

Company number: 05292793

Charity number: 1113902

# Manchester International Festival

## Report and Financial Statements

30 September 2015

COMPANIES HOUSE



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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  
Cllr Rosa Battle (nominated by Manchester City Council)  
Kulwinder Thiarai  
Jeremy Deller  
Joyce Hytner  
Peter Salmon  
Steve Downes  
Nancy Rothwell  
Keith Black

### Festival director and senior executive

Alex Poots (to 20 August 2015)  
John McGrath (from 01 September 2015)

### 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

Eversheds LLP  
70 Great Bridgewater St  
Manchester M1 5ES

## 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 2015.

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

#### **Trustee induction and training**

All new trustees receive a board induction pack including the charity's governing document, details of the responsibilities of charity trustees, the next Festival budget, the most recent management financial statements and papers from the previous two board 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 sub-committee, which meets prior to each board meeting, and, from July 2014, a Development sub-committee which meets at intervals as required. 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.

#### **Subsidiary**

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

#### **Related parties**

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

#### **Risk management**

The charity regularly reviews risk at the Finance and Audit sub-committee meetings. Action is taken to minimise those risks deemed significant and likely. In addition a production risk grid is

## Trustees' report (continued)

produced in the run up to the Festival looking at particular risks associated with each production. The Finance and Audit sub-committee reports these findings to the trustees.

### Objectives and Activities

The aims and objectives of the Festival are:

- 1) To build on Manchester International Festival's position as the leading festival of original, new work, created by a wide range of significant international artists, by**
  - Presenting high quality, challenging world premieres and special events by leading international artists across different mediums and platforms including digital commissioning
  - Working with key partners to develop lyric programming in the North West
  - Sustaining relationships with key artists across a number of festivals
  - Building strong working relationships with leading cultural organisations regionally, nationally and internationally
  - Exploring an 'out of Festival' presence in Manchester
- 2) To develop Manchester's reputation as a leading international city that understands the power of artistic excellence and innovation to drive up the economy of the city region by**
  - Growing an ambitious and risk-taking Festival using our successful co-commissioning model
  - Increasing national and international co-commissioning and touring
  - Attracting a conspicuously broad audience, regionally, nationally and internationally
  - Gaining significant media coverage, regionally, nationally and internationally via traditional and new media
  - Expanding skills and capacity and developing talent in the cultural sector in the city region, providing opportunities at the highest level for local cultural producers and practitioners
- 3) To help build the engagement and creative potential of Manchester's diverse communities through a series of innovative, high quality community-based commissions and creative development programmes by**
  - Enhancing the Festival's flagship MIF Creative programme to deepen its engagement, effectiveness and visibility, and to widen its reach.
  - Increasing the opportunities for all Manchester residents to engage with the Festival – including
    - doubling our £12 ticket scheme across the entire programme ensuring they reach the communities with lower engagement;
    - programming free events across the Festival;
    - providing opportunities for volunteering;
    - creating welcoming entry points for the broadest range of audiences.
  - Looking for 'Manchester moments' as part of our commissioning vision
  - Ensuring that the Festival continues to provide for children, young people and families through imaginative programming at accessible times.
  - Building on the success of MIF13's Festival Square and its free artistic programme, making the most of its ability to attract more hard to reach audiences.

## Trustees' report (continued)

### 4) To ensure that the Festival is a sustainable event – financially and environmentally- by

- Continuing to build a mixed funding base for the Festival, using increased public sector support to lever in more private sector and international co-commissioning funds whilst maintaining 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.

### Achievements and performance

The fifth Festival took place from 2 July to 19 July 2015 and it is now firmly established on the international stage, acclaimed as one of the most innovative arts festivals in the world. By working with adventurous combinations of artists across many artforms and venues, the Festival has built a reputation for innovation and invention.

The Festival has grown steadily over the years. Total investment has increased significantly and this has been consistently justified by the increasing economic impacts which have been generated. Crucially, the Festival continues to enjoy a level of business and third party support without precedent for similar festivals in the UK or in Europe. The analysis for the 2015 Festival shows that, while public investment increased as a result of welcome extra support from ACE, growth and additional value captured was mainly funded by co-commissioning investment, touring income, private sector support and box office receipts.

