

Manchester International Festival

Trustees' Report and Financial Statements

For the year ended 31 March 2023

Trustees' Annual Report and Financial Statements

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Trustees' Annual Report

The Trustees are pleased to present the Trustees' Annual Report together with the audited consolidated financial statements of the charity and its trading subsidiaries for the 12-month period ended 31 March 2023 which are also prepared to meet the requirements for a directors' report, strategic report and accounts for Companies Act purposes.

Manchester International Festival (trading as Factory International) is a Charity registered with the Charity Commission under registration number 1113902. Its purposes are to promote, maintain, improve, develop, and advance public education by the encouragement of the arts.

Arts include music, opera, dance, singing, literature, and visual arts, and their promotion through the holding of festivals of culture, ideas, and creativity.

Our Vision and Mission Statement

As an arts organisation we have a simple but ambitious vision:

To Invent Tomorrow Together.

Our vision speaks directly to our mission:

Through art, music and culture, and in digital and physical spaces, we focus our activities on creating the meeting points between imagined futures and real lives.

Activities

Manchester International Festival undertakes a number of activities for the public benefit that can be broadly categorised into the following programmes:

Pre-Factory Events: a programme of events and projects designed to raise the profile of our new venue (AVIVA Studios) and our new brand, Factory International. Our last event in this programme, an installation by *Luke Jerram* entitled *First Breath*, took place in January 2023.

Manchester International Festival: a biennial Summer event taking place across the city that engages communities, audiences and the public in a variety of events and public installations.

Artistic Commissions: a programme of newly commissioned artistic productions that showcase the work of local and international artists for both digital and physical audiences, with a particular emphasis on supporting artists from under-represented groups.

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With the opening of Aviva Studios in October 2023, Manchester International Festival now has the opportunity to run a year-round programme of artistic commissions for its audiences.

Co-Commissioning & Co-Producing: a programme of public-facing artistic projects that are produced with other partners for presentation in both Manchester and other locations.

Internationally Toured Productions: a combination of international presentations with co-producers, onward touring of our own commissioned work (and work for other artists) and licensing for the use of our projects.

Digital Broadcasting: live and on-demand performances broadcast to digital audiences on our own platform.

Creative Engagement: a wide-reaching programme of public engagement, creative learning, artist development and co-designed activity that prioritises activity with Greater Manchester residents under-represented in the arts and cultural sector.

Factory Academy: a training and skills programme developed side by side with creative pioneers and industry experts to address skills gaps in the sector and increase opportunities for under-represented groups. Some activities delivered by the Academy are done so via Factory Academy Limited (company registration number: 12978506), a Limited Liability Company subsidiary of MIF.

As we develop into a venue-based organisation we plan to broaden our scope of charitable activities to also include:

Music Presentations: a combined programme of events delivered in partnership with commercial music promoters, or as our own-produced events.

Public Programme: an all-year series of largely free to access events that will enliven the building and attract wider audiences to the artistic programme.

Supporting our charitable activities, we also undertake commercially focused activities that include:

Commercial events and partnerships: Developing an ambitious programme that will feature exhibitions, premieres and branded experiences at Factory International, while building partnerships that will raise investment towards our digital innovation, IP and education initiatives.

Other Trading Activities: that includes the provision of food & drink in the venue, and the sale of merchandise related to our music and artistic productions.

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Additional to our public-facing activity there are significant organisational activities continuing to take place that will develop Factory International for its future as a venue-based organisation:

AVIVA Studios Transition Project: Substantial work was undertaken in 2022-23 to ready Manchester International Festival to take up operation in the new building.

The new building represents the largest investment in a national cultural project since the opening of Tate Modern in 2000 thanks to initial HM Government investment and financial backing from Manchester City Council and Arts Council England.

Our values

In setting and delivering all of our programmes and activities we are guided always by our organisational values – **open, equitable, inventive, international, and determined.**

We consider the positive impact that our activities will have for our audiences and local communities and measure impacts such as life outcomes, re-engagement with the cultural sector and the equitable representation of our beneficiaries in terms of ethnicity, gender, sexuality, disability and social mobility.

Our commitment to being equitable extends across all areas of our organisation and includes our frameworks around decision-making, our artistic programming, and our workforce. Through a range of targeted initiatives, we focus hard on creating an organisational culture that is open and welcoming for our workforce, our community participants and artists.

We also consider our local impact in terms of the environment and supply chain and where possible, we seek to locally source labour, goods and services that maximise the positive impact of our activities in the Greater Manchester economy.

We continue to make sector-wide interventions as members of Greater Manchester Arts Sustainability Team (GMAST), committing to ambitious sustainability targets across our artistic delivery, including our international work, making visible our green credentials and working with our partners to extend knowledge and expertise.

We actively support and advocate for greater accessibility provisioning in the creative sector for both audiences, artists and others working within the sector. Our own internal production pathways embed accessibility deliverables, and we have a range of resources to support our producers in holding conversations with artists and creative teams around embedding accessibility provision (e.g. captioning, BSL, audio description) into their commissions.

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Strategic Aims

On 29 September 2022, Factory International was launched to the public as the new and primary trading name of the organisation, with Manchester International Festival continuing as the brand name for the biennial Festival.

In May 2023, it was publicly announced that the new venue Factory International would operate would be called AVIVA Studios as part of a Naming Rights partnership with Manchester City Council. As of 31 March 2023, this information was not publicly available.

In October 2023, the doors to AVIVA Studios opened for the first time, welcoming audiences and visitors to the world premiere of *Free Your Mind* – a world first dance adaptation of the Matrix.

AVIVA Studios is an incredible landmark venue for Manchester and will give Factory International the opportunity for a year-round delivery of all of its activities, including creative experimentation, developing new combinations of art forms, commercial innovation and music, whilst also making a significant impact on the City and the sector through training for jobs in the cultural industries, and a deep level of community engagement.

Our strategic plan for this critical transitional period and beyond (2022 – 2026) is built around three strategic aims that align with our vision to Invent Tomorrow Together.

INVENT: To develop new models for thinking about, bringing to life and distributing creative work - through digital experimentation, commercial partnerships, social enterprise, and international collaborations.

TOMORROW: To create and deliver new possibilities for employment, training, and learning, with a focus on equity for those currently under-represented in our sectors.

TOGETHER: To establish our venue as a sustainable, open and far-reaching space for creative exploration and production, loved locally, and celebrated internationally.

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.

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What We Did: Activities, Achievements and Performance

As a large charity and with several different programmes of activity, the following provides only a summary of the key highlights and achievements of what were delivered over the twelve months from 1 April 2022 – 31 March 2023.

The Festival, MIF23

Within the financial year, preparation for the 2023 iteration of Manchester International Festival (presenting 29 June – 16 July 2023) took place. As the first Festival to take place on the Aviva Studios site, substantial planning was undertaken to work alongside the capital build to ensure a successful series of events, including two essential Test Events to ensure a safe and positive experience for those visiting the venue for the first time.

With a focus of collaborating closely with partners across the city, Factory International spent much of the planning period developing partnership models and exploring joint projects for announcement. The collaboration with Royal Exchange Theatre for *untitled f*ck m*ss s**gon Play* was announced in November 2022. While more partnered work was a practical response to the workload issues arising from the venue opening year, it was well received both from Arts Council England and organisations across the City.

The full Festival programme launched in March 2023 at an event at New Century Hall.

Pre-Factory Events

Pre-Factory events were impacted by delays to the building with Neville Gabie's *Factory Works* and the building documentation project with work by artists Ming de Nasty, Helene Binet and Pawel Paniczko being moved back for presentation into the next financial year.

Factory International were however able to install its first artwork in the public realm with Luke Jerram's *First Breath* lighting up Manchester skies in January 2023. *First Breath* heralded the birth of both the new building and babies born in the month across Greater Manchester. Over 200 new lives across the city region were profiled and celebrated by a pulsating beam of light across the Manchester skyline. 7,466 people from all over Greater Manchester visited the outdoor installation throughout a rainy January. 267 residents from all ten districts of Greater Manchester applied to take part in *First Breath* with a smaller cohort of parents now acting as co-designers of Factory International's early years programme.

AVIVA Studios Transition Project

The Factory International name was secured and trademarked, and our headline naming rights sponsor was confirmed in June 2023 as AVIVA.

