

Company number: 05292793

Charity number: 1113902

Manchester International Festival

Trustees Report and Financial Statements

30 September 2020

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Trustees' Annual Report (continued)

The Trustees are pleased to present the annual directors' report together with the audited consolidated financial statements of the charity and its trading subsidiary for the year to 30 September 2020 which are also prepared to meet the requirements for a directors' report, strategic report and accounts for Companies Act purposes.

Our Purposes, Objectives and Activities

Purposes

Manchester International Festival (MIF) purposes are to promote, maintain, improve, develop, and advance public education by the encouragement of the arts. Arts include music, opera, dance, singing, dancing, literature, and visual arts, and their promotion through the holding of festivals of culture, ideas, and creativity.

Objectives

This year continues the transformation of Manchester International Festival (MIF) from an organisation that has as its main activity a biannual festival, to that of a larger organisation that from the end of 2022 will have its own permanent and all-year round venue, The Factory.

The organisation's five-year business plan for 2020-2025 has five strategic objectives:

1. To continue to grow the international reputation of the Festival and the city – with artists, audiences, partners and media coverage from across the globe and from a wide variety of backgrounds – in turn driving reach for the Festival and attracting people to the city and the best staff to our team.
2. To bring the most extraordinary artists from around the world to Manchester to create diverse and inspiring new work – made in Manchester and shared worldwide.
3. To connect in new and ever deeper ways with the city and region of Manchester, increasing the range and diversity of those engaging with the Festival, with an ever more visible and transformative presence in the city.
4. To build the capacity and scale of MIF in readiness to open The Factory in 2022. This includes creative and commissioning partnerships, fundraising relationships with sponsors and individual donors, audiences, commissioning, and the organisation's governance and staffing.
5. To develop the brand, profile and awareness of MIF/The Factory locally, nationally and internationally in readiness for opening in 2022.

Additionally, MIF has set three strategic aims for The Factory to guide the development work over the next few years:

1. To establish The Factory as a sustainable, democratic space for creative exploration and production; celebrated internationally and loved locally.
2. To develop and deliver new models for developing and distributing creative work – through technological innovation, commercial partnerships, social enterprise, and international collaborations.
3. To create and deliver new possibilities for employment, training and education, particularly for those who have been economically excluded.

Trustees' Annual Report (continued)

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

The trustees confirm that they have complied with the duty in Chapter 4 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission in respect of public benefit matters.

Achievements and Performance

2019/2020 was a non-festival year for MIF but like with many organisations operating within the Arts and Culture sector, Covid-19 had a significant impact on the activities of the organisation.

International programme

Several co-commissioned premieres from MIF 2019 had international presentations scheduled to take place throughout 2020. As a direct result of Covid-19, many were either cancelled or postponed. These included presentations of Tao of Glass, Porca Miseria, Maggie the Cat and Invisible Cities. The expectation is that there will be a slow recovery of our touring programme with a return to live presentations worldwide unlikely to be seen before late 2022. Income from touring activities for the year ended September 20 was £247k compared to £696k in the prior year.

Fundraising

As a direct result of Covid-19, several supporters and prospects in the business community responded by putting a hold on any discretionary spending until the longer-term position in relation to both Covid-19 and Brexit is more understood. This has resulted in a reduction in the amount of fundraising income that the organisation has been able to recognise in this financial year. Despite this, the fundraising teams are continuing to work with our business supporters and to find ways to allow the organisation to continue to raise funds successfully for next year's Festival.

Artistic programme

In response to Covid-19 there has been a pivot of our artistic work towards supporting artists who have been professionally impacted by the closure of arts venues and the significant loss of income in the sector. MIF responded to the needs of artists in several ways, including an increased on-line commissioning programme, on-line drop-in sessions for support, advice, and peer learning.

Some of our overall programme of artistic work delivered in 2019/20 included:

Commissioning of six international artists to create short based screen work to be presented on different on-line platforms. Partners included Brooklyn Academy of Music (BAM) in New York and Le Chatelet in Paris. Artists included:

- Akram Khan, choreographer (UK)
- Angelique Kidjo, singer and composer (Benin)
- Ibrahim Mahama, visual artist (Ghana)
- Lola Arias, theatre director (Argentina)
- La Horde and Lucinda Childs, mixed media artists and choreographer (France/USA)
- Meriem Bennani, visual artist, animator, filmmaker (Morocco)

Trustees' Annual Report (continued)

Engagement work responding to immediate community needs around Covid-19 and Black Lives Matter including:

- ***A Conversation for Change***
Organised by MIF's Young People's Forum. 75 attendees from over 30 arts organisations joined to celebrate the solidarity shown by the Black community in Manchester.
- ***Speak Out***
Six weeks of speechmaking and writing workshops for young people from Young Identity, Xaverian College and MIF's Young People's Forum (YPF), led by a wide range of accomplished local and national speakers, writers and activists.
- ***Paradise Works***
Collaborating with an artist-led community to deliver a "Festival in My Neighbourhood" event that created a film portrait of East Salford during lockdown, based on video submissions.
- ***Artist Drop-ins***
Online Artist Drop-In sessions throughout July and August which engaged over 200 participants.
- ***MIF Sounds and Festival in My House...and Yours***
For Greater Manchester artists and creatives to apply for remote music residencies or micro commissions in people's homes.
- ***Talking Points***
A virtual talk series that invited people from across Greater Manchester to join in a conversation around Covid-19 and its impact on communities.

MIF Live on-line broadcasts which ranged in scale and size, aimed at providing opportunities for artists and developing on-line audiences through YouTube. Highlights included:

- ***Together in One Voice***
A city-wide collaboration with Manchester City Council and GMCA, supported by the Co-Operative Bank. A mass Manchester singalong featuring some of Manchester's top musicians gained considerable traction on social media and created a genuine feelgood moment for thousands of participants.
- Online interviews with high-profile artists like FKA twigs, Riz Ahmed, and New Order.
- The commissioning of new events for live broadcast which included ***Party Skills for the End of the World (the lockdown edition)***.
- MIF Live activity resulted in an increase in the number of YouTube subscribers by almost 8000 from when the programme began in April 2020.
- A total of 24,000 people tuned in live across seven weeks, with 335,000 views in total, amounting to time spent watching adding up to over 2 and a half years.
- Across the same period, our entire YouTube library received 190,000 views and over 1.2 million impressions with our most popular broadcasts including New Order at MIF17 and *Together in One Voice*.
- Our online audience was notably international, with the top ten viewer countries changing each week. This also came through in the diversity of languages in our live chats, particularly from fans tuning in for New Order and FKA twigs.

Trustees' Annual Report (continued)

Pre-Factory programme

Our first pre-Factory project of the year was Virtual Factory that included a series of commissions by leading international artists invited by MIF to create online work responding to the architecture of The Factory.

The first project, ***Your Progress Will be Saved***, was an installation experience created by the virtual avatar artist and curator LaTurbo Avedon that launched in July 2020. The commission was located within a digital version of The Factory that was built within the Fortnite gaming platform.