*'Few cultural events have established themselves with such clarity and self-confidence as the Manchester International Festival... MIF has quickly taught audiences to expect the unexpected. They don't quite know what they will find during the biennial fortnight of brand new commissions, other than improbable collaboration and a fiery sense of ambition'* Peter Aspden, The Financial Times, 10 July 2015

MIF15 brought together the best of the region's talent and internationally significant artists for a spectacular fifth edition. Local artists, creatives and performers including Wayne McGregor, Maxine Peake, Mark Simpson and Mary-Ellen McTague joined a roll call of names from around the world and across the UK that featured Gerhard Richter, Arvo Pärt, Björk, Olafur Eliasson, Jamie xx, FKA twigs, Paris Opera Ballet and more.

For the first time MIF featured several dance-based commissions. The heartfelt hit of FlexN Manchester saw dancers from Manchester and New York work together on an unforgettable and emotional show; MIF took young Manchester creatives to New York and supported them to forge lasting connections with the dance community there. Contemporary ballet Tree of Codes, which has just completed a sold out run in New York, was a bold, breathtaking new direction for all the creative team. Soundtrack 7 saw FKA twigs and team create seven new pieces of choreography live in front of Festival audiences, bringing the public right in to the artistic process.

## Trustees' report (continued)

MIF15 also put major digital commissions at the heart of the programme; Ed Atkins' Performance Capture turned Manchester Art Gallery into a hive of digital production activity as his motion capture equipment was worn by Festival participants from Wayne McGregor to Alex Poots. The results were rendered in real time in the gallery space to create a surprisingly warm and emotionally affecting computer-generated portrait of the Festival. In addition to the live work in progress and performances at Granada Studios, FKA twigs online project Inside Soundtrack 7 allowed audiences around the world to follow the commission as it unfolded. With millions of views and Twitter hits, Inside Soundtrack 7 is one of the most successful digital artworks ever and a bold new direction for MIF.

*'Another compelling programme, set at that exact point where pop meets the high arts, for this peerless biennial arts festival.'* Grazia, 6 July 2015

The 2015 Festival worked with a broad range of co-commissioning and co-producing partners, bringing significant inward investment into the City and building on MIF's reputation for creating world class productions that will have significant future life outside Manchester. The first production to tour will be Tree of Codes, which opened to sell-out audiences in NYC on 14 September 2015.

Co-commissioning and Co-producing partners for MIF15 include Theatre du Chatelet, European Capital of Culture Aarhus 2017, National Theatre, FAENA ART, HOME, Bergen International Festival, KODE (Bergen), Studio Wayne McGregor, BBC, Manchester Art Gallery, Park Avenue Armory, Paris Opera Ballet, Royal Exchange, Sadler's Wells, Sky Academy, The Whitworth and The Space.

Relationships with regional cultural organisations continue to grow in strength, bringing shared dividends to the Festival and to the local cultural ecology. These included co-production partnerships with Manchester Art Gallery, Whitworth Art Gallery, the Manchester Museum, the Royal Exchange Theatre and HOME.

*'In just under a decade the Manchester International Festival has earned an enviable reputation for presenting world premieres by some of the leading artists of our time'* Matthew Westwood, The Australian, 14 July 2015

Attendance at the 2015 Festival grew by 5.2% compared to 2013, with a total of 259,648 attending. The proportion of bookers from Greater Manchester increased to 65% from 60% in 2013, mainly due to the doubling of the number of £12 tickets on offer to GM residents on a lower wage. A further 14% came from the North West and 19% travelled from the rest of the UK and overseas. 60% of attendees said that the Festival was the main reason they had come to Manchester.

Audience satisfaction ratings for the Festival continue to be highly positive, with 92% rating the quality of events as either 'excellent' or 'good', and, as in 2013, 96% would be 'very likely' or 'quite likely' to attend the Festival in the future and 94% are ready to recommend the Festival to others. Strong trust in the way the Festival is delivered continues, with 90% 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 126,000 people, 49% of visitors to the Festival in 2015. Festival Square offered a strong mix of live entertainment, street food, bars and corporate entertainment facilities which acted as the vibrant hub of the Festival once again.