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On 29 September 2022, we officially announced our rebrand to Factory International with a Press Launch, Development event and new website, leading with the announcement of two key commissions: You Me and The Balloons, a visual art exhibition which opened at the start of MIF23, and Free Your Mind, our opening commission in October 2023.

Over 500 news features were published online, in print and broadcast with 50% of the coverage from international news outlets across 33 countries. 38% of the coverage was national with 12% from local broadcasters and news outlets. Broader public reach was strong with the announcement generating 31,241 website views and 28,251 social media impressions. The first three headline commissions were announced bringing ambitious new work to the region alongside embedding community decision-making into Factory International's vision To Invent Tomorrow Together.

The addition of the Venue Director to the Executive Team in September 2021 developed further detailed planning around the transition to the venue, including identification of critical paths and milestones that will ensure the effective management of the project. Throughout 2022-23, Manchester International Festival undertook substantial recruitment, including on-site Visitor Experience, Facilities and other venue-focused teams to support delivery of the new building, onboarding 96 permanent, casual and FTC roles.

The transition plan is actively reviewed on a monthly basis by the wider Executive team and internal project team, alongside the production of a RAID log that identifies and manages key risks.

MIF (through its trading subsidiary, Factory International Trading Services) also procured a Food & Beverage (F&B) partnership with Super Serve, a new company backed by Solitaire Holdings & Square One Events under the direction of an F&B Board sub-committee. This partner reflects the values of MIF and the audiences MIF wants to attract and is an exciting and innovative team with the ability to create a bespoke catering offer. Other substantial procurement exercises included facilities management, utilities, FF&E and network connectivity.

Digital Broadcasting

Digital focused its activity on strategically planning the broadcast offer for both the Festival and the new venue. This included a strategic review of what the staffing model would need to be and development of a framework for delivery which allowed staff to model three scales of broadcasts, some to be delivered internally and others with a larger team. Several cross departmental meetings took place featuring members from commercial, music, producing and technical to shape this thinking.

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Digital Innovation and R&D

Our work focused on fundraising for the experience design of the building working with stakeholders like Arup and our Visitor Experience and Operations teams. With support from Bloomberg, development work took place to directly address a key priority in the digital strategy which is to connect visitor services with digital products and content, creating a welcoming, inventive, and blended visitor experience which brings the Factory International brand alive. Over this period, equipment was purchased, and development workshops were undertaken looking at these three areas:

- The tech stack, products, and system integrations sitting behind digital experiences in the venue.
- UX design and visitor touchpoints in the space
- User testing

International

Factory International's global leadership role extended across the sector between April 2022 and March 2023 with 18 external presentations spanning curatorial, environmental, digital and education sectors from Montreal to London.

Beyond Manchester, the reputation of the city was being extensively exported globally with performances of original commissions made in Manchester presented in seventeen countries between April and September including in Spain, Switzerland, Singapore, Germany, USA, The Netherlands, Italy and Finland.

Productions that presented internationally included Akram Khan's *Giselle*, *Tao of Glass* (MIF19), *Tree of Codes* (MIF15) and *Maggie the Cat* (MIF19), *Last and First Men* (MIF17), *Biometric Theatre* (new commission by Rafael Lozano-Hemmer) and *10000 Gestures* (MIF17).

Factory International also supported three UK productions at Under the Radar Festival in New York in January 2023 attracting a cumulative audience across this programme in the tens of thousands.

Planning for International Weekend (29 Jun-2 Jul 2023) took place during the 12-month reporting period, with 145 guests attending MIF23 in the first weekend from 101 organisations across 23 countries in Europe, North America, South America, Asia, Africa and Australasia.

Creative Engagement

Central to Factory International's mission is the need to reflect our ambitions in our civic offer, including our artist development programmes and creative learning opportunities. New workstreams across schools have been developed over the last year, including the creation of a zine (supported by Apple) as part of national programme with the Southbank in London, and preparations for several events supporting Festival

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programming. Creative Learning continues to intersect with our Factory Academy skills and training programme with clear development pathways both for our Academy alumni and school leavers into creative careers.

On 29 September 2022, MIF officially announced a rebrand as Factory International. This announcement was enhanced with public realm advertising throughout Greater Manchester (GM), social media campaigns and a roadshow which took our plans and ambitions directly into our communities.

A new cohort of Neighbourhood Organisers supported the roadshow, developing grassroots activity in their neighbourhoods to raise the profile of our intent to improve the cultural and creative experiences of GM residents. The Neighbourhood Organisers all received small activation pots of funding to support local initiatives reaching total audiences of just over 4,000 people between April and September.

Over 3,500 residents across GM actively engaged with the roadshow enjoying interactions at events such as the Khushi Festival, Stalybridge Street Festival, Refract Festival at Waterside and the BeeWell Festival. Public consultation also took place at these events highlighting ongoing travel barriers/challenges for members of the public to reach the city centre (price, late night transport), and requests for more free and low-cost activities for children and for more accessible relaxed performances of events.

Factory International's creative learning programmes with schools, children and young people also expanded in 2022-2023. Pilot activity was delivered to test out ideas for a new School's Partnership Programme (now launching in September 2023). The pilot took place in primary, secondary, SEND and informal learning environments engaging 153 children and young people. 75% of participants were from a black Asian and ethnically diverse background with 24% identified as having disabilities, 48% in receipt of free school meals and 52% receiving pupil premium. The pilot activity was successful in both creatively engaging with the children and helping to inform Factory International's new School Partnership Programme launching in September 23.

Artist Development plays a key role in our contribution to building skills and employment across the city with three key programmes taking place in this funding period including An Introduction to Virtual Tools (supported by Esmée Fairbairn Foundation Reinvent Fund), Factory Sounds, (a micro commissioning programme for Greater Manchester musicians) and Factory Fellows, a mentoring and observational programme for emerging GM artists. All programmes had financial bursaries attached to create greater access for artists to invest time in their development.

The community engine of Factory International is based on developing equitable and sustained relationships with residents at the heart of everything we do. A number of new initiatives have taken place within this funding period to help build excitement and anticipation around Manchester's latest cultural offer including an innovative new

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Community Partnership programme. This will provide direct financial and in-kind organisational support to four community hubs across the city hosting localised Factory Academy training and life-long learning programmes directly in neighbourhoods. A second new initiative will be a co-designed three-year partnership with two Greater Manchester boroughs, Wigan and Rochdale, involving a bespoke skills and training offer and targeted artist development opportunities.

The Factory Academy

Factory Academy is our programme for imparting the technical skills and the essential personal and professional behaviours needed to succeed in the creative and cultural industries. From October 2022 these activities have been undertaken via a Limited Liability Company subsidiary, Factory Academy Limited (company registration number: 12978506) that is wholly owned by Manchester International Festival.

This period saw the delivery of 12 programmes offering fully funded places to 250 Greater Manchester residents with 82% of students providing diversity and inclusion data reporting at least one characteristic which is under-represented.

Courses included Managing Creative Projects, Social Content Creation, Broadcast and Film Production, Foundations in Freelance and Leadership Development Programmes.

Alongside the training opportunities, alumni continue to secure employment with Factory International across Administration, Audiences, Skills and Training and Creative Engagement teams.

What our students say:

"I've found that the programme gives such a realistic insight into the industry. You get a clear vision of the hours and what working life is like. The professionals we have met have been so open and honest about what it is like to work in this industry. It's been a very human experience"

Other Activities and Achievements

Across the 12-months of April 2022 – March 2023, the organisation continued its transformation into a venue-based arts organisation. As such, other major strands of essential strategic planning-led activities continued to take place.

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Business Planning

During this financial period, MIF continued to develop and revise its business plan to cover the scope of its work over the next three years (2023 to 2026). Due to changes to the scheduled opening date, the budget for the financial opening year (2023 – 2024) needed to undergo significant revision (compared to the December 2021 Business Plan). The change in opening dates required adaptations to the opening artistic programme, onboarding of recruitment and rephasing of venue-related costs. Whilst opening the building in October 2023 was a milestone achievement, there remain elements of commissioning work that continue to impact on the ability to programme the venue in an unhindered manner. As such, the budget for the financial opening year has remained under regular and close review, adapting to changed scenarios and learnings around our newer categories of venue operating costs.

