



EDINBURGH INTERNATIONAL FESTIVAL

**REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 OCTOBER 2019**

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

**Report and Financial Statements
for the year ended 31 October 2019**

Registered Charity Number SC004694

Company Registration Number SC024766

Contents

- 4 Reference and administrative details
- 5 Foreword from the Chairman of the Board of Trustees
- 7 Objectives and activities
- 8 Strategic Report
 - Achievements and performance
 - Financial review
 - Plans for future periods
 - Risk management
 - Principal risks and uncertainties
- 17 Structure, governance and management
- 20 Statement of trustees' responsibilities
- 21 Independent auditors' report to the trustees and members of Edinburgh International Festival Society
- 24 Consolidated statement of financial activities
- 25 Statement of financial activities – Edinburgh International Festival
- 26 Consolidated balance sheet
- 27 Balance sheet – Edinburgh International Festival
- 28 Statement of cash flows
- 29 Notes to the Financial Statements

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

Professor Niall Lothian OBE (Chair)

Leonie Bell

Chris Condron

Marion Davis

Ann Henderson

Councillor Amy McNeese-Mechan

Keith Miller CBE

Caroline Roxburgh

Keith Skeoch

Yasmin Sulaiman

Councillor Iain Whyte

Councillor Donald Wilson

Finance & Resources Committee

Professor Niall Lothian OBE (Chair)

Chris Condron

Keith Miller CBE

Caroline Roxburgh

Audit & Risk Committee

Caroline Roxburgh (Chair)

Marion Davis

Michelle Hegarty (co-opted)

Yasmin Sulaiman

Councillor Iain Whyte

Nominations Committee

Professor Niall Lothian OBE (Chair)

Leonie Bell

Councillor Donald Wilson

Edinburgh Festival Centre Ltd

Professor Niall Lothian OBE (Chair)

Keith Miller CBE

Fergus Linehan

Francesca Hegyi OBE

Dates of appointments to and retirements from Board of Trustees can be found on page 18.

Honorary President

Valery Gergiev

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

Executive Director & Company Secretary

Francesca Hegyi OBE

Programme Director

Roy Luxford

Director of Finance & Commercial

Susan McIntosh

Marketing & Communications Director

Tina Walsberger

Director of Development

Christopher Wynn

Lawyers

Dentons UK and Middle East LLP

Quartermile One

15 Lauriston Place

Edinburgh EH3 9EP

Auditors

MHA Henderson Loggie

Ground Floor

11-15 Thistle Street

Edinburgh EH2 1DF

Bankers

Royal Bank of Scotland PLC

30 Nicolson Street

Edinburgh EH8 9DL

Registered Office

The Hub, Castlehill

Edinburgh EH1 2NE

Foreword from the Chairman 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 2019. Since the end of the 2019 financial year, the International Festival has been managing an unprecedented set of challenges caused by the COVID-19 pandemic which resulted in the decision, for the first time in the organisation's history, to cancel the 2020 programme. Whilst the difficulties caused by the outbreak are severe for the arts with the outlook remaining uncertain, I have been hugely inspired by the way the Board of Trustees and the Festival team have worked together, quickly and tirelessly, to prioritise the safety of the team, to reassure our audiences and artists and to ensure the resilience of the Festival itself. I would like to pay tribute to the dedicated Board of Trustees and hard-working staff, led by Festival Director Fergus Linehan and Executive Director Francesca Hegyi. There is still a long way to go before normal activities can resume but I am confident that the International Festival will weather this storm and emerge re-energised once again to play its vital role in the life of the city and the country, reminding us of the importance of the arts and our shared humanity, just as it did in 1947.

The support of the City of Edinburgh Council 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. We are extremely grateful for the rapid and flexible response shown by our core funders at the beginning of the COVID-19 outbreak which brought stability to the International Festival.

Although the publication of the Directors' Report and Financial Statements for 2019 had to be delayed and the 2020 AGM rescheduled, due to the impact of COVID-19, we were able to publish the Annual Review for 2019 in December of last year.

The 2019 Festival reached exceptional attendance numbers and welcomed artists from across the globe to present unforgettable performances in the Festival City.

In 2019, for the first time, the Festival implemented a new recruitment process for appointing Trustees. As part of the governance reform that took place in 2017, it was agreed that the Festival required a skills-based board and that an open recruitment process should be adopted. Board vacancies were advertised at the end of 2018 and the start of 2019; we had a very positive response from interested individuals. Over the course of the year we appointed the following Trustees: award-winning journalist and Creative Bridge Programme Lead **Yasmin Sulaiman**; **Keith Skeoch**, Chief Executive of Standard Life Aberdeen plc; BBC Director of Digital Products **Chris Condron**; senior cultural professional **Leonie Bell**; trade unionist, campaigner and Rector of the University of Edinburgh **Ann Henderson**; and charity law specialist **Marion Davis**. At the AGM in June 2019, we were delighted to be able to announce that, for the first time in the Festival's history, we had a female majority board.

I am very grateful to my fellow Trustees for their contribution to the Board and would like to note particular thanks to **Terry Brotherstone**, **Sir Paul Grice**, **Professor Dorothy Miell OBE** and **Andrea Miller**, all of whom retired from the Board in 2019. We were delighted that the outgoing Managing Director, **Joanna Baker**, was made a Commander of the Order of the British Empire (CBE) in Her Majesty the Queen's New Year's Honours list.

Francesca Hegyi joined the Executive team in February 2019. One of the first tasks she undertook was to develop a new draft Business Plan for the next five years. This was a collaborative process with input from all Festival staff, board members, supporters and stakeholders. A draft consultation document was published at the start of the Festival and a further iteration of the new Business Plan will be developed during 2020 which will take account of the changed environment in which we are operating due to COVID-19. The Festival identified four strategic priorities for the next period where we will focus on **International** positioning, our **Programming**

ambitions, our connection to and interaction with **People** and our aims as an **Organisation**. Together with our sister festivals in Edinburgh, we are committed to making changes to the way we do business in order to reduce our carbon emissions and to protect our environment. The Board of Trustees will continue to work with the Executive team to develop and deliver the priorities set out in the new Business Plan.

2019 marked the beginning of the International Festival's *You Are Here* programme, a curated mix of theatre, dance, debate and discussion from world-leading artists and companies who consider where we are now and where we are going. The programme welcomed 265 artists from across the globe. The *You Are Here* programme was made possible through the newly created Platforms for Creative Excellence (PlaCE) fund, established by the City of Edinburgh Council, the Scottish Government – through Creative Scotland – and Edinburgh's festivals, to ensure the continued resilience and relevance of our Festival City. In addition to the founding funders, the *You Are Here* programme is supported by our strategic partners the British Council, the University of Edinburgh Futures Institute and Fuel theatre company.

The foundational support from our core funders encourages many other organisations and individuals to invest in the Festival's work and we are grateful to all those who support us so enthusiastically. 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.