## Trustees' report (continued)

91% 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% once again reported that they would experiment with new types of art events following their attendance of the Festival.

The response to the survey indicates that the Festival was perceived to be a significant event for Manchester:

- 92% either agreed or strongly agreed with the statement that the Festival helps to make Manchester a world class cultural city.
- 75% agreed or strongly agreed that the Festival builds national links for the city and 76% agreed or strongly agreed that it builds international links.
- 85% agreed or strongly agreed with the statement that the Festival makes Manchester a great place to live, work and study.

There was a strong perception of the Festival as innovative and unique with 91 % believing the Festival lived up to its reputation for staging new work and 71% supporting the view that it creates a variety of events appealing to a cross-section of people. 76% of people agreed that it made Manchester look like a place open to new ideas and innovation. The same number (76%) agreed that the Festival encourages and inspires people in the city to be creative in new ways.

There was once again strong support for the Festival's contribution to attracting visitors from outside the region to visit Manchester. 85% of audience members agreed or strongly agreed that the Festival builds Manchester as a city break destination, encouraging tourists.

Post-Festival evaluation measured this year's AVE (advertising equivalent value) from print and broadcast media at more than £27 million, around 5% up on MIF13.

Pre-Festival features and show reviews were extensive and generally positive. Once again media partners offered huge amounts of coverage, with special MIF editions of the Guide and G2 from the Guardian, dedicated City Life supplements and covers plus daily features, news and reviews from Manchester Evening News, plus 30 days of online coverage at [manchestereveningnews.co.uk](http://manchestereveningnews.co.uk).

International coverage was also positive, with previews, features and reviews from outlets including New York Times, die Zeit, Paris Match, Les Echos, Suddeutsche Zeitung, Xinhua Daily, The Australian and many more.

MIF's commitment to creative learning and to inspiring, supporting and developing local creative talent continues to be an area of significant activity, contributing to the Festival's sense of place, local connection and long-term legacy. All departments contribute to this strand of work through activity centres on two flagship Creative Learning programmes – *MIF Creative* and *MIF Learning* – which brings international artists together with local communities, often to powerful, transformational effect.

The 2015 Creative Learning programme saw over 2,850 participants and 50 educational partners working with some of the world's leading artists, resulting in over 70 of the Festival's performances including powerful creative contributions from local people, in addition to the MIF's Festival Square programme which also showcases a range of new, local talent.

Artists from across the world – *Hélène Grimaud*, Douglas Gordon, Charlotte Rampling, Maxine Peake, Arvo Pärt, Peter Sellars, Justin Fletcher and Reggie 'Regg Roc' Gray amongst others – worked directly with communities in schools, colleges, universities, community centres and faith

## Trustees' report (continued)

networks to engage Manchester's residents in the Festival's commissioning and performance processes, delivering a range of impacts including greater insight into the workings and artistic processes of the Festival and its artists; increased creative confidence and skills in creative attendance and activities; new and improved international connections for local creative communities; tangible, local ownership of the Festival and enhanced sense of connection to culture and partner cultural organisations in the city-region.

*"MIF is fulfilling its aim of inviting established artists from around the world to premiere their collaborative work in Manchester [but] the Festival is not just for artists. The people of Greater Manchester can also participate in this unique festival. I felt very privileged to work with the accomplished artists, director and storyteller. All our requirements were met with the utmost care and love."* Asha, Sacred Sounds Women's Choir member

### Financial review

As MIF is a biennial Festival, budgets are prepared over a two year cycle and 2014/5 is the second year of the cycle for the 2015 Festival. The deficit of £316,806 for this year is offset by the brought forward surplus from the previous year of £872,988, increasing the general reserves over the Festival two-year cycle to £409,476 (from £143,349 at 1 October 2013). MIF is also carrying forward £146,706 of restricted reserves for investment in specific shows and activities during the 2017 Festival.

MIF15 delivered a greater Economic Impact than ever before at £38.8 million compared to £38 million in 2013. The increase of £0.8m in Economic Impact this time was double the increase between the two previous festivals.