At the end of December 2023, the budget for the next year (ending March 2025) has been fully reviewed and updated, with planning work continuing to take place on the next financial year beyond which will include MIF25 Festival. The latest financial plans replace the earlier December 2021 Business Plan forecast which itself will be replaced by a revised version in December 2024.

Going forward, the Business Plan will be reviewed and revised on a quarterly basis, strengthening our financial risk management and driving informed and responsive decision-making from across the organisation.

Financial Planning

As part of the Business Plan, our annual budget for April 2024 to March 2025 has also been finalised and reviewed with sign-off by the Board.

Regular quarterly reviews of the annual budget are also supplemented by monthly reviews with key income and cost centres - particularly relating to the artistic programme and sponsorships and donations – ensuring that responsive and corrective decision-making takes place as and when required.

Fundraising Activities

MIF employs an in-house Development team who are responsible for fundraising for the Festival and the venue.

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

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point of ticket purchase. Except for our National Portfolio Organisation (NPO) funding and income from Trusts & Foundations, funds raised are largely unrestricted.

Our fundraising strategy is developed in accordance with our company policies relating to General Data Protection Regulation (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 ended March 2023 there were no reported complaints relating to fundraising.

Change to Governance and Management

During the 12-month period ending March 2023, the annual Board recruitment process for new Trustees was put on hold following the renewal of a number of existing Trustees. There was only one registered appointment of Sharon Watson MBE in September 2022 that was a deferred appointment from an earlier recruitment cycle.

In September 2022, the organisation undertook a Board effectiveness survey with outside specialist support. This survey provided a basis for a full review of existing governance structures that will be enacted in the next financial year.

Management and Staffing

There were limited changes in key management staff during this period, with one additional appointment to the Executive team:

- Creative Director Kee Hong Low, joined April 2022

There was an increased volume of recruitment in the period with some key business critical roles being onboarded as part of operational readiness for the venue opening.

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Financial review

The group generated a positive surplus (before tax) over the 12-month financial period ended March 2023 of £1,865,421 with the result that reserves increased from £11,675,037 to £13,782,101. The Reserves Policy has required reserves to build in advance of the venue opening in order to support the programme of capital investment in Fixtures, Fittings & Equipment.

A comparison of the results of this 12-month financial period ended March 2023, to the previous 18-month financial period ended March 2022, requires acknowledgement of the last financial period being presented on an 18-Month basis, and also including the delivery of the biennial Festival.

Donations and Legacies

After adjusting for the 18-month last financial period, the amounts of income from donations and legacies, was broadly equivalent with a total of £12,065,425 from Grants and Donations.

The larger part of donated income is provided by Arts Council England (ACE). This includes both a National Portfolio Organisation (NPO) restricted funding agreement (initially secured in April 2018) for the ongoing development of Factory International, and an unrestricted funding agreement to support our Equalities Representation Action Plan that puts our commitment to artist, audience and people diversity at the core of our business plan. In this 12-month financial period, the total amount of ACE funding (including one-off projects) was £10,037,150, which is broadly equivalent to the prior financial period ended March 2022.

Our other principal and unrestricted grant funding agreement is with Manchester City Council (MCC), which was primarily in support of the Festival. In this 12-month financial period, the total amount of MCC funding was £1,500,000 and equivalent to the annualised grant amount in the prior period ended March 2022.

In addition to public funding, Factory International continued to be supported with income from Trusts & Foundations to support key areas of programming activity – in particular our creative engagement programme. In this 12-month financial period, the total income from across two foundations was £369,000, an increase of £100,907 from the prior annualised financial period amount.

Income from Charitable Activities

Income from charitable activities represents the many activities that Factory International undertakes for public benefit, which includes income from the Festival

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itself, and income from other non-Festival activities such as touring activities, Creative Engagement and Factory Academy.

Total group income for the 12-month financial period from charitable activities was £1,606,110. Unlike in the prior financial period, only a small proportion of income is directly related to the Festival itself, with significantly greater charitable income from co-commissioning and international presentations.

Income for non-Festival charitable activities includes £165,017 from the Factory Academy programme of activity which as described in the Trustees Report, provides pre and post-employment training for under-represented groups in the cultural sector. The Factory Academy income relates to secured sub-contracting funding agreements with third-party learning bodies to provide training that is ultimately funded by the Adult Education Budget (AEB). These funding agreements start and finish in line with the Academic Year (September to August). As part of restructuring the activities of the Group, funding agreements for the Academic Year from September 2022 to August 2023 have been undertaken through the trading subsidiary, Factory Academy Limited, rather than through the parent Charity.

Expenditure on Charitable Activities

Expenditure on charitable activities presents expenditure on activities that are again undertaken for the public benefit, including the Festival itself and other year-round charitable activities such as Creative Engagement and Factory Academy, and those related to the transition to Factory International.

A presentational change has been made to how activities are described in the notes to the accounts which supports a clearer understanding on the breadth of activities of Factory International now that it operates in a year-round venue. The next financial year accounts will provide a good basis for comparison of levels and proportionality of charitable expenditure.

Overall charitable expenditure across the 12-month financial year was £10,608,587 which represents the majority of total expenditure aside of the expenditure going towards the raising of funds.

Taxation

Across the 12-months to March 2023 the Group accrued a taxation benefit of £241,643 that is in relation to creative tax reliefs claimed by MIF Productions in respect of eligible commissioned work.

Irrecoverable VAT continues to be an additional cost for the organisation as a result of some free activities within the Festival being defined as 'non-business' for tax purposes.

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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. The Charity endeavours to make best use of available funds by investing these funds in interest bearing deposit accounts, which in the 12-months to March 2023 generated interest of £125,089.

Reserves Policy

MIF's Reserves Policy is reviewed and updated annually as part of the organisation's longer-term strategic financial planning and risk management. In setting the Policy and the target for general reserves, a number of factors are considered including the general level of risk within the current and future operations; the reliability of forecasted revenue and expenditure projections and the extent of cover required for overheads.

The Reserves Policy is set to ensure that MIF can continue to deliver its charitable objectives both throughout this transition period to Factory International and beyond. The level of risk in the financial year ahead is considered to be significant, as the organisation establishes new lines of revenue and completes on the project to open AVIVA Studios to audiences for the first time.

As at the end of March 2023, the total value of restricted funds were £7,352,914 and the total value of unrestricted and general funds were £6,429,187. The restricted funds are for contribution (from the ACE funding agreement) towards the ongoing acquisition of Fixtures, Fittings & Equipment (FFE) for the operation of AVIVA Studios.

Looking ahead and beyond March 2023, the following reserves are required for the successful opening and ongoing operation of AVIVA Studios:

Unrestricted Funds:

- **Capital Depreciation Reserve** equivalent to the NBV of fixed assets on the balance sheet, and reduced each year by an amount equivalent to the depreciation charged to the SOFA in respect of those assets being utilised. At end of March 2023, the value of the capital depreciation reserve is £3,419,350. The capital depreciation reserve is unrestricted and is assigned for this purpose, pending more formal designation by Trustees.
- **Sinking Fund Reserve** of c.£0.4m is required only after the first full opening year of AVIVA Studios at March 2025. This reserve is to grow and build each year by an equivalent amount to contribute towards the capital replacement cycle of the venue over the 30-years of the lease. This fund is unrestricted and is assigned for this purpose, pending more formal designation by Trustees.

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- **General Reserve** that is set at a targeted level taking into consideration the risks 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 target value of the General Reserve ahead of opening AVIVA Studios at March 2023 was previously targeted to be £4.0m. At end of March 2023, the value of the general reserve is £3,009,837. The level of reserves achieved was below target primarily as a result of revenues from sponsorships & partnerships being reduced by delays to the opening of the venue.

The expected value of the General Reserve at March 2024 has been set at £1.0m, reflecting an absolute minimum level of reserves that the organisation wants to hold. General reserves in the next financial period have been heavily impacted by delays to the opening of the venue. As covered in the risk management section, there is an outstanding funding request with MCC of £1.5m which will increase general reserves to a more sustainable level.

Beyond March 2024, the organisation will look to rebuild reserves back to a sustainable level of £3.0m. This figure is based on an estimate of three months' cover for committed overheads include staffing and property. These funds will by nature be unrestricted.