Other planned pre-Factory projects had to be rescheduled due to the impact of Covid-19, including:

- Riz Ahmed's ***The Long Goodbye*** which is expected to deliver in 2022.
- Deborah Warner's ***Arcadia*** which will now be presented as part of MIF21 inside The Factory.
- Neville Gable's ***Factory Work*** project, which involved working with the construction workforce, and is now rescheduled for October 2021.

MIF 2021

The Board have agreed that the organisation will move ahead to run a Festival in 2021, although clearly the expectation is that Covid-19 will continue to have a significant impact. Detailed scenario planning for MIF 2021 is ongoing to allow the organisation to consider the feasibility of different programme options (live, outdoor, or digital) in response to Covid-19 tier scenarios, audience restrictions and social-distancing measures. The changing external circumstances that the programme will need to respond to, means that confirmation of festival events and commissions will take place later than normal in mid-April 2021.

Financial Planning

Financial planning of the two-year budget (October 2019 to September 2021) has been regularly reviewed and updated to reflect the impact of Covid-19 on both this financial year and the next. Our expectations are that Covid-19 will have a significant negative impact on MIF21 box office, sponsorship, and co-commissioning income.

Additional contingency within our budget has been created to provide for both income reductions and likely increases in expenditure relating to the need for an enhanced digital programme and additional health and safety measures to ensure Covid-19 venue safety compliance.

Transformation planning

A high-level transition plan and programme to define and support MIF's journey to The Factory was originally developed in early 2020. This plan focused on identifying and timelining key areas of transformation out of scope of normal business and included: facilities management (Hard and Soft); venue operations, the opening season artistic programme, people management (recruitment and organisational development), IT development; procurement; governance and legal structuring.

Trustees' Annual Report (continued)

Due to the delay of the Factory opening to end of 2022, the original plan of work is currently being rescoped and redefined to take into account the changed timeframes, a more comprehensive plan of work, and the more detailed knowledge that is now available.

Business Planning

During this financial year, MIF also developed and revised its business plan for its work over the next 5 years (2020 to 2025) covering the initial opening years of The Factory. The business plan process followed a detailed 'bottom-up approach' with wide engagement from across the organisation alongside significant external benchmarking and market-consultancy support around venue-related areas of the plan including the operating model.

The result is a business plan that will not only add significant improvements to our financial planning & control as we transition to the Factory but will provide an operational blueprint for delivering on the strategic objectives of the Factory.

The business plan is now a living and breathing document that the organisation will continue to develop and update to ensure that it adapts and responds to key risks and opportunities.

Fundraising Activities

MIF employs an in-house development team who are responsible for fundraising for the Festival.

In addition to our public sector income, and donations from individual philanthropists, and trusts & foundations, the fundraising team generate income support from a range of corporate partners and through memberships and individual supporter donations at point of ticket purchase. Except for our NPO funding and income from trusts & foundations, funds raised are unrestricted.

Our fundraising strategy is developed in accordance with our company policies relating to GDPR and ethics. Our fundraising activities strictly follow Code of Fundraising Practice and standards set out by the Fundraising Regulator. Gift Aid is claimed in accordance with HMRC policy.

All donations are processed directly by the development and finance teams, except for membership and box office donations which are processed through our ticketing system (Spektrix) and by our box office teams who receive donation training as part of their induction. Donations from the public are given at the point of ticket sale, so no approaches to vulnerable individuals are made.

In the financial period ending September 2020 there were no reported complaints relating to fundraising. Our costs for generating all fundraising income totalled £560,743 which was comparable to the previous financial year.

Trustees' Annual Report (continued)

Change to Governance and Management

Changes to the governance structure during this financial year included the establishment of a Commercial sub-committee of the board charged with overall responsibility for supporting the long-term commercial success and sustainability of The Factory, including:

- Building long-term resilience and ensuring sustainability in The Factory; the committee supports the leadership of The Factory's commercial and capital investment activities and assures their effective management by reviewing strategic and business plans, and monitoring performance.
- Developing understanding across the organisation of business planning; financial literacy; attitudes towards profit, risk, 3rd parties and commercial opportunities.
- Keeping under review the general governance, management, and partnership structures to maximise the opportunities for achieving objectives.

The committee reports and makes recommendations to the MIF main board. It is chaired by Richard Bell, a Trustee who is also a member of the Finance and Audit Committee.

Three new board members were recruited through an open recruitment process managed by the Nominations committee during the year ended September 2020. In addition, a representative from our Young People's Forum (YPF) was also inducted into the board during this year.

Changes to the trustee board during the year and since the year end are detailed on page 15.

Management and staffing

Several key management staff joined MIF or changed role during the year as part of the organisation developing capacity and skills for the move to The Factory.

These changes included:

- Randel Bryan joining as Executive Director
- Fiona Gasper transitioning into the role of Director of Organisational Change
- Hannah Cork joining as Director of Finance & Resources
- Helen Faulkner joining as Director of Audiences

Additionally, two new roles were recruited to enable MIF to position access and sustainability as key strategic objectives at the heart of the organisation's ongoing work.

- Feimatta Conteh joined as Sustainability Manager
- Kate Fox joined as Access Manager

Trustees' Annual Report (continued)

Financial review

The group generated a positive surplus over the year ending September 2020 of £6,181,483 with the result that reserves increased from £4,007,904 to £10,189,387.

Donations and Legacies

Although not a Festival year, MIF was successful in securing income of £11,806,357 from Grants and Donations that was broadly comparable with the prior year ending September 2019.

The larger part of donated income is provided by Arts Council England's National Portfolio Organisation (NPO) funding agreement which was secured in April 2018 to provide a £9m annual restricted grant for the ongoing preparation and development of the organisation for the opening of The Factory. Additionally, in this year MIF were also able to recognise a further £1.1m in unrestricted funding from Arts Council England to support our Equalities Representation Action Plan in developing not only our organisation but the artists and audiences that we engage with.

Included within this category of income is monies received in relation to the Government Job Retention Scheme of £151,474 from the organisation having around one-third of its workforce furloughed under the scheme for the six-months from March 2020.

Charitable Activities

Our income from charitable activities presents income from a non-Festival year. In which Covid-19 has impacted adversely on all areas of income, particularly the support of sponsors and touring activities.

Expenditure on Charitable Activities

A greater proportion of expenditure in the year ended September 2020 was in relation to the transition of MIF to The Factory. Comparatively to the previous year Factory producing costs were reduced because of the impact of Covid-19 on our pre-Factory programme.

Festival expenditure reflects timing of spend in respect of presenting a non-Festival year with both producing and creative engagement costs incurred in close proximity to the Festival itself.

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 accounts, which in the year ended September 2020 generated interest receivable of £39,403.

Reserves Policy

MIF's Reserves Policy is reviewed and updated annually as part of the organisation's longer-term strategic financial planning. The Reserves Policy considers the general level of risk within the current and future operations alongside any future identified cash needs. The Reserves Policy been designed to ensure that MIF can continue to deliver

Trustees' Annual Report (continued)

its charitable objectives both throughout this transition period to The Factory and beyond.

