



**REPORT AND FINANCIAL
STATEMENTS FOR
THE YEAR ENDED
31 OCTOBER 2022**





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)

PlaCE Resilience Fund

EventScotland

Report and Financial Statements for
the year ended 31 October 2022

Registered Charity Number SC004694

Company Registration Number SC024766

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REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity Number SC004694

Company Registration Number SC024766

VAT Registration Number GB 664 0731 41

Patron

His Royal Highness the Duke of Edinburgh KG GCVO

Board of Trustees

Sir Keith Skeoch (Chair)

Lara Akeju

Leonie Bell

Chris Condron

Marion Davis

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Edinburgh Festival Centre Ltd

Francesca Hegyi OBE

Susan McIntosh

Honorary Vice Presidents

Sir Ewan Brown CBE

Carol Colburn Grigor CBE

Honorary Secretary

Andrew Kerr, Chief Executive, City of Edinburgh Council

Management and Advisers

Festival Director Nicola Benedetti

Chief Executive & Company Secretary

Francesca Hegyi OBE

Creative Director Roy Luxford

Director of Finance & Commercial

Susan McIntosh

Director of Audiences Kate Carter (maternity leave)

Interim Director of Audiences Kingsley Jayasekera

Director of Development Katherine Planas

Lawyers

Dentons UK and Middle East LLP

Quartermile One

15 Lauriston Place

Edinburgh EH3 9EP

Auditors

Saffery Champness LLP

Edinburgh Quay, 133 Fountainbridge

Edinburgh EH3 9BA

Bankers

Royal Bank of Scotland PLC

30 Nicolson Street

Edinburgh EH8 9DL

Registered Office

The Hub, Castlehill

Edinburgh EH1 2NE

Dates of appointments to and retirements from Board of Trustees can be found on page 28.

FOREWORD FROM THE CHAIR OF THE BOARD OF TRUSTEES

On behalf of the Board of Trustees I am pleased to present our Report and Financial Statements for the year ended 31 October 2022.

Our 75th anniversary saw the return to a full-scale Festival and I'm pleased to report that it was well received by all involved. It was incredible to be able to bring together artists and audiences from across the world and to be back in our indoor venues. A substantial amount of the planning, however, was set against a backdrop of uncertainty. At the start of the year, we were considering the possible risk of restrictions remaining in place in August 2022. It was unclear as to whether our audiences would feel ready to return to packed theatres and concert halls. I would like to thank my fellow Trustees who helped to steer and support the excellent and focussed management team through some nerve-wracking decisions to deliver an exceptional programme. As has been the case since the very first edition of this Festival, the programme was achieved through creativity, innovation, collective risk taking and determination.

The 75th anniversary also gave us an opportunity to look back and consider the reasons why the International Festival was established and to reflect on the continued importance of the role of culture to promote international cooperation and understanding. In 2022 the cultural celebration in the Festival City took place against the backdrop of the war in Ukraine. We were honoured to be able to present the newly assembled Ukrainian Freedom Orchestra on our opening weekend. The concert comprised all-Ukrainian musicians and included recent refugees and musicians still based in Ukraine who had been allowed special exemption from military activities to perform. The concert was free to attend and audiences were invited to make

a donation to the Scottish Refugee Council as they continue to play a leading role in welcoming displaced Ukrainians to Scotland. We are grateful to the Scottish Government for providing the necessary support to allow us to the present this incredibly important orchestra in our programme.

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

I would like to take this opportunity to pay thanks to Fergus Linehan, our Festival Director on behalf of all at the Edinburgh International Festival and beyond for his eight years of commitment to the organisation. He has brought ingenuity, creativity, entrepreneurialism, and intellect to the programme and has had a huge impact. The board has valued his immense skill at steering the ship over the last eight years but particularly throughout the last two years during the pandemic, when his inspired, confident and steady leadership helped the Festival weather the storms and emerge as a strong cultural organisation. It was Fergus's dedication and the breadth of his creative talent that ensured we delivered the exceptional programme that celebrated both our 75th anniversary and his final festival. The board and I wish him and his family every success for the future.



