



**EDINBURGH
INTERNATIONAL
FESTIVAL**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

Edinburgh International Festival Society

A charitable company limited by guarantee

Supported by

City of Edinburgh Council

Creative Scotland

Scottish Government's Festivals Expo Fund

Platforms for Creative Excellence (PlaCE)

EventScotland

Scottish Government Gateway funding

Report and Financial Statements for the year ended 31 October 2021

Registered Charity Number SC004694

Company Registration Number SC024766

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REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity Number SC004694

Company Registration Number SC024766

VAT Registration Number GB 664 0731 41

Patron

His Royal Highness the Earl of Wessex KG GCVO

Board of Trustees

Keith Skeoch (Chair)

Lara Akeju

Leonie Bell

Chris Condron

Marion Davis

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Edinburgh Festival Centre Ltd

Francesca Hegyi OBE

Fergus Linehan

Honorary Vice President

Carol Colburn Grigor CBE

Honorary Secretary

Andrew Kerr, Chief Executive, City of Edinburgh Council

Management and Advisers

Festival Director & Chief Executive Fergus Linehan

Director Designate Nicola Benedetti

Executive Director & Company Secretary

Francesca Hegyi OBE

Programme Director Roy Luxford

Director of Finance & Commercial

Susan McIntosh

Director of Audiences Kate Carter

Director of Development Christopher Wynn

Lawyers

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Quartermile One

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Edinburgh EH3 9EP

Auditors

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Royal Bank of Scotland PLC

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Dates of appointments to and retirements from Board of Trustees can be found on page 26.

FOREWORD FROM THE CHAIR OF THE BOARD OF TRUSTEES

On behalf of the Board of Trustees I am pleased to present our Report and Financial Statements for the year ended 31 October 2021.

I was appointed as Chair of the Board of Trustees on 28th June 2021, succeeding Prof Niall Lothian who had expertly led the organisation in this role since 2017. To take on the responsibility of steering a world-class performing arts Festival through a global pandemic has been no small undertaking but with a knowledgeable, committed group of Trustees and an exceptional senior management team, it has proved to be an inspiring and fulfilling experience.

It is a credit to the International Festival team and to the partners involved in the Gateway process that we were able to plan to deliver a programme of live performance in August 2021. The programme was achieved through creativity, innovation, collective risk-taking and determination: many of the qualities I imagine were required for the very first Festival in 1947.

There is no doubt that the pandemic has had a detrimental impact on many cultural organisations, and it is also very apparent that without the Festival City in full operation the businesses and individuals that support and contribute to their realisation also suffer. The local network that supports all of Edinburgh's festivals is extensive and we want to ensure that we do all we can to retain the skills and expertise that exist in the city that allow us to put on our programme each year.

One of the first tasks I was given when I stepped into the role of Chair was to lead the process of recruiting the next Festival Director as Fergus Linehan's tenure will be coming to an end in October 2022 – again, no small undertaking! The closing date for applications was set as 1st October 2021 and we were delighted to receive over 50 applications from an exceptional range of applicants. The recruitment process was slightly protracted due to the impact of the pandemic but we were delighted to announce the appointment of Nicola Benedetti as the next Festival

Director on 1st March 2022. Nicola took on the role of Director Designate on 1st March 2022 and will take over from Fergus Linehan as Festival Director on 1st October 2022.

There will be many opportunities to praise Fergus for his exceptional contribution to the Festival over the course of his final year but I would like to make particular mention of his skilled leadership of the organisation over the past year and to thank him, and indeed the whole Festival team, on behalf of my fellow Trustees, our supporters, our artists, and our audiences for bringing the joy back to the city this year and presenting exceptional performances in magical venues. It was an incredibly memorable year.

I would also like to pay tribute to Cllrs Iain Whyte and Donald Wilson who retired from the Board on 28th June 2021 and 5th May 2022 respectively. Cllr Whyte made a significant contribution to the organisation both through his role as a Trustee and as a member of the Audit & Risk Committee. We are delighted to welcome Cllr Joanna Mowat to the Board as the City of Edinburgh Council's nominee to replace Cllr Whyte. I would like to pay particular thanks to Cllr Wilson who has made an exceptional contribution to the organisation through his role as Chair of Festival Council from 2012 to 2017 and as Trustee from 2017 to 2022. Cllr Wilson also played a vital role in the appointment of the new Festival Director and we are deeply grateful for his time and input.

2021 also saw changes in the Senior Management Team with Tina Walsberger moving on from her role as Marketing and Communications Director in September 2021. We are delighted to welcome Kate Carter to the role of Director of Audiences. Kate took up the role in May 2022 and joins us from Scottish Ballet.

The support of the City of Edinburgh Council, Creative Scotland, and Scottish Government is critical to the Festival's ability to plan into the future and ensure the highest quality of work reaches the widest

possible audience. The foundational support from our core funders encourages many other organisations and individuals to invest in the Festival's work. We are hugely grateful to all those who support us so enthusiastically but I would like to pay particular thanks to our principal supporters who have provided steadfast support to the Festival during the pandemic and continue to do so. I would also like to take this opportunity to thank the Trustees of the Léan Scully Fund and Edinburgh International Festival Endowment Fund who continue to support the Festival to present new and less familiar work.

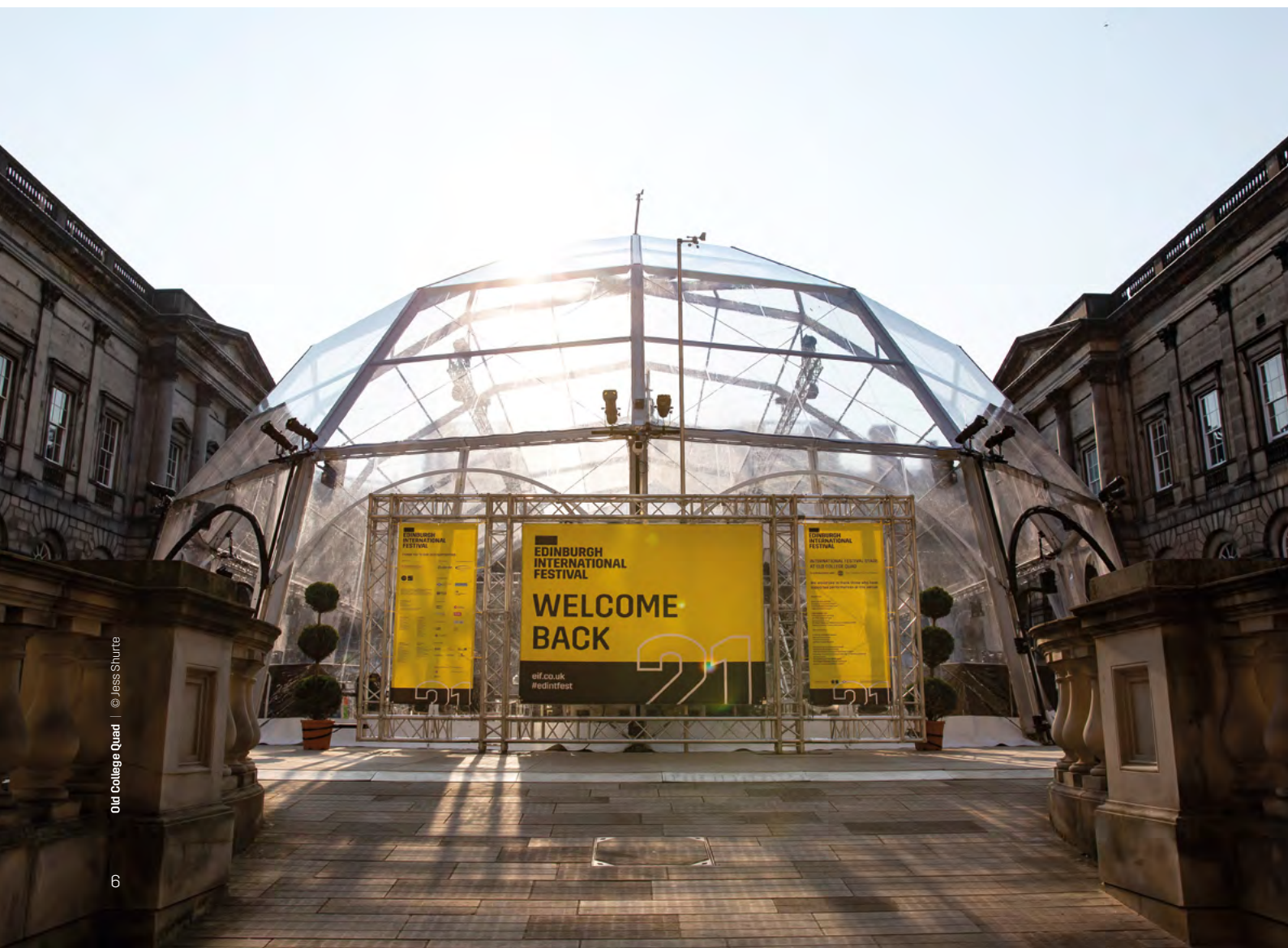
With a fraction of our usual ticket inventory available, we had to rely on our other income streams to deliver the Festival this year. The unwavering

support of our funders, donors and supporters kept us financially resilient and enabled us to share the International Festival experience with our audiences once again.

There is no question that the next few years will continue to be challenging for our organisation and for the sector, but we will continue to work with our partners to respond to these challenges with innovation and creativity to play our part in ensuring Edinburgh maintains its global reputation as the Festival City.



Keith Skeoch
Chair of the Board of Trustees





MARGALD STEWART
BORN NOVEMBER 22 1731
DIED JUNE 11 1822

TRUSTEES ANNUAL REPORT INCLUDING STRATEGIC REPORT

OBJECTIVES AND ACTIVITIES

Background

The Edinburgh International Festival is the world's leading multi-genre arts festival. Its foundation in 1947 was a bold act of optimism and reconciliation, promoting international cooperation and understanding through the presentation and production of art for audiences from all over the world. For more than three weeks in August, Scotland's capital hosts an unparalleled celebration of the performing arts and becomes an annual meeting point for people of all nations. Every year the Festival presents a curated programme featuring the finest performers and ensembles from the worlds of dance, opera, music and theatre. While the International Festival strives to be resolutely international in its outlook it remains grounded in the city of Edinburgh and is committed to delivering extensive cultural, economic and social benefits to Edinburgh, Scotland and the UK.