As you will read in the following pages, I am pleased to say that the Festival recorded a positive financial outcome in 2019 and was in a position to make a planned, modest contribution to reserves, entering 2020 in a strong position. The resilience of the Festival will be tested over the coming months but with continued strong management and support from our core funders and loyal supporters, I am confident that it will surmount the challenges ahead.

Niall Lothian



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, policy makers, supporting Scotland and the UK's place in the world
- To be a global benchmark for quality

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

Strategic Report

Achievements And Performance

International

The 2019 International Festival once again welcomed some of the world's greatest artists and ensembles to perform to audiences in venues across Edinburgh. Approximately 2,800 artists from over 40 countries performed in this year's Festival (including over 800 Scottish or Scotland based artists). The Festival endeavours to give our invited artists the best possible conditions in which to perform and to ensure their experience of the Festival and our city is a positive one.

Attendances at the 2019 Festival were up on 2018 with a total of approximately 430,000 attendees. Over half the bookers were new to the Festival and 48% were from Edinburgh, with a further 5% from the Lothians. The 2019 Festival attracted bookers from over 80 countries with a total of 11% of our audience coming from overseas.

The 2019 programme attracted interest from local, national and international politicians, policy makers and leaders from the arts world. We hosted local councillors; MSPs, including several visits from the Cabinet Secretary for Culture, Tourism and External Affairs and the First Minister of Scotland; Westminster MPs, with attendance by, and meetings with, the then Secretary of State for the Department of Culture, Media and Sport; overseas MPs; diplomatic officials including several Ambassadors and Cultural Attachés; and representatives from arts institutions such as the Adelaide Festival, Melbourne International Arts Festival and the Royal Opera House. Our Royal Patron, HRH The Earl of Wessex, continues to support the Festival and this year he hosted a lunch to thank our key supporters.

The Festival's media profile grew in 2019 with an increase in overall coverage from the previous year with the campaign generating a total of 4,125 media pieces in total across UK and international media. Coverage appeared in 51 countries worldwide through print, online, TV and radio coverage and

online articles were shared 53,091 times on social media. The sentiment of media coverage was overwhelmingly positive.

Programming

Innovation, collaboration and the pursuit of artistic excellence are at the heart of the Edinburgh International Festival's annual programme. It maintains a carefully curated roster of world-class artists from the fields of theatre, music, opera and dance, travelling from all over the world to perform for International Festival audiences.

International artists performing in the music programme in 2019 included the National Youth Orchestra of the USA, Shanghai Symphony Orchestra, Orchestre de Paris, and Deutsche Oper Berlin. Barrie Kosky and Komische Oper Berlin enthralled audiences at the Festival Theatre with their production of *Eugene Onegin* conducted by Ainārs Rubiķis, and star soprano Asmik Grigorian received universal praise for her performance. Chinese choreographer Yang Liping brought her new version of *Rite of Spring* to the Festival, blending Eastern aesthetics and modern dance with an international creative team. The International Festival's four-year Ring cycle was brought to a stunning conclusion with *Götterdämmerung*, with the Royal Scottish National Orchestra, conductor Sir Andrew Davis and reigning Brünnhilde Christine Goerke delivering an unforgettable performance.

Highlights of this year's theatre programme included *Peter Gynt*, a co-production with the National Theatre of Great Britain, starring Glasgow-born James McArdle, and Sydney Theatre Company's adaptation of Kate Grenville's *The Secret River*, putting the tragic story of the Indigenous peoples of Australia at the forefront of conversation. Internationaal Theater Amsterdam and director Robert Icke brought a thrilling production of *Oedipus* to the King's Theatre, recasting the tragic hero as a populist politician sweeping to victory on election night, but unable to escape his fate. Two theatre legends

rounded off the main Festival theatre programme. Stephen Fry returned to the stage with the epic *Mythos: A Trilogy. Gods. Heroes. Men*, three full-length shows exploring the figures of ancient Greece. Sir Ian McKellen returned to the Assembly Hall, the venue of his landmark first appearances at the International Festival 50 years ago, to thrill audiences with extracts from his best-loved roles and tales from his life.

All of Scotland's national companies contributed to 2019's programme including the National Theatre of Scotland with Jackie Kay's *Red Dust Road*, and the European premiere of Missy Mazzoli's *Breaking the Waves* by Scottish Opera, based on the Lars von Trier film of the same name. The Scottish Chamber Orchestra, conducted by Sir John Eliot Gardiner, performed Leonard Bernstein's masterpiece *West Side Story* in the Usher Hall with a tremendous young cast of musicians and musical theatre students. Scottish Ballet kicked off this year's dance programme with its revelatory new narrative ballet, *The Crucible*, adapted from the play by Arthur Miller.

The work of Scotland's leading composer Sir James MacMillan formed the centrepiece of this year's classical music programme with a special season of work to mark his 60th birthday. The Scottish Chamber Orchestra, conducted by Harry Christophers, premiered the composer's *Symphony No 5: 'Le grand Inconnu'* and the Royal Scottish National Orchestra performed MacMillan's reworked version of *Quickening* with the voices of The King's Singers, Edinburgh Festival Chorus and RSNO Junior Chorus. A sell out performance of *All the Hills and Vales Along and The Culham Motets* was performed in Greyfriars Kirk bringing together community musicians from Whitburn Brass Band with the outstanding young singers of the National Youth Choir of Scotland. In total, seven of MacMillan's works were performed across five concerts to celebrate the composer's work in his 60th year.

Following the success of *Light on the Shore* in 2018, the International Festival returned to Leith Theatre, hosting concerts from some of today's most original voices including Jarvis Cocker, Anna Calvi, Kate Tempest, Neneh Cherry, Sharon Van Etten and Teenage Fanclub.

This year the International Festival launched *You Are Here*, a series of over 80 performances, conversations, readings and fresh thinking, inviting audiences to

join artists from around the globe asking the big questions of where we are and where we are going. They included artists from London, Lagos, Beirut, Bamako and Nunavut.

People

The International Festival is immensely proud of the work we do in engaging with people throughout the city including thousands of young people in schools to connect them with the programme and artists.

The entire city is invited to celebrate the start of each year's Festival through the Opening Event. This year's *Aberdeen Standard Investments Opening Event: LA Phil at Tynecastle* launched the 2019 Festival in spectacular style with a celebration of music from the Golden Age of cinema and a selection from John Williams' best loved movie theme tunes. 15,000 people attended Tynecastle Park football stadium in Gorgie to watch a free concert from the Los Angeles Philharmonic and their youth group YOLA.

Community groups from across the city joined the celebrations. Building on our work which began last year in deepening engagement with community groups from across the city, the Learning and Engagement department reached out to communities from across Edinburgh to offer them direct access to tickets to attend. Alongside tickets, all community groups engaged were also offered the opportunity of free day-passes for Lothian Buses to assist with their travel to and from the stadium, and those groups with the most need were also offered vouchers for free picnic boxes available at the kiosks in Tynecastle Park so that they were able to access food and beverages at the event, removing all financial barriers to attendance.

This year saw the International Festival advance its ambitions for deeper engagement with the citizens of Edinburgh, expanding reach and connection with people who may not have previously attended. This was achieved through two new initiatives: *Culture Club* and *Global Communities*.

Culture Club connects communities with each other and the world through cultural experiences. For each event two, or three different groups are brought together for a shared meal before collectively travelling to see a performance in the city.

In the *Global Communities* initiative, the International Festival invited artists from the Festival programme to travel outside the city centre to engage with communities. Two pop-up performances took place in August – classical string quartet Quatuor Mona performed at the Oxfangs Neighbourhood Centre's Family Fun Day, while the performers from *HEAR WORD! Naija Woman Talk True* presented extracts from their show to customers in the Culture Lounge hairdressers in Leith.

Activities with schools and young people remain a key area of focus for the Learning and Engagement department with 13 different projects presented to primary and secondary schools, all connecting to the International Festival programme. These projects sat alongside year-round initiatives such as *Art of Listening*, a classical music project for Primary 7 pupils to develop an understanding of the power of music.

Professional development activity evolved in 2019 with the introduction of *Cross Currents*, a programme for Scottish practitioners alongside their international counterparts. Responding to the need for support and development opportunities for creative practitioners we provided a programme for 36 sector-leading creative producers and artists to refresh their current practice and consider their potential.

Cross Currents sat alongside the International Festival's other professional development projects including *Artist as Audience*, a scheme to increase access for artists and creatives to the International Festival programme. Artists are core to the Learning and Engagement work, connecting children, young people, communities and the creative sector to the programme, increasing exposure of the International Festival outside of its core audience.

The International Festival delivered its biggest ever access programme in 2019, striving to ensure that it is as accessible as possible to all audience members.

The strength of our 2019 access provision was such that we were awarded the Euan's Guide Spirit of Inclusion Award, which recognises an organisation that has 'exceeded all expectations and has shown that disabled access and inclusion are woven within the fabric of what they offer'.

Organisation

The International Festival is committed to investing in its staff to enable them to develop to their full potential. A staff development plan has been put in place to ensure that this happens, and a staff wellbeing plan is in development. All staff were consulted when developing the Business Plan for the next period and the priorities within the plan will be reviewed and monitored regularly.

The Festival will maintain its commitment to paying the National Living Wage to all staff including seasonal staff.

The International Festival continues to work to develop its equality, diversity and inclusion (EDI) monitoring and practice in order to ensure that its staff, operations and programme are reflective of and sensitive to the world in which we live and the issues that people can experience due to their gender, race, disability, age, class, beliefs, sexual orientation or other characteristics. Whilst progress has been made on gender representation, there is more work to do in other areas. The EDI plan is under review and a database programme captures diversity information across all temporary and permanent staff to enable better monitoring and benchmarking. The gender pay gap is monitored across the organisation and necessary actions put in place to address any issues. An EDI working group which involves staff across the organisation meets regularly to implement actions in the EDI plan.

A key priority of the Edinburgh International Festival is to achieve financial sustainability. Investment from core stakeholders the City of Edinburgh Council (CEC) and Creative Scotland is essential in maintaining the International Festival's international reputation for programming excellence and ensures that the International Festival has a solid base from which to raise income from other sources including international partners, fundraising and ticket sales. This core of public support is ever more important as the International Festival seeks to maximise earned income to drive growth in the context of standstill or decreasing public funds.

The Scottish Government's Festivals Expo Fund is also of critical importance. In 2019 it enabled the International Festival to commission a special season of work to showcase Scotland's leading composer, Sir James MacMillan, in the year of his 60th birthday. The *Aberdeen Standard Investments Opening Event: LA Philharmonic at Tynecastle* was supported by EventScotland which has invested in the Opening Event since its inception in 2015. The *You Are Here* programme was made possible by the newly created Platforms for Creative Excellence (PlaCE) fund, established by the City of Edinburgh Council, the Scottish Government – through Creative Scotland – and Edinburgh's Festivals, to ensure the continued resilience and relevance of our Festival City.

Earned income is raised from ticket sales and fundraising. Income from ticket sales of nearly £3.2m, net of VAT, represented another strong performance. 2019 was also a successful year in fundraising for the International Festival with income of £3.6m being raised from donations, sponsorship and membership. Key trusts and foundations included Dunard Fund and the Edinburgh International Festival Endowment Fund. Corporate partners included Aberdeen Standard Investments, Virgin Money, Baillie Gifford, the University of Edinburgh and Edinburgh Gin.

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. 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.

The Hub

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

Hub Tickets sells tickets for a range of other organisations in addition to the Edinburgh International Festival.



Financial Review

Festival 2019 financial facts and figures

Where the money came from

57% (2018: 59%) of the Festival's income was generated through earned income

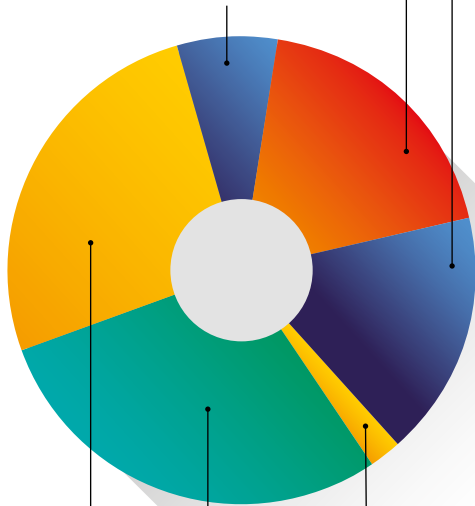
43% (2018: 41%) of the Festival's income came from public sector grants

Earned income included 26% (2018: 28%) from ticket sales and 29% (2018: 29%) from fundraising, including corporate, individual giving, trusts, foundations and international partners.

Income

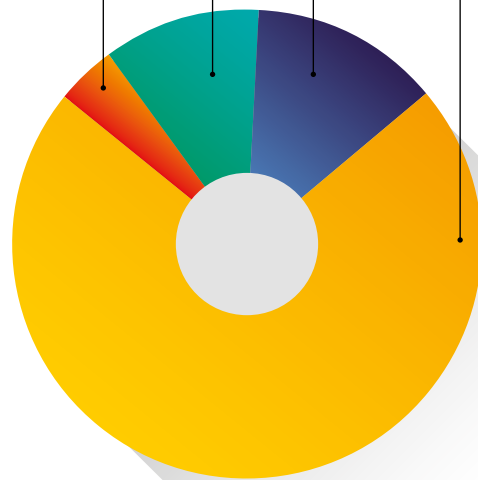
17% City of Edinburgh Council core grant
19% Creative Scotland core grant
7% Scottish Government's Festivals Expo Fund and project grants from EventScotland and City of Edinburgh Council

26% Ticket sales
29% Fundraising
2% Other



Expenditure

72% Cost of productions and performances
13% Marketing, website and ticketing
11% Administration
4% Fundraising



How the money was spent

- 72%** (2018: 72%) of the Festival's budget was spent on productions and performances
- 13%** (2018: 12%) was spent on marketing, website and ticketing
- 11%** (2018: 12%) was spent on administration
- 4%** (2018: 4%) was spent on fundraising

Financial Review

A year of prudent financial management brought the company Edinburgh International Festival a surplus of £173,000 (2018: surplus of £86,000) improving the liquidity of the group. This was before accounting for the following items:

As required by FRS 102 pension requirements, £40,000 was deducted from net income (2018: £27,000). The Group's result for the year also includes a profit on ordinary activities from EFC of £16,000 (2018: profit of £86,000).

For the subsidiary Edinburgh Festival Centre Ltd the improvement in trading continued despite difficult trading conditions with a pre-tax profit of £16,000. However, cumulative losses on Revenue Reserves prevent a gift aid payment to the charitable parent company.

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 £874,000 (2018: £562,000). This has resulted in £312,000 being added to the accounting provision and to the designated reserve for pension fund liabilities. In accordance with FRS102 pensions requirements, £40,000 of the provision has been deducted from net income and £272,000 has been recognised as an actuarial loss. The next triennial valuation of the pension fund will be in October 2020.

Reserves

The Board of Trustees has adopted a Reserves policy to build up adequate cash reserves in line with its objectives on financial sustainability. A Reserves Strategy was put in place in 2018, aimed at building a free cash reserve of £500,000 over a five-year period. The Trustees require the Festival to set aside a small surplus in each year's Board approved budget, with the aim of increasing reserves to the desired level of £500,000 within the timeframe identified.

In 2019 Edinburgh International Festival has contributed to the overall target with net income of £173,000 (2018: £86,000) and consolidated net income of £130,000 (2018: £112,000). This brings the consolidated unrestricted general fund to a balance of £1,182,000 at 31 October 2019 (2018: £952,000). These reserves are not cash backed: Note 20 sets out an analysis of group net assets between funds.

Being prudent, and recognising the need for expenditure on essential systems development, the Trustees have approved the creation of a designated reserve of £104,500. After accounting for this and for the designated pension reserve deficit balance of £874,000, (2018: deficit balance of £562,000) the consolidated unrestricted reserve balance is now £308,000 (2018: balance of £390,000) with a designated reserve of £104,500.

Including the restricted funds which comprise capital grants fund of £4,834,000 (2018: £4,894,000), at 31 October 2019 the consolidated balance sheet shows total reserves of £4,989,000 falling from the previous year's balance of £5,284,000, which is mainly represented by fixed assets (see note 20).

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 Scottish Government to secure long term funding agreements and welcomed additional support from the PlaCE fund designed to encourage and support local partners to work together with their creative community.

The International Festival continues to focus on generating increased earned income in order to sustain its current activities and drive growth. The proportion of total revenue from earned income (tickets sales and fundraising) has increased from 51% of total revenue in 2014 to 57% of total revenue in 2019. Additional investment in income generation is required to maintain and support this growth. The 2020 programme was planned to support increased income from fundraising and other sources of earned income.

At the time of writing the International Festival and EFC Ltd are experiencing the effects of the global pandemic COVID-19. This has resulted in the cancellation of the 2020 Edinburgh International Festival and the mothballing of almost all activities within the trading subsidiary. The continued support of major funders and donors in allowing the funding to be repurposed for resilience means that the financial outlook for 2020 is good. We expect 2021 to be more financially challenging and are putting plans in place now to manage this.

Plans for Future Periods

In its new draft Business Plan, the Festival identified four strategic priorities for the next period in terms of **International** positioning, our **Programming** ambitions, our connection to and interaction with **People**, and our aims as an **Organisation**. We will continue to work on achieving these strategic priorities, as outlined below, but for the next 12 months the overarching priority of the Festival will be the consolidation and sustainability of the organisation in light of the impact of COVID-19. We will work with our strategic partners to look at how we can further invest in and support the Festival's infrastructure and ecosystem to safeguard its future and protect Edinburgh's status as the world's leading Festival City.

Over the long-term, we will look at how the Festival can be even more **International** and globally connected. 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 in light of restrictions that may be in place due to the COVID-19 pandemic and to fulfil our commitment to environmental sustainability. We will continue to contribute to debate nationally and internationally and to develop relationships with governments and international partners to enhance the profile and 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.

We will also focus on being the global benchmark for quality amongst festivals and the performing arts, continuing to engage with artists from all parts of the world and encourage new voices to be heard.

Our aim to explore new presenting opportunities for the International Festival which allow us to grow our brand and reach more people both locally and internationally will be accelerated. This includes finding ways to reach audiences around the world through digital broadcast, partnerships or digital art.

The success of the Festival is driven by the unique perspectives of the artists in our **Programme**. Curated by the Festival Director, the focus of our artistic programme is to serve and support artists and promote and celebrate their contribution to our lives in the 21st century whilst seeking to foster understanding and respect between nations both abroad and here in the UK.

2019 saw the first iteration of 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. The Festival will continue to explore a range of urgent and important issues from the perspectives of artists from around the world and draw meaning from their work through debates and discussions with citizens, academics and policy makers. It will also continue to support artists working in the performing arts through development opportunities such as connecting with other artists from around the world at festival time and through the performance of works in progress. The COVID-19 pandemic provides further impetus for the Festival to innovate and develop new formats through which to programme the widest range of artists and reach new audiences.

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.

The next few years will see a concerted effort to ensure that the Festival is able to offer a programme that is diverse and achieves a balance of genders, both on stage and working for the Festival.

A key priority of the Festival organisation continues to be making 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** in Edinburgh and beyond can feel part of and proud of and we will continue to play our part as the city develops its ambitions for the role that festivals

can play in the lives of its citizens. Mindful of the pressures felt by some people in the city during the summer period, we plan to develop more opportunities outside of the immediate city centre for people to experience the International Festival in future years. We will expand our work in every ward in the city, working with every school in the city over the next five years. We will also continue to support the sector in Scotland through talent development, training and collaborations with our sister festivals and with Further Education and Higher Education partners.

The team behind the Edinburgh International Festival – from trustees to staff – is charged with ensuring the Festival will continue to be enjoyed by future generations. Over the coming years there will be a renewed emphasis on the development of the **Organisation** to ensure that we can be a truly world-class company. This will include investing in our staff to enable them to reach their full potential. As ever, we give great attention to fiscal discipline in budgeting, operational best practice in our systems and encourage entrepreneurial flair in fundraising and marketing.

Risk management

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 Executive has identified a number of areas where systems and processes could be improved and therefore contribute to effective risk management. These will be developed over the coming months and reviewed by the Audit & Risk Committee before implementation.