The Festival was again successful in attracting strong levels of funding from sponsorship, ticket sales and other funding avenues to amplify the public sector funding. The Festival raised £2.7 million through fund-raising across corporate sponsorship and individual giving, which is an impressive performance in the prevailing economic climate. This was achieved by reaching more supporters and donors, a total of 114 which is nearly double those in 2013. MIF15 was supported by a total of 70 corporate sponsors and media partners, an increase from 42 in 2013. This diversity of support is very welcome and provides a strong platform for future Festivals.

MIF is grateful for the continued support of Manchester City Council and Arts Council England as revenue funders. Using MCC's consistent support as a springboard, Arts Council England (ACE) was persuaded to increase its support for MIF over its 2 year cycle by 26% from £1.1m for MIF13 to almost £1.4m for MIF15.

The total public sector income contributed 34% of the Festival's total income equating to every £1 contributed by the public sector leveraging in £1.93 of income from non-public sources.

The Festival also levered in value-in-kind contributions from co-producers who contributed their own resources to productions to a total of £0.8m including the National Theatre, Random Dance and four Manchester venues: The Manchester Art Gallery, The Whitworth Art Gallery, HOME and the Royal Exchange Theatre.

### **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.



## Trustees' report (continued)

### Reserves policy

The Trustees wish to establish a reserve that will aim to cover three months of fixed costs (excluding project costs). The use of the surplus for the year to 30 September 2015 will be considered by the Board in due course.

### Plans for future periods

This Festival was MIF Artistic Director, Alex Poots' last as he moves onto a new role in New York and John McGrath, the successful Artistic Director of National Theatre Wales, has recently been appointed to take up the role. The Festival is therefore going into a significant period of transition under a new Artistic Director and CEO. Key issues to be considered as part of this transition are:

- The unique identity of MIF as a festival of cross-art form premieres is key to its impact internationally.
- The capacity of the festival, through co-productions, to take the Manchester Brand around the world is a significant achievement.
- The boldness of the festival, in the artists it commissions and the scale and inventiveness with which it makes work is widely admired.

Areas of potential development for the festival, where a strong start has already been made include:

- Becoming a leader among festivals in the digital arena, building on the strong social media presence in 2015, and on the extraordinary success of the FKA Twigs/Tumblr project.
- Making an ever-stronger connection to Manchester's many communities, building on the success of MIF Creative and including large-scale new commissions with a high public impact
- Increasing the amount of work developed and rehearsed in Manchester – with training and shadowing by young people and emerging Manchester artists – enriching the pool of talent in Manchester.

Over the next three festivals MIF will also be building towards and establishing the presence of The Factory Manchester. The Factory will be a new kind of large scale venue that captures the extraordinary creative vision of Manchester International Festival (MIF), with the partnerships, production capacity and technical sophistication to present innovative contemporary work year round as a genuine cultural counterweight to London. MIF's vision is integral to the future operations of Factory. During this period the Festival will:

- Establish an increasing range of long-term relationships with artists, companies and institutions – locally, nationally and internationally – who have the capacity to make work for The Factory.
- Work to build an ever-stronger and more diverse audience – which will be crucial to the future success of The Factory.
- Also develop a year-round programme of community engagement, building on the success of its volunteer programme, providing a wide community of advocates for The Factory as it opens.

In difficult financial times, the festival will need to work actively and innovatively with its key supporter and partner Manchester City Council to ensure the following:

- An increasingly diverse, and international, group of sponsors for the company's work.

## Trustees' report (continued)

- Co-ordination with The Factory to ensure that the capital development leads to long-term funders for MIF and Factory programmes.
- Exploration of an increasing range of potential exploitations of Festival productions through transfers, livecasts, digital life, and more.
- Partnerships with a range of foundations and others to ensure investment in a wide spectrum of Manchester communities.

By order of the Board



Richard Paver

24/2/16

## Statement of Trustees' responsibilities

### Trustees' Responsibilities Statement

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 income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 company will continue in business.