The International Festival exists to promote cultural exchange and collaboration between people of different cultures and backgrounds through a global celebration of exceptional performing arts. Our priorities over the next period, as set out in our Business Plan (2019/20 – 2023/24), are summarised below:

International

- To provide a meeting point for artists, citizens, visitors and policy makers, supporting Scotland and the UK's place in the world
- To be a global benchmark for quality of performing arts festivals

Programming

- To contribute to the mutual understanding and respect between nations to consider the role past, present and future of Scotland and the United Kingdom in the world
- To encourage the development of the performing arts for the benefit of our city, our country and our world, recognising and supporting excellence on an international scale

People

- To create a festival that all people in Edinburgh and beyond can feel part of and proud of
- To support Scottish artists and producers to progress in the industry

Organisation

- To be a world-class organisation
- To ensure we are financially and operationally resilient

ACHIEVEMENTS AND PERFORMANCE

International

Due to the ongoing travel restrictions in place for the majority of 2021, we were not in a position to invite large international touring companies in dance, theatre or opera to perform. Instead, the Festival was planned on a smaller scale, predominantly within a classical music programme with UK based orchestras, ensembles and artists. In order to maintain internationalism in our programme, we presented UK-based orchestras with renowned conductors and soloists from around the world. In total, 988 artists from 25 countries performed in the 2021 Festival.

The BBC Symphony Orchestra opened the Festival under the baton of Finnish conductor Dalia Stasevska, with a joyous programme that included the world premiere of PIVOT by the New York-based composer Anna Clyne. The Junior Academy stage hosted three concerts from the Royal Scottish National Orchestra, joined by international conductors Valery Gergiev, Elim Chan and Thomas Søndergård, while celebrated American conductor Marin Alsop took to the podium with the BBC Scottish Symphony Orchestra. In addition to UK based orchestras, we also welcomed the Italian period ensemble Il Pomo D'Oro. The Chineke! Orchestra made its Festival debut, joined by American conductor William Eddins.

Our series of spoken word events *A Toast to the People* brought together leading local and international spoken word artists and performance poets for poetry and discussion, including Lemn Sissay, Inua Ellams, Hollie McNish and Saul Williams. The contemporary music programme included international stars such as Malian electric guitarist and singer Fatoumata Diawara, the eccentric US bassist Thundercat and Canadian DJ Caribou.

The difficulties of hosting international dance companies and large ensembles led to an innovative approach towards our dance programme. Through our *Dancing in the Streets* series, we commissioned and presented work by leading international choreographers with films by Alice Ripoll from Rio de Janeiro, Omar Rajeh from Beirut and Gregory Maqoma from Soweto.

As expected, our audience was mainly a domestic one in 2021 with very few overseas bookers (1% in total). However, through our *At Home* series of free digital performances, we attracted more than 350,000 online viewers from 60 countries over a variety of platforms. Our comprehensive media campaign reached an estimated 107 million people globally across newspapers, magazines, online outlets, television and radio. Media coverage appeared in 31 countries across the world.



Festival staff continued to attend and participate in international conferences online or in person when possible. Fran Hegyi, Executive Director, attended and spoke at the Expo 2020 in Dubai.

EIF have contributed to and attended events organised by the European Festivals Association (EFA). Most recently Katie Paterson, Head of Business Strategy and Stakeholders, attended the EFA Arts Summit in Galway and was elected as a Board Member during the General Assembly. She also attended a virtual Round Table of arts festivals with EU Commissioner Mrs Mariya Gabriel in June 2021. Roy Luxford continues to play a key role in delivering the Young Producers course organised by EFA.

The impact of Covid-19 brought arts organisations from all over the world together in a shared conversation to consider the ways in which they can remain resilient and contribute to the global recovery. These conversations continued throughout 2021 and representatives from the International Festival took part in events organised by the European Festival Association, Creative Industries Federation, Society of London Theatre/UK Theatre as well as many others.

A concentrated programme of advocacy was undertaken in 2021. Our Festival Director and Executive Director met with Rishi Sunak, Chancellor of the Exchequer, during his visit to Edinburgh in July and had the opportunity to show him round the structure

at The Quad. Oliver Dowden MP, Secretary of State for Digital, Culture, Media and Sport attended the Festival on Tuesday 17th August and held a meeting with the Festival Director and Executive Director.

Angus Robertson, MSP, Cabinet Secretary for the Constitution, External Affairs and Culture attended three performances during August. Our Festival Director and Executive Director met with Angus Robertson MSP and Jenny Gilruth, Minister for Culture, Europe and International Development at the end of October.

During the Festival we also met with Ben Macpherson MSP, Colin Beattie MSP and Paul McLennan MSP. Over the course of the Festival, over 25 performances were attended by either councillors, MSPs and MPs.

We continued to build and to foster our relationships with consular corps, embassies and high commissions. We worked with nine international partners to gain support towards direct project costs for the 2021 Festival which was a significant achievement in a year with far fewer international artists performing. Over the course of the Festival, we welcomed delegations from Culture Ireland, the Australian High Commission, US Embassy, Institut Français du Royaume-Uni, Canadian High Commission and the Québec Government Office. We also had attendance from local consulates including the Italian Consulate, Norwegian Consulate and German Consulate.



The International Festival continues to be part of the Scotland-wide Events Industry Advisory Group convened by Paul Bush at EventScotland / VisitScotland. This group brings together like-minded industry professionals from the culture, sport and business events sectors, plus wider representatives from key partners, to provide a clear and coordinated voice into Government in response to the impact of Covid-19 and looks at the steps that will be required for Scotland to reassert itself as a major events destination and the perfect stage for events.

Programming

Innovation, collaboration and the pursuit of artistic excellence are at the heart of the Edinburgh International Festival's annual programme and have been since its first edition in 1947. These qualities were at the core of the planning and delivering of the 2021 Festival as it once again brought artists and audiences together to create a moment of joy during a period of turmoil.

After the cancellation of the 2020 Festival, we were committed to planning a return to live performance in 2021 and to celebrate the return of the Festival as we know it. However, with new Covid variants emerging at the end of 2020 causing further lockdowns and restrictions to be put in place, it was clear that we would not be able to plan for the return of a "normal" Festival in 2021. After exploring various scenarios, we committed to delivering a Festival predicated on the majority of the programme being presented in outdoor venues over a three-week period in August. Through the Gateway process we were able to discuss our proposals with experts and to agree on a set of mitigating measures that we would put in place during the Festival to ensure that we could plan a major event with a low risk of cancellation that could be delivered in a Covid-safe manner and would provide a joyful experience for both audiences and artists.

The majority of the International Festival was staged in three temporary outdoor pavilions designed especially for performance and with a focus on audience safety. Situated at Edinburgh Park, Edinburgh Academy Junior School and the University of Edinburgh's Old College Quad, the outdoor venues welcomed up to 3,376 audience members per day. Covid safety measures introduced at our venues included: shorter performances with no intervals, two-metre physical distancing, regular cleaning and contactless ticketing.

The programme spanned classical and contemporary music, theatre, opera, dance and spoken word. Highlights included: the world premiere of Enda Walsh's *Medicine*; Nicola Benedetti in residence with three projects; Alan Cumming with his new show *Alan Cumming Is Not Acting His Age*; international stars including Joyce DiDonato, Renée Fleming, Valery Gergiev and Marin Alsop; a contemporary music line up featuring Daman Albarn, Laura Mvula, Nadine Shah and The Snuts; and traditional music from across the globe including Sona Jobarteh, Talisk, Braebach, Vincent Segal and Ballake Sissoko.

We commissioned new work by companies from Brazil, South Africa and Lebanon, presented world premieres from Enda Walsh, Anna Clyne and Ayanna Witter-Johnson and worked with Scottish companies including the National Theatre of Scotland, the Royal Scottish National Orchestra, Curious Seed and the Dundee Rep. We celebrated Scottish artists such as Alan Cumming, Nicola Benedetti, Hannah Lavery and Karine Polwart and welcomed visiting performers such as Saul Williams, Renée Fleming and Barrie Kosky. Our music programme expanded to embrace traditional, folk, jazz, electronic and progressively experimental artists from Gambia to the Isle of Skye.

Members of the Edinburgh Festival Chorus were also able to unite for their first live performances since August 2019. One of the first choirs to return to the stage in Scotland, they performed with the Royal Scottish National Orchestra and in their own concert of uplifting works.

We introduced two new programme strands in 2021 celebrating spoken word and traditional music. *A Toast to the People*, our spoken word series, was presented in partnership with Edinburgh International Book Festival while *In the Tradition* celebrated Scottish traditional music in collaboration with Celtic Connections, the University of Edinburgh and Soundhouse Organisation.

Commissioning new works is an essential part of our role in supporting artists and developing artforms. The poets in our *Toast to the People* series were each commissioned to write a new poem in response to the Gil Scott-Heron piece that gave the series its name.

We were able to present some of this year's Festival in traditional venues with our theatre programme taking place in The Lyceum, Festival Theatre and Traverse Theatre. This was a significant moment for the venues which were able to open their doors for the first time since March 2020. Although the programme was

necessarily smaller in scale than usual, the themes addressed were by no means narrow. The plays presented covered powerful topics reflecting the modern world, such as mental health, institutional racism, prejudice and faith. They addressed these weighty issues with humour, joy and a sense of hope about the human spirit.

We launched our programme on 2nd June and there were inevitably some changes to the original line-up with some artists and companies unable to attend for a variety of reasons. This year more than ever we predicted that there would be changes to the programme and, with the exception of the Aberdeen Standard Investments Opening Event: Night Light, we were able to contract suitable replacements in all cases rather than cancelling performances.

Through our digital output in 2020, we engaged with a significant online audience with over 1 million views of our content. In order to retain this online audience, we presented a digital programme in addition to our live performances in 2021. The At Home series allowed audiences to enjoy performances in the comfort of their own home and enabled us to maintain engagement with our online audience. The At Home programme was launched in July with 17 digital performances available to view. The 17 performances comprised of a selection of performances across our live programme as well as two digital only performances.

Throughout August over 350,000 viewers watched performances online from 50 countries, including Australia, Canada, Germany, Japan and the USA. New films continued to be released on eif.co.uk throughout autumn, including the Royal Philharmonic Orchestra with Vasily Petrenko and Isata Kanneh-Mason (7 October); spoken word artists Inua Ellams and Saul Williams (28 October); the Zehetmair Quartet (14 October); Fatma Said and Malcolm Martineau (4 November); performances from poets Hollie McNish and Wana Udobang (11 November); and the Royal Scottish National Orchestra with Elim Chan (25 November). We are continuing to see people engage with our online content since the Festival and our films have now been viewed in 60 countries.

In total, we were able to present over 170 live performances including 19 world premieres and 15 new commissions. 988 artists from 25 countries performed in the Festival and we welcomed 56,681 attendees. The 2021 programme was a collective effort between artists, arts workers, audiences, funders and supporters and we are incredibly grateful to everyone that contributed to its success.

People

We were delighted to be able to welcome audiences back to the Festival this year. Ticket sales across the Festival were strong, with many performances selling out. We had over 56,681 attendances at events achieving 89% of total capacity. Over 8,700 tickets were discounted as concessions, given to community groups or allocated to young people studying music as part of the Young Musician's Passport scheme. We also gave free tickets to pupils at Edinburgh Academy who enjoyed a rehearsal performance from Nicola Benedetti. Local audiences embraced the return to live performance, with 60% of bookers coming from Edinburgh and the surrounding areas. 18% of audience members were from the rest of Scotland and 17% from the rest of the UK.