The latest Business Plan currently outlines the following reserve needs in preparation for the opening of The Factory:

- 1) *An FF&E Reserve of £6.0m, built up in advance of the opening of The Factory to contribute towards the expected cost of Fixtures, Fittings & Equipment for the building. The FF&E Reserve is reduced each year from The Factory opening by an amount equivalent to the depreciation charged in respect of those assets. These funds are restricted.*
- 2) *A Start-up Reserve, that acknowledges the inherent risk and uncertainty (in respect of both income and expenditure) in the first few years of operation of the new venue. The Start-up Reserve is set at £2m prior to opening but is reduced by £1m in the first opening year and thereafter by £500k per year - to £NIL by the end of the second full year of opening, March 2025. These funds are restricted.*
- 3) *A designated Sinking Fund Reserve is required after the first opening year of The Factory. This reserve is to grow and build each year by £227k to contribute toward the capital replacement cycle of the venue. These funds are unrestricted.*
- 4) *A non-designated General Reserve that considers the risk associated with the organisation's operations and which seeks to provide sufficient cover to allow the organisation to continue its charitable purposes in the event of an adverse impact to its unrestricted income. The value of the General Reserve at the time of opening The Factory is required to be £4.4m, with the value increasing to £4.9m in each subsequent full year of operation. These funds are unrestricted.*

As at the end of September 2020 the total value of restricted funds were £7,909,774 which is close to the £8.0m level of targeted restricted funds required at the time of opening The Factory. At the same time, the total level of unrestricted and general funds is £2,279,613 with a further £2.12m required to be built up to achieve the target level of reserves at the time of opening The Factory.

Trustees' Annual Report (continued)

Going Concern

The charity's future period plans are set out below. The group manages its activities with positive restricted and unrestricted cash balances. The charity relies on the funding from Central Government (paid via Arts Council England) as it builds up its capacity in readiness to open The Factory in 2022. MIF is also in receipt of circa £2m of unrestricted NPO funding from Arts Council, by the end of its current two-year budget cycle.

Both current NPO funding agreements contractually cover the period to March 2022, however as a response to Covid-19, Arts Council England announced the extension of all NPO grants by one year to March 2023. Additionally, the NPO funding for 2020/21 received an inflationary increase from April 2020, which brought an additional £179k into the financial year ended September 2020.

Alongside the long-term financial support of Arts Council England, MIF has also secured £2.5 million funding from Manchester City Council for the MIF21 two-year budget cycle ending 30th September 2022.

As with many other organisations, particularly within the Arts and Culture sector, MIF has been affected by the Covid-19 pandemic. From day 1 of the March 2020 lockdown measures, the organisation has been working on its response to the crisis and its assessment of the impact of this unprecedented situation.

Although this has been a non-festival year for MIF, there has nonetheless been a significant impact on the level of activity that the organisation would have expected and hoped to have delivered in this financial year. International touring plans have undoubtedly seen the greater impact because of Covid-19, although a few of our UK-based pre-Factory events have also needed to adapt and respond to the changed guidance for live events.

The MIF21 programme has also by necessity changed from its original scope and design as lockdown measures have continued into 2021, bringing an increased likelihood of a social distancing requirement for MIF21 and a lower-risk profile for outdoor versus indoor events.

Ongoing and recent financial planning work has reduced the levels of expected income from box office and food & beverage income (Festival Square) because of reduced audience figures in respect of social distancing. Sponsorship income has also reduced significantly by £1.5m in respect of the financial pressures being faced by potential sponsors because of Covid-19.

In response to the significant income impacts, cost reductions have and continue to be made in the current two-year budget cycle in order that the organisation comes close to achieving its targeted level of closing reserves for 30th September 2021. These savings have cut across all areas of the organisation, including the artistic programme for MIF21.

Whilst there is still some potential forecasting risk in the remaining income figures for the two-year budget cycle, the organisation has considered it necessary to increase its levels of contingency to mitigate further financial impacts in respect of Covid-19.

It is expected that Covid-19 will have a much longer term impact beyond MIF21 and that in the face of a likely economic downturn, the organisation's ability to raise sponsorship funding and donations from individuals will be much less than previously anticipated. The financial risk of this has been considered within the longer-term financial planning of the organisation and will continue to be regularly reviewed by the Finance & Audit Committee.

Trustees' Annual Report (continued)

Having reviewed the current short-term and long-term financial plans and the cashflow forecast up to end March 2022, the trustees are of a view that the charity is a going concern. Cash forecasting for both the current planned scenario for MIF21 and for the worst-case scenario of further reduced income, show that MIF has sufficient cash reserves to be able to meet all its obligations.

Plans for future periods

Artistic Programme

The organisation is gearing up to plan and deliver:

- The next Festival, the eighth edition in July 2021
- A programme of international touring – presenting co-commissioned premieres from MIF2015, 2017 and 2019 at co-commissioner venues and festivals across the world and continuing to tour other work.
- A growing programme of Community Engagement work focusing on connecting emerging talent and communities with The Factory
- A number of training programmes as part of The Factory Academy working alongside the Greater Manchester Cultural Skills Consortium (GMCSC).

The Factory Opening

The organisation is developing a transition plan that identifies key milestones and a critical path for the next two years to opening The Factory at the end of 2022. Key strands of work include:

- Continuing to develop and raise the profile of the brand, and awareness of MIF/The Factory locally, nationally, and internationally in readiness for opening in 2022.
- Continuing to develop the 5-year strategic and financial plan 2020-2025
- Developing plans and budgets for the fitting out of the Factory
- Continuing to build the capacity and scale of MIF in readiness to open The Factory in 2022. This includes creative and commissioning partnerships, fundraising relationships (with sponsors and individual donors), the development of our audiences and the learning and development of our staff and management.

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 September 2014. 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 (except for 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.

Trustees' Annual Report (continued)

Appointment and retirement of directors

The company may, by ordinary resolution, appoint a person who is willing to be a director. Manchester City Council has appointed two persons as directors to the Board.

A director appointed by Manchester City Council may at any time be removed from office only by notice in writing by the City Council. All other directors are subject to retirement after four years. A director may be re-appointed for a second term of office, but at the end of the second term of office, 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. Additional training is made available to all new trustees to ensure that they are well supported to be able to carry out their responsibilities.

Organisation

The trustees administer the charity. They meet as a Board quarterly and through various sub-committees - Finance & Audit, HR, Commercial and Nominations - which meet prior to each main Board meeting.

A CEO & Artistic Director is appointed to administer the day to day operations of MIF. To assist in the effective running of the charity, operational matters including finance, production, and marketing, are delegated to the CEO and Artistic Director with the approval of the trustees.

Subsidiary

On 12 November 2014, a subsidiary MIF Productions (company number 09308388) was incorporated to deliver specific dramatic and music 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 23 of the financial statements.

Risk management

Key areas of financial risk for the organisation in respect of the Festival include failure to meet in full our income targets (specifically box office, co-commissioning income, sponsorship, and philanthropic donations) and failure to meet expenditure targets especially around larger and more complex artistic projects. To mitigate these risks the organisation operates a contingency policy that provides for box office reductions at c.10% reduction and that provides for a c.10% increase in production budgets. Sponsorship income is regularly reviewed by both management and by the Finance &

Trustees' Annual Report (continued)

Audit Committee and if necessary, budget reductions will be made to accommodate potential shortfalls in income.