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 is experiencing the effects of the global pandemic COVID-19. This has resulted in the cancellation of the 2020 Festival and the mothballing of almost all activities within the trading subsidiary. Whilst the charity is in a position to bear the impact of the pandemic in the current financial year by taking advantage of various government funding schemes and benefitting from the willingness of core funders for their support to be used flexibly, the outlook for 2021 is much less certain. It is not yet known when social distancing restrictions will be lifted and if so what limitations on the staging of live events and social gathering may remain. This introduces significant and fundamental risks to the future operation of the Festival. We are working closely with both Scottish and UK Governments and our core funders to plan for a range of scenarios, but it is likely that any festival in 2021 will be at a reduced scale and therefore attract reduced income. This may necessitate some reshaping and resizing of the operation delivering the Festival. It may take several years until the Festival is able to return to its previous scale of operations.

The International Festival relies upon its ability to attract and present 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 ongoing climate of economic uncertainty due to the UK's departure from the European Union and COVID-19 diminishes the confidence of both visiting artists and companies due to health concerns, potential delays or obstacles in the movement of people and freight, and of donors who are taking an increasingly conservative approach to individual giving. Exposure to foreign currency for the Festival has been limited in 2020 by the cancellation of the Festival. However, the risk has the potential to be greater in 2021 when Britain will have left the EU.

The continued downturn in public funding places pressure on the Festival's budget and 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 International Festival's membership of the Lothian Pension Fund (LPF) exposes the company to liabilities as the Festival is now in the 'medium investment strategy' due to its low number of active members. A solution to reducing, capping or eliminating this liability is being explored as a matter of urgency and will be actioned during this financial year.

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. Additionally, the changing character of the city centre suggests that the original business model operated by the Hub since 2000 should be reviewed to ensure that it is appropriate for the next phase of the Festival's life. A review of the operation of the Hub has been commissioned to inform future decision-making.

The Festival's trading subsidiary EFC Ltd which operates the Hub has been particularly affected by the COVID-19 pandemic. The loss of all trading income for EFC for several months led EFC's board of directors to recommend the mothballing of most of its operations in order to limit its trading losses. The EIF Board agreed with this recommendation subject to the statutory consultation processes which have now concluded, and the majority of operations have been mothballed indefinitely. This requires the Festival to assume the responsibilities and costs of operating the building until such times as a commercially viable activity within EFC can be identified or a new business model for the building can be developed. Both of these are being explored as a matter of urgency.

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.

Following changes to the Articles of Association approved at the AGM on 24 April 2017, 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 the further three years after which the member must retire by rotation. 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 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 Ltd 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 overseeing the preparation of the Annual Report and Financial Statements and recommending them to the Board of Trustees, 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 2019 there were five formal meetings of the Board of Trustees and one half-day strategy meeting. The Finance and Resources Committee 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 for the purposes of charity law.

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

Leonie Bell (appointed August 2019)

Terry Brotherstone (retired June 2019)

Chris Condron (appointed August 2019)

Marion Davis (appointed June 2019)

Sir Paul Grice (retired June 2019)

Ann Henderson (appointed June 2019)

Councillor Amy McNeese-Mechan

Professor Dorothy Miell OBE (retired June 2019)

Andrea Miller (retired November 2019)

Keith Miller CBE

Caroline Roxburgh

Keith Skeoch (appointed June 2019)

Yasmin Sulaiman (appointed June 2019)

Councillor Iain Whyte

Councillor Donald Wilson

Fergus Linehan, Joanna Baker CBE (resigned December 2018) and Francesca Hegyi OBE (appointed February 2019) 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. A skills audit exercise is undertaken with new members.

One member – Keith Miller – is due to step down at the AGM in 2020, after which the Board will reduce to a membership of 11. A recruitment process, including public advertising, is in place to identify new Trustees.

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 Chairman 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 Chairman and other Trustees together with the Festival Director and Executive Director. As noted above, EFC's board of directors recommended the indefinite mothballing of most of the trading subsidiary's operations in order to limit its trading losses, the EIF Board agreed with this subject to the statutory consultation processes which have now concluded, and operations have been mothballed.



Board of Trustees 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

Following a robust tender process, the Board of Trustees recommends the appointment of Saffery Champness as auditors.

By order of the Board of Trustees



Niall Lothian
Chairman
Edinburgh, 3 July 2020

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

Opinion

We have audited the financial statements of Edinburgh International Festival Society (the 'company') for the year ended 31 October 2019 which comprise the group and parent charitable company statements of financial activities, the group and parent charitable company balance sheets, the group and parent charitable company statements of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent charitable company's affairs as at 31 October 2019 and of 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 Regulation 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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



Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Auditor's responsibilities for the audit of the financial statements

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 the Acts and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of this report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, 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 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's directors 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 charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.



James Davidson (Senior Statutory Auditor)
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Statutory Auditor
Eligible to act as an auditor in terms of section 1212
of the Companies Act 2006

11-15 Thistle Street
Edinburgh EH2 1DF
3 July 2020

MHA Henderson Loggie is a trading name of
Henderson Loggie LLP

Consolidated statement of financial activities & income and expenditure account

	Notes			Year ended 31 October 2019			Year ended 31 October 2018
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£000s	£000s	£000s	£000s	£000s	£000s
Income & Endowments							
Donations	2	3,064	-	3,064	2,784	-	2,784
Income from Charitable Activities							
• ticket sales		3,153	-	3,153	3,167	-	3,167
• grant income	3	5,157	-	5,157	4,824	-	4,824
Other Trading Activities							
• sponsorship	2	543	-	543	461	-	461
• trading subsidiary sales		1,689	-	1,689	1,623	-	1,623
• publications and other earned income		236	-	236	205	-	205
Income from investments	6	8	-	8	2	-	2
Total income		13,850	-	13,850	13,066	-	13,066
Expenditure							
Expenditure on raising funds							
• fundraising		(494)	-	(494)	(484)	-	(484)
• trading subsidiary costs		(2,201)	-	(2,201)	(2,083)	-	(2,083)
• support costs	9	(309)	(15)	(324)	(284)	(15)	(299)
Expenditure on Charitable activities							
• productions and performances		(8,555)	-	(8,555)	(8,100)	-	(8,100)
• marketing and communications		(1,175)	-	(1,175)	(1,098)	-	(1,098)
• support costs	9	(926)	(45)	(971)	(845)	(45)	(890)
Total expenditure		(13,660)	(60)	(13,720)	(12,894)	(60)	(12,954)
Net income / (expenditure)		190	(60)	130	172	(60)	112
Defined benefit scheme actuarial (losses)/gains							
	8	(272)	-	(272)	156	-	156
Net movement in funds	19	(82)	(60)	(142)	328	(60)	268
Funds brought forward at 1 November 2018	19	390	4,894	5,284	62	4,954	5,016
Funds carried forward at 31 October 2019	19	308	4,834	5,142	390	4,894	5,284

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 & income and expenditure account – Edinburgh International Festival