The safety of our staff, audience and artists were our priority during August. The three outdoor stages were designed to allow appropriate Covid-mitigation protocols to be in place throughout. The structures were open-sided to ensure adequate ventilation and air-circulation. Although Scottish Government restrictions on social distancing were relaxed on 9th August with the legal requirement for physical distancing and limits on gatherings removed, the Festival upheld Covid mitigation measures in venues with tickets being sold as individual seats or household bubbles and 2m social distancing in place between household bubbles.

The feedback from audiences was overwhelmingly positive with 97% agreeing or strongly agreeing that the event(s) they attended were safe and well managed and that the quality of events were good or very good.

In 2021, our Learning and Engagement team helped reconnect the people of Edinburgh to each other, to culture and to the wider world through a series of in-person and digital projects.

As live performance returned to Edinburgh, we were delighted to progress the Play On project which was launched in 2020 in response to the pandemic. Through Play On: Music we donated over 720 musical instruments to school children across the city, allowing many to learn an instrument for the first time. Through Play On: Stages we were able to build outdoor stages in the playgrounds of Edinburgh primary schools and the stages were brought to life this year through our Mixed Up project – an interactive performance by Starcatchers and visual artist Katy Wilson, presented in partnership with

Imagine. The project was devised for Primary 1 and Primary 2 classes with performances that used dance, art and beatbox to explore how mixed up emotions can get during turbulent times.

Learning and Engagement's work with schools also included activities inspired by the Festival programme. Schools from across Scotland were offered free access to two full-length performance films: Akram Khan's Chotto Xenos and Hannah Lavery's Lament for Sheku Bayoh. Both projects were accompanied by in-depth teaching resource available throughout the autumn term.

Our residency at Leith Academy continued in 2021 and we were delighted to deliver our bespoke Festival Resident qualification for a second year. Six students gained workplace experience with the Festival, building skills and confidence and receiving a Personal Development Award in August.

We began a new relationship with Goodtrees Neighbourhood Centre working with 12-16 year olds on Amplify, a new songwriting project. The project was designed to develop young people's confidence by providing them with new vocational skills, increasing their connection to the creative arts and providing an outlet for their voices following the difficulties they have faced during the pandemic.

We were delighted to be able to resume our work with communities in person this summer through our Festival Favours project. We invited groups across the city to apply for a Festival Favour – each group were offered a slice of the Festival by allocating them an artist or performance or recital, or something creative that suited the needs of the group. The majority of Favours took place in August and September with the project culminating in mid-October. Festival Favours gifted have included a movement workshop for Oxfangs Walking Group from Curious Seed; a performance from Shona the Musical Choir for dementia choir Forget Me Notes; and a creative writing workshop for Health All Around in Saughton Park from Wana Udobang.

Alongside school and community-focused projects, we continue to work with creative professionals to give back to the creative sector and nurture new talent. As well as providing 120 tickets to Edinburgh-based artists for this year's Festival, we also partnered with Dance Base on a professional development day for 12 Scottish-based dance artists. Led by acclaimed international choreographers from our Dancing in the Streets series, the dancers came together for a day of developing practice and exploring creativity.



Organisation

2021 remained an incredibly testing time for the Festival team as it did for many organisations with much of the year spent working from home and managing the ongoing uncertainties of planning for a festival. We remained in close contact with staff throughout this period, whether on furlough or not, and held regular staff meetings to keep the team updated on planning and decisions. Whilst some staff were on furlough for periods of 2021, this was significantly less than in 2020. We ensured contact was maintained with colleagues and that everyone was able to keep up to date with developments.

We are extremely grateful to our core funders, the City of Edinburgh Council and Creative Scotland, who once again allowed us to repurpose their support to our 'outdoor festival' and to the Scottish Government and EventScotland for allowing us to repurpose project grants. With this financial support, we were able to present work in a novel way, in specially designed outdoor structures which in turn enabled us to safeguard the Festival and its workforce, support key industry expertise in the Festival City and deliver outdoor and online Learning and Engagement work.



The International Festival is committed to investing in its staff to enable them to develop to their full potential and to being an attractive place to work. We created a new role of Head of HR and Organisational Development to give this work focus and momentum. The Festival was proud to become a National Living Wage employer and met with Cabinet Secretary Angus Robertson to explain the benefits to staff and the organisation. We were also able to roll out our staff development plan with staff undertaking a range of training and development activities from management to diversity and inclusion and sustainability training.

The International Festival continues to develop its Diversity and Inclusion work to ensure that its staff, operations and programme are reflective of and sensitive to the world in which we live. We believe that celebrating diverse cultures, values and practices is critical to the success of an international performing arts festival. We have made progress on a five-year strategy setting out our commitments and ambitions for increased diversity and inclusion across the breadth of our artistic and operational output: addressing workforce, audience, programming and community engagement. As part of this we have created three staff-led working groups on LGBTQ+, Menopause and Disability & Mental Health.

The challenges of operating an international festival which involves the movement of artists, companies, instruments, sets and audiences from around the world whilst reducing our carbon footprint are great. In 2021 we published our carbon reduction plan which includes commitments to:

- Reach net-zero carbon emissions across our organisational operations by 2030 and across our artistic programme by 2045.
- Work with our partner venues, companies, orchestras and individual artists to instil sustainability best practice from the inception to delivery of our festival.
- Embrace new models of working with companies and orchestras to reduce carbon impact, recognising that our artistic programme and associated travel and freight is our biggest impactor.

Alongside our sister festivals we are committed to making changes in the way we do business in order to reduce our carbon emissions and to protect our environment.

A strategic Green Team with representatives across departments is responsible for delivering our carbon reduction plan and ensuring policies including procurement and travel reflect and reinforce our aims.

We want to sincerely thank all the individuals and organisations who made the decision to continue their support of the Festival in 2021, a year of great uncertainty for the cultural sector.

We are immensely grateful for the support of James and Morag Anderson, Sir Ewan and Lady Brown, Carol Grigor and Dunard Fund, and the Festival Endowment Fund. Without their support the 2021 Festival would not have been possible.

We thank them alongside our family of donors and charitable trusts for pledging philanthropic support to both our year-round Learning and Engagement work and to ensuring the Festival's future in this challenging year and beyond.

The Hub Edinburgh Festival Centre Limited

The International Festival has a wholly owned subsidiary company, Edinburgh Festival Centre Limited (EFC), which owns and operates The Hub. Since the closure of most of EFC's commercial activities in 2020 in response to Covid restrictions, the subsidiary's main role has been to maintain the heritage listed building (the Hub). Some small shoots of recovery are evident, with the external spaces around the Hub being successfully rented to food and beverage concessions. In addition, a model for dry hire of spaces within the Hub is under development.

Accumulated losses mean that EFC will not be in a position to gift aid any profits to the charity for many years. A solution to this is being sought. The Board of Trustees continues to extend financial support to EFC in order to protect the group's assets.

FINANCIAL REVIEW

Festival 2021 financial facts and figures

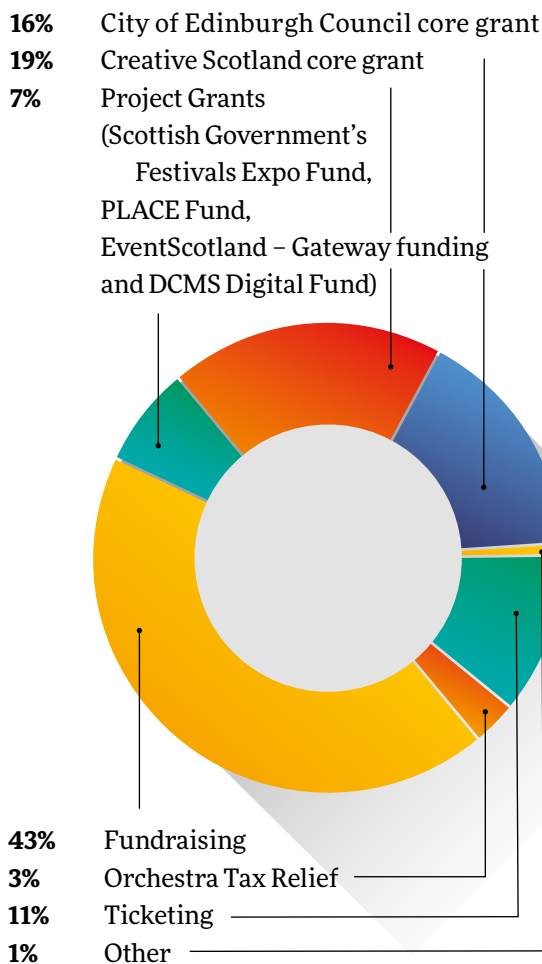
Where the money came from

57% (2020: 35%) of the Festival's income was generated through earned income

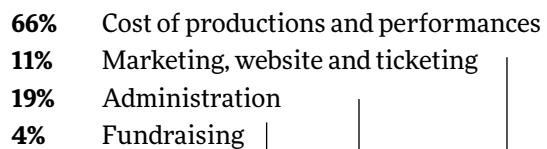
43% (2020: 65%) of the Festival's income came from public sector grants

Income from ticket sales was 11% of total income (2020: nil). In 2021 43% (2020: 28%) of total income came from fundraising, including corporate, individual giving, trusts, foundations and international partners.

Income



Expenditure





Financial Review

Uncertainty over Covid restrictions was the prevailing feature of 2021. Although EIF delivered an extremely successful outdoor festival in August, the cost of doing so was significant; socially distanced audiences resulted in a 60% reduction in ticket income (£1,277,000) on the last festival, held in 2019. Additional funding of £300,000 received from the Scottish Government helped reduce the organisation's operational deficit. This, coupled with the receipt of a significant property donation resulted in net consolidated income after tax of £810,000 (2020: £2,459,000). This financial result does not improve the liquidity of the Group as it is not cash backed. The CBILS loan of £500,000, received in December 2020 has not yet been repaid.

The Group's result for the year also includes a loss on ordinary activities from EFC of £144,000 (2020: £295,000).

The subsidiary Edinburgh Festival Centre Ltd (EFC) was unable to recommence commercial activity of any significance and by decision of the EIF Board of Trustees, financial support will continue to be extended in order to protect the charity's assets.

On 30 June 2021 EIF ceased membership of its defined benefit pension scheme (Lothian Pension Fund). The cost of funding payments to the defined benefit pension scheme in the future was calculated by actuaries as at 30 June 2021 to be £1,167,000 (Note 7) (2020: £1,239,000). This has been converted to a 10 year interest free loan with LPF. The designated reserve for pension fund liabilities is now nil (2020: £1,239,000). In accordance with FRS 102 pension requirements, £68,000 has been charged in the year representing the service cost up to the date of exit from LPF, being 30 June 2021, and £22,000 has been recognised as an actuarial gain.



Reserves

The Board of Trustees has adopted a Reserves policy to build up adequate cash reserves in line with its objectives on financial sustainability. The Reserves Strategy was revised in February 2022 and now requires the group to set aside a free cash reserve equal to 5% of normalised turnover. At group level, this currently equates to holding a free cash reserve of £600,000. The Trustees require EIF to manage its reserves through strong financial planning and set aside enough surplus in any planning period to cover cash outflow.