The impact of Covid-19 has been such that these ordinary financial risks have increased. MIF has positively responded to the challenge of creating a Festival in 2021 to support both the City of Manchester and the wider Arts and Culture sector during this particularly challenging time. Our forecasts of Festival related income that were made at the start of the budget cycle in October 2019 have by necessity been revised downwards, and the organisation is actively pursuing cost savings in order to both mitigate against these financial impacts and allow the organisation to create further contingency for unexpected and additional costs to deliver a Festival in a Covid-19 safe and responsible way.

Additionally, the impact of Brexit whilst currently unknown to its full extent, may increase the risk of currency fluctuations which could impact on co-commissioning income and touring activities, as well as increasing the risk of delays to the supply chain for importing or exporting goods and equipment relating to MIF productions.

Other categories of general risk around the Festival include reputational issues; operational issues around the use of found venues including licensing issues and security; and the organisation's capacity to deliver its ongoing activities whilst simultaneously preparing to run The Factory.

As we transition towards the Factory the areas of potential risk broaden to include operational and compliance risk related to the opening of a new large scale venue; financial risk in relation to the areas of new and potentially unplanned for expenditure; risks in relation to potential further delays to the capital project; and contractual risk around the supply of services for the Factory.

The charity regularly reviews risk as a standing item at both the Finance & Audit committee meetings and the main Board meeting. Action is taken to mitigate and minimise those risks deemed significant and likely. In addition, a production risk grid is produced in the run up to the Festival looking at specific risks around each production.

Indemnity

During the financial year, a qualifying third-party indemnity provision for the benefit of all trustees was in force.

Trustees' Annual Report (continued)

Reference and administrative details

Charity name	Manchester International Festival
Charity number	1113902
Company number	05292793
Country of incorporation	England and Wales
Company registered address	Blackfriars House Parsonage Manchester M3 2JA
Legal form	Company limited by guarantee
Charity address	Blackfriars House Parsonage Manchester M3 2JA
Auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Bankers	The Co-operative Bank P O Box 250, Delf House Southway Skelmersdale WN8 6WT
Solicitors	Eversheds Sutherland 70 Great Bridgewater St Manchester M1 5ES

Directors and trustees of Manchester International Festival:

Thomas Bloxham MBE (Chairman)
Richard Paver (nominated by Manchester City Council)
Christopher Oglesby
Cllr Luthfur Rahman (nominated by Manchester City Council)
Kulwinder Thiarai
Jeremy Deller
Peter Salmon (resigned 1 October 2019)
Sir Howard Bernstein
Charles Richard Bell
Cathryn Wright
Malcolm Press
Lemn Sissay (resigned 1 October 2019)
Jamil Khalil
Alan Bishop
Amy Lawrence (appointed 22 April 2020)
Maria Balshaw

Trustees' Annual Report (continued)

Ngozi Ugochukwu (appointed 22 April 2020)
Joanne Louise Whitfield (appointed 22 April 2020)
Jeanette Winterson (appointed 22 April 2020)

Company Secretary:

Fiona Gasper (resigned 23 September 2020)
Hannah Cork (appointed 28 September 2020)

Key Management Personnel:

Senior Manager of Manchester International Festival

Chief Executive Officer & Artistic Director - John McGrath
Managing Director - Christine Cort
Creative Director - Mark Ball
Executive Director for Organisational Change - Fiona Gasper
Executive Director – Randel Bryan (from 27 January 2020)
Director of Finance & Resources – Hannah Cork (from 1 June 2020)

Trustees' Annual Report (continued)

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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 Second Edition of Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

By order of the board of trustees



Richard Paver

Independent auditor's report

to the members and trustees of Manchester International Festival

Opinion

We have audited the financial statements of Manchester International Festival for the year ended 30 September 2020 which comprise the consolidated statement of financial activities, the charity statement of financial activities, the consolidated and charity balance sheets, the consolidated and charity statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 30 September 2020 and of the group's and parent charitable company's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report (continued)

to the members and trustees of Manchester International Festival

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or

Independent auditor's report (continued)

to the members and trustees 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17, 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, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

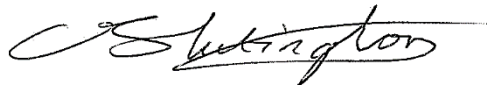
www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report (continued)

to the members and trustees of Manchester International Festival



Cara Turlington (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE
5 March 2021

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Group Statement of Financial Activities

(including income and expenditure account)

for the year ending 30 September 2020

		Unrestricted	Restricted	Year Ended	Unrestricted	Restricted	Year Ended
		£	£	30 Sep 20	£	£	30 Sep 19
	Note						
Income:							
Donations & Legacies	2	2,353,472	9,452,885	11,806,357	2,320,980	9,034,695	11,355,675
Charitable Activities	3	955,920	-	955,920	6,238,012	-	6,238,012
Other Trading Activities	4		-	-	81,047	-	81,047
Investments	5	39,403	-	39,403	28,381	-	28,381
Total income		3,348,795	9,452,885	12,801,680	8,668,420	9,034,695	17,703,115
Expenditure							
Cost of raising funds							
Costs of generating income from Sponsors & Donations	6	224,297	336,446	560,743	507,666	56,407	564,074
Expenditure on charitable activities							
Festival costs	7	1,247,166	1,682,335	2,929,501	9,311,106	2,904,378	12,215,483
Factory Transition costs	7	-	3,152,195	3,152,195	-	4,239,726	4,239,726
Total expenditure		1,471,463	5,170,976	6,642,439	9,818,772	7,200,511	17,019,283
Net income and movement in funds	16	1,877,332	4,281,909	6,159,241	(1,150,352)	1,834,184	683,832
Taxation	20	22,242		22,242			
Net income and movement in funds after tax		1,899,574	4,281,909	6,181,483	(1,150,352)	1,834,184	683,832
Total funds brought forward:							
At 1 October 2019		380,039	3,627,865	4,007,904	1,530,391	1,793,681	3,324,072
Total funds carried forward		2,279,613	7,909,774	10,189,387	380,038	3,627,865	4,007,904

These results derive from continuing activities and all gains and losses recognised in the year are included in the above statement.

The notes on pages 26 to 42 form part of these financial statements.

Charity Statement of Financial Activities

(including income and expenditure account)

for the year ending 30 September 2020

		Unrestricted	Restricted	Year Ended 30 Sep 20	Unrestricted	Restricted	Year Ended 30 Sep 19
		£	£	£	£	£	£
	Note						
Income:							
Donations & Legacies	2	2,353,472	9,452,885	11,806,357	2,320,980	9,034,695	11,355,675
Charitable Activities	3	955,920	-	955,920	6,238,012	-	6,238,012
Other Trading Activities	4		-	-	81,047	-	81,047
Investments	5	39,403	-	39,403	28,381	-	28,381
Total income		3,348,795	9,452,885	12,801,680	8,668,420	9,034,695	17,703,115
Expenditure							
Cost of raising funds							
Costs of generating income from Sponsors & Donations	6	224,297	336,446	560,743	507,666	56,407	564,074
Expenditure on charitable activities							
Festival costs	7	1,247,166	1,682,335	2,929,501	9,311,106	2,904,378	12,215,483
Factory Transition costs	7	-	3,152,195	3,152,195	-	4,239,726	4,239,726
Total expenditure		1,471,463	5,170,976	6,642,439	9,818,772	7,200,511	17,019,283
Net income and movement in funds	16	1,877,332	4,281,909	6,159,241	(1,150,352)	1,834,184	683,832
Total funds brought forward:							
At 1 October 2019		380,039	3,627,865	4,007,904	1,530,391	1,793,681	3,324,072
Total funds carried forward		2,257,371	7,909,774	10,167,145	380,039	3,627,865	4,007,904

The notes on pages 26 to 42 form part of these financial statements.