Restricted Funds:

- **Capital Purchase Reserve** which is equivalent to the value of assets that the Group needs to acquire in order to effectively deliver the Business Plan. As at March 2023, the Group had a significant value of Fixtures, Fittings, and Equipment still to purchase in order to operate AVIVA Studios. A shared funding agreement is in place with MCC meaning that 54.9% of the total asset value purchased is externally funded. At the end of March 2023, the value of the capital acquisition reserve is £7,352,914. The capital acquisition reserve is restricted up until the time that the asset is purchased, thereafter funds are unrestricted via a transfer to unrestricted funds.

Going Concern

The charity's future period plans are set out below. The group manages the risk around its activities with positive restricted and unrestricted reserves. The charity relies on funding from both Central Government (paid via Arts Council England) and Manchester City Council to effectively manage its reserves.

In April 2022, the charity submitted a new funding application to Arts Council England for the three-year period ended March 2026. This was for an enhanced level of financial support totalling £9.9 million per annum. Manchester International Festival received

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confirmation from Arts Council England on 4 November 2022 that the NPO funding application had been successful.

Alongside the long-term financial support of Arts Council England, MIF also receives long-term financial support from Manchester City Council totalling £1.5m per annum. The funding received in this 12-month financial year was covered by an extended grant funding agreement. From March 2024 onwards, this will be replaced by a Management Agreement (non-grant funding) which will operate alongside a set of KPIs related to the operation of the venue.

In addition to revenue funding, Manchester City Council has also provided other exceptional and non-recurrent funding which to date has included £7.3m of critical and essential support for the fit-out requirements of the venue, and £0.6m of funding towards the adverse impacts of the venue opening-delay on the organisation's financial plans. Both of these additional revenue funding agreements will be drawn-down and recognised in the next financial period.

At the time of signing, an additional funding request has been made to Manchester City Council for £1.5m to cover additional adverse impacts related to the post-opening period, when additional building commissioning work had a significant disruptive impact on Factory International programming from January to March 2024. The status of this funding request will not be confirmed until end of June 2024.

The Trustees have undertaken a full review of the current short-term and long-term financial plans and the cashflow forecast through to 31 March 2025, giving necessary and due consideration to the wider organisational context and macro-economic challenges. Following this review, the Trustees are of a view that the charity is a going concern, with sufficient cash balances to be able to meet its obligations as they fall due.

Plans for future periods

The next financial period ending March 2024 covers both the Festival (MIF23), the critical period of moving into AVIVA Studios and the first six-months of operating and delivering programme in the venue.

The scope and volume of activities in the next financial period will be more significant than in any previous financial period. MIF will continue to deliver its direct charitable activities whilst delivering key workstreams that are critical to the organisation developing its operating model in readiness for opening Factory International.

The following presents a non-exhaustive list of the key areas of activity that the organisation will deliver between April 2023 – March 2024:

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Festival

- Production and delivery of the next 18-day Festival artistic and music programme - MIF23 (July).
- Recruitment of additional fixed-term and freelance resource to deliver the Festival including a programme of volunteers, public participants and interns.

Factory International Opening Programme

- *Free Your Mind*: a large-scale journey into The Matrix through dance and immersive design, specially created for the opening of Factory International. Directed by Manchester's own Danny Boyle, it featured hip hop choreography by Kenrick 'H2O' Sandy, a powerful score from composer Michael 'Mikey J' Asante (co-founders of Boy Blue), eye-opening staging from world-leading designer Es Devlin, alongside words from acclaimed writer Sabrina Mahfouz and costumes by iconic fashion designer Gareth Pugh.
- *The Welcome*: the venue's first public engagement, curated by the Factory Assembly – a diverse group of people aged 17 – 70 from across Greater Manchester.

Non-Festival Charitable Activities

- An ongoing programme of international touring activities – presenting co-commissioned premieres from previous Festival at co-commissioner venues and delivering training and managed touring support to international partners.
- A growing programme of Community Engagement work focusing on connecting emerging talent and communities with Factory International.

Trading activity

- A number of training programmes as part of The Factory Academy working alongside Greater Manchester employers to ensure future skills development in the sector.

Factory International transition

- Ongoing production of the opening artistic programme for Factory International.
- The ongoing development of the new brand, Factory International, that will replace MIF as the trading name of the organisation when operating from the new venue.
- Audience development programme that will ensure the project attracts a volume of diverse and engaged audiences.
- Marketing of the venue for potential hires and developing a pipeline of bookings for when the venue opens.
- Procurement and fit out of all FF&E requirements for the new building that includes a range of specialist technical and generic equipment needed to deliver activities in the venue.

Trustees' Annual Report

- Building the capacity and scale of MIF in readiness for opening which includes the learning and development of our staff and management teams.

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

MIF is governed by a diverse Board of leaders from business, arts, local government and communities. 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.

Appointment and retirement of Trustees

The Board may, by ordinary resolution, appoint a person who is willing to be a Trustee. The Schedule of Delegation requires that all new appointments go through a process with the Nominations Committee who then makes a recommendation to the Board on the suitability of persons to appoint.

Manchester City Council currently has appointed two persons as Trustees to the Board and retains the powers to change these appointments as required. A Trustee appointed by Manchester City Council may at any time be removed from office only by notice in writing by the City Council.

All other Trustees are subject to retirement after four years. A Trustee 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 annual 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.

Trustees' Annual Report

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.

The four meetings align with quarterly financial and performance reporting and external funding reporting to strengthen Board scrutiny of company performance. For the fifth meeting, the Board undertakes an annual full day retreat to ensure focus on long term strategy.

In addition to the four standing sub-committees, there is also an 'as required' Committee for ethics-related issues, and various time limited working groups which convene around topics such as key leadership appointments, key funding submissions, and key procurement activities related to the operating model. Individual members act as Board-nominated leads on specific areas including Equalities and Safeguarding.

A CEO & Artistic Director is appointed to set the strategic direction and 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.

Subsidiaries

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.

On 27 October 2020, a subsidiary Factory Academy Limited (company number 12978506) was incorporated to deliver the Factory Academy programme of activities. The subsidiary is a private company with a £1 share issue and is wholly owned by MIF. The subsidiary actively traded for the first time within this 12-month year ended March 2023. The Charity has therefore consolidated the results of Factory Academy Limited for the first time, covering its seven-month trading period from September 2022 to end March 2023.

On 23 December 2022, a further subsidiary, Factory International Trading Services Limited (company number 14556931) was incorporated to deliver the business activities of the organisation that are not part of the primary charitable purposes of MIF. These more business-led activities include the programme of commercial events, naming rights partnership, merchandise and food & drink.

Trustees' Annual Report

Factory International Trading Services Limited is a private company with a £1 share issue and is wholly owned by MIF. Given the materiality of the transactions that have gone through the trading subsidiary, the Charity has consolidated interim financial results of Factory International Trading Services Limited in its accounts for this period. In the next accounting period ending March 2024, 15-months of financial performance for the subsidiary will be consolidated, with an adjustment for the interim results included in this period.

Related parties

Information concerning the related parties is detailed in note 21 of the financial statements.

Risk management

Like many venue-based organisations, the wider economic environment is presenting significant risks and challenges that the organisation is needing to actively manage.

Rising inflation, particularly for gas and energy has had significant financial impacts on our forecasted plans, and we are acutely aware of the impact of the cost of living for both our audiences and our employees. These impacts are actively managed through a range of responses including energy efficiency initiatives, an affordable AVIVA £10 ticket offer, an accessible food and drink offer in venue, and annual cost-of-living awards to employees.

Other high risk supply-related issues include the availability of essential resource that is particularly acute within the technical production teams where earlier market shifts related to COVID have resulted in significant shortages in skilled resource that are available to work on permanent contracts.

Key areas of financial risk specific to the business model for the organisation, include:

- failure to fully meet all 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 meets on a regular basis to review both the income and expenditure projections around the artistic programme and to take responsive corrective action. All production budgets include a 10% expenditure contingency to support the management of unavoidable cost overages. Further unavoidable increases beyond the available contingency are subject to close review during the quarterly financial planning periods and approved only if offsetting measures are available.

Trustees' Annual Report

Deficits in co-commissioning income are generally known in advance of all production costs being incurred and can be managed, to an extent, through reducing associated production expenditure. Co-commissioning targets for individual projects are set based on previous and equivalent projects and organisational knowledge around how the project will be valued by counterparts.