In 2021 Edinburgh International Festival Society has net unrestricted income after tax of £1,015,000 (2020: £2,816,000) and consolidated net unrestricted income after tax of £871,000 (2020: £2,520,000). Consolidated unrestricted funds now stand at £3,305,000 at 31 October 2021 (2020: £2,412,000) with designated reserves of £449,000 (2020: £1,215,000). The designated fund set aside in 2020 for Covid Resilience has a balance, as at 31 October 2021 of £374,000, while the designated fund set aside in 2019 for systems development has a balance of £75,000 as at 31 October 2021.

Note 19 sets out an analysis of group net assets between funds.

Including the restricted funds which comprise the capital grants fund of £4,710,000 (2020: £4,771,000), at 31 October 2021 the consolidated balance sheet shows total reserves of £8,015,000 (2020: £7,183,000), which is principally represented by fixed assets (see note 19). The cash element of the unrestricted funds is planned to fall back in line with EIF's reserves strategy over the medium term, as it used to support EIF through a cycle of Covid recovery and restructure.

Investment powers and policy

The International Festival places funds on term deposit when such funds are available. Foreign currency is purchased when required on forward contracts to mitigate exchange risk. There were no open contracts at the year end.

Financial outlook

The International Festival continues to work with both the City of Edinburgh Council and Creative Scotland to secure long term funding agreements which at a minimum maintain financial support in real terms. It welcomed additional support from the PlaCE fund designed to encourage and support local partners to work together with their creative community. In addition, new funding from the UK Government via DCMS to support the expanded digital programme was appreciated.

The International Festival has a strategic aim to generate increased earned income in order to sustain its current activities and drive growth. In 2022 the focus is on recovery and finding a way to successfully operate within the confines of prevailing Covid risk. A portion of the accumulated cash reserves will be used in 2022 to support the ambition of the programme. The arrival of a new Festival Director in 2022 has the potential to open up new fundraising opportunities. However, the prevailing economic uncertainties and inflationary risk mean that the medium-term financial outlook is challenging and will require careful management.

The financial impact of the pandemic means that EFC's pre-existing business model is no longer viable. An updated operating model and group structure is being actively investigated, on behalf of the Board of Trustees. In the meantime, EIFS continues to offer financial support to EFC to safeguard the group's assets.

2022 is shaping up to be an exciting year, when the International Festival will return at full strength. The organisation benefits from sound financial management. We continue to operate in an uncertain environment but with the support of our stakeholders we feel confident to navigate future challenges.

PLANS FOR FUTURE PERIODS

The Festival has identified four strategic priorities to guide our forward planning in terms of International positioning, our Programming ambitions, our connection to and interaction with People, and our aims as an organisation. The Board considered these priorities at their annual strategy day and determined that, despite the current and ongoing challenges of the Covid-19 pandemic, these continue to be relevant for the next 12 months. We will progress these priorities alongside the overarching immediate priority for the Festival of ensuring the long-term sustainability of the organisation and the adaptation of our programme and working practices in light of the impact of Covid-19.

We will continue work with our strategic partners and other festivals through Festivals Edinburgh, to look at how we can further invest in and support the Festival's cultural and business infrastructure and ecosystem to safeguard its future and protect Edinburgh's status as the world's leading Festival City.

International

The role that the Festival plays in promoting international cultural dialogue and exchange is of increasing importance following the UK's exit from the European Union. We will continue to assist in positioning Edinburgh as a globally connected and outward-looking city. We will develop our role in bringing artists, citizens, visitors and policy makers together, in person or virtually, thereby supporting Scotland's and the UK's place in the world, and we acknowledge that we will have to look at new and innovative ways of doing this to fulfil our commitment to environmental sustainability. We will continue to contribute to debate and raise the profile of the Festival nationally and internationally and to develop relationships with governments and international partners to extend the reach of the Festival and to cement Edinburgh's position as the world's leading city for the arts. The Festival will continue to promote the nation as a cultural leader on the world stage.



Through our relationships with organisations such as the European Festivals Association we will focus on being a global benchmark for quality amongst festivals and the performing arts, continuing to engage with artists, cultural leaders, festivals and cities from all parts of the world and encourage new voices to be heard.

Programming

The Festivals' approach to programming again underwent a major change in 2021 as the Covid-19 pandemic meant that indoor live performance was no longer possible, leading us to present most of the Festival in bespoke outdoor space. With the roll out of the mass vaccination programme we are optimistic that 2022 will see a return to our indoor venues and a more usual programme.

The Festival maintains its position by presenting the unique perspectives of the artists in our Programme. Curated by the Festival Director, our artistic programme promotes and celebrates international artistic contributions to our lives in the 21st century which, in turn, seek to foster understanding and respect between nations both abroad and here in the UK.

Across the programme, we achieve a balance of genders and aim to achieve gender parity in our classical music programme as we have in dance, theatre and contemporary music.

We will continue to champion and provide a platform for artists from Scotland and provide an important showcase for UK artists whilst extending invitations to international artists making major artistic, social and intellectual contributions in their own country and globally.

In 2022, through the Platforms for Creative Excellence (PlaCE) programme, a partnership between the Scottish Government – through Creative Scotland, the City of Edinburgh Council and the Edinburgh Festivals, we will revisit our ambitions to explore a range of urgent and important issues from the perspectives of artists from around the world.

People

The Festival, through its breadth of programming, is committed to offering a programme that is diverse and enables the widest range of people to discover the joys of live performance.

Our Board-led programme of Diversity and Inclusion work will enable us to achieve better representation of people with protected characteristics both on and off stage, within the Festival organisation itself. We are committed to the principles of Fair Work and will extend opportunities for people to participate in the work of the Festival.

The Festival continues to make its work relevant and available to the widest possible audience both in Edinburgh and throughout Scotland, the UK and the world. It is crucial that the International Festival is something which all people can feel part of and proud of and we will continue to make available free tickets and a range of concessions to reduce barriers to experiencing the Festival. We will also make our performances accessible through the provision of audio-described, BSL-interpreted, captioned and relaxed performances.

In 2022 we plan to develop opportunities outside of the old town in the city centre for people to experience the International Festival. We will continue our engagement across Edinburgh, working in every ward in the city and with every school over the next five years.

Organisation

2021 was another testing time for everyone involved in the Festival – from trustees to staff to freelancers and suppliers. Whilst these challenges are not yet over, we are planning positively for a return in 2022 whilst ensuring our staff are safe and supported as we deliver a festival. Alongside these immediate organisational priorities, we are continuing to focus on the development of the organisation and a renewal of some of its operating systems and policies to ensure that we can be a truly world-class company. This includes investing in our staff through organisational and bespoke training to enable them to reach their full potential and the introduction of a performance management and personal development programme.

We have developed an ambitious carbon reduction plan to reach net zero by 2030 or sooner, in line with City of Edinburgh Council's targets, which will require changes in the way we approach our work. Our biggest contributing factor is travel and we are actively committed to reducing carbon emissions in this area, reducing overall staff travel and working with artists and visiting companies to reduce theirs.

RISK MANAGEMENT

We are embedding sustainable practice throughout our organisation with staff consultation and engagement workshops. A strategic green team with representatives across departments is responsible for delivering our carbon reduction plan and developing policies including procurement and travel. We will explore rigorous carbon offsetting options to reduce our footprint in the short term, while we embark on long-term planning and have switched to a renewable energy supplier in our headquarters at The Hub.

The Board of Trustees reviews the major strategic, business and operational risks that the business faces on a regular basis. The risk analysis is structured against the strategic priorities set out in the business

plan, and considers likelihood of occurrence, impact and mitigating actions in order to identify key risks. The analysis is considered in detail by the Audit & Risk Committee before presentation to the Board of Trustees. Actions are monitored and updated over the course of the year. The Board of Trustees operates within the framework of the Risk Policy and Risk Appetite Statement, which is reviewed annually.

A detailed examination of the financial risks associated with delivering the annual programme, including detailed cashflow analysis, is considered by the Finance & Resources Committee and the Board of Trustees as part of the approval process for the annual budget.

PRINCIPAL RISKS AND UNCERTAINTIES

At the time of writing the International Festival continues to experience the effects of the global Covid pandemic. However, the success of the vaccine rollout has provided the confidence to plan for a full festival in 2022, with no social distancing in place. There may, however, be lingering hesitancy amongst audiences, which could put pressure on ticket income. The International Festival relies upon its ability to attract and present international artists and companies of the very highest quality to maintain its status and reputation and to produce a programme which will deliver the required revenue and support from benefactors to ensure its sustainability. The constantly changing landscape of Covid related travel restrictions may reduce the confidence of artists (particularly large ensembles) to commit to performing in the Festival, which creates risk within certain elements of the programme.

The bureaucratic and financial impacts of Brexit are also a concern. These were not fully felt in 2021 as the reduced nature of the programme meant there were no freight issues, and increased costs were yet to filter down through the supply chain. The potential risk associated with these has been factored into financial plans but will not be fully understood and quantified until later in the festival cycle.

The extreme pressure on public funding, exacerbated by the pandemic, represents a significant risk to the Festival's budget and in turn reduces its ability to take risk – both artistic and organisational – and to be entrepreneurial. We are in regular, shared dialogue with our core public funders with the aim of finding a long-term solution to core public support which recognises the importance of the Festival to Scotland's and the UK's cultural and trading landscape.

The Festival is based in a Grade A listed heritage building which requires significant maintenance. Additionally, as the International Festival has grown over the twenty years it has inhabited the building, the capacity of the workforce to develop and grow in response to business need is limited by the available space in the building, thus compromising the ability to respond to new agendas or to take advantage of potential future revenue streams. The lack of a current viable business model for the Festival's trading subsidiary, EFC, means that EIFS has had to absorb the full running and maintenance costs of the building. Work is currently underway to consider the medium to long-term accommodation needs of the Festival and a plan will be created in the coming year.

The Festival's trading subsidiary, EFC, which operates the Hub has been particularly affected by the Covid-19 pandemic. EFC currently generates very little income and is reliant upon its parent, the Edinburgh International Festival Society for continued financial support. While it remains in the charity's interest to support EFC and protect its assets, affordability continues to be a risk.

Three of the senior management team will be replaced in the coming months: Festival Director, Director of Development, and Director of Marketing. While refreshing the senior team in this way will undoubtedly bring fresh energy and ideas, there is also a risk relating to loss of institutional knowledge and experience. Careful stewardship of the organisation through these and other changes will be required if the benefits are to be maximised.





STRUCTURE, GOVERNANCE AND MANAGEMENT

The Edinburgh International Festival Society (EIFS) is a charitable company limited by guarantee of its members and is the legal entity responsible for the Edinburgh International Festival.