Balance Sheet – Group and Charity

At 30 September 2020

	Note	Group 30 Sep 2020 £	Charity 30 Sep 2020 £	Group 30 Sep 2019 £	Charity 30 Sep 2019 £
Fixed assets					
Tangible assets	12	29,263	29,263	71,757	71,757
Intangible assets	12	34,725	34,725		
Investments	25	5,000,000	5,000,001	-	1
		5,063,988	5,063,989	71,757	71,758
Current assets					
Debtors	13	711,452	689,210	4,239,818	4,239,818
Cash and bank balances		5,369,610	5,369,609	2,197,872	2,197,871
		6,081,062	6,058,819	6,437,690	6,437,689
Creditors:					
Amounts falling due within one year	14	(955,663)	(955,663)	(2,501,544)	(2,501,544)
Net current assets		5,125,399	5,103,156	3,936,146	3,936,145
Net assets		<u>10,189,387</u>	<u>10,167,145</u>	<u>4,007,904</u>	<u>4,007,904</u>
Funds					
Unrestricted Funds - General	16	2,279,613	2,257,371	380,039	380,039
Restricted Funds	16	7,909,774	7,909,774	3,627,865	3,627,865
		<u>10,189,387</u>	<u>10,167,145</u>	<u>4,007,904</u>	<u>4,007,904</u>

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



Richard Paver

Date: 24 February 2021

The notes on pages 26 to 42 form part of these financial statements.

Group and Charity Statements of Cash Flows for year ended 30 September 2020

At 30 September 2020

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Cash inflow from operating activities				
Surplus/(deficit) for the year	6,181,483	6,159,241	683,832	683,832
Adjustment for non-cash items				
Depreciation	68,569	68,569	66,160	66,160
Decrease/(Increase) in debtors	3,528,366	3,550,608	(3,532,842)	(3,532,842)
(Decrease)/Increase in trade and other creditors	(671,637)	(671,637)	337,407	337,407
(Decrease)/Increase in accruals and prepayments	(874,242)	(874,242)	849,762	849,762
Net cash flow from operating activities	8,232,539	8,232,538	(1,595,682)	(1,595,681)
Cash flow from investing activities				
Investment	(5,000,000)	(5,000,000)	-	-
Payments made to acquire fixed assets	(60,800)	(60,800)	(90,066)	(90,066)
	(5,060,800)	(5,060,800)	(90,066)	(90,066)
Cash flows from financing activities				
	-	-	-	-
Increase/(decrease) in cash and cash equivalent in the year	3,171,738	3,171,738	(1,685,748)	(1,685,748)
Cash and cash equivalents at beginning of the year	2,197,872	2,197,871	3,883,620	3,883,619
Cash and cash equivalents at end of the year	5,369,610	5,369,609	2,197,872	2,197,871
Net debt reconciliation - Group	At start of year £	Cashflows £	At end of year £	
Cash	2,101,925	2,679,540	4,781,465	
Cash equivalents (foreign currencies)	95,947	492,198	588,145	
TOTAL	2,197,872	3,171,738	5,369,610	
Net debt reconciliation - Charity	At start of year £	Cashflows £	At end of year £	
Cash	2,101,924	2,679,540	4,781,464	
Cash equivalents (foreign currencies)	95,947	492,198	588,145	
TOTAL	2,197,871	3,171,738	5,369,609	

Notes to the financial statements

at 30 September 2020

Manchester International Festival is a company (company registration number: 05292793) limited by guarantee and incorporated in England. It is also a charity (charity registration number: 1113902) registered at the address Blackfriars House, Parsonage, Manchester, M3 2JA.

1. Accounting policies

Basis of preparation

The group financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP FRS102) and with Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011 and the Companies Act 2006.

Manchester International Festival meets the definition of a public entity under FRS102. Assets and liabilities are initially recognised at historical costs or transaction value unless otherwise stated in the relevant accounting policy note.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historic cost convention.

Preparation of the accounts on a going concern basis

The group's activities and future plans are set out in the Trustees' Annual Report. The trustees are satisfied that having considered the future plans and all identified risks, and reviewed a cashflow forecast for a period not shorter than 12 months from the date of signing these financial statements the business is a going concern, and these financial statements have been prepared on that basis.

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. The charity's statement of financial activities for the year is also provided.

Funds

Unrestricted funds comprise accumulated surpluses and deficits on general funds and are available for use at the discretion of the 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.

Income recognition policy

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the items of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

Donated services and facilities

Donated services or facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item has been met, the receipt of economic benefit

Notes to the financial statements (continued)

at 30 September 2020

from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

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.

All significant producing costs expended in respect of the shows presented in future years are included in the prepayments in the Balance Sheet.

Tangible Assets

Tangible fixed assets over £1,000 are capitalised. They are depreciated evenly over their expected useful lives. Depreciation is calculated at the following rates:

Equipment	– 50% straight line per annum
Fixtures and fittings	– 33 1/3%-50% straight line per annum
Intangible Assets	- 20% straight line per annum

Intangible Assets

Intangible assets include software and intellectual property that the company believes will provide ongoing economic benefit. Intangible assets are capitalised when it is expected that the project cost will be in excess of £5,000 and the period of benefit is at least 2 years. Amortisation is charged from the point an asset is brought into use and the amortisation period between 2 and 5 years dependent on the type of asset.

Pension costs

The charity operates a defined contribution scheme. The assets of this scheme are held separately from those of the charity, being invested by 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.

Notes to the financial statements (continued)

at 30 September 2020

Taxation

Manchester International Festival is considered to pass the test set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and, therefore, it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All differences are recognised in the Statement of Financial Activities.

Financial instruments

The Charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Other than where specifically stated all of the charity's financial instruments are classed as basic financial instruments. Financial assets are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through the statement of financial activities are measured at fair value.

Basic financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through the statement of financial activities are measured at fair value.

Critical estimates and judgements

The preparation of the financial statements in accordance with FRS 102 requires the trustees to make estimates and assumptions concerning the future. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include accruals, depreciation and doubtful debt provision. The accounting in these areas of the accounts requires management to use judgement. In relation to accruals this is a best estimate of costs that will be incurred based on contractual requirements. Provision for doubtful debts is based on the age of debts and probability of their recovery. For depreciation and amortisation, the estimates are driven by the useful economic life of the associated assets.