**EDINBURGH
INTERNATIONAL
FESTIVAL**

**75 YEARS OF BRINGING
WORLD CULTURES TOGETHER**

I am equally thrilled to welcome Nicola Benedetti to the role of Festival Director and look forward to working with her as we enter a new chapter for the organisation. 2022 saw other changes in the Senior Management Team with Christopher Wynn moving on from his role as Director of Development after fourteen years in post and Katherine Planas joining us from the National Symphony Orchestra at the John F. Kennedy Center for the Performing Arts in Washington DC to replace him. Director of Audiences, Kate Carter, joined the Festival in March from Scottish Ballet. To support our new Festival Director and support her vision for the Festival, Francesca Hegyi stepped into the role of Chief Executive, while Roy Luxford took on additional responsibilities to become Creative Director. This restructuring of the senior management team will allow the Festival to place renewed focus on its artistic vision and purpose, while ensuring the smooth administration of day-to-day operations.

I would also like to pay tribute to Councillors Amy McNeese-Mechan and Donald Wilson who retired from the Board this year. Both councillors have made a significant contribution to the organisation. We were delighted to welcome Councillors Cammy Day and Hal Osler to the Board as the City of Edinburgh Council's nominees as well as the newly appointed Lord Provost of Edinburgh, Councillor Robert Aldridge, to the role of Chair of the Festival Society.

This year's closing concert at the Usher Hall provided an opportunity to announce the appointment of Sir Ewan Brown as Honorary Vice President alongside Carol Grigor. This appointment was made in recognition of Sir Ewan's exceptional and exemplary support of, and long-lasting commitment to, the International Festival and its mission.

Just after the Festival drew to a close, the eyes of the world were back on Edinburgh for a much more sombre reason: Her Majesty the Queen's Lying in Rest at St Giles' Cathedral. Her Majesty the Queen became Patron of the International Festival in 1952 when she ascended the throne and returned to the International Festival several times in her year as Patron, last visiting in 1999 when she officially opened The Hub, which remains the home of the International Festival. In December 2016, patronage of the International Festival passed to His Royal Highness, The Duke of Edinburgh.

As we prepare for the next chapter in our organisation's history, we are acutely aware of the challenging economic environment that everybody is facing. It was incredibly sad to hear the news in the autumn that the Edinburgh International Film Festival was put into administration, its tribulations highlight the fragility of the culture sector as it looks to navigate through these testing times.

The unwavering support of our funders, donors and support is crucial to the financial resilience of the International Festival. My profound thanks go out to all of you as well as the incredible team at Edinburgh International Festival. May I take this opportunity to ask for your continued support to ensure we can deliver our vision for the next chapter of the organisation: to offer the deepest level of experience, through the highest quality of art, to the broadest possible audience.



Sir Keith Skeoch
Chair of the Board of Trustees

TRUSTEES ANNUAL REPORT INCLUDING STRATEGIC REPORT

OBJECTIVES AND ACTIVITIES

Background

The Edinburgh International Festival (EIF) 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 EIF presents a curated programme featuring the finest performers and ensembles from the worlds of dance, opera, music and theatre. While EIF 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.

EIF exists to promote cultural exchange and collaboration between people of different cultures and backgrounds through a global celebration of exceptional performing arts. We will be focusing our attention on creating a new Business Plan at the start of this year to reflect the work required to deliver the vision of our new Festival Director and details of our future priorities are set out later in this document. Our current priorities, 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

ACHIEVEMENTS AND PERFORMANCE

International

The 2022 festival was a celebration of 75 years of bringing world cultures together. After three years of travel restrictions, we were delighted to once again bring artists and audiences from across the globe to Scotland. Over 2,400 artists from 45 nations performed on our stages to audiences from 86 countries. Our international media presence in 2022 was extensive with coverage of the festival appearing in 93 countries.

The 75th festival opened in style with a free-to-attend celebration of Australian and Scottish culture in our Opening Event: *MACRO* at BT Murrayfield. *MACRO* was co-produced by the Edinburgh International Festival and Adelaide Festival. The performance was part of the UK/Australia Season 2021-22, a joint initiative of the British Council and Australian Government's Department of Foreign Affairs and Trade, supported by the Australian Government through the International Cultural Diplomacy Arts Fund, the British Council and the Government of South Australia through Arts South Australia.

We were once again able to invite international orchestras to take part in the 2022 festival with performances by the Bergen Philharmonic Orchestra, Les Siècles, Australian World Orchestra, Czech

Philharmonic, The Philadelphia Orchestra and the Helsinki Philharmonic Orchestra.

The dance programme spanned continents, featuring dancers and choreographers from America, China, India and Australia in the fields of ballet and contemporary.

International collaborations were central to the 2022 theatre programme with artists exploring themes spanning migration, sexuality, the climate crisis, death, friendship and hope. Acclaimed theatre company Internationaal Theater Amsterdam (ITA) performed as part of our residencies pilot presenting the UK premiere of Hanya Yanagihara's epic novel *A Little Life* and a new adaptation of *The End of Eddy*, showcasing the Norwegian director Eline Arbo. As part of the UK/Australia Season, Australian theatre company Belvoir presented *Counting and Cracking* which involved 19 performers hailing from six countries.

We were privileged to bring together international diplomats, MSPs, MPs, Councillors, citizens of Edinburgh and the Scotland-based Ukrainian community for an historic performance by the Ukrainian Freedom Orchestra in a moment of solidarity with all those impacted by the invasion of Ukraine.



Assembled by New York's Metropolitan Opera and the Polish National Opera, the Ukrainian Freedom Orchestra included recent refugees, Ukrainian members of European orchestras and leading Ukrainian musicians and performers. The Ukraine Ministry of Culture granted a special exemption to military-age, male members of orchestras inside the country to participate, allowing them to put down weapons and take up their instruments in a demonstration of the power of art over adversity. Over 2,000 people attended the concert, which was presented in partnership with the Scottish Government.

Peter Gelb, head of New York's Metropolitan Opera, gave an inaugural lecture on the importance of the arts and culture, in memory of Rudolf Bing, the founder of the International Festival and former head of New York's Metropolitan Opera. Rudolf Bing was himself a refugee and was the inspiration for our *Refuge* series: a season of work that celebrated the profound contribution to arts and culture that the movement of people across the globe has provided. *Refuge* was presented in collaboration with the Scottish Refugee Council and, through the ten performances presented, explored themes of refugeehood, migration and identity.

EIF is a founding partner of the Edinburgh International Culture Summit, together with the Scottish Government, the UK Government, the Scottish Parliament and the British Council. The Summit presents a unique platform for collaboration between artists, practitioners, thinkers and policy makers from across the globe.

The sixth edition of the Summit entitled *Culture and a Sustainable Future*, took place at the Scottish Parliament, Ministers and Cultural Policy delegations from over 30 countries attended to reflect on the urgent need for investment in our future. Participating delegations also attended performances in the International Festival programme.

The Festival is an important meeting point for diplomatic delegations, politicians and policy makers. This year, we welcomed the newly appointed US Ambassador to the UK for her first ever visit to Scotland and had senior representation from countries including Spain, South Korea, Australia and France. We continued to foster our relationships with consular corps, embassies and high commissions. We worked with ten international partners to gain support towards direct project costs for the 2022 festival. In addition, the Embassy of the United States of America hosted the London edition of our programme launch in April and its Chargé d'Affaires welcomed guests to the event.



A concentrated programme of advocacy was undertaken in 2022. Engagement with UK Government included meetings with: Lord Neil Mendoza, Commissioner for Cultural Recovery and Renewal; Lord Offord of Garvel, Parliamentary Under Secretary of State to the Scotland Office; and the Rt Hon Michael Gove, Minister for Intergovernmental Relations. Ian Stewart MP, the then Parliamentary Under Secretary of State in the Scotland Office, hosted a reception during the festival to celebrate the 75th anniversary.

The First Minister of Scotland, Nicola Sturgeon, Culture Secretary Angus Robertson, and Culture Minister Neil Gray joined us at many festival performances and had meetings with our new Festival Director, Nicola Benedetti to welcome her to the role and to hear about her vision for the Edinburgh International Festival.

The EIF team were able to attend and participate in international events and conferences in person this year.

Representatives from EIF contributed to and attended events organised by the European Festivals Association (EFA). Our Head of Strategy attended the EFA Arts Summit and General Assembly in Yerevan, Armenia, hosted by the Yerevan Perspectives International Music Festival. Our Programme Manager, took part in the 20th edition of the Atelier for Young Festival Managers in Nicosia, Cyprus, in October 2022. The Atelier brought together 35 young festival managers from all over the world to spend seven days with a group of young and experienced festival leaders, cultural activists, and cross-sector experts. EIF's Creative Director continues to play a key role in delivering the Young Producers course organised by EFA.

Our Chief Executive participated as keynote speaker in the annual Beijing Forum for Performing Arts (online) in December 2022. The Forum attracted more than 100 cultural organisations from over 20 countries and regions across six continents.

The Director of Audiences attended Festival d'Aix-en-Provence in July which also celebrated its 75th anniversary this year.

The International Festival continues to be part of the Scotland-wide Events Industry Advisory Group convened by the Director of Events at EventScotland / VisitScotland with both the EIF CEO and Creative Director attending meetings. This group brings together like-minded industry professionals from

the culture, sport and business events sectors, plus wider representatives from key partners, initially to provide a clear and coordinated voice into Government in response to the impact of Covid-19 and to contribute to the development of a new Major Events Strategy in 2023.

Programming

The 2022 Festival created a distinctive feeling of hope as we pioneered the return of performing arts to the Festival City. We launched with a stunning, large-scale and free Opening Event, *MACRO*, in front of an audience of approximately 15,000 who gathered at BT Murrayfield to witness the joyous spectacle celebrating the International Festival's anniversary: 75 years of bringing world cultures together.

MACRO marked the beginning of a fantastic three weeks of world-class live performances. Highlights included a new production of Dvořák's *Rusalka* featuring award-winning Welsh soprano Natalia Romaniw in the title role, a special one-off concert from jazz legend Herbie Hancock and Gabriel Byrne's *Walking with Ghosts* which followed the star's origins in Dublin through his ascendance to Hollywood.

The opening concert at the Usher Hall marked the return of large orchestras and choirs being able to perform together. The BBC Scottish Symphony Orchestra performed alongside two full choirs: the NYCOS National Girls Choir and our very own Festival Chorus.

Nicola Benedetti performed as soloist with the Scottish Chamber Orchestra and gave a moving speech to the packed auditorium announcing how honoured she was to take over as Festival Director.

Other artists appearing at the 2022 International Festival included: Arooj Aftab, Angel Blue, Malin Byström, Squarepusher, Kae Tempest, Kyle Abraham, Adura Onashile, Jordi Savall and conductors including Sir Simon Rattle, Sir Douglas Boyd, Elim Chan, Susanna Mälkki and Sir Andrew Davis.

Making their Festival debuts, acclaimed American choreographer Kyle Abraham brought *An Untitled Love* to the King's Theatre, while Aakash Odedra Company presented *Samsara* – a contemporary dance work rooted in mythological storytelling – at The Lyceum. Akram Khan's *Jungle Book* reimagined invited the audience to reimagine this well-known story through the eyes of a climate refugee with

stunning state-of-the-art animation. Scottish Ballet presented the world premiere of *Coppélia: their reimagining* of this classical ballet in the age of artificial intelligence.

National Theatre of Scotland (NTS) returned with the world premiere of dance-theatre show *Burn* with Alan Cumming co-produced with the Edinburgh International Festival and The Joyce Theater, New York. NTS presented their production of *Medea* at the home of the Edinburgh International Festival, The Hub. Former Makar Liz Lochhead's script was brought to life by Adura Onashile in the title role gathering five-star reviews from critics.

Other co-commissions included the European premiere of Odile Gakire Katese's (Kiki) *The Book of Life* with Volcano, Canada and the Woman Cultural Centre, Rwanda; a work exploring healing after the Rwandan genocide. The Festival commissioned Grid Iron to create an immersive, site-specific theatre piece *Muster Station: Leith*, which was the culmination of our four-year residency at Leith Academy.

The 2022 festival culminated with *Thank You, Edinburgh*, a free concert from The Philadelphia Orchestra led by conductor Yannick Nézet-Séguin, which was in residence at the International Festival across four concerts. A thank you to the city and residents of Edinburgh, this special concert from one of America's leading symphony orchestras took place at the Edinburgh Playhouse and was also relayed live to the Ross Bandstand in Princes Street Gardens.

Our *At Home* series continued in 2022 with a month-long free programme available to view worldwide. The programme comprised a set of five short films titled *Edinburgh is a Story*, two full-length concerts performed at the 2022 festival, a series of six intimate music sessions, and a behind-the-scenes video that included artist interviews. EIF commissioned Glasgow-based production company Forest of Black to produce *Edinburgh is a Story*. Each of the five short films was shot in an iconic Edinburgh location and created an intimate portrait of artist featured in this year's festival programme. Artists included the poet Hannah Lavery, Ukrainian soprano Liudmyla Monastyrskya and the Ukrainian Freedom Orchestra, British pianist and conductor Wayne Marshall, Australian didgeridoo virtuoso William Barton and a new Scottish Ballet commission choreographed by Nicholas Shoesmith.

The *At Home* programme was once again supported by ABRDN and took place from 27 October to 1 December 2022 and has so far had over 1 million views.

In total, we presented 412 performances including 6 world premieres and 7 commissioned works. The 2022 programme was a collective effort between artists, arts workers, audiences, funders and supporters and we are incredibly grateful to everyone that contributed to its success.

People

We were delighted to be able to welcome audiences from across the globe back to the festival this year. Ticket sales were strong, with many performances selling out. Over 150,000 tickets were issued marking just a 7% decrease compared to 2019 (excluding the Fireworks Concert). We offered over 34,000 free tickets and issued a further 27,000 tickets which were discounted as concessions, given to community groups or allocated to young people as part of our Young Music Pass. A portion of these free tickets were targeted towards schools, local artists and NHS staff to expand audience reach and make our programme more accessible. 61% of all bookers were new to EIF. Local audiences embraced the return to live performance, with 46% of bookers coming from Edinburgh and the surrounding areas. 24% of audience members were from the rest of Scotland, 20% from the rest of the UK and 10% international. The feedback from audiences was overwhelmingly positive with 94% of bookers rating the quality of events as good or very good.

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

This year's return to a full-scale festival allowed our Learning and Engagement team to connect with people across Edinburgh and beyond. We connected with communities through Akram Khan Company's dance piece *Jungle Book reimagined* with four local dance artists working with Akram Khan Company to develop a workshop exploring the themes of climate crisis and migration. Workshops were delivered to community groups across the central belt of Scotland and all participants were invited to attend a performance of the show.

Other projects associated with this year's programme included a family dance workshop by Wang Ramirez Dance Company and a *Medea* schools project which saw over 360 secondary school pupils attend performances of the production before participating in an in-school drama workshop.

2022 marked the culmination of our four-year residency at Leith Academy with a major project taking place in the school. *Muster Station: Leith* by immersive theatre company Grid Iron created the opportunity for student activities and career development across the school. 22 pupils were trained to work in paid Front of house roles for the performance.

As part of our work to develop artistic talent, we provided tickets to shows across the festival programme to working performers, artist, music and drama teachers. We partnered with Dance Base to enable 20 dancers to see a selection of dance shows of their choice to support their professional development. Through our *Artists As Audiences* initiative, we donated over 385 tickets to working artists to enable them to attend the Festival.

We re-engaged with primary schools for our *Play On: Stages* project, with performances taking place on the donated playground stages. Through *Snappy*

Operas, delivered in partnership with Mahogany Opera, primary school children were introduced to the artform through mini operas written for young people.

Our work with Goodtrees Neighbourhood Centre continued through the *Amplify* song writing project. The project was designed to develop young people's confidence by providing them with new vocational skills, increasing their connection to the creative arts and providing an outlet for their voices following the difficulties they have faced during the pandemic. EIF was delighted to accept an invitation from the City of Edinburgh Council to present this project to all councillors in autumn of this year.

Organisation

For the majority of 2020 and 2021 the EIF team worked from home. To reflect the transition back to office-based working we introduced a trial which allowed staff to work from home on Mondays and Fridays (with the exception of the festival delivery period). In autumn 2022, staff feedback was gathered and it was unanimously agreed that this mode of working was a positive development for EIF. The policy has now come into effect to recognise the importance of encouraging flexibility in the way we work.



EIF is committed to being an inclusive, welcoming environment for all. In March 2022 we published our Diversity and Inclusion Statement. This followed from an in-depth review of our record in equality and diversity in our programming, staffing and audiences. We believe that building a long-term inclusive environment involves everyone. We have established strong Diversity and Inclusion involvement at all levels and we are now embedding commitments to widening access and representation in our strategic plan for the next five years.

We have established several Diversity and Inclusion staff-led working groups including LGBTQ+, Menopause, Wellbeing, and Disability and Access. Our Menopause working group created EIF's first Menopause Policy and our Access and Disability group has led to updated positive action in our recruitment processes.

To recognise mental health awareness month in May, and as a restart after COVID, we provided Wellbeing training for all staff through Greentree Wellbeing Consultancy. This training offered techniques to support us to reduce stress as we moved towards the busy Festival period.

As part of our Diversity & Inclusion strategy we hosted a networking event and lunch with BE United, an arts and cultural organisation that advocates for, highlights, and celebrates African/Caribbean (Afrocentric) excellence in Scotland. We have developed a partnership with BE United which will support the Black creative community to access roles within EIF over the next 12 months. We will be working with BE United to match job opportunities with the talent in their community, supporting candidates throughout the process and listening to their feedback and experiences to help us become a truly inclusive employer.



Environmental Sustainability

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

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

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

This year, we used and encouraged sustainable practices when working with partner venues, such as avoiding single-use plastics and providing biodegradable access passes.

We have so far offset 328 tonnes of carbon with Trees for Life, a charity based in the North East of Scotland who only offset in Scotland. The carbon credits that we have purchased have planted native trees to help restore the Caledonian Forest.

2022 marked a return to bringing large-scale international works and orchestras to the festival, however, we still aim to reduce travel and reduce our environmental impact where possible. This August, we introduced residencies to avoid the need for artists to travel between countries for short engagements and to help reduce carbon emissions. The Philadelphia Orchestra, Philharmonia Orchestra and Internationaal Theater Amsterdam all took part in our residencies pilot.

In December 2022 we recruited an Environmental Sustainability Manager for 18 months, with support from Scottish Enterprise. The focus of this role will be to create both strategic and operational plans we can enact to deliver on our commitments. We will also expand our measurement of, and reporting on, our carbon usage.

Thank you

We want to thank sincerely all our funders, partners and donors who continue to support EIF. We are hugely grateful to the City of Edinburgh Council, Creative Scotland and Scottish Government for their ongoing support which was vital in ensuring that, after a year of outdoor venues and productions, we were able to return with a full Festival in 2022.

We are immensely grateful for the support of James and Morag Anderson, Sir Ewan and Lady Brown, Carol Grigor and Dunard Fund, the Edinburgh International Festival Endowment Fund and the Léan Scully Fund. Without their support the 2022 Festival would not have been possible.

The ongoing support from our Learning and Engagement Partner Baillie Gifford Investment Managers, and our partner Ayr, allows us to connect with local and international audiences, through a year-round bespoke programme of projects and opportunities.

The Hub

Edinburgh Festival Centre Limited

The International Festival has a wholly owned subsidiary company, