



**EDINBURGH
INTERNATIONAL
FESTIVAL**



**Report and Financial
Statements for the year
ended 31 October 2014**



Contents

5	Reference and administrative details
7	Objectives and activities
8	Festival 2014 facts and figures
11	Strategic report <ul style="list-style-type: none">– Achievements and performance– Financial review– Plans for future periods– Principal risks and uncertainties
23	Structure, governance and management
27	Statement of trustees' responsibilities
28	Independent auditors' report to the trustees and members of Edinburgh International Festival Society
30	Consolidated statement of financial activities
31	Company statement of financial activities
32	Consolidated balance sheet
33	Company balance sheet
34	Consolidated cash flow statement
36	Notes to the Financial Statements



Les Troyens | Photo: Natasha Razina

Festival Council Report

Reference and administrative details

Registered Charity Number SC004694
Company Registration Number SC024766
VAT Registration Number GB 664 0731 41

Patron Her Majesty The Queen

Members of Festival Council, who are the Board of Directors

Councillor Donald Wilson, the Rt. Hon.
the Lord Provost of Edinburgh (Chair)
 Professor Niall Lothian OBE*** (Deputy Chairman)
 Councillor Norma Austin Hart
 Scott Black
 Councillor Chas Booth
 Councillor Deidre Brock*
 Terry Brotherstone
 Dr Jamie Coleman
 Sir John Elvidge*
 Paul Grice**
 Tari Lang*
 Councillor Richard Lewis
 Gavin McEwan**
 Professor Dorothy Miell
 Andrea Miller
 Keith Miller CBE
 Councillor Joanna Mowat
 Councillor Gordon Munro*
 Hans Rissmann OBE
 Sir Brian Stewart CBE*
 Kirsty Wark

* Member of Executive Committee and Director
of Edinburgh Festival Centre Limited

** Member of Audit Committee

*** Chairman of Executive Committee and Chairman
of Edinburgh Festival Centre Limited

Honorary President Valery Gergiev
Honorary Vice President Carol Colburn Grigor CBE

Honorary Secretary

Dame Sue Bruce, Chief Executive, City of Edinburgh Council

Management and Advisers

Festival Director & Chief Executive Fergus Linehan
Managing Director & Company Secretary Joanna Baker
Finance Director Rob Conner
Planning Director Roy Luxford
Marketing & Communications Director Jackie Westbrook
Sponsorship & Development Director Christopher Wynn

Lawyers

Maclay Murray & Spens LLP
 Quatermile One
 15 Lauriston Place
 Edinburgh EH3 9EP

Auditors

Henderson Loggie
 34 Melville Street
 Edinburgh EH3 7HA

Bankers

Royal Bank of Scotland PLC
 30 Nicolson Street
 Edinburgh EH8 9DL

Registered Office

The Hub
 Castlehill
 Edinburgh EH1 2NE

Dates of appointments to and retirements from Festival Council
can be found on page 24.



Festival Council Report

Objectives and activities

Mission

To produce the leading Festival of the performing arts in the world, which presents and promotes work at the highest level of excellence to a large and diverse audience, thus promoting the cultural, social, educational and economic well-being of the people of Edinburgh and Scotland.

Edinburgh International Festival's objectives are:

- ▶ To present arts of the highest possible international standard to the widest possible audience.
- ▶ To reflect international culture to audiences from Scotland, the rest of the UK and the world.
- ▶ To present the best Scottish artists and work to an international audience.
- ▶ To curate an artistic programme which cannot easily be achieved by any other UK arts organisation.
- ▶ To promote Edinburgh and Scotland as an international centre of culture and learning.
- ▶ To offer equal opportunities for all sections of the community to experience and enjoy the Festival.
- ▶ To encourage public participation in the arts throughout the year by collaborating with other arts and festival organisations.
- ▶ To be excellent in every aspect of our activities, operation and governance.
- ▶ To ensure the Festival has adequate and long term funding and appropriate reserves to fulfill its mission and ensure business continuity and sustainability.

There have been no substantive changes to the wording of these objectives since the last Annual Report.

In the Business Plan for the period ending 31 October 2014 Festival Council endorsed the Core Festival as having:

- ▶ A full programme in the seven principal Festival venues (Usher Hall, Queen's Hall, Festival Theatre, King's Theatre, Royal Lyceum Theatre, Edinburgh Playhouse, The Hub).
- ▶ Audience and programme development and innovation at the centre of the organisation through programming initiatives, an active commitment to equalities and use of technology with a particular focus on developing digital communications.
- ▶ Community engagement, education and professional development programmes inspired by the annual Festival programme aimed at engaging with the widest possible range of people from schoolchildren to emerging artists, and enriching the experience of current audiences.
- ▶ A programme of international promotion and cultural diplomacy.
- ▶ Ensuring a Reserves Fund at the appropriate level to ensure business continuity.

Over the same period, Festival Council identified seven strategic priorities and the strategic actions necessary to deliver these priorities. Each of these priorities is reported on in the **achievements and performance** section of this report:

- 1) International programming excellence
- 2) Financial stability and sustainability
- 3) Audience development and innovation
- 4) Community engagement, education and professional development
- 5) International promotion and cultural diplomacy
- 6) Governance, HR development, environmental sustainability, infrastructure
- 7) Collaborations and external relations

Festival Council Report

Festival 2014 facts and figures

Where the money came from

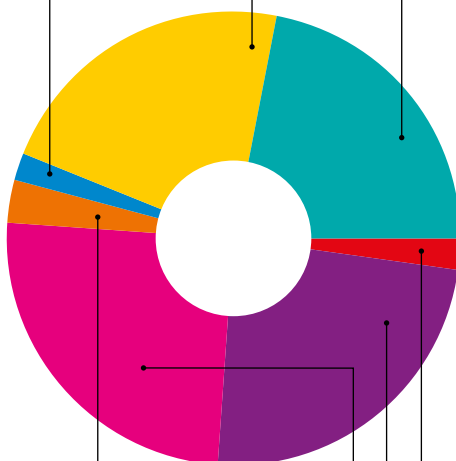
- ▶ 51% (2013: 48%) of the Festival's income was generated through earned income
- ▶ 49% of the Festival's income came from public sector grants
- ▶ Earned income included 25% (2013: 22%) from ticket sales and 24% from fundraising, including corporate, individual giving, trusts, foundations and international partners. 2% was generated from sources such as Festival publications

How the money was spent

- ▶ 74% of the Festival's budget was spent on productions and performances
- ▶ 12% was spent on marketing, website and ticketing
- ▶ 9% was spent on administration
- ▶ 5% was spent on fundraising

Income

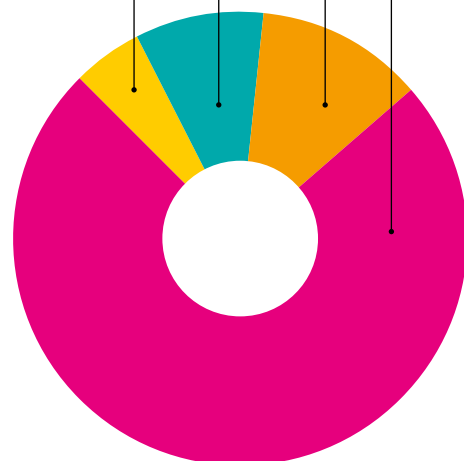
- 22%** City of Edinburgh Council core grant
- 22%** Creative Scotland core grant
- 2%** Scottish Government's Edinburgh Festivals Expo Fund



- 3%** Project grants from Creative Scotland National Lottery Fund, Culture 2014 and City of Edinburgh Council
- 25%** Ticket sales
- 24%** Fundraising
- 2%** Other

Expenditure

- 74%** Cost of productions and performances
- 12%** Marketing, website and ticketing
- 9%** Administration
- 5%** Fundraising