Notes to the financial statements (continued)

at 30 September 2020

2 Grants & Donations

	Unrestricted £	Restricted £	30-Sep-20 £	30-Sep-19 £
Manchester City Council	1,000,000		1,000,000	1,500,000
Arts Council England	1,099,614	9,165,600	10,265,214	9,259,204
Arts Council England project grants		180,000	180,000	-
Greater Manchester Combined Authority	90,000		90,000	90,000
Innovate UK		4,460	4,460	202,694
The Esmee Fairbairn Foundation			-	85,574
The Paul Hamlyn Foundation		102,825	102,825	36,589
The Bloxham Charitable Trust				25,000
Covid-19 Job Retention Scheme grant	151,474		151,474	-
Other grants	2,000		2,000	38,838
Individual Donations	10,384		10,384	117,776
	<u>2,353,472</u>	<u>9,452,885</u>	<u>11,806,357</u>	<u>11,355,676</u>

The amount received from Government grants was £11,691,148 (2019: £11,051,898).

Grants and Donations - prior year

	Unrestricted £	Restricted £	30-Sep-19 £	30-Sep-18 £
Manchester City Council	1,500,000		1,500,000	1,000,000
Manchester City Council - project grant			0	29,685
Arts Council England	588,204	8,671,000	9,259,204	4,396,499
Arts Council England project grants			-	56,793
Association of Greater Manchester Authorities	90,000		90,000	55,000
Innovate UK		202,694	202,694	-
The Esmee Fairbairn Foundation		85,574	85,574	82,483
Jerwood Charitable Foundation		36,589	36,589	-
The Bloxham Charitable Trust	25,000		25,000	-
Other Trusts & Foundations		38,838	38,838	6,000
Individual Donations	117,776		117,776	35,313
	<u>2,320,980</u>	<u>9,034,695</u>	<u>11,355,675</u>	<u>5,661,773</u>

Notes to the financial statements (continued)

at 30 September 2020

3 Income from Charitable Activities

	Unrestricted 30-Sep-20 £	Unrestricted 30-Sep-19 £
Support from Sponsors	486,215	1,622,193
Contractual income from Local Authorities	-	40,000
Box Office (Admission charges)	-	1,157,832
Income from co-production & co-commissioning activities	202,203	2,457,129
Income from touring activities	246,757	696,028
Membership, Sale of Programmes and Ancillary activities	20,745	264,830
	<u>955,920</u>	<u>6,238,012</u>

4 Income from Other trading activities

	30-Sep-20 £	30-Sep-19 £
Food & drink, merchandise & miscellaneous	<u>-</u>	<u>81,047</u>

5 Investments

	30-Sep-20 £	30-Sep-19 £
Interest receivable	<u>39,403</u>	<u>28,381</u>

6 Cost of Raising funds

	30-Sep-20 £	30-Sep-19 £
Wages and salaries	385,459	415,603
Direct costs	120,243	85,923
Support costs (Note 8)	55,040	62,548
	<u>560,743</u>	<u>564,074</u>

Notes to the financial statements (continued)

at 30 September 2020

Festival activities

	Other Direct Costs £	Wages and Salaries £	30-Sep-20 £
General Festival Costs	17,868	232,839	250,707
R&D	174,715	63,338	238,053
Festival Producing Costs (including touring)	635,835	626,462	1,262,297
Creative Engagement	118,303	188,518	306,821
Volunteers	3,649	-	3,649
Branding, Communications & Marketing	120,416	285,765	406,181
Governance	16,391	38,561	54,952
Support costs (note 8)	406,841	-	406,841
	<u>1,494,018</u>	<u>1,435,483</u>	<u>2,929,501</u>

Festival activities - prior year

	Other Direct Costs £	Wages and Salaries £	30-Sep-19 £
General Festival Costs	722,550	356,051	1,078,601
R&D	254,482	49,623	304,104
Festival Producing Costs (including	7,041,119	1,409,627	8,450,746
Creative Engagement	171,306	152,986	324,292
Volunteers	31,166	40,359	71,525
Branding, Communications & Marketing	1,009,639	463,010	1,472,649
Governance	8,935	29,610	38,545
Support costs (note 8)	475,022	-	475,022
	<u>9,714,219</u>	<u>2,501,265</u>	<u>12,215,484</u>

The Factory Transition activities

	Other Direct Costs £	Wages and Salaries £	30-Sep-20 £
General Factory Transition Costs	336,936	386,820	723,756
R&D	122,448	116,042	238,490
Factory Producing	277,432	900,768	1,178,200
Creative Engagement	55,178	68,914	124,092
Skills & Training	20,891	95,455	116,346
Branding, Communications & Marketing	128,884	259,714	388,598
Governance	24,587	63,219	87,806
Support costs (note 8)	294,907	-	294,907
	<u>1,261,263</u>	<u>1,890,932</u>	<u>3,152,195</u>

Notes to the financial statements (continued)

at 30 September 2020

The Factory Transition activities - prior year

	Other Direct Costs	Wages and Salaries	30-Sep-19
	£	£	£
<i>General Factory Transition Costs</i>	73,759	333,770	407,530
<i>R&D</i>	131,667	146,932	278,600
<i>Factory Producing</i>	1,611,249	337,001	1,948,252
<i>Creative Engagement</i>	171,306	64,991	236,298
<i>Skills & Training</i>	16,629	87,899	104,529
<i>Branding, Communications & Marketing</i>	866,874	134,215	1,001,090
<i>Governance</i>	7,311	24,226	31,537
<i>Support costs (note 8)</i>	231,893	-	231,893
	3,110,689	1,129,037	4,239,726

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.

	Generating Income	Charitable Activities		30-Sep-20
	£	Festival	The Factory Transition	£
		£	£	
Professional fees and charges	-	6,292	25,170	31,462
Other staff costs	11,436	138,925	138,925	289,286
Depreciation	6,857	41,140	20,570	68,567
Running expenses	14,120	84,720	42,360	141,200
Premises costs	22,627	135,764	67,882	226,273
	55,040	406,841	294,907	756,789

Where relevant, Professional fees and charges and Other staff costs are directly attributed to activities in respect of which they were incurred. Otherwise they are apportioned to activities according to estimated usage. Depreciation, Running expenses and Premises costs are apportioned to activities according to estimated usage.

Notes to the financial statements (continued)

at 30 September 2020

Support costs - prior year

	Generating Income £	Charitable Festival £	Activities Factory Transition £	30-Sep-19 £
Professional fees and charges	5,378	19,754	16,134	41,265
Other staff costs	9,000	166,247	71,249	246,495
Depreciation	6,616	39,696	19,848	66,160
Running expenses	19,769	118,613	59,306	197,688
Premises costs	21,785	130,712	65,356	217,854
	<u>62,548</u>	<u>475,022</u>	<u>231,893</u>	<u>769,462</u>

9 Movement in total funds for the period

Net movements in funds are stated after charging:

	30-Sep-20 £	30-Sep-19 £
Auditors' remuneration:		
Audit services	9,800	13,000
Non-audit services	-	-
Operating lease rentals	220,924	215,526
Depreciation	68,567	66,160
Foreign exchange gain	(6,612)	(2,174)
	<u>292,685</u>	<u>512,512</u>

10 Analysis of staff costs

	30-Sep-20 £	30-Sep-19 £
Wages and salaries	3,231,057	3,554,549
Social security costs	348,662	367,251
Pension costs	132,155	124,103
	<u>3,711,874</u>	<u>4,045,903</u>

Number of employees:

The average monthly head count was 81.

