,000	-
Zochonis Charitable Trust	-	-	-	20,000
Big Lottery Fund	-	-	-	10,000
Individual Giving	43,589	-	43,589	2,995
	<u>2,558,516</u>	<u>140,561</u>	<u>2,699,077</u>	<u>1,718,395</u>

3 Activities for generating funds

	30-Sep-13 £	30-Sep-12 £
Sponsorship	1,734,000	392,500
Sponsorship in kind	251,941	138,631
Other income	365,772	9,726
	<u>2,351,713</u>	<u>540,857</u>

4 Income from investments

	30-Sep-13 £	30-Sep-12 £
Interest receivable	<u>24,514</u>	<u>5,992</u>

5 Incoming resources from charitable activities

	30-Sep-13 £	30-Sep-12 £
Box Office	1,279,567	-
Co-production income	1,279,272	112,203
Touring, project rentals & sales and royalties	531,634	967,544
Programme and miscellaneous income	74,268	958
	<u>3,164,741</u>	<u>1,080,705</u>

Notes to the financial statements

at 30 September 2013

6 Costs of generating voluntary income

	30-Sep-13 £	30-Sep-12 £
Wages and salaries	179,135	132,788
Direct costs	73,092	11,561
Support costs (Note 8)	24,498	12,537
	<u>276,725</u>	<u>156,886</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 £	30-Sep-13 £	30-Sep-12 £
Core Festival Staff	-	449,416	449,416	402,954
R&D	15,084	-	15,084	52,652
Commission Costs	5,920,208	758,926	6,679,134	1,361,764
Branding and advertising	936,930	246,014	1,182,944	204,745
Volunteers	22,125	37,480	59,605	-
Support costs (note 8)	327,828	-	327,828	338,629
	<u>7,222,175</u>	<u>1,491,836</u>	<u>8,714,011</u>	<u>2,360,743</u>

8 Support costs

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

	Voluntary Income £	Governance £	Charity Activity £	30-Sep-13 £	30-Sep-12 £
Wages and salaries	-	27,575	-	27,575	31,907
Professional fees and charges	-	16,692	21,629	38,321	6,490
Other staff costs	12,746	241	94,770	107,757	56,706
Depreciation	-	-	10,831	10,831	5,362
Running expenses	11,752	-	105,770	117,522	91,091
Premises costs	-	-	94,828	94,828	199,015
	<u>24,498</u>	<u>44,508</u>	<u>327,828</u>	<u>396,834</u>	<u>390,571</u>

The costs are allocated on a time basis

Notes to the financial statements

at 30 September 2013

9 Movement in total funds for the period

	30-Sep-13 £	30-Sep-12 £
Auditors' remuneration – current period	12,000	4,500
Operating lease rentals – land & buildings	106,317	115,512
Depreciation	<u>10,831</u>	<u>5,362</u>

10 Analysis of staff costs

	30-Sep-13 £	30-Sep-12 £
Wages and salaries (includes production wages)	1,504,114	965,097
Social security costs	162,758	109,649
Other pension costs	31,358	19,936
	<u>1,698,230</u>	<u>1,094,682</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-Sep-13 No.	30-Sep-12 No.
Festival	37	19
Fundraising	5	1
Governance	-	1
	<u>42</u>	<u>21</u>

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

	30-Sep-13 No.	30-Sep-12 No.
£ 60,001 - £ 70,000	2	-
£ 90,001 - £ 100,000	-	1
£100,001 - £110,000	1	-
£120,001 - £130,000	1	1
	<u>4</u>	<u>2</u>

3 (2012 – 1) of the higher-paid staff are members of the company's defined contribution pension scheme. A total of £16,164 (2012 – £4,500) was paid in pension contributions for these employees

Notes to the financial statements

at 30 September 2013

11 Executive Board's remuneration and reimbursed expenses

None of the Executive Board members received remuneration for their services during the year
Three board members received re-imbursed travel expenses of £82 20, £42 50, and £34 30

12 Fixed Assets

	Equipment	Fixtures & Fittings	Total
	£	£	£
Cost			
At 1 October 2012	107,586	17,037	124,623
Additions	37,730	-	37,730
At 30 September 2013	<u>145,316</u>	<u>17,037</u>	<u>162,353</u>
Depreciation			
At 1 October 2012	99,653	17,037	116,690
Charge for the year	10,831	-	10,831
At 30 September 2013	<u>110,484</u>	<u>17,037</u>	<u>127,521</u>
Net book value			
At 30 September 2013	<u>34,832</u>	<u>-</u>	<u>34,832</u>
At 30 September 2012	<u>7,932</u>	<u>-</u>	<u>7,932</u>

13. Debtors

	30-Sep-13	30-Sep-12
	£	£
Trade debtors	908,112	272,340
Other debtors	5,996	7,259
Prepayments and accrued income	29,226	30,246
VAT	425,022	43,711
	<u>1,368,356</u>	<u>353,555</u>

14 Creditors: amounts falling due within one year

	30-Sep-13	30-Sep-12
	£	£
Trade creditors	1,498,336	273,780
Accruals and deferred income	928,964	314,459
	<u>2,427,300</u>	<u>588,239</u>

Notes to the financial statements

at 30 September 2013

15 Deferred income

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

	£
At 1 October 2012	250,000
Amount released in the year	(250,000)
Amount deferred in the period	329,738
At 30 September 2013	<u>329,738</u>

16 Analysis of charitable funds

	Movement in Funds			
	Balance at	Net incoming	Net outgoing	Balance at
	1 Oct 2012	resources	resources	30 Sep 2013
	£	£	£	£
Analysis of unrestricted fund movements				
General Fund	859,734	8,099,484	(8,815,869)	143,349
Designated Fund (Digital & IT)	35,402	-	(35,402)	-
Analysis of restricted fund movements				
Restricted Fund	43,412	140,561	(183,973)	-
	<u>938,548</u>	<u>8,240,045</u>	<u>(9,035,244)</u>	<u>143,349</u>

17 Analysis of net assets between funds

	General Fund	Restricted Fund	Total Funds
	£	£	£
Tangible Fixed Assets	34,832	-	34,832
Current assets	2,535,817	-	2,535,817
Current liabilities	(2,427,300)	-	(2,427,300)
	<u>143,349</u>	<u>-</u>	<u>143,349</u>

Notes to the financial statements

at 30 September 2013

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 applied 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 for taxation is considered necessary.

20 Operating lease commitments

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

	Land & Buildings 30 Sep 13 £	Land & Buildings 30 Sep 12 £
Operating leases which expire		
Within one year	-	-
Within two to five years	106,317	105,717

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 £31,358 (£19,936 for year ended 30 Sep 2012) towards pension contributions.

Notes to the financial statements

at 30 September 2013

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 for 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, National Car Parks Manchester Ltd and Manchester Central Convention Complex, which also have board members / shareholders group members who act as trustees of the Festival.

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 accounts.

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 foreign suppliers. The fair value of the derivatives held at the balance sheet date was £7,632.