The Board of Trustees numbers no less than 9 and no more than 14 members, including 3 members nominated by the City of Edinburgh Council. All appointments, other than the Chair, are for three years, renewable for a further three years. Following changes to the Article of Association, approved at the AGM on 28 June 2021, Trustees may in exceptional circumstances nominate and re-appoint a Trustee to serve a third term of up to three years. The Chair is appointed for 4 years and may serve a maximum of 8 years.

The International Festival neither remunerates Trustees nor distributes profits.

Fergus Linehan, Festival Director and Chief Executive, is appointed by the Board of Trustees and is responsible for planning and executing the programme of each year's Festival and for overseeing the management of the financial and administrative affairs of the International Festival. He is assisted by the Executive Director and an executive team of four directors.

Senior management team remuneration is benchmarked at time of appointment against comparable roles in peer organisations in the UK. These benchmarks are reviewed against the same criteria as required (last review 2018). The International Festival does not operate a system of performance related pay or automatic increments above CPI inflation.

The Board of Trustees has adopted the Scottish Governance Code for the Third Sector and will measure and report on adherence to the code in future years.

The Board of Trustees conducts its affairs consistent with the principles of good corporate governance. Its key responsibilities are: appointing the Festival

Director; approving the International Festival's mission statement and objectives and all forward strategies, including producing, reviewing and updating the Business Plan; approving the annual budget; ensuring compliance with all relevant statutory requirements and the company's Memorandum and Articles of Association; preparing and approving the Report and Financial Statements; appointing the Auditors; acting as ambassador for the International Festival including soliciting support for the Festival, finding and encouraging others who could support the Festival's work, including Ministers, officials, potential donors and opinion formers; assisting with the fundraising strategy and targets, including Board members' support and help in seeking donations and promoting events.

The Board of Trustees also receives reports from the Board of EFC on the performance and financial position of the trading subsidiary. A second subsidiary, Edinburgh International Festival Limited, was dormant during this period.

The Board of Trustees has delegated responsibility for detailed scrutiny of Business Plans, annual budgets, other financial matters and personnel issues including remuneration to the Finance and Resources Committee which reports to the Board of Trustees on a regular basis.

The Board of Trustees has delegated responsibility for oversight of the preparation and recommendation of the Annual Report and Financial Statements to the Audit and Risk Committee. This Committee also assesses, generally at a high level of review, the integrity of the Society's financial recording and reporting systems and the effectiveness of its internal controls.

During 2021 there were seven formal meetings of the Board of Trustees plus a strategy meeting. The Finance and Resources Committee met three times and the Audit and Risk Committee met three times.

Board of Trustees

The members of the Board of Trustees are the Directors of the company. Throughout this report they are collectively referred to as the Board of Trustees. Those who served during the year are listed below.

The Board of Trustees is extremely grateful to all those who serve on the Board and its Committees for their important contribution to its work.

Chair

Professor Niall Lothian OBE (resigned 28 June 2021)
Keith Skeoch (appointed as Chair 28 June 2021)

Lara Akeju

Leonie Bell

Chris Condron

Marion Davis

Ann Henderson

Councillor Amy McNeese-Mechan

Councillor Joanna Mowat

(appointed 29 November 2021)

Roya Nasser

Spiro Phanos (appointed 28 June 2021)

Caroline Roxburgh

Yasmin Sulaiman

Councillor Iain Whyte (resigned 28 June 2021)

Councillor Donald Wilson (resigned 5 May 2022)

Fergus Linehan, and Francesca Hegyi OBE are directors of Edinburgh Festival Centre Limited and Edinburgh International Festival Limited.

Trustee recruitment, induction and training

Appointments to the Board of Trustees are based on the skills and experience required to support the current and future business needs of the International Festival and with the objective of ensuring a wide diversity of backgrounds and experience. The Board of Trustees seeks to achieve an appropriate mix of skills and experience on the Board.

The following Trustees will have completed their first term at the AGM in 2022 and are eligible for reappointment: Leonie Bell, Chris Condron, Marion Davis, Ann Henderson and Yasmin Sulaiman. Caroline Roxburgh will have completed her second term of service at the AGM in 2022 and has been proposed for re-appointment to serve a third and final term. Cllr Donald Wilson stood down at the Council elections on 5 May 2022. The City of Edinburgh will nominate a councillor to replace Donald Wilson in due course.

Recruitment is via advertisement on the Festival and other websites alongside other methods aimed at identifying candidates with the appropriate skills base. The Nominations Committee is responsible for reviewing and shortlisting applicants prior to interview by the Chair and Festival Director or Executive Director.

New Trustees receive an induction pack and detailed briefing on their role and responsibilities as Trustees as well as on the organisational structure, the key financial issues facing the Festival and the current Business Plan. They also meet key employees.

A half-day strategy meeting held each year is an occasion for Trustees to contribute to strategic discussions about the opportunities and challenges facing the Festival.

Subsidiary companies

The Hub, Edinburgh's Festival Centre, is operated by EFC, the Board of which includes the Festival Director and Executive Director. EFC currently generates little income and is reliant upon its parent, the Edinburgh International Festival Society for continued financial support.



STATEMENT OF TRUSTEES' RESPONSIBILITIES

Law applicable to incorporated charities in Scotland requires the directors to prepare an annual report and financial statements for each financial year in accordance with applicable law and regulations.

Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the group at the end of the year and of its financial activities, including its income and expenditure during the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity and the group will continue in operation.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the charity and financial information included on the charity's website.

At the time of approving this report, the directors are aware of no relevant audit information of which the charity's auditors are unaware and have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

The Society has charity trustees' indemnity insurance on behalf of the directors.

Auditors

The Board of Trustees recommends the appointment of Saffery Champness LLP as auditors.

By order of the Board of Trustees



Keith Skeoch
Chair
Edinburgh, 25 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE EDINBURGH INTERNATIONAL FESTIVAL SOCIETY

Opinion

We have audited the financial statements of the Edinburgh International Festival Society (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 October 2021 which comprise the Consolidated statement of financial activities & income and expenditure account, Statement of financial activities & income and expenditure account – Edinburgh International Festival Society, the Consolidated balance sheet at 31 October 2021, Balance sheet – Edinburgh International Festival Society at 31 October 2021, 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 October 2021 and of the group and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of 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.

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



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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 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 parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- proper and adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group 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 Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

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 sectors 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, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Office of the Scottish Charity Regulator.

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.

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, and to the parent charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the parent charitable company's members and trustees 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, the parent charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Kenneth McDowell (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Date: 25 May 2022

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

Consolidated statement of financial activities & income and expenditure account

	Notes			Year ended 31 October 2021			Year ended 31 October 2020
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£000s	£000s	£000s	£000s	£000s	£000s
Income & Endowments							
Donations	2	3,483	-	3,483	2,150	-	2,150
Investment property donated	2	950	-	950	-	-	-
Income from Charitable Activities							
• ticket sales		1,277	-	1,277	-	-	-
• grant income	3	5,099	-	5,099	5,190	-	5,190
Other Trading Activities							
• sponsorship	2	673	-	673	89	-	89
• trading subsidiary sales		26	-	26	808	-	808
• publications and other earned income		104	-	104	48	-	48
Income from investment property		7	-	7	-	-	-
Interest receivable		-	-	-	3	-	3
Total income		11,619	-	11,619	8,288	-	8,288
Expenditure							
Expenditure on raising funds							
• fundraising		(468)	-	(468)	(346)	-	(346)
• trading subsidiary costs		(360)	-	(360)	(1,547)	-	(1,547)
• support costs	8	(475)	(15)	(490)	(281)	(15)	(296)
Expenditure on Charitable activities							
• productions and performances		(7,203)	-	(7,203)	(2,582)	-	(2,582)
• marketing and communications		(1,230)	-	(1,230)	(671)	-	(671)
• support costs	8	(1,426)	(46)	(1,472)	(844)	(46)	(890)
Total expenditure		(11,162)	(61)	(11,223)	(6,271)	(61)	(6,332)
Net income / (expenditure) before tax	9	457	(61)	396	2,017	(61)	1,956
Tax Credit		414	-	414	503	-	503
Net income / (expenditure) after tax		871	(61)	810	2,520	(61)	2,459
Defined benefit scheme actuarial gains / (losses)	7	22	-	22	(416)	-	(416)
Net movement in funds	18	893	(61)	832	2,104	(61)	2,043
Funds brought forward at 1 November 2020	18	2,412	4,771	7,183	308	4,832	5,140
Funds carried forward at 31 October 2021	18	3,305	4,710	8,015	2,412	4,771	7,183

All the results of the group relate to continuing operations.

There is no difference between the net movement in funds for the year stated above and its historical cost equivalent.

Statement of financial activities & income and expenditure account – Edinburgh International Festival Society

	Notes			Year ended 31 October 2021			Year ended 31 October 2020
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£000s	£000s	£000s	£000s	£000s	£000s
Income and Endowments							
Donations	2	3,483	-	3,483	2,150	-	2,150
Investment property donated	2	950	-	950	-	-	-
Income from Charitable activities			-				
• ticket sales		1,277	-	1,277	-	-	-
• grant income	3	5,099	-	5,099	5,190	-	5,190
Other trading activities							
• sponsorship	2	673	-	673	89	-	89
• publications and other earned income		104	-	104	48	-	48
Income from investments		7	-	7	-	-	-
Interest receivable		-	-	-	3	-	3
Total income		11,593	-	11,593	7,480	-	7,480
Expenditure							
Expenditure on raising funds							
• fundraising		(468)	-	(468)	(357)	-	(357)
• support costs	8	(523)	-	(523)	(316)	-	(316)
Expenditure on Charitable activities							
• productions and performances		(7,203)	-	(7,203)	(2,637)	-	(2,637)
• marketing and communications		(1,230)	-	(1,230)	(908)	-	(908)
• support costs	8	(1,568)	-	(1,568)	(949)	-	(949)
Total expenditure		(10,992)	-	(10,992)	(5,167)	-	(5,167)
Net income before tax		601	-	601	2,313	-	2,313
Tax Credit		414	-	414	503	-	503
Net income after tax		1,015	-	1,015	2,816	-	2,816
Defined benefit scheme actuarial gains / (losses)	7	22	-	22	(416)	-	(416)
Net movement in funds	18	1,037	-	1,037	2,400	-	2,400
Funds brought forward at 1 November 2020	18	2,774	-	2,774	374	-	374
Funds carried forward at 31 October 2021	18	3,811	-	3,811	2,774	-	2,774

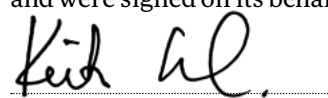
All the results of the charity relate to continuing operations.

There is no difference between the net movement in funds for the year stated above and its historical cost equivalent.