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

Notes to the financial statements (continued)

at 30 September 2020

	30-Sep-20 No.	30-Sep-19 No.
Festival & The Factory	67	89
Fundraising	7	8
Governance	1	1
	<u>76</u>	<u>99</u>

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

	30-Sep-20 No.	30-Sep-19 No.
£ 60,001 - £ 70,000	-	2
£ 70,001 - £ 80,000	4	1
£ 80,001 - £ 90,000	-	1
£ 90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
£120,001 - £130,000	-	2
£130,001 - £140,000	1	
	<u>9</u>	<u>9</u>

Total pension paid for in respect of the higher paid employees was	39,472	40,136
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11 Board's remuneration and expenses, and the costs of key management personnel.

None of the board members received remuneration for their services during the year. Two (2019: Eight) board members received re-imbursed travel expenses of £405 (2019: £2,526).

The key management of the parent charity, Manchester International Festival, comprise the trustees, Chief Executive Officer/Artistic Director, Executive Director, Creative Director, Chief Operating Officer (post ceased 31 December 2019), Director for Organisational Change, Managing Director and Director of Finance & Resources. The total employee benefits of the key management personnel were £644,110 (2019: £592,192).

The key management personnel of the group are the same as of the charity as the wholly owned subsidiary does not employ any personnel. The employee benefits of key management personnel for the group are therefore the same as for the charity.

Notes to the financial statements (continued)

at 30 September 2020

12 Tangible Fixed Assets - Group and Charity

	Equipment £	Fixtures & Fittings £	Total £
Cost:			
At 1 October 2019	299,380	23,678	323,058
Additions	26,075	-	26,075
Disposals			-
At 30 September 2020	325,455	23,678	349,133
Depreciation:			
At 1 October 2019	231,542	19,759	251,301
Disposals			
Charge for the year	66,355	2,214	68,569
At 30 September 2020	297,897	21,973	319,870
Net book value:			
At 30 September 2020	27,558	1,705	29,263
At 30 September 2019	67,838	3,919	71,757

Intangible Assets - Group and Charity

	Intangible Assets £
Cost:	
At 1 October 2019	-
Additions	34,725
Disposals	-
At 30 September 2020	34,725
Depreciation:	
At 1 October 2019	-
Disposals	
Charge for the year	-
At 30 September 2020	-
Net book value:	
At 30 September 2020	34,725
At 30 September 2019	-

Notes to the financial statements (continued)

at 30 September 2020

13. Debtors

	Group 30-Sep-20 £	Charity 30-Sep-20 £	Group 30-Sep-19 £	Charity 30-Sep-19 £
Trade debtors	426,981	404,739	2,962,448	2,962,447
Other debtors	2,627	2,627	2,821	2,821
Prepayments	191,843	191,843	224,139	224,139
Accrued Income	35,883	35,883	353,204	353,204
VAT	54,118	54,118	697,207	697,207
	<u>711,452</u>	<u>689,210</u>	<u>4,239,818</u>	<u>4,239,818</u>

14 Creditors: amounts falling due within one year

	Group 30-Sep-20 £	Charity 30-Sep-20 £	Group 30-Sep-19 £	Charity 30-Sep-19 £
Trade creditors	209,491	209,491	883,577	883,577
Other creditors	25,211	25,211	22,763	22,763
Accruals	201,108	201,108	894,092	894,092
Deferred income	519,853	519,853	701,111	701,111
	<u>955,663</u>	<u>955,663</u>	<u>2,501,543</u>	<u>2,501,543</u>

15 Deferred income - Group and Charity

Deferred income:

	Group £	Charity £
At 1 October 2019	701,111	701,111
Amount released in the year	(476,258)	(476,258)
Amount deferred in the period	295,000	295,000
At 30 September 2020	<u>519,853</u>	<u>519,853</u>

Deferred income - prior year:

	Group £	Charity £
At 1 October 2018	453,459	453,459
Amount released in the year	(331,190)	(331,190)
Amount deferred in the period	578,842	578,842
At 30 September 2019	<u>701,111</u>	<u>701,111</u>

Notes to the financial statements (continued)

at 30 September 2020

The funds are deferred when the charity or its subsidiary receives funds but does not yet have entitlement to them or there are performance conditions attached to the items of income which have not yet been met or are not fully within the control of the charity or its subsidiary.

16 Analysis of charitable funds - Group

	Movement in Funds			
	Balance at 01-Oct-19 £	Net incoming resources £	Net outgoing resources £	Balance at 30-Sep-20 £
Analysis of unrestricted funds movements:				
General Funds	380,039	3,371,037	(1,471,463)	2,279,613
Analysis of restricted funds movements:				
Restricted Funds	3,627,865	9,452,885	(5,170,976)	7,909,774
	<u>4,007,904</u>	<u>12,823,921</u>	<u>(6,642,439)</u>	<u>10,189,387</u>

Analysis of charitable funds - Group - prior year

	Balance at 01-Oct-18 £	Net incoming resources £	Net outgoing resources £	Balance at 30-Sep-19 £
Analysis of unrestricted funds movements:				
General Funds	1,530,391	8,668,420	(9,818,772)	380,039
Analysis of restricted funds movements:				
Restricted Funds	1,793,681	9,034,695	(7,200,511)	3,627,865
	<u>3,324,072</u>	<u>17,703,115</u>	<u>(17,019,283)</u>	<u>4,007,904</u>

Analysis of charitable funds - Charity

	Movement in Funds			
	Balance at 01-Oct-19 £	Net incoming resources £	Net outgoing resources £	Balance at 30-Sep-20 £
Analysis of unrestricted funds movements:				
General Funds	380,039	3,348,795	(1,471,463)	2,257,371
Analysis of restricted funds movements:				
Restricteds Fund	3,627,865	9,452,885	(5,170,976)	7,909,774
	<u>4,007,904</u>	<u>12,801,680</u>	<u>(6,642,439)</u>	<u>10,167,145</u>

Notes to the financial statements (continued)

at 30 September 2020

Analysis of charitable funds - Charity - prior year

	Balance at 01-Oct-18 £	Net incoming resources £	Net outgoing resources £	Balance at 30-Sep-19 £
Analysis of unrestricted funds movements:				
General Funds	1,530,391	8,668,420	(9,818,772)	380,039
Analysis of restricted funds movements:				
Restricted Funds	1,793,681	9,034,695	(7,200,511)	3,627,865
	<u>3,324,072</u>	<u>17,703,115</u>	<u>(17,019,283)</u>	<u>4,007,904</u>

17 Outline summary of restricted fund movements - Group and Charity

Fund Name	Fund Balances Brought Forward 01-Oct-19 £	Income £	Expenditure £	Fund Balances Carried Forward 30-Sep-20 £
Arts Council - Under the Radar	-	180,000	89,000	91,000
Arts Council - The Factory grant	3,618,547	9,165,600	5,011,930	7,772,217
Innovate UK	-	4,460	4,460	-
Esmee Fairbairn Foundation	9,318	-	9,318	-
The Paul Hamlyn Foundation		102,825	56,268	46,557
	<u>3,627,865</u>	<u>9,452,885</u>	<u>5,170,976</u>	<u>7,909,774</u>