	Notes	Year ended 31 October 2019			Year ended 31 October 2018		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£000s	£000s	£000s	£000s	£000s	£000s
Income and Endowments							
Donations	2	3,064	-	3,064	2,784	-	2,784
Income from Charitable activities							
• ticket sales		3,153	-	3,153	3,167	-	3,167
• grant income	3	5,157	-	5,157	4,824	-	4,824
Other trading activities							
• sponsorship	2	543	-	543	461	-	461
• publications and other earned income		235	-	235	205	-	205
Income from investments	6	4	-	4	1	-	1
Total income		12,156	-	12,156	11,442	-	11,442
Expenditure							
Expenditure on raising funds							
• fundraising		(506)	-	(506)	(496)	-	(496)
• support costs	9	(347)	-	(347)	(318)	-	(318)
Expenditure on Charitable activities							
• productions and performances		(8,611)	-	(8,611)	(8,188)	-	(8,188)
• marketing and communications		(1,481)	-	(1,481)	(1,403)	-	(1,403)
• support costs	9	(1,038)	-	(1,038)	(951)	-	(951)
Total expenditure		(11,983)	-	(11,983)	(11,356)	-	(11,356)
Net income / (expenditure)		173	-	173	86	-	86
Defined benefit scheme actuarial gains / (losses)							
	8	(272)	-	(272)	156	-	156
Net movement in funds	19	(99)	-	(99)	242	-	242
Funds brought forward at 1 November 2018	19	473	-	473	231	-	231
Funds carried forward at 31 October 2019		374	-	374	473	-	473

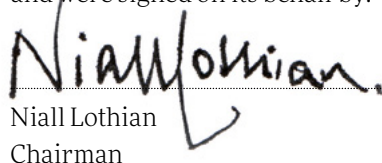
All the results of the charity relate to continuing operations.

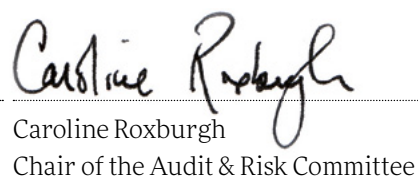
There is no difference between the net movement in funds for the year stated above and its historical cost equivalent.

Consolidated balance sheet at 31 October 2019

	Notes	2019	2019	2018	2018
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible Assets	11	5,874		5,999	
Intangibles	11	56		75	
Investments	11	20		-	
			5,950		6,074
Current assets					
Stock	12	16		15	
Debtors	13	1,579		1,138	
Cash at bank and in hand		1,129		980	
		2,724		2,133	
Creditors: amounts falling due within one year	15	(2,649)		(2,353)	
Net current assets / (liabilities)			75		(220)
Total assets less current liabilities			6,025		5,854
Creditors: amounts falling due after one year	16		(9)		(8)
Net assets excluding pension			6,016		5,846
Pension liability			(874)		(562)
Net assets including pension			5,142		5,284
Unrestricted funds					
General fund	19	1,078		952	
Designated pension reserve fund	19	(874)		(562)	
Designated systems development fund	19	104		-	
			308		390
Restricted funds					
Capital Grants fund	18&19		4,834		4,894
			5,142		5,284

The financial statements on pages 24 to 46 were approved by the Board of Trustees on 3 July 2020 and were signed on its behalf by:


Niall Lothian
Chairman

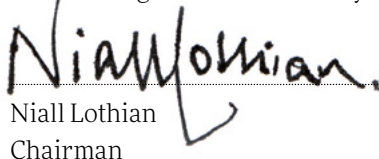

Caroline Roxburgh
Chair of the Audit & Risk Committee

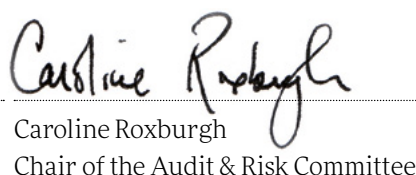
Company Registration Number SC024766

Balance sheet – Edinburgh International Festival at 31 October 2019

	Notes	2019	2019	2018	2018
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible assets	11	14		24	
Intangible assets	11	56		75	
Investments	11	20			
			90		99
Current assets					
Debtors	13 & 14	2,366		1,996	
Cash at bank and in hand		1,013		777	
		3,379		2,773	
Creditors: amounts falling due within one year	15	(2,221)		(1,837)	
Net current assets			1,158		936
Total assets less current liabilities			1,248		1,035
Pension liability	8		(874)		(562)
Net assets including pension			374		473
Unrestricted funds					
General fund	19	1,144		1,035	
Designated pension reserve fund	19	(874)		(562)	
Designated systems development fund	19	104		-	
			374		473

The financial statements on pages 24 to 46 were approved by the Board of Trustees on 3 July 2020 and were signed on its behalf by:


 Niall Lothian
 Chairman


 Caroline Roxburgh
 Chair of the Audit & Risk Committee

Company Registration Number SC024766

Statement of Cash Flows

		Group	Company	Group	Company
Year ended 31 October		2019	2019	2018	2018
	Notes	£000s	£000s	£000s	£000s
Cash flows from operating activities:					
Net cash provided by operating activities	22	161	252	501	493
Cash flows from investing activities					
Dividends, interest and returns on investment		8	4	2	1
Purchase of property, plant and equipment		-	-	(118)	(101)
Investment additions		(20)	(20)		
Net cash provided by investing activities		(12)	(16)	(116)	(100)
Change in cash and cash equivalents in the reporting period		149	236	385	393
Cash and cash equivalents at the beginning of the reporting period		980	777	595	384
Cash and cash equivalents at the end of the reporting period		1,129	1,013	980	777



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 and under the historical cost convention.

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 2015), 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

At the time of writing the International Festival is experiencing the effects of the global pandemic COVID-19. This has resulted in the cancellation of the 2020 Festival and the mothballing of almost all activities within the trading subsidiary. The Board of Trustees has carefully considered the loss of income in the charity and reviewed the revised budget, which includes significant cost savings. EFC's Board of Directors reviewed the impact of COVID-19 on the trading subsidiary and recommended the mothballing of most of its operations in order to limit its trading losses and preserve cash. Both entities have taken advantage of relevant Government schemes to support businesses through the pandemic. The Board of Trustees have considered the future cash requirements, together with the funding sources available to EIF. They have concluded the use of the going concern basis of accounting is appropriate.

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 2019.

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 requires 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 9.

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 are members of the Lothian Pension Fund, a defined benefit pension scheme. 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 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 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 company 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 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).

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 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 company'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.

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 costs 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.

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.

	2019	2018
	£000s	£000s
Donations and legacies received	3,064	2,784
Sponsorship	543	461
Total	3,607	3,245

During the year unconditional donations were received from trustees of £37,000 (2018: £12,000).

3. Income from charitable activities – government grants

	2019	2018
	£000s	£000s
City of Edinburgh Council	2,127	2,151
Creative Scotland	2,317	2,317
Scottish Government's Festivals Expo Fund	150	190
City of Edinburgh Council PlaCE funding	400	-
Event Scotland project funding	50	-
Event Scotland Signature Fund (Scottish Government's Year of the Young People)	-	100
British Council (PlaCE partner funding)	88	-
University of Edinburgh (PlaCE partner funding)	25	-
14:18 NOW	-	66
Total	5,157	4,824

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.