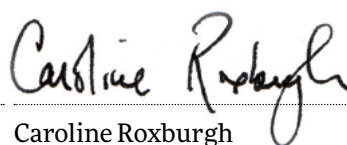
Consolidated balance sheet at 31 October 2021

	Notes	2021	2021	2020	2020
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible Assets	10	5,631		5,743	
Intangibles	10	48		37	
Investments	10	950		-	
			6,629		5,780
Current assets					
Stock	11	-		4	
Debtors	12	2,264		1,368	
Cash at bank and in hand		1,955		2,120	
		4,219		3,492	
Creditors: amounts falling due within one year	14	(1,409)		(849)	
Net current assets			2,810		2,643
Total assets less current liabilities			9,439		8,423
Creditors: amounts falling due after one year	15		(1,424)		(1)
Net assets excluding pension			8,015		8,422
Pension liability	7		-		(1,239)
Net assets including pension			8,015		7,183
Unrestricted funds					
General fund	18	2,856		2,436	
Designated pension reserve fund	18	-		(1,239)	
Designated systems development fund	18	75		75	
Designated Covid resilience fund	18	374		1,140	
			3,305		2,412
Restricted funds					
Capital Grants fund	17 & 18		4,710		4,771
			8,015		7,183

The financial statements on pages 34 to 59 were approved by the Board of Trustees on 25 May 2022 and were signed on its behalf by:



Keith Skeoch
Chair of the Board of Trustees



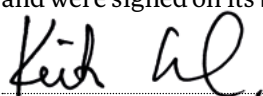
Caroline Roxburgh
Chair of the Audit & Risk Committee

Company Registration Number SC024766

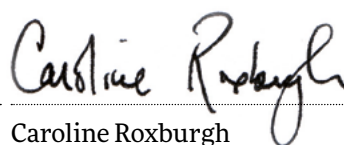
Balance sheet – Edinburgh International Festival Society at 31 October 2021

	Notes	2021	2021	2020	2020
			£000s	£000s	£000s
Fixed assets					
Tangible assets	10	69		4	
Intangible assets	10	48		37	
Investment Property	10	950		-	
			1,067		41
Current assets					
Debtors	12 & 13	3,621		2,601	
Cash at bank and in hand		1,935		2,027	
		5,556		4,628	
Creditors: amounts falling due within one year	14	(1,388)		(656)	
Net current assets			4,168		3,972
Total assets less current liabilities			5,235		4,013
Creditors: amounts falling due after one year	15		(1,424)		-
Net assets excluding pensions			3,811		4,013
Pension liability	7		-		(1,239)
Net assets including pension			3,811		2,774
Unrestricted funds					
General fund	18	3,362		2,798	
Designated pension reserve fund	18	-		(1,239)	
Designated systems development fund	18	75		75	
Designated Covid resilience fund	18	374		1,140	
			3,811		2,774

The financial statements on pages 34 to 59 were approved by the Board of Trustees on 25 May 2022 and were signed on its behalf by:



Keith Skeoch
Chair of the Board of Trustees



Caroline Roxburgh
Chair of the Audit & Risk Committee

Statement of Cash Flows

		Group	Company	Group	Company
Year ended 31 October		2021	2021	2020	2020
	Notes	£000s	£000s	£000s	£000s
Cash flows from operating activities:					
Net cash (absorbed by)/provided by operating activities	21	(502)	(429)	985	991
Cash flows from investing activities					
Dividends, interest and returns on investment		7	7	3	3
Purchase of property, plant and equipment		(130)	(130)	(17)	-
Investment disposals		-	-	20	20
Net cash provided by investing activities		(123)	(123)	6	23
Cash flows from financing activities					
CBIL	22	500	500	-	-
Repayment of LPF loan	7	(40)	(40)	-	-
Net cash from financing activities		460	460	-	-
Change in cash and cash equivalents in the reporting period		(165)	(92)	991	1,014
Cash and cash equivalents at the beginning of the reporting period		2,120	2,027	1,129	1,013
Cash and cash equivalents at the end of the reporting period		1,955	1,935	2,120	2,027



Notes to the Financial Statements

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in sterling, the functional currency of the charity, rounded to the nearest thousand.

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards.

The charity is a Public Benefit Entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 4.

The financial statements are compliant with the charity's constitution, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" (revised 2019), and in accordance with Financial Reporting Standard 102 (FRS 102).

A summary of the more important accounting policies, which have been applied consistently, is set out below:

Going concern

Although the impact of the global pandemic is still being felt at the time of writing, EIF has carefully managed its financial resources and maintained a robust financial position.

As disclosed in the Trustees Annual report, the future operations of the charitable company and group are dependent on the continued financial support of core funding bodies and sufficient returns from charitable operations to meet obligations as they fall due.

Against this background, the trustees have prepared and approved up to date management accounts which reflect successful public and private grant applications along with robust cost control. The Board of Trustees have also prepared and approved budgets and cashflow projections and considered available cash reserves. These include key income and cost assumptions including ongoing support from funding bodies.

Having considered the above matters, the Trustees are of the view that, at the date of the approval of the financial statements, the company and group will have sufficient resources to continue to operate for the foreseeable future and meet debts as they fall due. The financial statements have therefore been prepared on a going concern basis.

Basis of consolidation

The consolidated statement of financial activities and consolidated balance sheet include the financial statements of EIF and its wholly owned subsidiary companies Edinburgh Festival Centre Limited and Edinburgh International Festival Limited made up to 31 October 2021.

Income recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred. All grants, other than those in respect of the developing of Edinburgh's Festival Centre, The Hub (see funds note below), relate to revenue and are credited on an accruals basis once the conditions for their recognition have been complied with.

For legacies, entitlement is taken as the earlier of the date on which either the charity is aware that confirmation or probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Sponsorship and donations are recognised when receivable. Such revenue is deferred only when EIF have to fulfil conditions before entitlement, or where timing of expenditure is specified by the donor. Ticket sales are recognised in the period in which the performances have been delivered. Revenue received through the trading activities of EFC is recognised in the period in which it is generated.

Investment income

Income from investments is credited to the statement of financial activities in the year in which it is receivable.

Income from interest

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

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. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise costs of fundraising and their associated support costs.
- Expenditure on charitable activities consists of productions and performances, including venue and technical costs, costs of marketing and communications and their associated support costs.

Redundancy and termination payments are recognised in the year to which they relate.

It is a strategic objective that the Edinburgh International Festival remains competitive through securing early commitment to new and high-quality work. Commissioning and co-producing both small and large-scale multi-partner events often require

a financial commitment before the year in which the presentation takes place, both to secure the project from competition, and to create exclusivity clauses around its performance. These are sunk costs and hence are accrued as incurred contractually.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance, HR, payroll, IT and governance costs which support the charitable activities of the charity.

Governance costs consist of management and administration costs. These costs comprise the allocated cost of Company Secretary, cost of audit, and cost of statutory legal expenses.

These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 8.

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure.

All expenditure is accounted for on an accruals basis and is allocated directly to expense headings.

Pensions

Certain employees were members of the Lothian Pension Fund, a defined benefit pension scheme. The Group ceased participation in the Lothian Pension Fund on 30 June 2021 as detailed in note 7. In accordance with FRS102, the operating and financing costs of pensions are charged to the statement of financial activities in the period in which they arise and are recognised separately. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the statement of total recognised gains and losses, which forms part of the statement of financial activities. Pension costs are assessed in accordance with the advice of a qualified actuary.

For employees who are not members of the Lothian Pension Fund, the Society offers to make a contribution either to their own or to one of the Society's workplace money purchase pension schemes. The contributions are treated as expenditure in the financial year in which they fall due.

Where the fair value of employer assets is greater than the present value of the funded liabilities, FRS102 imposes a limit on the maximum amount of surplus which can be recognised on the employer's balance sheet. The surplus can only be recognised to the extent that it is no greater than the present value of the liability expected to arise from future service by current and future scheme members less the value of future employee contributions.

Taxation & deferred taxation

The charity is eligible to claim Orchestra Tax Credit and Theatre Tax Credit as Corporate Tax relief on qualifying productions in the annual Festival programme. In the absence of a Corporation Tax liability, the credit is received in the form of a cash payment from HM Revenue & Customs. Income is recognised in the year in which the production took place. This may precede receipt of a refund from HMRC.

The charity's trading subsidiaries are subject to taxation. Any distributable profits of the trading subsidiaries are paid by way of Gift Aid to the parent charity. Deferred taxation is provided at current rates of corporation tax on all timing differences, which have originated, but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. The charity has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by Financial Reporting Standard 102 (FRS102).

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the exchange rate in operation on the date the transaction occurred. Where a forward exchange contract is used the transactions are translated into sterling at the exchange rate specified in the related forward contract.

Monetary assets and liabilities denominated in foreign currencies are converted to sterling at rates of exchange ruling at the balance sheet date or rates of exchange fixed under forward contracts.

Gifts in-kind and donated services & facilities

When the Festival receives goods or services in-kind, a valuation based on replacement cost is used for accounting purposes. This valuation appears in sponsorship & development income and an equal amount is allocated to the relevant expenditure line (see also note 2).

Funds

Unrestricted funds are available to spend on activities that further any of the purposes of the charity.

Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are those funds which are subject to restrictions on their expenditure imposed by the funder.

Where funds are provided for a specific production in that year any restriction is treated as discharged and the income and expenditure are shown in the unrestricted column. Where it is not possible to spend restricted funding in full in year of receipt, the income and expenditure is shown in the restricted column.

Fixed assets and depreciation

Fixed assets, other than investment properties, are included in the balance sheet at cost. Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Land & buildings	100 years
Furniture & fittings	5–20 years
Computer equipment	3–5 years

Directly attributable finance costs are included in the costs of land & buildings. It is the charity's policy to treat as fixed assets only items with a net cost of £2,000 or greater.

The charity is responsible for keeping all buildings, fixtures and fittings in fit and useful condition. The costs for doing so are written off as and when incurred.

Investment property

Investment property is carried at fair value determined annually from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. A formal evaluation by an external valuer took place in the current year and will be performed periodically. No depreciation is provided. Changes in fair value are recognised in profit or loss.

Intangible fixed assets

Software and website development expenditure is capitalised by the charity as an intangible asset when it is possible to demonstrate the technical feasibility; intention to complete the development and its ability to use the asset; how the intangible asset will generate probable future economic benefits; the availability of adequate resources to complete the development and to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost less estimated residual value on each asset, by equal annual instalments, over their expected useful lives which are considered to be:

Website and Software 3–5 years

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred. The cost of internally generated brands, logos, publishing titles, customer lists and similar items is expensed as incurred.

Stock

Stock is stated at the lower of direct cost or net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Leases and hire purchase contracts

Rentals paid under operating leases are charged to the income and expenditure account evenly over the period of the lease.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historic experience and other factors that are considered to be relevant.

Actual results may differ from these estimates.

In preparing these financial statements, the Trustees have made the following judgements:

- Determine whether leases entered into by the group as a lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives are reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

The following are the group's key sources of estimation uncertainty:

- The value of the deficit in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates. On 30 June 2021 EIFS exited the defined benefit pension scheme and the liability for the pension fund deficit was crystallised at that date.



Gemma Summerfield, Elizabeth Livelyn, Louise Winter and Stoned Gwen Davies in Falstaff. Scottish Opera 2021 © Julie Howden



2. Income from donations and legacies, sponsorship and other income

Donations, sponsorship and other income are included in the period to which they relate. Major components of in-kind sponsorship include provision of goods and services such as web hosting and catering facilities.