Box office income risk by nature is realised much later in the production pathway than co-commissioning income. Risk management of box office income begins with setting reasonable targets which are based on an audience capacity that is less than 70%, including projections around concessions, and discounted tickets. Income performance is reported weekly and responsive marketing initiatives are undertaken to drive improvements in lower-performing areas.

Sponsorship income is also regularly reviewed by management, the Finance & Audit Committee and the Commercial Committee. When income projections are expected to be below target, all organisational budgets are reforecast to manage and mitigate the reduced income.

As the organisation transitioned to the venue, the areas of commercial risk broadened to include other revenue lines including food & drink, merchandise and music and event hires. To manage this increased risk, the organisation commenced regular commercial revenue review meetings, bringing together accountable members of the senior management team, to track performance against target and respond proactively to introduce supporting initiatives.

Further delays and shifts to the opening timeline for the venue was previously recognised as a significant area of risk that the organisation needed to manage. The delay from June opening (ahead of the Festival) to October had significant financial impacts on the organisation, largely relating to the loss of in-venue revenue-generating activity and added expenditure to deliver a Festival in an incomplete venue. To partially manage these impacts, Manchester City Council provided additional and exceptional funding of £0.6m which was received in September 2023.

Whilst the building was able to successfully open to audiences in October 2023, there remained additional commissioning works that needed to take place in order for the building to become practically complete. As a result, there has been further disruption to the venue across January to March 2024, resulting in intermittent and significantly reduced programming. The financial impact of this ongoing work has been estimated at £1.5m and a further request for additional and exceptional funding has been made to Manchester City Council for this equivalent amount. At the date of signing, the status of the £1.5m funding request is unknown and pending review by MCC in June 2024.

As a result of these significant external impacts related to the commissioning of the venue, the general reserves expected at the end of the next financial year ending March 2024 are lower than previously targeted. Rebuilding the level of general reserves

Trustees' Annual Report

is a primary financial objective with the target to achieve and maintain an ongoing level of £3m of general reserves from March 2025 and onwards.

Whilst the status of the £1.5m MCC funding request remains uncertain at the time of the accounts signing, the risks around having lower than targeted general reserves will be proactively managed through regular reforecasting of the next 12-month financial period budget, prioritising cost-optimisation and prioritisation of activities.

Alongside financial and commercial risks, the charity regularly reviews all other categories of risk as a standing item at both the Finance & Audit committee meetings and at the main Board meeting. Action is taken to mitigate and minimise those risks deemed significant and likely to occur.

Indemnity

During the 12-month financial period, a qualifying third-party indemnity provision for the benefit of all Trustees was in force.

Reference and administrative details

Charity name	Manchester International Festival
Charity number	1113902
Company number	05292793
Country of incorporation	England and Wales
Company registered address	AVIVA Studios Water Street Manchester M3 4JQ
Legal form	Company limited by guarantee
Auditors	Saffery 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 6 Stanley St Manchester M3 5GX

Trustees' Annual Report

Directors and Trustees of Manchester International Festival:

Moira Sinclair OBE (Chairwoman, appointed March 2024)
Pat Bartoli (nominated by Manchester City Council)
Cllr Luthfur Rahman OBE (nominated by Manchester City Council)
Richard Paver
Sir Howard Bernstein
Richard Bell
Cathryn Wright
Jamil Khalil
Alan Bishop
Maria Balshaw CBE
Jo Whitfield CBE
Ngozi Ugochukwu
Fazeel Barber
Lamia Dabboussy
Laura Jordan-Bambach
Grace Ladoja MBE
Ibrahim Mahama
Shaminder Nahal
Gary Neville
Sharon Watson (appointed September 2022)

Company Secretary:

Hannah Cork

Key Management Personnel:

Chief Executive Officer & Artistic Director - John McGrath
Executive Director – Randel Bryan
Director of Finance & Resources – Hannah Cork
Venue Director – Sheena Wrigley
Creative Director – Kee Hong Low (appointed April 2022)

Auditor:

The auditor, Saffery LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

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

Trustees' Annual Report

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.

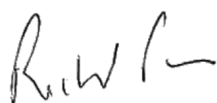
The Trustees are also additionally responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

On order of the Board of Trustees and signed on their behalf



28 March 2024

Richard Paver, Trustee and Chair of the Finance and Audit Committee

Independent Auditor's Report

to the members and trustees for the year ended 31 March 2023

Opinion

We have audited the financial statements of Manchester International Festival (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and notes to the financial statements, including 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 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the period 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 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent Auditor's Report (continued)

to the members and trustees of Manchester International Festival

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 12-month 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 their 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

Independent Auditor's Report (continued)

to the members and trustees of Manchester International Festival

- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 25, the Trustees (who are also the directors of the parent 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 and the 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 regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Independent Auditor's Report (continued)

to the members and trustees of Manchester International Festival

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the Trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with Trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent Auditor's Report (continued)

to the members and trustees of Manchester International Festival

A further description of our responsibilities is available 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 parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

.....

Saffery 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 12 months ended 31 March 2023

		Unrestricted	Restricted	12 Months Ended	Unrestricted	Restricted	18 Months Ended
		£	£	31 Mar 2023	£	£	31 Mar 2022
				£			£
	Note						
Income:							
Donations & Legacies	2	2,419,772	9,645,653	12,065,425	3,719,961	14,256,422	17,976,383
Charitable Activities	3	1,606,110	-	1,606,110	2,094,394	-	2,094,394
Other Trading Activities	4	104,186	-	104,186	48,204	-	48,204
Investments	5	125,089	-	125,089	82,377	-	82,377
Total income		4,255,157	9,645,653	13,900,811	5,944,936	14,256,422	20,201,358
Expenditure:							
Cost of raising funds	6	649,505	777,297	1,426,802	357,369	536,054	893,423
Expenditure on charitable activities							
Festival Costs	7	257,119	1,024,552	1,281,671	6,141,719	4,983,606	11,125,326
Other Charitable Activities	7	1,063,979	6,004,253	7,068,232	-	6,824,998	6,824,998
AVIVA Studios Transition costs	7	-	2,258,684	2,258,684	-	6,824,998	6,824,998
Total expenditure		1,970,603	10,064,786	12,035,390	6,499,088	12,344,658	18,843,747
Net income / (expenditure)		2,284,554	(419,133)	1,865,421	(554,152)	1,911,764	1,357,612
Taxation	18	241,643	-	241,643	128,039	-	128,039
Net movement in funds after tax		2,526,197	(419,133)	2,107,063	(426,114)	1,911,764	1,485,650
Transfers between funds	15	2,049,491	(2,049,491)	-	-	-	-
Total funds brought forward:							
At 1 April 2022	15	1,853,499	9,821,538	11,675,037	2,279,613	7,909,774	10,189,387
Total funds carried forward	15	6,429,187	7,352,914	13,782,101	1,853,499	9,821,538	11,675,037

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 35 to 49 form part of these financial statements.

Group and Charity Balance Sheet

As at 31 March 2023

		Group 31 Mar 2023	Charity 31 Mar 2023	Group 31 Mar 2022	Charity 31 Mar 2022
	Note	£	£	£	£
Fixed assets:					
Tangible assets	11	2,653,228	2,410,728	171,947	171,947
Intangible assets	11	766,122	766,122	283,146	283,146
Investments	23	3,000,000	3,000,003	5,000,000	5,000,001
Total Fixed Assets		6,419,350	6,176,853	5,455,093	5,455,094
Current assets:					
Debtors	12	1,387,759	2,179,049	1,110,310	1,085,357
Cash and bank balances		8,452,111	8,002,797	6,091,073	6,077,004
Total Current Assets		9,839,871	10,181,845	7,201,383	7,162,361
Liabilities:					
Amounts falling due within one year	13	(2,292,326)	(2,277,338)	(981,439)	(962,778)
Net current assets		7,547,545	7,904,508	6,219,944	6,199,583
Provisions for liabilities	14	(184,794)	(184,794)	-	-
Total Net assets		13,782,101	13,896,567	11,675,037	11,654,677
Funds:					
Unrestricted Funds - General	15	6,429,187	6,543,653	1,853,499	1,833,139
Restricted Funds	15	7,352,914	7,352,914	9,821,538	9,821,538
		13,782,101	13,896,567	11,675,037	11,654,677

The Charitable company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Statement of Financial Activities. The parent company's net surplus for the year was £2.24m (2022: net surplus £1.49m).