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

The trustees confirm that:

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

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

## **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 2015 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 Trustees' Responsibilities Statement set out on page 9, 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**

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/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2015 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: *3 March* 2016

## Consolidated statement of financial activities

(including income and expenditure account)

for the year ending 30 September 2015

		Unrestricted	Restricted	Year Ended 30 Sep 15	Year Ended 30 Sep 14
		£	£	£	£
<b>Incoming resources</b>	<b>Note</b>				
<b><i>Incoming resources from generated funds:</i></b>					
Voluntary Income:					
Grants and donations	2	2,810,886	285,149	3,096,035	1,558,904
Activities for generating funds	3	1,934,707	-	1,934,707	650,814
Investment income	4	9,385	-	9,385	3,734
		<u>4,754,978</u>	<u>285,149</u>	<u>5,040,127</u>	<u>2,213,452</u>
<b><i>Incoming resources from charitable activities</i></b>					
Operation of festival	5	3,037,418	-	3,037,418	892,821
<b>Total incoming resources</b>		<u>7,792,396</u>	<u>285,149</u>	<u>8,077,545</u>	<u>3,106,273</u>
<b>Resources expended</b>					
<b><i>Cost of generating funds</i></b>					
Costs of generating voluntary income	6	292,620	15,000	307,620	180,421
<b><i>Charitable activities</i></b>					
Festival costs	7	7,901,601	143,443	8,045,044	2,157,626
<b><i>Governance costs</i></b>	8	41,687	-	41,687	38,587
<b>Total resources expended</b>		<u>8,235,908</u>	<u>158,443</u>	<u>8,394,351</u>	<u>2,376,634</u>
<b>Net Movement in Funds</b>	9	(443,512)	126,706	(316,806)	729,638
<b>Total funds brought forward:</b>					
At 1 October 2014		852,988	20,000	872,988	143,349
<b>Total funds carried forward</b>		<u>409,476</u>	<u>146,706</u>	<u>556,182</u>	<u>872,987</u>

## Balance Sheet – Consolidated and Charity

At 30 September 2015

	Note	Consolidated 30 Sep 2015 £	Charity 30 Sep 2015 £	Charity 30 Sep 2014 £
<b>Fixed assets</b>				
Tangible assets	12	4,617	4,617	3,867
Investments	24	<u>4,617</u>	<u>1</u>	<u>-</u>
		4,617	4,618	3,867
<b>Current assets</b>				
Debtors	13	1,339,178	1,339,178	192,354
Cash and bank balances		<u>1,142,048</u>	<u>1,142,047</u>	<u>1,267,355</u>
		2,481,226	2,481,225	1,459,709
<b>Creditors:</b>				
Amounts falling due within one year	14	(1,929,661)	(1,929,661)	(590,588)
<b>Net current assets</b>		551,565	551,564	869,121
<b>Net assets</b>		<u>556,182</u>	<u>556,182</u>	<u>872,988</u>
<b>Funds</b>				
Unrestricted Funds - General	16	409,476	409,476	852,988
Restricted Funds	16	146,706	146,706	20,000
		<u>556,182</u>	<u>556,182</u>	<u>872,988</u>

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



Richard Paver

Date: 24/2/16

## Notes to the financial statements

at 30 September 2015

### 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).

#### ***Group financial statements***

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

The accounting period for MIF Productions is co-terminus with that of the Charity. No separate statements of financial activities was presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

#### ***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 - continued

at 30 September 2015

### *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 - continued

at 30 September 2015

### 2 Grants and donations

	Unrestricted £	Restricted £	30-Sep-15 £	30-Sep-14 £
MCC	1,503,000	-	1,503,000	1,006,500
Arts Council England	1,008,325	-	1,008,325	389,605
Arts Council England project grant	35,173	-	35,173	-
Association of Greater Manchester Authorities	125,000	-	125,000	55,000
Stavros Niarchos Foundation	-	160,000	160,000	-
Granada Foundation	-	10,000	10,000	-
PRS Foundation	-	10,000	10,000	-
Esmee Fairbairn Foundation	-	19,300	19,300	20,000
The Foyle Foundation	-	20,000	20,000	-
Postcode Community	-	19,575	19,575	-
Peoples Post Code Lottery	-	-	-	45,560
Oglesby Charitable Trust	-	15,000	15,000	-
Backstage Trust	-	10,168	10,168	-
Weston Jerwood Creative Bursaries	-	10,106	10,106	-
The Reta Lila Howard Foundation	-	10,000	10,000	-
Austin & Hope Pilkington Trust	-	1,000	1,000	-
Stage One Apprentice Scheme	-	-	-	14,000
Individual Giving	139,388	-	139,388	28,239
	<u>2,810,886</u>	<u>285,149</u>	<u>3,096,035</u>	<u>1,558,904</u>

### 3 Activities for generating funds

	30-Sep-15 £	30-Sep-14 £
Sponsorship	1,516,250	531,250
Sponsorship in kind	258,222	114,740
Other income	160,235	4,824
	<u>1,934,707</u>	<u>650,814</u>

### 4 Income from investments

	30-Sep-15 £	30-Sep-14 £
Interest receivable	<u>9,385</u>	<u>3,734</u>

## Notes to the financial statements - continued

at 30 September 2015

### 5 Incoming resources from charitable activities

	30-Sep-15 £	30-Sep-14 £
Box Office	1,527,546	-
Co-production income	1,274,500	254,683
Touring, project rentals & sales and royalties	230,570	637,530
Programme and miscellaneous income	4,802	608
	<u>3,037,418</u>	<u>892,821</u>

### 6 Costs of generating voluntary income

	30-Sep-15 £	30-Sep-14 £
Wages and salaries	212,137	142,687
Direct costs	74,684	22,115
Support costs (Note 8)	20,799	15,619
	<u>307,620</u>	<u>180,421</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-15 £	30-Sep-14 £
Core Festival Staff	-	473,316	473,316	416,274
R&D	82,146	-	82,146	69,135
Commission Costs	5,373,814	522,253	5,896,067	1,243,126
Branding and advertising	909,850	262,400	1,172,250	208,059
Volunteers	21,999	37,354	59,353	-
Support costs (note 8)	361,912	-	361,912	221,032
	<u>6,749,721</u>	<u>1,295,323</u>	<u>8,045,044</u>	<u>2,157,626</u>

## Notes to the financial statements - continued

at 30 September 2015

### 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 £	30-Sep-15 £	30-Sep-14 £
Wages and salaries	-	29,281	-	29,281	25,173
Professional fees and charges	-	12,100	46,911	59,011	13,482
Other staff costs	8,899	306	89,731	98,936	43,780
Depreciation	-	-	5,563	5,563	22,172
Running expenses	11,900	-	107,104	119,004	72,856
Premises costs	-	-	112,603	112,603	97,775
	<u>20,799</u>	<u>41,687</u>	<u>361,912</u>	<u>424,398</u>	<u>275,238</u>

The costs are allocated on a time basis.

### 9 Movement in total funds for the period

Net movements in funds are stated after charging:

	30-Sep-15 £	30-Sep-14 £
Auditors' remuneration – current period	12,000	6,000
Operating lease rentals – land & buildings	110,071	110,618
Depreciation	<u>5,563</u>	<u>22,173</u>

### 10 Analysis of staff costs

	30-Sep-15 £	30-Sep-14 £
Wages and salaries (includes production wages)	1,355,938	943,280
Social security costs	145,113	106,547
Other pension costs	35,689	29,826
	<u>1,536,740</u>	<u>1,079,653</u>

## Notes to the financial statements - continued

at 30 September 2015

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-15 No.	30-Sep-14 No.
Festival	32	19
Fundraising	4	3
Governance	1	-
	<u>37</u>	<u>22</u>

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

	30-Sep-15 No.	30-Sep-14 No.
£ 60,001 - £ 70,000	2	2
£ 80,001 - £ 90,000		1
£110,001 - £120,000	2	
£120,001 - £130,000		1
	<u>4</u>	<u>4</u>

4 (2014 – 3) of the higher-paid staff are members of the company's defined contribution pension scheme. A total of £17,527 (2014 – £14,150) was paid in pension contributions for these employees.

### 11 Board's remuneration and reimbursed expenses

None of the Board members received remuneration for their services during the year. Two board members received re-imbursed travel expenses of £6.30; £154.30.