About Festival 2014

- ▶ Over 2,400 (2013: 2,200) artists from 43 nations.
- ▶ 188 performances and one visual arts exhibition.
- ▶ Ticket buyers came from 76 (2013: 66) nations.
- ▶ 80% of available seats for performances were sold.
- ▶ Record box office takings of over £3.19 (2013: £2.24) million (of which EIF receives £2.66 million: the balance is VAT).
- ▶ Fundraising income of £2.63 (2013: £2.24) million.
- ▶ Total attendances of approximately 428,000.
- ▶ Total promotional value of media coverage of £32 million (global), in 65 countries.*
- ▶ Twenty eight covers, including 6 front page news stories in The Times, The Guardian, The Scotsman, The Daily Telegraph, The Herald and The List. Of the 1,165 UK print articles evaluated, over 50% were considered medium to high impact and 96% were positive or neutral in tone.
- ▶ The BBC broadcast 22 Festival performances on Radio 3.
- ▶ Over 50 podcasts and films were created in association with Sinfini Music, attracting listeners from over 50 countries.
- ▶ Four films of festival artists in rehearsal were streamed in association with The Guardian.
- ▶ There were 788,245 sessions on the EIF website by 555,112 users from over 154 countries.
- ▶ Around 1,000 Edinburgh school children took part in Festival education projects and workshops throughout the year.
- ▶ Over 1,200 free or half price tickets issued to The Young Musician's Passport holders.
- ▶ Over 34,700 (2013: 24,900) concession tickets issued to senior citizens, young people, students and people with a disability and their carers.
- ▶ Twelve performances were audio described for sight impaired patrons, seven of which were preceded by a Touch Tour.
- ▶ Nine performances were captioned and six events were Speech-to-Text Reported for hearing impaired patrons.
- ▶ Five performances were British Sign Language interpreted.

*Media analysis conducted in-house.



Strategic report

Achievements and performance

1. International programming excellence

2014 was acclaimed as an outstanding year for the Edinburgh International Festival (EIF), with critical and popular successes across the board, including *The James Plays* by Rona Munro, *Inala* featuring Ladysmith Black Mambazo, Pina Bausch's *Sweet Mambo*, Back to Back's *Ganesh Versus the Third Reich* and a much lauded Usher Hall concert series, playing to an 80% capacity overall. This year EIF presented over 2,400 artists from 43 nations.

The 2014 Festival marked the end of Sir Jonathan Mills's tenure as Festival Director. Since his first Festival in 2007, he presented programme themes ranging from the Scottish Enlightenment to the influence of the cultures of Asia on western artists, presenting new and unfamiliar ideas and artists to audiences whilst also ensuring the Festival continues to feature the world's leading artists and companies. He also initiated a strategy to capitalise and build on the huge international reach and influence of the Festival, forging formal links with a wide range of international organisations and encouraging cultural, civic and business exchange. Under his leadership, EIF organised international launch events in more than 35 cities, from Sydney to Sarajevo and Beijing to Warsaw, and was a founding partner of the Edinburgh International Culture Summit, which saw its second edition in 2014.

Presented almost exactly 100 years since the outbreak of the First World War, the 2014 Edinburgh International Festival programme was a compelling exploration of the impact of history, most especially during periods of warfare and unrest, and the immense influence exerted by a powerful few on issues of national identity, the forging of our cultures and the lives of people throughout the world. In a year in which Scotland played proud host to the Commonwealth Games, the Festival featured work from artists and companies from Australia, Canada, New Zealand and especially South Africa, this year celebrating the 20th anniversary of its democracy.

Overall, EIF filled over 80% of all available seats for performances, with nearly a quarter (24%) sold out. It is estimated that the attendance at this year's Festival was over 428,000 with Scottish ticket buyers joined by those travelling to Edinburgh from 76 nations. Approximately 162,000 tickets were issued and the total box office income reached over **£3.19million**.

Highlights of the classical music programme included visits from the Royal Concertgebouw Orchestra with Mariss Jansons, the Rotterdam Philharmonic Orchestra with Yannick Nézet-Séguin, the Czech Philharmonic with Jiří Bělohlávek, the Philharmonia Orchestra and Sir Andrew Davis performing Britten's *War Requiem*, the Collegium Vocale Gent, Melbourne Symphony Orchestra, the London Philharmonic Orchestra and Vladimir Jurowski, and Ute Lemper with the Scottish Chamber Orchestra. A host of remarkable soloists, including Paul Lewis, Sir András Schiff, Nicola Benedetti, Alban Gerhardt, Steven Osborne, Ian Bostridge, Anne Sofie von Otter gave recitals whilst Greyfriars Kirk was once again the venue for an eclectic series of early evening concerts of music ranging from Messiaen to Lassus and Palestrina.

The Edinburgh International Festival, magnificent as always

CORRIERE DELLA SIERA

What an incredible festival season it has been for Edinburgh. Only 340 days until @edintfest kicks off next year!

@BCSCOTLAND ON TWITTER

Valery Gergiev conducted an epic production of Berlioz's *Les Troyens* for the Mariinsky Opera, whilst Aldeburgh Music presented a new production of Benjamin Britten's opera *Owen Wingrave*. The dance programme included the world premiere of *Inala* by Mark Baldwin featuring Ladysmith Black Mambazo, the final performances of Akram Khan's seminal work, *Gnosis*, Lemi Ponifasio's epic *I AM*, and Tanztheater Wuppertal Pina Bausch's *Sweet Mambo*.

An extensive theatre programme included the world premiere of Rona Munro's epic trilogy of history plays, *The James Plays*, presented in association with the National Theatre of Scotland and the National Theatre of Great Britain. Over 90% of seats for the 22 performances in the Festival Theatre were sold, with an equally successful run of 51 performances in the Olivier Theatre in London following in September and October 2014. Other highlights included the world premiere of *The War* from the Chekhov International Theatre Festival / SounDrama Studio, an EIF production of Thomas Bernhard's masterpiece *Minetti* directed by Tom Cairns and featuring Peter Eyre, Handspring Puppet Company from South Africa with *Ubu and the Truth Commission*, Canadian Stage with *Helen Lawrence*, Luk Perceval's *FRONT*, based on the novel *All Quiet on the Western Front* from Thalia Theater Hamburg and a highly acclaimed production from Australia's Back to Back Theatre, an ensemble of actors with disabilities, of *Ganesh Versus the Third Reich*.

2. Financial stability and sustainability

A key strategic aim of EIF is to achieve financial sustainability. Investment from our core stakeholders, the City of Edinburgh Council and Creative Scotland, is essential in maintaining EIF's international reputation for programming excellence and ensures that EIF has a solid base from which to raise income from other sources including international partners and ticket sales. The Scottish Government's Edinburgh Festivals Expo Fund is also of critical importance, enabling EIF to invest in new work from Scottish companies.

2014 also saw much valued project support from Culture 2014, Creative Scotland's National Lottery Fund and City of Edinburgh Council to enable EIF to present work as part of the Glasgow 2014 Commonwealth Games Culture programme.

Despite this much valued support, the current challenging public sector finance environment has seen the real value of EIF's core grants decrease significantly in the past five years while cost inflation has had a considerable impact.

EIF is the event which put Edinburgh on the map as a festival city, and this year's colossal programme seeks to once again stake the city's claim to be the original and best on the cultural festival circuit

@edintfest #vmfireworks Sad it's over but that was one heck of a way to say goodbye. Thanks for three moving & thoughtful weeks#49weekstogo

@KERRYQOTN ON TWITTER

2014 saw EIF break all previous box office records, with income from ticket sales reaching over £3.19 million (£2.66 million net of VAT). It was also a successful year for fundraising, with a number of supporters making special donations to mark Sir Jonathan Mills's last year as Festival Director. EIF retained its position as Scotland's most successful performing arts organisation for revenue fundraising with a total of £2.63 million raised from major gifts, trusts and foundations and international partners as well as corporate support.