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

Richard Paver 

Date: 28 March 2024

The notes on pages 35 to 49 form part of these financial statements

Group Statements of Cash Flows

for the 12 months ended 31 March 2023

	Group 2023 £	Group 2022 £
Cash inflow from operating activities		
Surplus after tax for the year	2,107,063	1,485,650
Adjustment for non-cash items		
Depreciation and amortisation	200,026	145,101
Increase in debtors	(277,450)	(398,858)
Increase in creditors	1,310,887	25,777
Provision for liabilities	184,794	
Net cash flow from operating activities	<u>3,525,321</u>	<u>1,257,670</u>
Cash flow from investing activities		
Payments made to acquire fixed assets	(3,164,283)	(536,206)
Maturity of long term deposit	2,000,000	-
	<u>(1,164,283)</u>	<u>(536,206)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents in the year	<u>2,361,038</u>	<u>721,463</u>
Cash and cash equivalents at beginning of the year	<u>6,091,073</u>	<u>5,369,610</u>
Cash and cash equivalents at end of the year	<u>8,452,111</u>	<u>6,091,073</u>

Notes to the financial statements

For the year ended 31 March 2023

1. Accounting policies

Charity Information

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 AVIVA Studios, Water Street, Manchester M3 4JQ

Accounting convention

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 £1.

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

Reporting period

The company has prepared accounts for a period of 12 months, being the period from 1 April 2022 to 31 March 2023. The comparative figures, including the related notes, are not entirely comparable to the prior reporting period that was 18-month and encompassed Festival activity.

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 subsidiaries, MIF Productions, Factory Academy Limited and Factory International Trading Services Limited, on a line by line basis. The accounting periods for all subsidiaries are co-terminus with that of the charity, however as the first year of trading for Factory Academy a seven-month financial period has been consolidated and for Factory International Trading Services Limited an interim result has been consolidated and a 15-month financial period will be reported as at 31st March 2024.

Notes to the financial statements (continued)

For the year ended 31 March 2023

Funds

Unrestricted funds comprise accumulated surpluses and deficits on general and earmarked 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.

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 subsidiaries;
- 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 have been met; the receipt of economic benefit 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.

Expenditure

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.

Costs 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.

Notes to the financial statements (continued)

For the year ended 31 March 2023

Tangible Assets

Tangible fixed assets costing 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

Intangible assets include software and related consultancy costs 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 3 years. Amortisation is charged from the point an asset is brought into use and the amortisation period is between 3 and 5 years dependent on the type of asset.

Pension costs and retirement benefits

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.

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.

As non-charitable companies, all subsidiaries are eligible for UK corporation tax. In this 12-month financial year ended March 2023, no Corporation Tax was due within any of the subsidiaries. MIF Productions will gift-aid all taxable profits to the Charity, and Factory Academy Limited made a trading loss.

Across the 12-months to March 2023 the Group accrued a taxation benefit of £241,643 that is in relation to creative tax reliefs claimed by MIF Productions in respect of eligible commissioned work.

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.

Notes to the financial statements (continued)

For the year ended 31 March 2023

Financial instruments

The Group 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 Group's financial instruments are classed as basic financial instruments. Financial assets are recognised in the Group's balance sheet when the Group 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that

Notes to the financial statements (continued)

For the year ended 31 March 2023

evidences a residual interest in the assets of the company after deducting all of its liabilities.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the entity's contractual obligations expire or are discharged or are cancelled.

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, amortisation, 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)

For the year ended 31 March 2023

	Unrestricted £	Restricted £	12 Months to 31-Mar-23 £
2 Grants & Donations			
Manchester City Council	1,500,000	-	1,500,000
Arts Council England - Factory Grant	-	9,165,600	9,165,600
Arts Council England Unrestricted Project Grants	742,550	-	742,550
Arts Council England Restricted Project Grants	-	129,000	129,000
Other Public Funding Grants (inc. ALBs)	90,000	-	90,000
Trusts & Foundations	40,000	329,000	369,000
Kickstart Scheme	-	22,053	22,053
Individual Donations	47,222	-	47,222
	2,419,772	9,645,653	12,065,425

The amount received from local and Central Government grants in 12 months to March 2023 was £11,627,150 (2022 18-month period: £17,436,001).

	Unrestricted £	Restricted £	18 Months to 31-Mar-22 £
2 Grants & Donations - prior year			
Manchester City Council	2,250,000	-	2,250,000
Arts Council England - Factory Grant	1,255,826	13,665,600	14,921,426
Arts Council England Restricted Project Grants	-	90,000	90,000
Other Public Funding Grants (inc. ALBs)	135,000	39,575	174,575
Trusts & Foundations	20,000	382,140	402,140
Kickstart Scheme	-	79,107	79,107
Individual Donations	59,135	-	59,135
	3,719,961	14,256,422	17,976,383

	Unrestricted 12 Months to 31- Mar-23 £	Unrestricted 18 Months to 31-Mar-22 £
3 Income from Charitable Activities		
Box Office - Festival	23,813	-
Box Office - Non-Festival	-	192,348
Co-Production & Co-Commissioning	374,271	263,022
Sponsorships & Partnerships	86,667	658,102
International Presentations	577,460	221,834
Factory Academy	165,017	258,947
Other Projects & Charitable Activities	348,872	439,953
Memberships and Ancillary activities	30,010	60,188
	1,606,110	2,094,394

	Unrestricted 12 Months to 31- Mar-23 £	Unrestricted 18 Months to 31-Mar-22 £
4 Income from other trading activities		
Food & drink, merchandise & miscellaneous	26,218	48,204
Operation of trading subsidiaries	77,967	-
	104,186	48,204

Notes to the financial statements (continued)

For the year ended 31 March 2023

	12 Months to 31-Mar-23	18 Months to 31-Mar-22
	£	£
5 Investments		
Interest receivable	125,089	82,377

	12 Months to 31-Mar-23	18 Months to 31-Mar-22
	£	£
6 Cost of Raising funds		
Wages and salaries	438,725	595,871
Direct costs	153,031	194,636
Support costs (Note 8)	380,610	102,913
Operation of trading subsidiaries	454,436	-
	1,426,802	893,420

7 Expenditure on Charitable activities

The charity undertakes direct charitable activities only and does not make grant payments. The charity reviewed its descriptions of its charitable activities in FY22-23 as there had been significant growth and development of the organisation within that period. Therefore, the direct expenditure and support costs for these activities have been presented in a different format for this reported financial year as the Trustees believe the previous format used to be no longer representative of how the charitable activities are structured.

Charitable Activities	Other Direct Costs £	Direct Wages and Salaries £	Support Costs £	12 Months to 31-Mar-23 £
Festival	347,691	432,301	501,680	1,281,671
Non-Festival Artistic Commissions	528,332	656,769	762,241	1,947,341
Non-Festival Music Presentations	5,663	77,615	53,563	136,841
Non-Festival Co-Commissioning & Co-Producing	53,513	66,522	77,205	197,240
International Presentations	1,150,881	269,036	913,272	2,333,190
Digital Commissions & Broadcasting	158,754	105,463	169,941	434,158
Creative Engagement	286,365	519,957	518,615	1,324,937
Factory Academy	49,686	72,202	78,397	200,285
R&D and Curatorial	258,579	42,202	193,459	494,240
AVIVA Studios Transition Project	1,250,042	124,534	884,109	2,258,684
	4,089,505	2,366,601	4,152,481	10,608,587

Charitable activities - prior year	Other Direct Costs £	Wages and Salaries £	18 Months to 31-Mar-22 £
General Festival Costs	581,957	393,613	975,570
R&D	243,319	201,507	444,826
Festival Producing Costs (including touring)	5,369,419	1,495,400	6,864,820
Creative Engagement	184,645	276,319	460,964
Volunteers	20,511	36,262	56,773
Branding, Communications & Marketing	984,017	493,576	1,477,593
Governance	33,662	68,460	102,122
Support costs (note 8)	742,658	-	742,658
Factory Transition Activities	3,564,344	3,260,654	6,824,998
	11,724,531	6,225,792	17,950,323

Notes to the financial statements (continued)

For the year ended 31 March 2023

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.