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

Its sales, profit / (loss) and net liabilities for the year ending 31 October, were as follows:

	2019			2018		
	Sales	Profit	Net liabilities	Sales	Loss	Net Liabilities
	£000s	£000s	£000s	£000s	£000s	£000s
Edinburgh Festival Centre Limited	2,213	16	(67)	2,168	(86)	(83)

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

	Group 2019	Group 2018	Company 2019	Company 2018
Group	£000s	£000s	£000s	£000s
Bank interest receivable	8	2	4	1
Total	8	2	4	1



7. Staff numbers and costs

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

	2019	2018
Edinburgh International Festival Society		
Productions	28	25
Marketing and communications	11	11
Administration	8	10
Fundraising	10	8
Finance	4	4
	61	58
Edinburgh Festival Centre Limited		
Administration	1	1
Operations	55	57
	56	58
Total	117	116

As employee numbers are calculated through average headcount, they are therefore liable to fluctuate. Total employee numbers for the year were 363 (211: International Festival, 152 Edinburgh Festival Centre). (2018: 316 (141: International Festival, 175: Edinburgh Festival Centre))

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

	2019	2018
	£000s	£000s
Wages and salaries	3,184	3,019
Social security costs	302	293
Pension costs (note 8)	207	216
Total	3,693	3,528
Key Management Remuneration	613	630

Edinburgh Festival Centre Ltd paid a total of £47,981 in 2019 in respect of termination payments (2018: Nil).

No remuneration or reimbursement of expenditure was paid to any member of the Board of Trustees, who are the directors of the company (2018: nil).

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

Five employees (2018: five) received remuneration over £60,000 per annum: nil (2018: two) fell into the band £60,000–£70,000; four (2018: two) into the band £70,000–£80,000; nil (2018: one) into the band £140,000–£150,000 and one (2018: nil) into the band £150–£160k. The number of employees in these bands to whom retirement benefits are accrued under money purchase and defined benefit schemes is five (2018: five). The company made payments on their behalf to secure money purchase benefits of £48,645 (2018: £70,423) and defined benefit contributions of £nil (2018: nil).

8. 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 total costs to the group of contributions to the above schemes during the year were £207,335 (2018: £216,045). The total cost includes a period end accrual of £27,034 (2018: £9,652).

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 2019 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 31 October 2019. The next triennial valuation of the Fund will be due 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 2019	Assets	Obligations	Net (liability)/asset
	£000	£000	£000
Fair value of plan assets	2,859		2,859
present value of funded liabilities		3,421	(3,421)
Opening position as at 31 October 2018	2,859	3,421	(562)
Current service cost	-	59	(59)
Past service cost	-	55	(55)
Total service cost	-	114	(114)
Interest income on plan assets	83	-	83
Interest cost on defined benefit obligation	-	99	(99)
Total net interest	83	99	(16)
Total defined benefit cost recognised in Profit or (Loss)	83	213	(130)
Plan participants contribution	13	13	-
Employer contributions	90	-	90
Benefits paid	(69)	(69)	-
Total cashflows	2,976	3,578	(602)
Changes in financial assumptions	-	437	(437)
Return on assets excluding amounts in net interest	165	-	165
Total remeasurements	165	437	(272)
Fair value of plan assets	3,141		3,141
Present value of funded liabilities		4,015	(4,015)
Closing position as at 31 October 2019	3,141	4,015	(874)

Period ended 31 October 2018	Assets	Obligations	Net (liability) / asset
	£000	£000	£000
Fair value of plan assets	2,872	-	2,872
present value of funded liabilities	-	3,563	(3,563)
Opening position as at 31 October 2017	2,872	3,563	(691)
Current service cost	-	66	(66)
Total service cost	-	66	(66)
Interest income on plan assets	78	-	78
Interest cost on defined benefit obligation		96	(96)
Total net interest	78	96	(18)
Total defined benefit cost recognised in Profit or (Loss)	78	162	(84)
Plan participants contribution	15	15	-
Employer contributions	57	-	57
Benefits paid	(69)	(69)	-
Total cashflows	2,953	3,671	(718)
Changes in financial assumptions	-	(77)	77
Other experience	-	(173)	173
Return on assets excluding amounts in net interest	(94)	-	(94)
Total remeasurements	(94)	(250)	156
Fair value of plan assets	2,859	-	2,859
Present value of funded liabilities	-	3,421	(3,421)
Closing position as at 31 October 2018	2,859	3,421	(562)

The current service cost figures include an allowance for administrative expenses of 0.3% of payroll (2018: 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:

	2019	2018
	% per annum	% per annum
Future pension increases	2.20%	2.50%
Future salary increases	4.00%	4.20%
Discount rate	2.00%	2.90%

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 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	21.7 years	24.3 years
Future pensioners	24.7 years	27.5 years

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

	2019	2018
	%	%
Equities	38%	31%
Bonds	55%	38%
Property	4%	4%
Cash	3%	27%

The contributions paid by the Employer are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2017), or at any other time as instructed to do so by the Administering Authority.

The estimated Employer's contributions for the period to 31 October 2020 will be approximately £136,000.

9. 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 2019				
Support costs				
Unrestricted Funds				
Costs of raising funds	286	13	10	309
Charitable expenditure	857	39	30	926
Restricted funds				
Costs of raising funds	15	-	-	15
Charitable expenditure	45	-	-	45
Total	1,203	52	40	1,295
Year ended 31 October 2018				
Support costs				
Unrestricted funds				
Costs of raising funds	264	13	7	284
Charitable expenditure	787	38	20	845
Restricted funds				
Costs of raising funds	15	-	-	15
Charitable expenditure	45	-	-	45
Total	1,111	51	27	1,189

Company	Administration	Governance costs	Pension fund	Total
	£000s	£000s	£000s	£000s
Year ended 31 October 2019				
Support costs				
Unrestricted Funds				
Costs of raising funds	323	14	10	347
Charitable expenditure	970	38	30	1,038
Restricted funds				
Costs of raising funds	-	-	-	-
Charitable expenditure	-	-	-	-
Total	1,293	52	40	1,385
Year ended 31 October 2018				
Support costs				
Unrestricted funds				
Costs of raising funds	298	13	7	318
Charitable expenditure	893	38	20	951
Restricted funds				
Costs of raising funds	-	-	-	-
Charitable expenditure	-	-	-	-
Total	1,191	50	27	1,269



10. Net income/(expenditure)

	2019	2018
	£000s	£000s
The net income/(expenditure) for the period are stated after charging/(crediting):		
Auditor remuneration in respect of the audit	15	15
Depreciation on owned assets	144	165
Operating leases on land and buildings	131	77
Release of capital grants	(60)	(60)
Foreign exchange gains/(losses)	(7)	(51)
	223	146

11. Fixed assets

a) Tangible assets

Group	Land & buildings	Furniture & fittings	Computer equipment	Intangible Assets (website)	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
As at October 2018 & 2019	6,917	1,548	242	94	8,801
Depreciation					
As at November 2018	(1,328)	(1,176)	(204)	(19)	(2,725)
Depreciation for Period	(69)	(42)	(14)	(19)	(144)
As at 31 October 2019	(1,397)	(1,218)	(218)	(38)	(2,871)
Net book value					
As at 31 October 2019	5,520	330	24	56	5,930
As at 31 October 2018	5,589	373	38	75	6,075

Included within land & buildings is £20,691 (2018: £20,691) of finance costs.