Stringent budget controls and success in generating earned income have produced modest surpluses for EIF over the past eight years which have helped the organisation to move from a deficit position into one where a small unrestricted general fund has been established (currently represented by fixed assets and not cash – see Financial Review section on page 19). However, more progress needs to be made before a cash reserve is established at an appropriate level to offer the financial stability and security required for the business, which is vulnerable to a wide range of external factors, including exchange rate fluctuations, above inflation pressure on artist fees, and significant volatility in international travel, as well as annual cash flow weakness through the winter months.

Festival Council would like to express its gratitude to all of EIF's public and private sector sponsors, donors and supporters.

The Hub

EIF has a wholly owned subsidiary company, Edinburgh Festival Centre Limited (EFC), which owns and operates The Hub. EFC also operates Hub Tickets and Cafe Hub. It manages the hiring of the Main Hall and Dunard Library to a wide range of public, private and commercial users, and provides catering for functions at The Hub.

The Hub is the venue for much of EIF's education work with school children attending workshops in the Main Hall throughout the year. The Hub is also the home of the Edinburgh Festival Chorus, which uses the Main Hall as its rehearsal base year round.

During the Festival, The Hub accommodated a large programme of talks, lectures and performances, as well as providing a social focal point for Festival audiences with its ticket centre and cafe. The Festival media centre was also based at The Hub, providing facilities to several hundred accredited journalists.

Hub Tickets sells tickets for a range of other organisations in addition to the Edinburgh International Festival, including the Edinburgh International Jazz and Blues Festival, the Edinburgh Mela, Lammermuir Festival, East Neuk Festival, Traverse Theatre, Brunton Theatre and the Scottish Rugby Union.

EFC had a successful year in 2014, with a trading profit of £43,000 resulting in the eradication of the remainder of an historic accumulated deficit, thus returning the business to surplus for the first time in more than 10 years. This will enable the business to continue to invest in a maintenance and repair programme to ensure continuing commercial viability, as well as to gift aid profit to its parent charity, EIF.

The James Plays, a trilogy about the first three Stewart kings of Scotland – I beg you: read on, book now

THE TIMES

A feast of blistering emotion and theatrical might... an astonishing dramatic achievement

DAILY TELEGRAPH ★★★★★

3. Audience development and innovation

The total attendance at all events in Festival 2014 was approximately 428,000. Festival performances achieved 80% of total capacity. Approximately 50% of all bookings were made online.

In the virtual world the Festival website – eif.co.uk – was completely rebuilt in time for the 2014 programme launch in March. The site is built using responsive design to enable optimisation for mobile and tablets and integrates with Hub Tickets's new box office system Audience View. The site received nearly 620,000 visits between March and the end of the Festival in August, with over 413,000 new visitors. People from 154 countries visited the site, with over 150,000 visits made through mobiles and 95,000 visits on tablets. The number of followers on social media continues to grow with 42,000 following on Facebook and 33,000 on Twitter.

The reach of the Festival was extended, making it even more accessible both to those already here and further afield through media and digital partnerships. Over 50 podcasts and films were created in partnership with Sinfini Music, offering people exploring EIF's music programme the richest possible information, attracting over 8,000 listens from over 50 countries. The Festival once again worked in partnership with the Guardian to stream intimate rehearsal moments with Patricia Kopatchinskaja, Kronos Quartet, Michael Houston and Collegium Vocale Gent. BBC Radio 3 broadcast live from The Queen's Hall each weekday morning and also broadcast a selection of concerts recorded during the Festival at the Usher Hall during September, October and November 2014.

The Young Musician's Passport scheme entered its second year almost doubling its membership to over 1,200 (670 members in 2013) with a total of 1,232 free and half price tickets issued. This year, the Festival engaged with schools in West Lothian and Midlothian Councils in addition to those in the City of Edinburgh to help widen awareness and promotion of the scheme. The most popular concerts attended by our passport holders were Holst's *The Planets* and the Czech Philharmonic with Nicola Benedetti and Sir András Schiff.

Work undertaken to make the Festival as accessible to as many people as possible included twelve performances audio described for sight impaired patrons, seven of which were preceded by a Touch Tour. Nine performances were captioned and six events were Speech-to-Text Reported for hearing impaired patrons, and five performances were British Sign Language interpreted.

It's an instant reminder that watching Akram Khan move is never less than an absolute privilege

THE SCOTSMAN ★★★★★

Another season of variously exquisite and imaginative chamber concerts at the Queen's Hall

GUARDIAN

4. Community engagement, education and professional development

EIF continued to extend its year round education and outreach programme, aimed at introducing young people to cultural experiences, encouraging them to be successful learners, confident individuals, effective contributors and responsible citizens, as well as creating a public programme of work for adults during August.

Schools

The year round schools programme continued to offer a wide range of opportunities to young people and adults in Edinburgh in 2014: *The Art of Listening* and *Soul Boxes* projects engaged with over 450 Primary 7 pupils in half-day workshops at The Hub; Emmanuel Jal delivered the Edinburgh International Festival Young People's Lecture to 150 pupils drawn from Edinburgh secondary schools; the Herald Young Critics scheme, in its 11th year, invited 50 young people to explore the art of criticism, the arts and writing.

Community engagement

EIF's community engagement programmes aim to bring a flavour of the Festival into the locality and to develop relationships with harder-to-reach groups. The guerrilla opera project *Love in a...* developed into *Ghosts in a...* to surprise over 2,000 people in public spaces around Edinburgh.

Continuing education and professional development

EIF worked in partnership with the University of Edinburgh and the Royal Conservatoire of Scotland to deliver an international summer school focusing on Developing Artistic Entrepreneurship. Speakers included Svend Brown (Director of Music for Glasgow), Dirk Hesse (General Manager of Tanztheater Wuppertal), Joachim Lux (Managing Director of Thalia Theater Company), Luk Perceval (Director of *FRONT*), Liz Lohead (Scotland's Makar), Julie-Ann Delaney (curator of GENERATION project, SNGMA), Muriel Gray (broadcaster and arts entrepreneur), Allison Sampson (arts funder and Senior Vice-Principal, Colburn School), Jude Doherty (Grid Iron Theatre Company), Kate Molleson (art critic), alongside Sir Jonathan Mills and Fergus Linehan. They delivered an intensive programme to a group of early and mid-career producers, programmers and performers from around the world.

There was further engagement with the Festival on a level beyond performances with over 4,400 attendances at talks, conversations and film screenings. The public events the Festival runs are designed to enhance the Festival experience for audiences from all over the world.

Very well organised, resourced, in an amazing venue – all of which added to the workshop! Thank you.

TEACHER, GILMERTON PRIMARY SCHOOL ON THE ART OF LISTENING

It was fun, creative and it was great that we got loads of stuff to use

PUPIL, GRANTON PRIMARY SCHOOL ON SOUL BOXES

5. International promotion and cultural diplomacy

EIF once again worked in partnership with the British Council, UK Government, Scottish Government and Scottish Parliament to present the second edition of the Edinburgh International Culture Summit. The Summit took place from 10–12 August 2014 at the Scottish Parliament. Culture Ministers from around the world joined international artists and thinkers to share ideas and solutions and participate in debate and discussion. The programme featured an impressive line-up of speakers including Benjamin Barber from the University of New York; Nandi Mandela, business woman and grand-daughter of Nelson Mandela; Danielle Cliche, UNESCO; French-Vietnamese choreographer Ea Sola; and world-renowned musician Jordi Savall accompanied by Hespèrion XXI.

In addition to the plenary sessions and discussions that took place at the Parliament, the delegates were invited to attend a reception at The Palace of Holyroodhouse which was co-hosted by the City of Edinburgh Council and the British Council. Delegates were also offered the opportunity to attend a range of performances across the Festivals to allow Culture Ministers to have first hand experience of Edinburgh's summer festivals.

The Festival's media coverage in 2014 was strong and diverse with 65 countries represented including Australia, USA, New Zealand, South Africa and China. We secured 28 covers not only across front page news but also in a number of UK weekend supplement covers. Major international print coverage included China Southern Weekly, Suddeutsche Zeitung, Le Monde, La Repubblica and the New York Times among many others.

The Festival's relationship with the BBC strengthened in 2014 with developments across different platforms, from BBC Events to Radio Scotland, Arts Online and across BBC TWO and BBC FOUR. EIF was particularly well represented on BBC Radio 4 with coverage across 7 programmes. We made big shifts in our relationship with BBC Radio 2 and were featured in key BBC one programmes including Andrew Marr, Start the Week and BBC Breakfast.

Major international broadcast coverage included among others Radio France International, CNN International, ARTE, China Travel Channel, PBS, ABC and BBC News Worldwide.

6. Governance, HR development, environmental sustainability, infrastructure

A Business Plan for the period through 2014 was adopted by Festival Council in June 2012. A new Business Plan for the period 2015–2018 was approved by Festival Council in June 2014.

Deputy Chair and Chair of the Executive Committee Sir Ewan Brown CBE stepped down in May 2014, and was replaced by Professor Niall Lothian OBE. Other retirements and appointments to Festival Council are noted in the governance section of this report.

@edintfest well thats fest 2014 finished been a blast

@LEITHY32 ON TWITTER

@musikFabrik's *Delusion of the Fury* rounds off in style what has prob been Mills's strongest ever Festival. Some really outstanding things.

@HERESFINN ON TWITTER

The transition process of Festival Director from Sir Jonathan Mills to Fergus Linehan went smoothly, with Mr Linehan working as Director Designate with the management team to develop the programmes for the 2015 Festival and future Festivals. Mr Linehan took over the role of Festival Director on 1 October 2014.

Festival Council formally adopted a Sustainability policy in June 2014. The Festival is working on the implementation of a Carbon Management Plan which was developed with support from the Carbon Trust. EIF also worked with Creative Carbon Scotland and the other festivals to develop a series of benchmarks for monitoring environmental impacts into the future. EIF is now benchmarking electricity and gas usage (in kWh), water usage (in m³) as well as recording annual volumes of recycled waste (paper, plastic, aluminium & cardboard). Work also continues on encouraging all Festival core venues to sign up to the Green Venue scheme (now renamed the Green Arts Initiative). The Festival's own venue, The Hub, is now using the Green Venue Guide (an online resource created by Festivals Edinburgh) as a tool to improve energy efficiency and environmental practice.

Edinburgh's festivals, through the support organisation Festivals Edinburgh, are working together on an Environmental Sustainability Strategy 2015–2019 which aims to develop joint and individual festival working to achieve common sustainability goals. In addition to the issues outlined above the Strategy is focusing on competitor festivals and competitor festival cities, alongside future reporting requirements for Creative Scotland, the Scottish & UK Governments and the EU.

7. Collaborations and external relations

EIF collaborated closely with Culture 2014 on a season of work from South Africa presented as part of the Glasgow 2014 Culture Programme to mark the Commonwealth Games. EIF's South African season was supported by Culture 2014 – a partnership between the Glasgow 2014 Organising Committee, Glasgow Life and Creative Scotland National Lottery Fund – in collaboration with the City of Edinburgh Council and the Department of Arts and Culture South Africa.

A wide range of other significant partnerships were formed or continued in 2014, including a continuing partnership with the University of Edinburgh, which included collaborations with the Playfair Library, a large number of talks and lectures involving the University's academic staff and a Summer School – International Festival Encounters.

Other significant partnerships included an extension of The Young Musician's Passport to work with West Lothian and Midlothian Councils as well as City of Edinburgh Council.

EIF continues to play a key role in Festivals Edinburgh, which was established by Edinburgh's 12 major festivals in order to work on shared strategic objectives. Key areas of work in 2014 included initiating work on a new Thundering Hooves study focusing on maintaining the strategic positioning of Edinburgh's festivals for the next ten years; collaborative marketing of Edinburgh, the Festival City; support for international delegations attending the summer festivals; and joint approaches to the use of technologies and work on developing environmental policies.

@edintfest #vmfireworks Sad it's over but that was one heck of a way to say goodbye. Thanks for three moving & thoughtful weeks#49weekstogo

@KERRYQOTN ON TWITTER

B 2 3 4 5 6



Strategic report

Financial Review

The group's result for the year includes an operating profit from EFC of £43,000 and a surplus on unrestricted general funds of £40,000 for the Festival itself.

At the end of the financial year, the cost of funding payments to the defined benefit pension scheme in the future was calculated by actuaries to be £838,000 (2013: £557,000). This has resulted in £281,000 being added to the accounting provision and to the designated reserve for pension fund liabilities. The result for the year is a decrease in the net movement in unrestricted funds of £199,000 (2013: increase of £105,000).

Reserves

In 2007, Festival Council adopted a Reserves policy to build up adequate reserves in line with its objectives on financial sustainability.

The consolidated unrestricted general fund shows a balance of £889,000 at 31 October 2014 (2013: £807,000), represented by fixed assets and therefore not freely available (see note 20).

Investment powers and policy

EIF places funds on term deposit when such funds are available. EIF buys foreign currency when required on forward contracts to mitigate exchange risk. There were no open contracts at the year end.

Financial outlook

The 2015 Festival is being planned in a period of economic and financial uncertainty and with significant restrictions on public sector finance. Income from core public sector grants is expected to remain at standstill. EIF continues to generate significant contributions from fundraising – approximately 24% of total income – and will need to invest further in this area to maintain and support its position. The 2015 programme has been planned to support increased income from ticket sales, but this income line is always vulnerable to economic pressures.

Strategic report

Plans for future periods

The Festival's success is built on an uncompromising commitment to virtuosity and originality. The meeting, each year, of many of the greatest artists and ensembles of our time in one of the world's most beautiful cities, creates a uniquely fertile atmosphere, nurturing ambition and innovation on a grand scale.

A key priority of the Festival organisation is to make our work available to the widest possible audience. Over the coming years we plan to respond to changes in audience expectations and the transformation of cultural consumption through new technologies. While the presentation of classical music at the highest level remains at the core of our programming ambition, we will complement our season with an expansion of musical genres. We will expand the audience for opera by ensuring the form is more present throughout the season, there are different styles of staging on offer, and there are different entry points for new audiences. We believe it is crucial that the Festival has a stronger presence in the public space and we are undertaking a long-term strategic expansion of digital capture and distribution.

As custodians of EIF, we are charged with ensuring the Festival will continue to be enjoyed by future generations. We place great emphasis on fiscal discipline in budgeting, operational best practice in staffing and systems and entrepreneurial flair in fundraising and marketing.

As well as drawing visitors to our city each summer, EIF has a profound effect on Scotland's year-round cultural landscape. Scottish audiences are among the most sophisticated in the world and Scottish companies and individual artists have been informed and transformed by the Festival. We will continue to promote Scotland as a cultural leader on the world stage.

Our capacity to deliver on our promises to audiences and stakeholders is contingent on our ability to attract and support artists of the highest calibre, the standards of cultural infrastructure and our success in securing the resources to cover the necessary costs.

While EIF is curated by our Director, the success of the Festival ultimately springs from the unique perspectives of the artists in our programme. The primary focus of our efforts is to serve and support the artist and promote and celebrate their contribution to our lives in the 21st century.

Strategic report

Principal risks and uncertainties

Risk management

Festival Council reviews the major strategic, business and operational risks that the business faces on an annual basis. The analysis includes a detailed examination of the financial risks associated with delivering the annual programme. The risk analysis is considered in detail by both the Audit and the Executive Committees before presentation to Festival Council. It is reviewed and updated by management and the Executive Committee over the course of each year.

The Festival's brand and reputation is dependent on securing the necessary financial resources from earned income and public sector grants to present and promote the world's leading artists and ensembles. In turn, the excellence of the programme is critical to EIF's ability to secure high level support from individual philanthropic donors and to generate ticket sales income. Continuing pressure on public sector finances means that there is considerable uncertainty about the level of grant income in the short and medium term. Any further erosion of this income line is likely to impact on EIF's ability to pay the fees and costs associated with presenting major artists, which would impact negatively on reputation, brand and earning capacity.

A lack of investment capital and cash reserves makes the organisation vulnerable to short-term funding shocks and cash flow weaknesses.

LE LOGEMENT D'UN OFFICIER
(BRAZZAVILLE, 1905)



Festival Council Report

Structure, governance and management

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

The affairs of EIF are administered by Festival Council whose members are the directors of the company and are drawn from a wide representation of local interests. Its twenty-one places are made up as follows:

- ▶ seven nominated by City of Edinburgh Council, including the Lord Provost as Chair
- ▶ seven elected by members of Edinburgh International Festival Society
- ▶ one nominated by Edinburgh Chamber of Commerce and Enterprise
- ▶ one nominated by Edinburgh Trades Union Council
- ▶ five co-opted by Festival Council

EIF neither remunerates Festival Council members nor distributes profits.

The Festival Director and Chief Executive, Sir Jonathan Mills for the period of this Report and Financial Statements (until 30 September 2014) and Fergus Linehan from 1 October 2014, is appointed by Festival Council 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 EIF. He is assisted by Joanna Baker, Managing Director, and an executive team of four directors.

Festival Council conducts its affairs consistent with the principles of good corporate governance. Its key responsibilities are: appointing the Festival Director; approving EIF'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 EIF including soliciting support for EIF, finding and encouraging others who could support EIF's work, including Ministers, officials, potential donors and opinion formers; assisting with the fundraising strategy and targets, including Council members' support and help in seeking donations and promoting events.

Festival Council 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.

Festival Council has delegated certain responsibilities to an Executive Committee which reports to Council on a regular basis on the business of the Festival including business plans and management accounts, annual budgets, medium term financial strategies and projections and cash flow forecasts, risk analysis, stakeholder relations, marketing, sales and audience development. The Convenor of the Executive Committee is the Depute Chair of Festival Council.

Festival Council has delegated responsibility for overseeing the preparation of the Annual Report and Financial Statements and recommending them to Festival Council to the Audit 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 2014 there were three formal meetings of Festival Council and one half day strategy meeting. The Executive Committee met four times. The members of Festival Council who served on the Executive Committee also discharge the functions of a Remuneration Committee. The Audit Committee includes members drawn from Festival Council and a co-opted member, Caroline Roxburgh, who is not a member of Festival Council. The members of the Audit Committee met twice during the year.

Festival Council established a nominations committee in 2013, with a membership of the Chair, Depute Chair and one other member of Festival Council, currently Paul Grice.

Festival Council members

Members of Festival Council are the Board of Directors of the company and are its Trustees for the purposes of charity law. Throughout this report they are collectively referred to as Festival Council members. Those who served during the year are listed below.

Festival Council is extremely grateful to all those who served on Council and its committees for their important contribution to its work.

Chair

Councillor Donald Wilson, the Rt. Hon. the Lord Provost of Edinburgh

Depute Chair

Professor Niall Lothian OBE***

Councillor Norma Austin Hart
 Stewart Binnie (retired 7 May 2014)
 Scott Black (appointed 2 May 2014)
 Councillor Chas Booth
 Councillor Deidre Brock*
 Terry Brotherstone
 Sir Ewan Brown CBE (retired 7 May 2014)
 Paul Bush OBE (retired 7 May 2014)
 Dr Jamie Coleman (appointed 7 May 2014)
 Erick Davidson (retired 7 May 2014)
 Sir John Elvidge*
 Paul Grice**
 Michael Johnston (retired 3 May 2014)
 Tari Lang*
 Councillor Richard Lewis
 Gavin McEwan**
 Professor Dorothy Miell
 Andrea Miller (appointed 7 May 2014)
 Keith Miller CBE (appointed 7 May 2014)
 Councillor Joanna Mowat
 Councillor Gordon Munro*
 Hans Rissmann OBE (appointed 7 May 2014)
 Sir Brian Stewart CBE*
 Kirsty Wark

* Member of Executive Committee and Director of Edinburgh Festival Centre Limited

** Member of Audit Committee

*** Convenor of Executive Committee and Chair of Edinburgh Festival Centre Limited

Sir Jonathan Mills (until 30 September 2014), Fergus Linehan (from 1 October 2014) and Joanna Baker are directors of Edinburgh Festival Centre Limited and Edinburgh International Festival Limited.

Governance arrangements

Members of Festival Council, with the exception of the Chair and Depute Chair, serve a maximum of six years (two terms of three years).

There will be five vacancies on Festival Council following the AGM on 27 April 2015.

Sir Brian Stewart CBE, a co-opted member, who is also a member of the Executive Committee, retires by rotation having served the maximum term of six years. Kirsty Wark, another co-opted member, also retires by rotation having served for six years. New members will be co-opted by Festival Council to fill the vacancies.

Tari Lang and Gavin McEwan, both members elected by the Festival Society, will have completed initial terms of three years. Both are eligible to be re-elected for a further three years, and have indicated their willingness to do so.

Councillor Joanna Mowat, a member nominated by the City of Edinburgh Council, will have served for six years in May 2015. The City of Edinburgh Council will nominate a replacement.

Festival Council members' induction and training

New Festival Council members 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.

Festival Council seeks to achieve an appropriate mix of skills and experience on the Board. A skills audit exercise is undertaken with new members.

A strategy meeting held in the autumn of each year is an occasion for Festival Council members 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 is the Executive Committee of EIF, together with the Festival Director and Managing Director. The directors oversee a business plan which aims to deliver annual profits which are gift-aided to the parent charity, EIF, and/or invested in maintaining the fabric of the building.



Anne Sophie von Otter | Photo: Ewa-Marie Rundquist

Festival Council Report

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

Festival Council recommends re-appointment of Henderson Loggie as auditors.

By order of Festival Council



.....
Councillor Donald Wilson, the Rt. Hon.
the Lord Provost of Edinburgh

Chair
Edinburgh, 18 February 2015

Independent auditors' report to the trustees and members of Edinburgh International Festival Society

We have audited the financial statements of Edinburgh International Festival Society for the year ended 31 October 2014 which comprise the group and company statements of financial activities, the group and company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditors' 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 charity, its members as a body and its trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement, 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and Festival Council's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 October 2014 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent's 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 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).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in Festival Council's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- ▶ the parent charitable company has not kept proper and adequate accounting records 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 or 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.



James Davidson
Senior Statutory Auditor

For and on behalf of Henderson Loggie Statutory Auditors
Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Edinburgh
18 February 2015

Consolidated statement of financial activities

	Notes	Unrestricted general funds	Restricted funds	Total funds year ended 31 October 2014	Total funds year ended 31 October 2013
		£000s	£000s	£000s	£000s
Incoming resources					
Incoming resources from generated funds					
▶ grant income	2	5,302	-	5,302	4,934
▶ sponsorship and donations	3	2,628	-	2,628	2,236
▶ activities for generating funds					
▶▶ trading subsidiary sales	5	1,449	-	1,449	1,354
▶ investment income	6	14	-	14	15
Incoming resources from charitable activities					
▶ ticket sales		2,656	-	2,656	2,048
▶ publications and other earned income		170	-	170	165
Total incoming resources		12,219	-	12,219	10,752
Resources expended					
Costs of generating funds					
▶ fundraising		(461)	-	(461)	(407)
▶ trading subsidiary costs	5	(1,933)	-	(1,933)	(1,815)
▶ support costs	9	(202)	(16)	(218)	(232)
Charitable expenditure					
▶ productions and performances		(7,903)	-	(7,903)	(6,612)
▶ marketing & communications		(981)	-	(981)	(957)
▶ support costs	9	(607)	(47)	(654)	(693)
Governance costs	9	(47)	-	(47)	(47)
Total outgoing resources		(12,134)	(63)	(12,197)	(10,763)
Net incoming/(outgoing) resources		85	(63)	22	(11)
Defined benefit scheme actuarial (losses)/gains	8	(284)	-	(284)	25
Net movement in funds	19	(199)	(63)	(262)	14
Total funds brought forward at 1 November 2013	19	250	5,198	5,448	5,434
Total funds carried forward at 31 October 2014	19	51	5,135	5,186	5,448

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.