## Notes to the financial statements - continued

at 30 September 2015

### 12 Tangible Fixed Assets

	Equipment £	Fixtures & Fittings £	Total £
Cost:			
At 1 October 2014	136,524	17,037	153,561
Additions	6,313	-	6,313
Disposals	-	-	-
At 30 September 2015	142,837	17,037	159,874
Depreciation:			
At 1 October 2014	132,657	17,037	149,694
Charge for the year	5,563	-	5,563
At 30 September 2015	138,220	17,037	155,257
Net book value:			
At 30 September 2015	4,617	-	4,617
At 30 September 2014	3,867	-	34,832

### 13 Debtors

	Group 30-Sep-15 £	Charity 30-Sep-15 £	Charity 30-Sep-14 £
Trade debtors	514,205	514,205	148,372
Other debtors	309,914	309,914	6,236
Prepayments and accrued income	318,638	318,638	37,746
VAT	196,421	196,421	-
	1,339,178	1,339,178	192,354

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

	Group 30-Sep-15 £	Charity 30-Sep-15 £	Charity 30-Sep-14 £
Trade creditors	914,133	914,133	41,250
Accruals and deferred income	1,015,528	1,015,528	487,144
VAT	-	-	62,194
	1,929,661	1,929,661	590,588

## Notes to the financial statements - continued

at 30 September 2015

### 15 Deferred income - Group and Charity

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

	£
At 1 October 2014	348,549
Amount released in the year	(348,549)
Amount deferred in the period	169,556
At 30 September 2015	<u>169,556</u>

### 16 Analysis of charitable funds

	Movement in Funds			
	Balance at 1 Oct 2014 £	Net incoming resources £	Net outgoing resources £	Balance at 30 Sep 2015 £
Analysis of unrestricted fund movements:				
General Fund	852,988	7,792,396	(8,235,908)	409,476
Analysis of restricted fund movements:				
Restricted Fund	20,000	285,149	(158,443)	146,706
	<u>872,988</u>	<u>8,077,545</u>	<u>(8,394,351)</u>	<u>556,182</u>

### 17 Analysis of net assets between funds - Group

	General Fund £	Restricted Fund £	Total Funds £
Fixed Assets	4,617	-	4,617
Current assets	2,334,520	146,706	2,481,226
Current liabilities	(1,929,661)	-	(1,929,661)
	<u>409,476</u>	<u>146,706</u>	<u>556,182</u>

## Notes to the financial statements - continued

at 30 September 2015

### 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.

The wholly owned subsidiary MIF Productions is limited by shares. It's share capital is £1.

### 19 Taxation

The company is a registered charity and no provision for taxation is considered necessary. There is a tax credit of £302,104 due to the group from HMRC which is included in Other Debtors in Note 13.

### 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 15 £	Land & Buildings 30 Sep 14 £
Operating leases which expire:		
Within one year	-	-
Within two to five years	110,071	110,071

### 21 Pension arrangements

MIF participates in The Pension Trust's Growth Plans (Series 3 and 4) and Ethical Plan on behalf of 13 employees. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plans are multi-employer schemes, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plans' total assets. Accordingly, due to the nature of the Plans, the accounting charge for the period under FRS17 represents the employer contribution payable. During the year, the charity paid £35,689 (£29,826 for the year ended 30 Sep 2014) towards pension contributions.



## Notes to the financial statements - continued

at 30 September 2015

### 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 Bruntwood, National Car Parks Manchester Ltd and Regatta Ltd, 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 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 which trustees have connections with but the amounts are not material and arise in the normal course of business.

Manchester International Festival (MIF) contracted MIF Productions, for the sum of £1,687,012 to deliver production, running and closure of three of the productions presented at the MIF15 Festival. MIF Productions has common board members/directors with MIF. At the balance sheet date, there was nothing due to MIF from MIF Productions.

### 23 Derivatives

The charity purchases forward foreign currency contracts to hedge currency exposure on firm future commitments in respect of foreign suppliers. There were no derivatives held at the balance sheet date.

### 24 Investments

On 12 November 2014 the entire share capital of MIF Productions was acquired for £1 being one ordinary share of £1 each, representing all voting rights. The company was incorporated in England on 12 November 2014 and is a private limited company. The company delivers production, running and closure of productions presented at the MIF Festivals. The turnover in 2014/15 was £1,678,012 (2013/14: £nil), and after Theatre Tax Relief, MIF Productions broke even (2013/14: £nil). Net assets were £1 in 2014/15 (2013/14: £nil). The results of MIF Productions Limited are included in the consolidated accounts.