Name of restricted fund	Description, nature and purpose of the fund
Arts Council - Under the Radar	Showcasing the UK artists at the Under the Radar festival in New York
Arts Council - The Factory grant	NPO Funding for delivery of MIF/The Factory Business Plan, including the MIF21 Festival activities.
Innovate UK	Delivery of the programme of work in respect of Audiences of Future project that focuses on immersive performances of the future.
The Esmee Fairbairn Foundation	Delivery of the remaining activities of My Festival programme of work.
The Paul Hamlyn Foundation	Delivering localised community curation (including Talking Points, Festival in My House, The Factory Floor)

Notes to the financial statements (continued)

at 30 September 2020

Outline summary of restricted fund movements - Group and Charity - prior year

Fund Name	Fund Balances		Income	Expenditure	Fund Balances	
	Brought Forward	01-Oct-18			Carried Forward	30-Sep-19
	£		£	£		£
Arts Council - Ambition for Excellence	21,213		-	21,213		-
Arts Council - The Factory grant	1,676,561		8,671,000	6,729,014		3,618,547
Innovate UK	-		202,694	202,694		-
Esmee Fairbairn Foundation	31,413		85,574	107,669		9,318
Paul Hamlyn Foundation	64,494		-	64,494		-
Jerwood Charitable Foundation	-		36,589	36,589		-
Other Restricted Funds	-		38,838	38,838		-
	1,793,681		9,034,695	7,200,511		3,627,865

Name of restricted fund

Description, nature and purpose of the fund

Arts Council - Ambition for Excellence

Support for the development of major commissions in the public realm, a digital skills programme including the C50 and Jerwood talent development programmes and development of My Festival activity.

Arts Council - The Factory grant

NPO Funding for delivery of Factory's Business Plan, including the MIF19 Festival activities.

Innovate UK

Delivery of the programme of work in respect of Audiences of Future project that focuses on immersive performances of the future.

Esmee Fairbairn Foundation

To deliver My Festival programme of work.

Paul Hamlyn Foundation

To deliver My Festival Welcomes, My Festival Community, My Channels and Festival in My House programme.

Other Restricted Funds

Contributions to the development and delivery of learning programmes, participatory work and employee development.

18 Analysis of net assets between funds - Group

30-Sep-20	General Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	23,586	5,040,402	5,063,988
Current assets	2,896,946	3,184,116	6,081,062
Current liabilities	(640,919)	(314,744)	(955,663)
	2,279,613	7,909,774	10,189,387

Notes to the financial statements (continued)

at 30 September 2020

Analysis of net assets between funds - Charity

30-Sep-20	General Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	5,023,586	40,402	5,063,988
Current assets	2,874,702	3,184,116	6,058,819
Current liabilities	(640,918)	(314,744)	(955,662)
	<u>7,257,371</u>	<u>2,909,774</u>	<u>10,167,145</u>

Analysis of net assets between funds - Group and Charity - prior year

30-Sep-19	General Funds	Restricted Funds	Total Funds
	£	£	£
<i>Fixed Assets</i>	<i>50,231</i>	<i>21,526</i>	<i>71,757</i>
<i>Current assets</i>	<i>2,583,507</i>	<i>3,854,183</i>	<i>6,437,690</i>
<i>Current liabilities</i>	<i>(1,696,984)</i>	<i>(804,560)</i>	<i>(2,501,544)</i>
	<u><i>936,754</i></u>	<u><i>3,071,149</i></u>	<u><i>4,007,904</i></u>

19 Share Capital

The charitable company is limited by guarantee and has no share capital. The liability of the members is limited. In the event of the charitable company being wound up, the liability of the members in respect of their guarantee is limited to £10. The members' liability applies during the time they are members 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. Its share capital is £1.

20 Taxation

The company is a registered charity and no provision for taxation is considered necessary. The Group benefits from a tax refund of £22,242 (2019: NIL), in respect of the losses MIF Productions incurred during the year in the course of delivering specific productions for MIF.

Notes to the financial statements (continued)

at 30 September 2020

21 Operating lease commitments

	Land & Buildings 30 Sep 20 £	Office Equipment 30 Sep 20 £	Land & Buildings 30 Sep 19 £	Office Equipment 30 Sep 19 £
Total of non-cancellable operating leases payments for the following periods:				
not later than one year	246,891	36,972	205,350	1,206
later than one year and not later than 5 years	323,780	68,288	33,325	-
later than 5 years	-	-	-	-
	<u>570,671</u>	<u>105,260</u>	<u>238,675</u>	<u>1,206</u>

22 Pension arrangements

MIF participated in a scheme provided by Scottish Widows. Due to the nature of the Plan, the accounting charge for the period under FRS102 represents the employer contributions payable. For the year, the pension contributions charged to the accounts totalled £132,217 (£124,104 for the year ended 30 Sep 2019). Pension contributions of £25,274 were still due to Scottish Widows at 30 September 2020 (2019: £22,136).

23 Related parties

The charity has a close working relationship with Manchester City Council (MCC) which has nominated two of the charity's trustees and provides a significant proportion of the funding to enable the charity to carry out its charitable objectives, principally the delivery of a biannual festival. The income from MCC for the year is disclosed in note 2.

MIF also receives grant funding from Arts Council England (ACE), the grant for the year is disclosed in note 2.

MIF receives further grant funding from Greater Manchester Combined Authority (GMCA), which is disclosed in note 2.

During the year, the charity was provided with rent-free offices (valued at £207,970) by Bruntwood Limited.

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.

MIF received a co-commissioning contribution of £50,000 from The Co-operative Bank for the production of *Together In One Voice*, delivered jointly with Manchester City Council.

Notes to the financial statements (continued)

at 30 September 2020

One of the Board members holds shares in Sedulo Accountants Ltd, which MIF contracted for a provision of financial expertise at a value of £40,050.

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.

MIF Productions has two common board members/directors with MIF. At the balance sheet date, there was £57,935 (2019: 765,700) due to MIF from MIF Productions, which is included within trade debtors. This is resulting from the intercompanies transactions related to the delivery of production, presentation and closure of the festival shows eligible for theatre and orchestra tax relief.

24 Derivatives

The charity purchases forward foreign currency contracts to hedge currency exposure on firm future commitments in respect of foreign suppliers. It also has receivables in foreign currencies which are held by a third party. No derivatives (2019: NIL) were still held at the balance sheet date. At the balance sheet date, the charity had £588,145 (2019: £95,947) in foreign currencies.

25 Investments

MIF invested £1 in its subsidiary, MIF Productions (Registration number: 09308388, registered address: Blackfriars House, Parsonage, Manchester, M3 2JA). The company delivers production, running and closure of productions presented at the MIF Festivals.

The turnover in 2019/20 was £372,937 (2019: £4,859,699), as the company was contracted by Manchester International Festival to deliver production, presentation and closure of the shows eligible for theatre and orchestra tax relief. The loss on ordinary activities before tax for the year was £65,435. The company made profit after tax of £14,742. At the balance sheet date, net assets were £14,743 (2019: £1).

Manchester International Festival held £5,000,000 invested in five two-year deposit accounts, £1 million each.