Company	Furniture & fittings	Computer equipment	Intangible Assets (website)	Total
	£000s	£000s	£000s	£000s
Cost				
As at November 2018 & 2019	788	129	94	1,011
Depreciation				
As at 1 November 2018	(788)	(105)	(19)	(912)
Depreciation for period	-	(10)	(19)	(29)
As at 31 October 2019	(788)	(115)	(38)	(941)
Net book value				
As at 31 October 2019	-	14	56	70
As at 31 October 2018	-	24	75	99

b) Investments

Company	Shares in group undertakings	Listed Investments	Total
	£s	£s	£s
Cost & net book value			
As at 31 October 2019	4	20,000	20,004
As at 31 October 2018	4	-	4

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

The listed investments are in Man GLG Japan Core Alpha Equity Class H.

The investments were gifted by a donor just before the year end and were realised shortly afterwards.

12. Stock

	2019	2018
	£000s	£000s
Goods for retail sale	16	15
Total	16	15

13. Debtors

	Group	Company	Group	Company
	2019	2019	2018	2018
	£000s	£000s	£000s	£000s
Trade debtors	187	134	348	262
Trading balance owed by subsidiaries	-	859	-	1,002
VAT recoverable	593	593	449	449
Other debtors	9	-	45	12
Prepayments	72	62	83	59
Accrued income	718	718	213	212
Total	1,579	2,366	1,138	1,996

14. 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 £523,000 (2018: £545,000).

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

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



15. Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2019	2019	2018	2018
	£000s	£000s	£000s	£000s
Trade creditors	943	861	477	411
Other creditors	100	33	200	66
Other taxes and social security costs	196	110	237	50
Accruals	708	685	702	688
Deferred income (Note 17)	702	532	737	622
Total	2,649	2,221	2,353	1,837

16. Creditors: amounts falling due after one year

	Group	Company	Group	Company
	2019	2019	2018	2018
	£000s	£000s	£000s	£000s
Deferred Income (Note 17)	9	-	8	-
Total	9	-	-	-

17. Deferred income

	Group	Company	Group	Company
	2019	2019	2018	2018
	£000s	£000s	£000s	£000s
Total received at start of year	745	622	495	341
Released in year	(745)	(622)	(495)	(341)
Deferred in year	711	532	745	622
Total	711	532	745	622

18. Capital grants fund

	2019	2018
	£000s	£000s
Total received	6,276	6,276
Released in previous periods	(1,382)	(1,322)
Released in period	(60)	(60)
Total	4,834	4,894

The capital grants fund of £4,834,000 (2018: £4,894,000) 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 2018	Income & gains/ (losses)	Expenditure and transfers	Balance at 31 October 2019
	£000s	£000s	£000s	£000s
Group				
Unrestricted funds				
General fund	952	13,850	(13,724)	1,078
Designated pension reserve fund	(562)	(272)	(40)	(874)
Designated systems development fund	-	-	104	104
Restricted funds				
Capital grants fund	4,894	-	(60)	4,834
Total	5,284	13,578	(13,720)	5,142
Company				
Unrestricted funds				
General fund	1,035	12,156	(12,047)	1,144
Designated pension reserve fund	(562)	(272)	(40)	(874)
Designated systems development fund	-	-	104	104
Total	473	11,884	(11,983)	374
	Balance at 1 November 2017	Income & gains/ (losses)	Expenditure and transfers	Balance at 31 October 2018
	£000s	£000s	£000s	£000s
Group				
Unrestricted funds				
General fund	753	13,117	(12,918)	952
Designated pension reserve fund	(691)	156	(27)	(562)
Restricted funds				
Capital grants fund	4,954	-	(60)	4,894
Total	5,016	13,273	(13,005)	5,284
Company				
Unrestricted funds				
General fund	922	11,493	(11,380)	1,035
Designated pension reserve fund	(691)	156	(27)	(562)
Total	231	11,649	(11,407)	473

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 2019 by the Fund’s actuaries, Hymans Robertson LLP. A further designated reserve has been created for essential systems improvements.

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.

20. Analysis of group net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds
	£000s	£000s	£000s
Fund balances at 31 October 2019 are represented by:			
Tangible fixed assets	1,116	4,834	5,950
Net current assets	75	-	75
Long term liabilities	(9)	-	(9)
Pension liability	(874)	-	(874)
Total	308	4,834	5,142
Fund balances at 31 October 2018 are represented by:			
Tangible fixed assets	1,180	4,894	6,074
Net current assets	(220)	-	(220)
Pension liability	(562)	-	(562)
Long term liabilities	(8)	-	(8)
Total	390	4,894	5,284

21. Operating leases

At 31 October 2019, there were total commitments under non-cancellable operating leases as follows:

	Group	Company	Group	Company
	2019	2019	2018	2018
	£000s	£000s	£000s	£000s
Total operating lease payments due:				
Within one year	126	126	71	60
Within two to five years	290	290	62	62
After five years	-	-	3	3
Total operating lease payments due:	416	416	136	125
Total payments made in year	131	120	77	60

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

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

	Group	Company	Group	Company
	2019	2019	2018	2018
	£000s	£000s	£000s	£000s
Net income for the year as per the statement of financial activities	130	173	112	86
Adjustments for:				
Depreciation charges	144	29	165	29
Dividends, interest and rents from investments	(8)	(4)	(2)	(1)
FRS102 pension charge for the defined benefit scheme	130	130	84	84
Pension contributions to the defined benefit scheme	(90)	(90)	(57)	(57)
Increase in stocks	(1)	-	-	-
(Increase)/decrease in debtors	(441)	(370)	409	686
Increase/(decrease) in creditors	297	384	(210)	(334)
Cash flows from operating activities	161	252	501	493

23. Financial instruments

	Group	Company	Group	Company
	2019	2019	2018	2018
	£000s	£000s	£000s	£000s
Carrying amount of financial assets				
Debt instruments measured at amortised cost	196	993	393	1,276
Measured at fair value through profit or loss	20	20	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	1,751	1,579	1,379	1,165
Measured at fair value	874	874	562	562

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 2019 totalled 85 (2018: 85).

25. Related party transactions

During the year ended 31 October 2019 there were no related party transactions that would require disclosure.