Group and Company	2021	2020
	£000s	£000s
Donations and legacies received	3,483	2,150
Investment property donated	950	-
Sponsorship	673	89
Total	5,106	2,239

During the year unconditional donations were received from trustees of £38,000 (2020: £38,000).

3. Income from charitable activities – government grants

Group and Company	2021	2020
	£000s	£000s
City of Edinburgh Council	1,926	2,026
Creative Scotland	2,317	2,318
Scottish Government's Festivals Expo Fund	95	100
Platforms for Creative Excellence (PlaCE) funding	400	400
EventScotland – Gateway funding	300	50
DCMS Digital Expo Funding	44	-
British Council (PlaCE partner funding)	-	63
University of Edinburgh (PlaCE partner funding)	-	25
HMRC CJRS grant	17	208
Total	5,099	5,190

HMRC CJRS furlough grant of £16,775 received in 2021 (2020: £207,616) has been treated as unrestricted.

4. Investment in subsidiaries

EIF has two wholly owned subsidiaries, Edinburgh International Festival Limited (company registration number SC138633), now dormant, and Edinburgh Festival Centre Limited (EFC – company registration number SC171133), both of which share their registered office with the Society (Note 10(b)).

EFC purchased, developed and operates The Hub, Edinburgh's Festival Centre.

Its sales, loss and net liabilities for the year ending 31 October, which in 2020 included a HMRC CJRS furlough grant of £264,428 of unrestricted income, are as follows:

	2021			2020		
	Sales	Loss	Net liabilities	Sales	Loss	Net Liabilities
	£000s	£000s	£000s	£000s	£000s	£000s
Edinburgh Festival Centre Limited	216	(144)	(506)	1,250	(295)	(362)

5. Consolidation

The consolidation of EFC into EIF involves the removal of all inter-company trading balances and transactions. This consolidation adjustment reduces EFC's income and EIF's expenditure, meaning that it is not possible to make a comparison on a like-for-like basis between the subsidiary's income and expenditure in the consolidated financial statements.



6. Staff numbers and costs

The average number of employees, including seasonal staff and maternity cover, of the group during the period was:

	Group 2021	Group 2020
Edinburgh International Festival Society		
Productions	29	23
Marketing and communications	18	10
Administration	10	9
Fundraising	9	7
Finance	5	5
	71	54
Edinburgh Festival Centre Limited		
Administration	-	1
Operations	-	55
	-	56
Total	71	110

As employee numbers are calculated on average headcount, they are therefore liable to fluctuate throughout the year. Total employee numbers for the year were 181 (181: International Festival, nil: Edinburgh Festival Centre). (2020: 222 (128: International Festival, 94: Edinburgh Festival Centre))

The aggregate remuneration and associated costs of the group's employees were:

	Group 2021	Group 2020
	£000s	£000s
Wages and salaries	2,762	2,683
Social security costs	279	260
Pension costs (note 7)	216	268
Total	3,257	3,211
Key management remuneration	702	648

The Group paid a total of £15,000 in 2021 in respect of termination payments (2020: £42,313).

No remuneration or reimbursement of expenditure was paid to any member of the Board of Trustees, who are the directors of the company (2020: nil).

The Society has Charity Trustees' indemnity insurance on behalf of its directors.

Six employees (2020: five) received remuneration over £60,000 per annum: one into the band £60,000-£70,000 (2020: nil), three into the band £70,000-£80,000 (2020: three); one into the band £100,000 - £110,000 (2020: one) and one into the band £150,000-£160,000 (2020: one). The number of employees in these bands to whom retirement benefits are accrued under money purchase schemes is six (2020: five). The company made payments on their behalf to secure money purchase benefits of £90,200 (2020: £52,814).

7. Pension obligations

The group contributes on behalf of staff to either their own personal money purchase schemes, or to one of the Society's workplace money purchase pension schemes, or to the Lothian Pension Fund of the City of Edinburgh Council, which is a defined benefit scheme, providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of the company. Entry to the Lothian Pension Fund for employees of the Society and its subsidiaries was closed to new members on 31 October 2001.

The group ceased participation in the Lothian Pension Fund on 30 June 2021. This crystallised the liability at £1,167,000. A new loan of £1,167,000 was obtained from Lothian Pension Fund on 30 June 2021. The loan is interest free and repayable over 10 years. See notes 14 and 15.

The total costs to the group of contributions to the above schemes during the year were £216,466 (2020: £268,246). There were no accrued costs at the end of the period (2020: £44,540).

The provision under Financial Reporting Standard 102 reflects the shortfall of the fair value of scheme assets compared to scheme liabilities based on specific assumptions at a point in time which differ from those adopted by the trustees on an ongoing basis. Accordingly, the reported FRS102 pension provision does not represent a cash liability, but interaction of company contributions and the capital and income growth from the scheme assets compared with the obligation to settle scheme liabilities as they arise in the future.

The valuation used for FRS102 disclosures has been based on the most recent valuation at 31 October 2017 and updated in October 2020 by Hymans Robertson LLP as actuaries to the Lothian Pension Fund. The valuation takes account of the requirements of FRS102 in order to assess the liabilities of the scheme at 30 June 2021. The latest triennial valuation of the Fund took place in October 2020.

The amounts recognised in the balance sheet and statement of financial activities in relation to the defined benefit scheme are as follows:

Period ended 31 October 2021	Assets	Obligations	Net (liability)/asset
	£000	£000	£000
Fair value of plan assets	3,247	-	3,247
Present value of funded liabilities	-	4,486	(4,486)
Opening position as at 31 October 2020	3,247	4,486	(1,239)
Current service cost	-	56	(56)
Past service cost	-	-	-
Total service cost	-	56	(56)
Interest income on plan assets	35	-	35
Interest cost on defined benefit obligation	-	47	(47)
Total net interest	35	47	(12)
Total defined benefit cost recognised in Profit or (Loss)	35	103	(68)
Plan participants contribution	9	9	-
Employer contributions	118	-	118
Benefits paid	(59)	(59)	-
Total cashflows	3,350	4,539	(1,189)
Changes in financial assumptions	-	275	(275)
Change in demographic assumptions	-	(199)	199
Other experience	36	(79)	115
Return on assets excluding amounts in net interest	(17)	-	(17)
Total remeasurements	19	(3)	22
Fair value of plan assets	3,369	-	3,369
Present value of funded liabilities	-	4,536	(4,536)
Closing position as at 30 June 2021	3,369	4,536	(1,167)
Loan Transfer	(3,369)	(4,536)	1,167
Closing position as at 31 October 2021	-	-	-

Period ended 31 October 2020	Assets	Obligations	Net (liability) / asset
	£000	£000	£000
Fair value of plan assets	3,141		3,141
present value of funded liabilities		4,015	(4,015)
Opening position as at 31 October 2019	3,141	4,015	(874)
Current service cost	-	69	(69)
Past service cost	-	-	-
Total service cost	-	69	(69)
Interest income on plan assets	64	-	64
Interest cost on defined benefit obligation	-	80	(80)
Total net interest	64	80	(16)
Total defined benefit cost recognised in Profit or (Loss)	64	149	(85)
Plan participants contribution	13	13	-
Employer contributions	136	-	136
Benefits paid	(80)	(80)	-
Total cashflows	3,274	4,097	(823)
Changes in financial assumptions	-	399	(399)
Other experience	-	(10)	10
Return on assets excluding amounts in net interest	(27)	-	(27)
Total remeasurements	(27)	389	(416)
Fair value of plan assets	3,247		3,247
Present value of funded liabilities		4,486	(4,486)
Closing position as at 31 October 2020	3,247	4,486	(1,239)

The current service cost figures include an allowance for administrative expenses of 0.3% of payroll (2020: 0.3%). Actuarial calculations regarding future pension increases, are linked to the Consumer Prices Index (CPI).

The principal actuarial assumptions used at the balance sheet date are as follows:

	2021	2020
	% per annum	% per annum
Future pension increases	2.80%	2.30%
Future salary increases	3.30%	4.00%
Discount rate	1.85%	1.60%

Consistent with prior year, the discount rate is based on the annualised yield on an AA-rated sterling corporate bond index.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	20.5 years	23.3 years
Future pensioners	21.9 years	25.2 years

The major categories of plan assets as a percentage of total plan assets are as follows:

	At 30 June 2021	At 31 October 2020
	%	%
Equities	0%	37%
Bonds	96%	55%
Property	0%	4%
Cash	4%	4%

8. Support and governance costs

Support costs have been split in the ratio 25:75 between costs of raising funds and charitable expenditure. This split is based on headcount. Total support costs are disclosed below and comprise administration, depreciation, governance costs and FRS 102 pension adjustments.

Group	Administration	Governance costs	Pension fund	Total
	£000s	£000s	£000s	£000s
Year ended 31 October 2021				
Unrestricted Funds				
Costs of raising funds	465	22	(12)	475
Charitable expenditure	1,399	65	(38)	1,426
Restricted funds				
Costs of raising funds	15	-	-	15
Charitable expenditure	46	-	-	46
Total	1,925	87	(50)	1,962
Year ended 31 October 2020				
Unrestricted Funds				
Costs of raising funds	277	17	(13)	281
Charitable expenditure	830	52	(38)	844
Restricted funds				
Costs of raising funds	15	-	-	15
Charitable expenditure	46	-	-	46
Total	1,168	69	(51)	1,186

Company	Administration	Governance costs	Pension fund	Total
	£000s	£000s	£000s	£000s
Year ended 31 October 2021				
Unrestricted Funds				
Costs of raising funds	513	22	(12)	523
Charitable expenditure	1,541	65	(38)	1,568
Restricted funds				
Costs of raising funds	-	-	-	-
Charitable expenditure	-	-	-	-
Total	2,054	87	(50)	2,091
Year ended 31 October 2020				
Unrestricted Funds				
Costs of raising funds	312	17	(13)	316
Charitable expenditure	935	52	(38)	949
Restricted funds				
Costs of raising funds	-	-	-	-
Charitable expenditure	-	-	-	-
Total	1,247	69	(51)	1,265

9. Net income/(expenditure)

	Group 2021	Group 2020
	£000s	£000s
The net income/(expenditure) for the period are stated after charging/(crediting):		
Auditor remuneration in respect of the audit	20	21
Auditor remuneration in respect of non-audit fees	10	7
Depreciation and amortisation on owned assets	143	148
Operating leases on land and buildings	128	128
Release of capital grants	(61)	(61)
Foreign exchange (losses)/gains	(15)	21

10. Fixed assets

a) Tangible & intangible assets

Group	Land & building	Furniture & fittings	Computer equipment	Intangible assets (website)	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
As at 1 November 2020	6,917	1,500	240	94	8,751
Additions during the period	-	70	-	60	130
Disposals during the period	-	-	(16)	(94)	(110)
As at 31 October 2021	6,917	1,570	224	60	8,771
Depreciation					
As at 1 November 2020	(1,468)	(1,215)	(231)	(57)	(2,971)
Depreciation and amortisation for period	(70)	(36)	(7)	(30)	(143)
Impairment on assets during period	-	(69)	-	-	(69)
Loss on disposals during period	-	-	-	(19)	(19)
Eliminated on disposal	-	-	16	94	110
As at 31 October 2021	(1,538)	(1,320)	(222)	(12)	(3,092)
Net book value					
As at 31 October 2021	5,379	250	2	48	5,679
As at 31 October 2020	5,449	285	9	37	5,780

Included within land & buildings is £20,691 (2020: £20,691) of finance costs.