	Raising Funds	Charitable Activities		AVIVA Studios	12 Months to
	£	Festival	Other Charitable	Transition	31-Mar-23
	£	£	£	£	£
Branding / Press and PR	34,606	45,613	251,552	80,384	412,155
Audiences & Ticketing	82,077	108,185	596,626	190,654	977,542
Governance & Administration	96,501	127,197	701,473	224,159	1,149,329
Finance & Reporting	80,023	105,477	581,693	185,883	953,076
People & Culture	51,822	68,307	376,701	120,376	617,206
Systems & Data	34,977	46,103	254,251	81,247	416,578
Property Management	605	797	4,398	1,405	7,205
	380,610	501,680	2,766,693	884,109	4,533,091

	Raising Funds	Charitable Activities		AVIVA Studios	18 Months to
	£	Festival	Other Charitable	Transition	31-Mar-22
	£	£	£	£	£
<i>Support costs - prior year</i>					
Professional fees and charges	-	7,074		28,294	35,368
Other staff costs	2,115	332,392		332,392	666,899
Depreciation	14,510	58,040		72,550	145,101
Running expenses	47,145	188,581		235,726	471,452
Premises costs	39,143	156,571		195,714	391,429
	102,913	742,658		864,677	1,710,248

Included within governance and administration expenditure is £22,750 for audit of the parent charity consolidated financial statements and £12,000 for audit of the subsidiary financial statements.

	12 Months to	18 Months to
	31-Mar-23	31-Mar-22
	£	£
9 Analysis of staff costs		
Wages and salaries	4,653,941	5,969,738
Social security costs	525,295	628,411
Pension costs	170,264	223,516
	5,349,501	6,821,664

Number of employees:

The average monthly head count permanent and fixed term employees was 121. (2022: 103)

The average monthly head count casual employees count was 2. (2022: 7)

Notes to the financial statements (continued)

For the year ended 31 March 2023

	31-Mar-23 No.	31-Mar-22 No.
The number of staff who were paid more than £60,000 per year in the following ranges were:		
£ 60,001 - £ 70,000	5	5
£ 70,001 - £ 80,000	3	2
£ 80,001 - £ 90,000	1	1
£ 90,001 - £100,000	2	1
£100,001 - £110,000	1	-
£110,001 - £120,000	1	-
£120,001 - £130,000	-	2
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
	<u>14</u>	<u>12</u>

10 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. Five (2022: Four) board members received re-imbursed travel expenses of £1,478 (2022: £807).

The key management of the parent charity, Manchester International Festival, comprise the trustees, Chief Executive Officer/Artistic Director, Executive Director, Creative Director, Director of Finance & Resources, and Venue Director.

The total employee benefits of the key management personnel (including pension) for the reporting period of 12 months were £581,217 (2022: 18 month period £907,925).

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.

11 Tangible Fixed Assets - Group	Equipment £	Fixtures & Fittings £	Total £
Cost:			
At 1 April 2022	460,487	148,858	609,345
Additions	2,318,944	287,943	2,606,887
Disposals	-	-	-
At 31 March 2023	<u>2,779,430</u>	<u>436,801</u>	<u>3,216,232</u>
Depreciation:			
At 1 April 2022	378,746	58,652	437,398
Disposals	-	-	-
Charge for the year	87,452	38,154	125,605
At 31 March 2023	<u>466,198</u>	<u>96,805</u>	<u>563,003</u>
Net book value:			
At 31 March 2023	<u>2,313,233</u>	<u>339,996</u>	<u>2,653,228</u>
At 1 April 2022	<u>81,741</u>	<u>90,206</u>	<u>171,947</u>

Notes to the financial statements (continued)

For the year ended 31 March 2023

Tangible Fixed Assets - Charity	Equipment £	Fixtures & Fittings £	Total £
Cost:			
At 1 April 2022	460,487	148,858	609,345
Additions	2,318,944	45,443	2,364,387
Disposals	-	-	-
At 31 March 2023	2,779,430	194,301	2,973,732
Depreciation:			
At 1 April 2022	378,746	58,652	437,398
Disposals	-	-	-
Charge for the year	87,452	38,154	125,605
At 31 March 2023	466,198	96,805	563,003
Net book value:			
At 31 March 2023	2,313,233	97,496	2,410,728
At 1 April 2022	81,741	90,206	171,947

Intangible Assets - Group	Intangible Assets £	Total £
Cost:		
At 1 April 2022	310,719	310,719
Additions	557,396	557,396
Disposals	-	-
At 31 March 2023	868,115	868,115
Depreciation:		
At 1 April 2022	27,573	27,573
Disposals	-	-
Charge for the year	74,420	74,420
At 31 March 2023	101,993	101,993
Net book value:		
At 31 March 2023	766,122	766,122
At 1 April 2022	283,146	283,146

12. Debtors	Group 31-Mar-23 £	Charity 31-Mar-23 £	Group 31-Mar-22 £	Charity 31-Mar-22 £
Trade debtors	482,880	482,880	204,444	180,881
Other debtors	251,935	10,293	17,395	17,395
Amounts owed by group undertakings	-	1,138,676	-	-
Prepayments	142,381	142,381	225,716	225,716
Accrued Income	108,751	52,125	608,563	608,563
VAT	401,812	352,695	54,192	52,802
	1,387,759	2,179,049	1,110,310	1,085,357

Notes to the financial statements (continued)

For the year ended 31 March 2023

13. Creditors: amounts falling due within one year	Group 31-Mar-23 £	Charity 31-Mar-23 £	Group 31-Mar-22 £	Charity 31-Mar-22 £
Trade creditors	1,274,844	1,276,034	300,937	298,776
Other creditors	98,925	99,124	73,659	73,659
Accruals	353,331	336,953	413,128	396,628
Deferred income	565,226	565,226	193,715	193,715
	<u>2,292,326</u>	<u>2,277,338</u>	<u>981,439</u>	<u>962,778</u>

Included within Other creditors there is a finance lease commitment of £90,381, of which £49,223 is due under one year, and £41,158 is due over one year.

Deferred income - Group and Charity	Group £	Charity £
At 1 April 2022	193,715	193,715
Amount released in the period	(1,257,004)	(1,257,004)
Amount deferred in the period	1,628,515	1,628,515
At 31 March 2023	<u>565,226</u>	<u>565,226</u>

Deferred income - prior year:

	Group £	Charity £
At 1 October 2020	519,853	519,853
Amount released in the year	(331,138)	(331,138)
Amount deferred in the period	5,000	5,000
At 31 March 2022	<u>193,715</u>	<u>193,715</u>

The funds are deferred when the charity or its subsidiaries receives funds but do 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 subsidiaries.

14. Provision for liabilities

The Charity is currently in dispute with HMRC relating to the definition of some of its activities as non-business. The dispute is currently at First Tier Tribunal for which no date is currently yet set. Should the Tribunal award in favour of HMRC then £185k in VAT would be payable.

	Movement in Funds				
	Balance at 31-Mar-22 £	Net incoming resources £	Net outgoing resources £	Transfers £	Balance at 31-Mar-23 £
15. Analysis of movement in funds - Group					
Analysis of unrestricted funds movements:					
General Funds	1,853,499	4,496,800	(1,970,603)	2,049,491	6,429,187
Analysis of restricted funds movements:					
Restricted Funds	9,821,538	9,645,653	(10,064,786)	(2,049,491)	7,352,914
	<u>11,675,037</u>	<u>14,142,453</u>	<u>(12,035,390)</u>	<u>-</u>	<u>13,782,101</u>

Transfer of funds between restricted and unrestricted is equivalent to the value of fixed assets (tangible and intangible) acquired during the 12-month financial period to March 2023. The assets have been purchased from a restricted funding agreement with MCC. As the assets will be held for a general and not a restricted purpose, the restriction on the funding is released when the assets are purchased.