Statement of financial activities

Edinburgh International Festival

	Notes	Unrestricted general funds	Restricted funds	Total funds year ended 31 October 2014	Total funds year ended 31 October 2013
		£000s	£000s	£000s	£000s
Incoming resources					
Incoming resources from generated funds					
▶ grant income	2	5,302	-	5,302	4,934
▶ sponsorship and donations	3	2,628	-	2,628	2,236
▶ investment income	6	14	-	14	15
Incoming resources from charitable activities					
▶ ticket sales		2,656	-	2,656	2,048
▶ publications and other earned income		170	-	170	165
Total incoming resources		10,770	-	10,770	9,398
Resources expended					
Costs of generating funds					
▶ fundraising		(472)	-	(472)	(408)
▶ support costs	9	(238)	-	(238)	(252)
Charitable expenditure					
▶ productions and performances		(7,968)	-	(7,968)	(6,683)
▶ marketing & communications		(1,289)	-	(1,289)	(1,264)
▶ support costs	9	(713)	(2)	(715)	(755)
Governance costs	9	(47)	-	(47)	(47)
Total outgoing resources		(10,727)	(2)	(10,729)	(9,409)
Net incoming/(outgoing) resources		43	(2)	41	(11)
Defined benefit scheme actuarial (losses)/gains	8	(284)	-	(284)	25
Net movement in funds	19	(241)	(2)	(243)	14
Total funds brought forward at 1 November 2013	19	264	2	266	252
Total funds carried forward at 31 October 2014	19	23	-	23	266

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 2014

	Notes	2014	2014	2013	2013
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible assets	12		6,241		6,291
Current assets					
Stock	13	13		13	
Debtors	14	859		539	
Cash at bank and in hand		562		1,130	
		1,434		1,682	
Creditors: amounts falling due within one year	16	(1,572)		(1,808)	
Net current liabilities			(138)		(126)
Total assets less current liabilities			6,103		6,165
Creditors: amounts falling due after one year	17		(79)		(160)
Net assets excluding pension			6,024		6,005
Pension liability	8		(838)		(557)
Net assets including pension			5,186		5,448
Unrestricted funds					
General fund	19	889		807	
Designated pension reserve fund	19	(838)		(557)	
			51		250
Restricted funds					
Dunard Library fund	19	-		2	
Capital grants fund	18 & 19	5,135		5,196	
			5,135		5,198
			5,186		5,448

The financial statements on pages 30 to 52 were approved by the Board of directors on 18 February 2015 and were signed on its behalf by:



.....
Councillor Donald Wilson, the Rt. Hon.
the Lord Provost of Edinburgh, Chair



.....
Professor Niall Lothian OBE, Depute Chair

Balance sheet at 31 October 2014

Edinburgh International Festival

	Notes	2014	2014	2013	2013
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible assets	12a	-		7	
Investments	12b	-		-	
			-		7
Current assets					
Debtors	14 & 15	1,640		1,398	
Cash at bank and in hand		439		1,010	
		2,079		2,408	
Creditors: amounts falling due within one year	16	(1,139)		(1,434)	
Net current assets			940		974
Total assets less current liabilities			940		981
Creditors: amounts falling due after one year	17		(79)		(158)
Net assets excluding pension			861		823
Pension liability	8		(838)		(557)
Net assets including pension			23		266
Unrestricted funds					
General fund	19	861		821	
Designated pension reserve fund	19	(838)		(557)	
			23		264
Restricted funds					
Dunard Library fund	19				2
			-		
			23		266

The financial statements on pages 30 to 52 were approved by the Board of directors on 18 February 2015 and were signed on its behalf by:



Councillor Donald Wilson, the Rt. Hon.
the Lord Provost of Edinburgh, Chair



Professor Niall Lothian OBE, Depute Chair

Consolidated cash flow statement

	Notes	2014	2013
		£000s	£000s
Net cash (outflow)/inflow from operating activities	23	(496)	358
Returns on investments and operating activities			
Interest received		14	15
Interest paid		-	-
Capital expenditure			
Payments to acquire tangible fixed assets		(86)	(109)
Net cash (outflow)/inflow before financing		(568)	264
Financing			
Loan repayments		-	-
(Decrease)/increase in cash balances		(568)	264
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash balances		(568)	264
Cash outflow from repayment of debt		-	-
Movement in net funds	24	(568)	264
Net funds as at 1 November 2013	24	1,130	866
Net funds as at 31 October 2014	24	562	1,130



Notes to the Financial Statements

1. Principal accounting policies

The financial statements have been prepared in accordance with the historical cost convention and with applicable accounting standards in the United Kingdom and comply with the Statement of Recommended Practice Accounting and Reporting by Charities ("the Charities SORP") approved by the Accounting Standards Board in 2005 and the Companies Act 2006.

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

Going concern

Festival Council have considered the future cash requirements and have reviewed the budget for the next twelve months, together with the funding sources available to EIF. They have concluded the use of the going concern basis of accounting is appropriate and that there are no material uncertainties related to events or conditions that cast doubt on the ability of EIF to meet its debts as they fall due.

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 EFC and Edinburgh International Festival Limited made up to 31 October 2014.

Income recognition

All grants, other than those in respect of the development 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 receipt have been complied with and there is reasonable assurance that the grant will be received.

Sponsorship and donations are recognised when receivable. Such revenue is deferred only when EIF have to fulfil conditions before entitlement, or where specified by the donor. Gift aid on donations is recognised when claims are made.

Investment income is recognised on a receivable basis.

Incoming resources from charitable activities: ticket sales are recognised in the period in which the performances have been delivered; and revenue received through the trading activities of EFC is recognised in the period in which they are generated.

Funds

An unrestricted **designated** fund – pension reserve – is included within reserves. This reserve represents the organisation's share of the liabilities of the Lothian Pension Fund as valued at 31 October 2014 by the Fund's actuaries, Hymans Robertson LLP.

Two **restricted** funds are 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. The Dunard Library fund was created in 2004 with a gift made for the purpose of refurbishing and re-equipping the Dunard Library in The Hub. The fund has now been spent in full. Where funds are provided for a specific production in that year any restriction is treated as discharged and the income and expenditure is shown in the unrestricted column.

Fixed assets and depreciation

Fixed assets are included in the balance sheet at cost less accumulated depreciation. 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 company's policy to treat as fixed assets only items with a cost of £5,000 or greater. For EFC this threshold is lowered to items with a cost of £2,000 or greater.

Operating leases

Operating lease rentals are charged to the statement of financial activities in the year in which they are incurred.

Taxation & deferred taxation

The company is recognised by the Office of the Scottish Charity Regulator as a charity and is approved as such by HM Revenue & Customs for taxation purposes. As a result there is no liability to taxation on any of its income. The charity's trading subsidiaries are subject to taxation. Any 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 company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by Financial Reporting Standard 19 Deferred Tax (FRS19).

Allocation of expenditure

Expenditure is allocated to the function to which it relates – costs of generating funds, charitable expenditure or governance costs (see note 9).

Pension costs

Certain employees are members of the Lothian Pension Fund, a defined benefit pension scheme. In accordance with Financial Reporting Standard 17 Retirement Benefits (FRS17), 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 the Society's workplace money purchase pension scheme. The contributions are treated as expenditure in the financial year in which they fall due.

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.

Stock

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

Gifts in-kind and donated services and 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 3).

2. Grant income

	2014	2013
	£000s	£000s
City of Edinburgh Council	2,389	2,389
Creative Scotland	2,317	2,317
Scottish Government's Edinburgh Festivals Expo Fund	200	200
City of Edinburgh Council project funding	150	-
Creative Scotland National Lottery funding	246	28
Total	5,302	4,934

3. Donations, 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, mobile phones and catering facilities.

4. Investment in subsidiaries

EIF has two wholly owned subsidiaries, Edinburgh International Festival Limited, now dormant, and EFC, both of which share their registered office with the Society.

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

Its sales, profit and net assets/(liabilities) were as follows:

	Year ended 31 October 2014			Year ended 31 October 2013		
	Sales	Profit	Net assets	Sales	Profit	Net liabilities
	£000s	£000s	£000s	£000s	£000s	£000s
Edinburgh Festival Centre Limited	1,976	43	29	1,876	61	(14)

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. Interest receivable & payable

Group	Year ended 31 October 2014	Year ended 31 October 2013
	£000s	£000s
Bank interest receivable	8	7
Other interest receivable	6	8
Total	14	15

Company	Year ended 31 October 2014	Year ended 31 October 2013
	£000s	£000s
Bank interest receivable	8	7
Other interest receivable	6	8
Total	14	15

Group	Year ended 31 October 2014	Year ended 31 October 2013
	£000s	£000s
Bank interest payable	-	-
Other interest payable	-	-
Total	-	-

Company	Year ended 31 October 2014	Year ended 31 October 2013
	£000s	£000s
Bank interest payable	-	-
Other interest payable	-	-
Total	-	-

7. Staff numbers and costs

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

	Year ended 31 October 2014	Year ended 31 October 2013
Edinburgh International Festival Society		
Productions	32	30
Marketing & communications	11	11
Administration	7	7
Fundraising	7	7
Finance	5	5
	62	60
Edinburgh Festival Centre Limited		
Administration	1	1
Operations	58	57
	59	58
Total	121	118

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

	Year ended 31 October 2014	Year ended 31 October 2013
	£000s	£000s
Wages and salaries	2,718	2,372
Social security costs	249	219
Pension costs (note 8)	129	113
Total	3,096	2,704

No remuneration or reimbursement of expenditure was paid to any member of Festival Council, who are the directors of the company (2013: nil).

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

Six employees (2013: five) received remuneration over £60,000 per annum. Four fell into the band £60,000–£70,000 (2013: three), one into the band £80,000–£90,000 (2013: one), nil into the band £140,000–£150,000 (2013: one) and one into the band £160,000–£170,000 (2013: nil). The movement in the top banding relates to holiday pay accrued but not paid until 31 October 2014. The number of employees in these bands to whom retirement benefits are accruing under money purchase schemes is five (2013: four). The company made payments on their behalf to secure money purchase benefits of £39,210 (2013: £37,701) and defined benefit contributions of £12,344 (2013: £12,222).

8. Pension obligations

The group contributes on behalf of staff to either their own personal money purchase schemes, or to the Society's workplace money purchase pension scheme, 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 total costs to the group of contributions to the above schemes during the year were £129,012 (2013: £112,956). The total cost includes a period end accrual of £14,648 (2013: £13,061).

The provision under Financial Reporting Standard 17 Retirement Benefits (FRS17) 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 FRS17 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 FRS17 disclosures has been based on the most recent valuation at 31 March 2011 and updated by Hymans Robertson LLP as actuaries to the Lothian Pension Fund. The valuation takes account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 October 2014.

The amounts recognised in the balance sheet in relation to the defined benefit scheme are as follows:

	2014	2013
	£000s	£000s
Fair value of employer assets	2,071	1,900
Present value of funded obligations	(2,909)	(2,457)
Net retirement benefit liability	(838)	(557)

The above asset values are stated at bid value.

The amounts recognised in the consolidated statement of financial activities are as follows:

	2014	2013
	£000s	£000s
Current service cost	60	49
Interest cost	108	91
Expected return on employer assets	(114)	(83)
Total	54	57

The current service cost figures include an allowance for administrative expenses of 0.3% of payroll (2013: 0.3%). Actuarial calculations with regard to future pension increases are linked to the Consumer Prices Index (CPI). The actual return on plan assets net of expenses was a gain of £166,000 (2013: gain of £304,000).

The amounts recognised in the statement of total recognised gains and losses are as follows:

	2014	2013
	£000s	£000s
Actuarial (losses)/gains	(284)	25
Cumulative actuarial losses recognised	(842)	(558)

The movements in the fair value of employer assets are as follows:

	2014	2013
	£000s	£000s
Opening fair value of employer assets	1,900	1,585
Expected return on assets	114	83
Contributions by members	17	17
Contributions by employer	57	57
Actuarial gains	53	220
Estimated Benefits paid	(70)	(62)
Closing fair value of employer assets	2,071	1,900

The movements in the present value of funded obligations are as follows:

	2014	2013
	£000s	£000s
Opening defined benefit obligation	2,457	2,167
Current service cost	60	49
Interest cost	108	91
Contributions by members	17	17
Actuarial losses	337	195
Estimated benefits paid	(70)	(62)
Closing defined benefit obligation	2,909	2,457

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

	2014	2013
	£000s	£000s
Future pension increases	2.70%	2.80%
Future salary increases	5.00%	5.10%
Expected return on plan assets	5.40%	6.00%
Discount rate	3.70%	4.40%

The salary increase assumption is 1% p.a. until 31 March 2015, thereafter reverting to the long term assumption shown above. Consistent with prior year, the discount rate is based on the annualized yield on an AA-rated sterling corporate bond index.

Life expectancy is based on the Lothian Pension Fund's VitaCurves with the application of medium cohort improvements and a 1% p.a. underpin from 2008. Based on these assumptions, average future life expectancies at age 65 are as follows:

	Males	Females
Current pensioners	20.4 years	22.8 years
Future pensioners	22.6 years	25.4 years

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

	2014	2013
	£000s	£000s
Equities	77	79
Bonds	8	8
Property	9	8
Cash	6	5

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes. The expected return for each asset class reflects a combination of historical analysis, the forward-looking view of the financial markets (as suggested by the yield available) and the views of investment organizations.

The history of experience adjustments on the plan for the current and previous financial years is as follows:

	2014	2013	2012	2011	2010
	£000s	£000s	£000s	£000s	£000s
Fair value of employer assets	2,071	1,900	1,585	1,844	1,793
Present value of funded obligations	(2,909)	(2,457)	(2,167)	(2,218)	(2,246)
Deficit	(838)	(557)	(582)	(374)	(453)
Experience gains/(losses) on assets	53	220	(370)	(86)	157
Experience gains on liabilities	-	-	344	-	-

The estimated employer contributions to the defined benefit scheme for the next financial year beginning 1 November 2014 are £69,000.

9. Support and governance costs

Support costs have been split in the ratio 25:75 between costs of generating funds and charitable expenditure. This split is based on headcount. Total support costs are disclosed below and comprise administration, depreciation, interest payable and FRS17 accounting adjustments.

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.

Group	Administration	Depreciation	Interest payable	Pension fund	Total
	£000s	£000s	£000s	£000s	£000s
Year ended 31 October 2014					
Unrestricted general funds					
Support costs					
Costs of generating funds	199	2	-	1	202
Charitable expenditure	600	5	-	2	607
Governance	47	-	-	-	47
Restricted funds	63	-	-	-	63
Total	909	7	-	3	919
Year ended 31 October 2013					
Unrestricted general funds					
Support costs					
Costs of generating funds	205	2	-	2	209
Charitable expenditure	614	5	-	6	625
Governance	47	-	-	-	47
Restricted funds	91	-	-	-	91
Total	957	7	-	8	972

Company	Administration	Depreciation	Interest payable	Pension fund	Total
	£000s	£000s	£000s	£000s	£000s
Year ended 31 October 2014					
Unrestricted general funds					
Support costs					
Costs of generating funds	235	2	-	1	238
Charitable expenditure	706	5	-	2	713
Governance	47	-	-	-	47
Restricted funds	2	-	-	-	2
Total	990	7	-	3	1,000
Year ended 31 October 2013					
Unrestricted general funds					
Support costs					
Costs of generating funds	241	2	-	2	245
Charitable expenditure	721	5	-	6	732
Governance	47	-	-	-	47
Restricted funds	30	-	-	-	30
Total	1,039	7	-	8	1,054

10. Net incoming resources

	Year ended 31 October 2014	Year ended 31 October 2013
	£000s	£000s
The net incoming resources for the period are stated after charging/(crediting):		
Auditors' remuneration in respect of the audit	14	14
Depreciation on owned assets	136	115
Operating leases on land and buildings	64	65
Release of capital grants	(61)	(61)
Foreign exchange gains	12	26

11. Taxation

The amounts below relate to the activities of the trading subsidiaries of EIFS:

	Year ended 31 October 2014	Year ended 31 October 2013
	£000s	£000s
Profit on ordinary activities before tax	43	61
Profit on ordinary activities multiplied by the small companies' rate of corporation tax in the UK 20.0% (2013: 20.0%)	9	12
Effects of:		
Capital allowances and other timing differences	(9)	(12)
Tax charge for the period	-	-

The total amount of the deferred tax asset not recognised is £36,853 (2013: £60,595), split between timing differences of £875 (2013: £22,193) and trading losses of £35,978 (2013: £38,402).

This asset has not been recognised as Festival Council is not sufficiently confident of its eventual recovery.

The above note relates to the activities of EFC.

12. Fixed assets – (a) Tangible assets

Group	Land & buildings	Furniture & fittings	Computer equipment	Total
	£000s	£000s	£000s	£000s
Cost				
As at 1 November 2013	6,917	1,260	397	8,574
Additions during period	-	38	48	86
As at 31 October 2014	6,917	1,298	445	8,660
Depreciation				
As at 1 November 2013	983	957	343	2,283
Depreciation for period	69	41	26	136
As at 31 October 2014	1,052	998	369	2,419
Net book value				
As at 31 October 2014	5,865	300	76	6,241
As at 31 October 2013	5,934	303	54	6,291

Company	Furniture & fittings	Computer equipment	Total
	£000s	£000s	£000s
Cost			
As at 1 November 2013	788	350	1,138
As at 31 October 2014	788	350	1,138
Depreciation			
As at 1 November 2013	788	343	1,131
Depreciation for period	-	7	7
As at 31 October 2014	788	350	1,138
Net book value			
As at 31 October 2014	-	-	-
As at 31 October 2013	-	7	7

Fixed assets – (b) Investments

Company	Shares in group undertakings
	£s
Cost & net book value	
As at 31 October 2014	4
As at 31 October 2013	4

The shares in subsidiary undertakings are in respect of EFC and Edinburgh International Festival Limited.

13. Stock

	2014	2013
	£000s	£000s
Goods for retail sale	13	13

14. Debtors

	Group 2014	Company 2014	Group 2013	Company 2013
	£000s	£000s	£000s	£000s
Amounts falling due within one year				
Trade debtors	144	80	181	137
Trading balance owed by subsidiaries	-	731	-	699
VAT recoverable	161	161	34	34
Other debtors	100	79	14	6
Prepayments	84	61	77	52
Accrued income	370	370	233	233
Loan owed by subsidiary (see note 15)	-	79	-	79
	859	1,561	539	1,240
Amounts falling due after one year				
Loan owed by subsidiary (see note 15)	-	79	-	158
Total	859	1,640	539	1,398

15. 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 £527,000 (2013: £522,000).

A £500,000 loan was received by EFC in the year ended 30 November 1999 from Edinburgh International Festival Capital Fund, an independent trust. The balance outstanding of this loan was repaid in the year ended 31 October 2011 from a loan of £474,000 from the parent company, EIFS (see note 14). This loan is repayable in six annual instalments of £79,000 which commenced on 31 March 2011. No interest was payable on the loan in the period.

No trading took place with Edinburgh International Festival Limited, a dormant company.

Both of the above subsidiaries are 100% owned by EIFS.

16. Creditors: amounts falling due within one year

	Group 2014	Company 2014	Group 2013	Company 2013
	£000s	£000s	£000s	£000s
Trade creditors	324	300	282	193
Other creditors	141	55	53	38
Other taxes and social security costs	187	55	133	51
Accruals	604	576	545	511
Deferred income	316	153	795	641
Total	1,572	1,139	1,808	1,434

17. Creditors: amounts falling due after one year

	Group 2014	Company 2014	Group 2013	Company 2013
	£000s	£000s	£000s	£000s
Deferred income	79	79	160	158
Total	79	79	160	158

Royal Bank of Scotland holds a bond and floating charge over the assets of the group. This charge ranks after the security detailed in note 18.

18. Capital grants fund

	2014	2013
	£000s	£000s
Total received	6,276	6,276
Released in previous periods	(1,080)	(1,019)
Released in period	(61)	(61)
Total	5,135	5,196

The capital grants fund of £5,135,000 (2013: £5,196,000) 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.

19. Funds

	Balance at 1 November 2013	Income	Expenditure & transfers	Balance at 31 October 2014
	£000s	£000s	£000s	£000s
Group				
Unrestricted funds				
General fund	807	12,213	(12,131)	889
Designated pension reserve fund	(557)	6	(287)	(838)
Restricted funds				
Dunard Library fund	2	-	(2)	-
Capital grants fund	5,196	-	(61)	5,135
Total	5,448	12,219	(12,481)	5,186
Company				
Unrestricted funds				
General fund	821	10,764	(10,724)	861
Designated pension reserve fund	(557)	6	(287)	(838)
Restricted funds				
Dunard Library fund	2	-	(2)	-
Total	266	10,770	(11,013)	23

The restricted funds are for use by the Society in connection with The Hub.

20. Analysis of group net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds
	£000s	£000s	£000s
Fund balances at 31 October 2014 are represented by:			
Tangible fixed assets	1,106	5,135	6,241
Net current liabilities	(138)	-	(138)
Creditors: amounts falling due after one year	(79)	-	(79)
Pension liability	(838)	-	(838)
Total	51	5,135	5,186

21. Operating leases

At 31 October 2014, there were annual commitments under non-cancellable operating leases for land and buildings expiring as follows:

	Group 2014	Company 2014	Group 2013	Company 2013
	£000s	£000s	£000s	£000s
Operating leases can be analysed as falling due:				
Within one year	-	-	17	-
Within two to five years	63	48	48	48
After five years	-	-	-	-
Total	63	48	65	48

All operating leases are for storage premises used by EIFS and its subsidiaries.

22. Capital commitments

Capital expenditure commitments contracted for as at 31st October 2014 but not provided for in these financial statements total £nil (2013 – £47,000).

23. Reconciliation of operating surplus/(deficit) to net cash flow from operating activities

	2014	2013
	£000s	£000s
Net incoming/(outgoing) resources	22	(11)
Interest received	(14)	(15)
Interest paid	-	-
Operating surplus/(deficit)	8	(26)
Depreciation charged	136	115
FRS17 pension charge for defined benefit scheme	54	57
Pension contributions to the defined benefit scheme	(57)	(57)
(Increase)/decrease in debtors	(320)	161
Increase in stock	-	(1)
(Decrease)/increase in creditors	(317)	109
Net cash (outflow)/inflow from operating activities	(496)	358

24. Analysis of net cash balances

	As at 31 October 2013	Cash Movement	Non-cash Movement	Balance at 31 October 2014
	£000s	£000s	£000s	£000s
Cash at bank and in hand	1,130	(568)	-	562
Debt due within one year	-	-	-	-
Debt due after more than one year	-	-	-	-
Net cash balances	1,130	(568)	-	562

25. 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 2014 totalled 123 (2013: 116).

ARREST, TRIAL
& JUDGEMENT
(JOY IN THE MARKETPLACE)



Edinburgh International Festival Society
A charitable company limited by guarantee

Registered Charity Number SC004694
Company Registration Number SC024766

Supported by

City of Edinburgh Council
Creative Scotland
Scottish Government's Edinburgh Festivals Expo Fund
Creative Scotland National Lottery Fund