Company	Furniture & fittings	Computer equipment	Intangible assets (website)	Total
	£000s	£000s	£000s	£000s
Cost				
As at 1 November 2020	788	129	94	1,011
Additions during the period	70	-	60	130
Disposals during the period	-	-	(94)	(94)
As at 31 October 2021	858	129	60	1,047
Depreciation				
As at 1 November 2020	(788)	(125)	(57)	(970)
Depreciation and amortisation for period	(3)	(2)	(30)	(35)
Loss on disposals during the period	-	-	(19)	(19)
Depreciation eliminated on disposal	-	-	94	94
As at 31 October 2021	(791)	(127)	(12)	(930)
Net book value				
As at 31 October 2021	67	2	48	117
As at 31 October 2020	-	4	37	41

b) Investments

Company	Shares in group undertakings	Listed Investments	Total
	£s	£s	£s
Cost & net book value			
As at 31 October 2021	4	-	4
As at 31 October 2020	4	-	4

The shares in subsidiary undertakings are in respect of Edinburgh Festival Limited and Edinburgh International Festival Limited (Note 4). Both subsidiaries are held directly.

c) Investment Property

	Group and Company 2021	Group and Company 2020
	£000s	£000s
Addition during period	950	-
As at 31 October 2021	950	-

The investment property, which is freehold, was received as a donation during the financial year and has been recognised as both donation income and as an investment property asset at a valuation on the date of receipt. The valuation was undertaken by Graham & Sibbald, a RICS qualified valuer with recent experience in the location and class of the investment property being valued. There are no restrictions on the realisability of investment property.

The Trustees' have reviewed the carrying amount at the year end date and believe that the valuation is still appropriate.

11. Stock

	Group 2021	Group 2020
	£000s	£000s
Goods for retail sale	-	4
Total	-	4

12. Debtors

	Group	Company	Group	Company
	2021	2021	2020	2020
	£000s	£000s	£000s	£000s
Trade debtors	26	15	4	2
Trading balance owed by subsidiaries	-	1,370	-	1,280
VAT recoverable	576	576	93	84
Other taxes	783	783	145	145
Other debtors	3	3	-	-
Prepayments	94	92	82	75
Accrued income	782	782	1,044	1,015
Total	2,264	3,621	1,368	2,601

13. Transactions with subsidiary companies

EIFS purchases goods and services from and provides services to EFC, a subsidiary company. The value of transactions exclusive of Value Added Tax for the period resulted in net income to Edinburgh Festival Centre Limited of £190,000 (2020: £443,000).

No trading took place with Edinburgh International Festival Limited, a dormant company. Both subsidiaries are 100% owned by EIFS.

14. Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2021	2021	2020	2020
	£000s	£000s	£000s	£000s
Trade creditors	401	387	241	154
Other creditors	47	47	51	44
CBIL	83	83	-	-
Long term loan from LPF (Note 7)	120	120	-	-
Other taxes and social security costs	100	97	67	57
Accruals	342	338	116	100
Deferred income (Note 16)	316	316	374	301
Total	1,409	1,388	849	656



15. Creditors: amounts falling due after one year

	Group	Company	Group	Company
	2021	2021	2020	2020
	£000s	£000s	£000s	£000s
CBIL	417	417	-	-
Long term loan from LPF (Note 7)	1,007	1,007	-	-
Deferred income (Note 16)	-	-	1	-
Total	1,424	1,424	1	-

On 10th December 2020, EIFS obtained a new six-year loan with Royal Bank of Scotland under the Government backed Coronavirus Business Interruption Loan Scheme (CBIL Scheme), with interest chargeable at 1.88% above the bank's base rate (0% for first 12 months). The loan is secured with a floating charge against all property and assets of the group.

Upon cessation of the Lothian Pension Fund on 30 June 2021 (Note 7), EIFS entered into agreement under which the exit payment is payable over an agreed term of 10 years. There is no interest charged on the loan. The loan is secured with a charge against the investment property held by EIFS.

16. Deferred income

	Group	Company	Group	Company
	2021	2021	2020	2020
	£000s	£000s	£000s	£000s
Total received at start of year	375	301	711	532
Released in year	(375)	(301)	(711)	(532)
Deferred in year	316	316	375	301
Total	316	316	375	301

17. Capital grants fund

	Group 2021	Group 2020
	£000s	£000s
Total received	6,276	6,276
Released in previous periods	(1,505)	(1,444)
Released in period	(61)	(61)
Total	4,710	4,771

The capital grants fund of £4,710,000 (2020: £4,771,000) represents grants received by the trading subsidiary in respect of the development of The Hub, less amounts released to date.

The Scottish Arts Council Lottery grant of £3,700,000 included within this fund may be repayable to Creative Scotland in certain circumstances and is secured by a standard security over the assets of EFC.

18. Funds

	Balance at 1 November 2020	Income & gains/ (losses)	Expenditure and transfers	Balance at 31 October 2021
	£000s	£000s	£000s	£000s
Group				
Unrestricted funds				
General fund	2,436	12,033	(11,613)	2,856
Designated pension reserve fund*	(1,239)	22	1,217	-
Designated systems development fund	75	-	-	75
Designated Covid resilience fund	1,140	-	(766)	374
Restricted funds				
Capital grants fund (Note 17)	4,771	-	(61)	4,710
Total	7,183	12,055	(11,223)	8,015
Company				
Unrestricted funds				
General fund	2,798	12,007	(11,443)	3,362
Designated pension reserve fund*	(1,239)	22	1,217	-
Designated systems development fund	75	-	-	75
Designated Covid resilience fund	1,140	-	(766)	374
Total	2,774	12,029	(10,992)	3,811

* Disclosures of movements in the designated pension reserve fund are to 30 June 2021, being the date of exit from the LPF pension scheme

	Balance at 1 November 2019	Income & gains/ (losses)	Expenditure and transfers	Balance at 31 October 2020
	£000s	£000s	£000s	£000s
Group				
Unrestricted funds				
General fund	1,078	8,791	(7,433)	2,436
Designated pension reserve fund	(874)	(416)	51	(1,239)
Designated systems development fund	104	-	(29)	75
Designated Covid resilience fund	-	-	1,140	1,140
Restricted funds				
Capital grants fund (Note 17)	4,832	-	(61)	4,771
Total	5,140	8,375	(6,332)	7,183
Company				
Unrestricted funds				
General fund	1,144	7,984	(6,330)	2,798
Designated pension reserve fund	(874)	(416)	51	(1,239)
Designated systems development fund	104	-	(29)	75
Designated Covid resilience fund	-	-	1,140	1,140
Total	374	7,568	(5,168)	2,774

Two designated reserves have been continued: one for essential systems improvements, and one for Covid resilience, which includes additional costs for future festivals as well as group restructure costs, and investment in Diversity and Inclusion.

A restricted fund is included within reserves. The capital grants fund represents grants received by the trading subsidiary in respect of the development of Edinburgh's Festival Centre, The Hub.

19. Analysis of group net assets between funds

Group	Unrestricted Funds	Restricted Funds	Total Funds
	£000s	£000s	£000s
Fund balances at 31 October 2021 are represented by:			
Tangible and intangible fixed assets	969	4,710	5,679
Investment Property	950	-	950
Net current assets	2,810	-	2,810
Long term liabilities	(1,424)	-	(1,424)
Total	3,305	4,710	8,015
Fund balances at 31 October 2020 are represented by:			
Tangible and intangible fixed assets	1,009	4,771	5,780
Net current assets	2,643	-	2,643
Long term liabilities	(1)	-	(1)
Pension liability	(1,239)	-	(1,239)
Total	2,412	4,771	7,183

20. Operating leases

At 31 October 2021, there were total commitments under non-cancellable operating leases as follows:

	Group	Company	Group	Company
	2021	2021	2020	2020
	£000s	£000s	£000s	£000s
Total operating lease payments due:				
Within one year	126	126	126	126
Within two to five years	38	38	164	164
After five years	-	-	-	-
Total operating lease payments due:	164	164	290	290
Total payments made in year	128	128	128	128

All operating leases are for storage premises used by EIFS and its subsidiaries and for a franking machine rental.

21. Reconciliation of net expenditure to net cash flow from operating activities

	Group	Company	Group	Company
	2021	2021	2020	2020
	£000s	£000s	£000s	£000s
Net income for the year as per the statement of financial activities	810	1,015	2,459	2,816
Adjustments for:				
Depreciation, impairment, and amortisation charges	212	35	157	29
Loss on disposal of fixed assets	19	19	10	-
Stock write-down	-	-	12	-
Dividends, interest and rents from investments	(7)	(7)	(3)	(3)
FRS102 pension charge for the defined benefit scheme	68	68	85	85
Pension contributions to the defined benefit scheme	(118)	(118)	(136)	(136)
Donation of investment property	(950)	(950)	-	-
Decrease in stocks	4	-	-	-
(Increase)/decrease in debtors	(896)	(1,020)	211	(235)
Increase/(decrease) in creditors	356	529	(1,810)	(1,565)
Cash flows from operating activities	(502)	(429)	985	991

22. Analysis of changes in net debt

Group	At 1 Nov 2020	Cash flows	Other non-cash changes	At 31 Oct 2021
	£000s	£000s	£000s	£000s
Cash and cash equivalents	2,120	(165)	-	1,955
Total	2,120	(165)	-	1,955
Borrowings				
Debt due within one year	-	(83)	(120)	(203)
Debt due after one year	-	(417)	(1,007)	(1,424)
Total	-	(500)	(1,127)	(1,627)
Net cash/(net debt)	2,120	(665)	(1,127)	328

23. Financial instruments

	Group	Company	Group	Company
	2021	2021	2020	2020
	£000s	£000s	£000s	£000s
Carrying amount of financial assets				
Debt instruments measured at amortised cost	29	1,388	4	1,282
Measured at fair value through profit or loss	-	-	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	2,417	2,399	409	298
Measured at fair value	-	-	1,239	1,239

Amounts measured at amortised cost include new loans obtained in the year ended 31 October 2021 (Note 15)

24. Members' guarantee

EIFS is a company limited by guarantee of its Members and does not have a share capital. Each Member has undertaken to contribute an amount not exceeding one pound towards any deficit arising in the event of the company being wound up.

Membership as at 31 October 2021 totalled 81 (2020: 82).

25. Related party transactions

During the year ended 31 October 2021 there were no related party transactions that would require disclosure.

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