Notes to the financial statements (continued)

For the year ended 31 March 2023

	Balance at 01-Oct-20 £	Net incoming resources £	Net outgoing resources £	Transfers £	Balance at 31-Mar-22 £
<i>Analysis of unrestricted funds movements:</i>					
<i>General Funds</i>	2,279,613	6,072,975	(6,499,088)	-	1,853,499
<i>Analysis of restricted funds movements:</i>					
<i>Restricted Funds</i>	7,909,774	14,256,422	(12,344,658)	-	9,821,538
	10,189,387	20,329,397	(18,843,747)	-	11,675,037

16. Outline summary of restricted fund movements - Group and Charity

Fund Name	Fund Balances Brought Forward 31-Mar-22 £	Income £	Expenditure £	Transfer £	Fund Balances Carried Forward 31-Mar-23 £
<i>Arts Council - Under the Radar</i>	109,852	129,000	145,639	-	93,213
<i>Arts Council - The Factory grant</i>	9,483,468	9,165,600	9,710,791	(2,049,491)	6,888,786
<i>EFF - Creative Engagement Grant</i>	66,347	100,000	94,764	-	71,583
<i>EFF - Reinventing Performing Arts Grant</i>	47,548	-	23,983	-	23,565
<i>The Paul Hamlyn Foundation</i>	114,323	-	60,205	-	54,118
<i>Reframe</i>	-	29,000	7,351	-	21,649
<i>Bloomberg LP Grant</i>	-	200,000	-	-	200,000
<i>Kickstart grant</i>	-	22,053	22,053	-	-
	9,821,538	9,645,653	10,064,786	(2,049,491)	7,352,914

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 MIF Festival activities. At the end of each financial year a transfer from restricted to unrestricted funds equivalent to the value of capital assets acquired is made.
EFF - Creative Engagement Grant	A five-year programme that transforms how people access, engage and benefit from the arts with three new approaches: creating a grassroots ambassador programme (Community Advocates), building more equitable partnerships with local organisations (Community Contracts) and developing useful skills for residents (a co-designed skills programme).
EFF - Reinventing Performing Arts Grant	Reinventing Performing Arts programme of work that is split across Digital (content and creation) and Talent Development strands.
The Paul Hamlyn Foundation	A four-year programme of community-led curation building on some of previous MIF successful models including public forums, co-curation, participatory commissions and digital innovation
Reframe	To support the development of young Black creatives as part of a national career acceleration programme co-ordinated by the Southbank and supported by Apple.
Bloomberg LP Grant	Funding for a Digital Accelerator programme that aims to help visitors navigate the new venue using digital screens and other tools.
Kickstart Grant	Funding helping MIF as an employer to create jobs for 16-24 year olds on Universal Credit

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

Fund Name	Fund Balances Brought Forward 01-Oct-20 £	Income £	Expenditure £	Fund Balances Carried Forward 31-Mar-22 £
<i>Arts Council - Under the Radar</i>	91,000	90,000	71,148	109,852
<i>Arts Council - The Factory grant</i>	7,772,217	13,665,600	11,954,349	9,483,468
<i>Innovate UK</i>	-	31,575	31,575	-
<i>R&D for Inclusive Producer Training</i>	-	8,000	8,000	-
<i>EFF - Creative Engagement Grant</i>	-	100,000	33,653	66,347
<i>EFF - Reinventing Performing Arts Grant</i>	-	47,548	-	47,548
<i>The Paul Hamlyn Foundation</i>	46,557	234,592	166,826	114,323
<i>Kickstart grant</i>	-	79,107	79,107	-
	7,909,774	14,256,422	12,344,658	9,821,538

Notes to the financial statements (continued)

For the year ended 31 March 2023

Analysis of net assets between funds - Group

31-Mar-23	General Funds £	Restricted Funds £	Total Funds £
Tangible	2,653,228	-	2,653,228
Intangible	766,122	-	766,122
Investment	-	3,000,000	3,000,000
Current assets	4,967,975	4,871,896	9,839,871
Current liabilities	(1,773,344)	(518,982)	(2,292,326)
Provision for liabilities	(184,794)	-	(184,794)
	<u>6,429,187</u>	<u>7,352,914</u>	<u>13,782,101</u>

Analysis of net assets between funds - Group

31-Mar-22	General Funds £	Restricted Funds £	Total Funds £
Fixed Assets	71,301	5,383,792	5,455,093
Current assets	2,076,235	5,125,148	7,201,383
Current liabilities	(294,037)	(687,402)	(981,439)
	<u>1,853,499</u>	<u>9,821,538</u>	<u>11,675,037</u>

Analysis of net assets between funds - Charity

31-Mar-23	General Funds £	Restricted Funds £	Total Funds £
Tangible	2,410,728	-	2,410,728
Intangible	766,122	-	766,122
Investment	-	3,000,003	3,000,003
Current assets	5,309,952	4,871,893	10,181,845
Current liabilities	(1,758,356)	(518,982)	(2,277,338)
Provision for liabilities	(184,794)	-	(184,794)
	<u>6,543,653</u>	<u>7,352,914</u>	<u>13,896,567</u>

Analysis of net assets between funds - Charity

31-Mar-22	General Funds £	Restricted Funds £	Total Funds £
Fixed Assets	71,301	5,383,792	5,455,093
Current assets	2,050,493	5,111,868	7,162,361
Current liabilities	(288,655)	(674,123)	(962,778)
	<u>1,833,139</u>	<u>9,821,537</u>	<u>11,654,676</u>

17 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.

The wholly owned subsidiary Factory Academy Limited is limited by shares. Its share capital is £1.

The wholly owned subsidiary Factory International Trading Services Limited is limited by shares. Its share capital is £1.

18 Taxation

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

The Group benefits from a tax refund of £241,643 (2022: £128,039), 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)

For the year ended 31 March 2023

	Land & Buildings 31-Mar 23 £	Office Equipment 31 Mar 23 £	Land & Buildings 31-Mar 22 £	Office Equipment 31 Mar 22 £
19 Operating lease commitments				
Total of non-cancellable operating leases payments for the following periods:				
not later than one year	20,833	76,074	250,000	39,920
later than one year and not later than 5 years	-	38,974	-	10,936
	<u>20,833</u>	<u>115,048</u>	<u>250,000</u>	<u>50,856</u>

20 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 12 months to March 2023, the pension contributions charged to the accounts totalled £170,264 (£223,516 for the 18-months ended 31 March 2022). No pension contributions were due to Scottish Widows at 31 March 2023 (2022: £0).

21 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 grant funding from Greater Manchester Combined Authority (GMCA), which is disclosed in note 2 as 'Other Public Funding Grants (inc. ALBs)'.

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.

MIF Productions is a 100% wholly owned subsidiary of Manchester International Festival. At the balance sheet date, there was £180,226 (2022: £106,470) due to MIF from MIF Productions. 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.

Factory Academy Limited is a 100% wholly owned subsidiary of Manchester International Festival. At the balance sheet date, there was £262,447 due to MIF from Factory Academy Limited. This is relating to intercompany transactions related to general expenditure.

Factory International Trading Services Limited is a 100% wholly owned subsidiary of Manchester International Festival. At the balance sheet date there was £695,000 due to MIF from Factory International Trading Services Limited. This is relating to a short-term transfer of cash from MIF to its subsidiary to allow for the purchase of capital assets. This amount will be repaid within the next 12-month financial period subject to availability of cash in the subsidiary.

Notes to the financial statements (continued)

For the year ended 31 March 2023

22 Derivatives

The charity has receivables in foreign currencies which are held by a third party.

The charity does not purchase forward foreign currency contracts to manage its foreign exchange risk.

No derivatives (2022: NIL) were held at the balance sheet date.

At the balance sheet date, the charity had £468,095 (2022: £284,221) in foreign currencies.

23 Investments

MIF invested £1 in its subsidiary, MIF Productions (Registration number: 09308388, registered address: AVIVA Studios, Water Street, Manchester, M3 4JQ). The company delivers production, running and closure of productions presented at the MIF Festivals.

The turnover in the year to March 2023 was £503,670 (2022: £708,678), 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 12 months to March 2023 was £191,864 (2022: £122,419). The company made profit after tax of £49,779 (2022: £5,621).

At the balance sheet date, net assets were £70,143 (2022: £20,364).

MIF invested £1 in its subsidiary, Factory Academy Limited (Registration number: 12978506, registered address: AVIVA Studios, Water Street, Manchester, M3 4JQ). The company delivers the programmes of skills and training to young adults that addresses the skills gaps within the Cultural sector.

The turnover in the year to March 2023 was £77,967.

The loss on ordinary activities after tax for the 12 months to March 2023 was £184,580.

At the balance sheet date, net assets were (£184,579).

MIF invested £1 in its subsidiary, Factory International Trading Services Limited

At the balance sheet date, net assets were £694,976

Manchester International Festival held £3,000,000 invested in three two-year deposit accounts, £1 million each. The two-year deposits matured in April 2023.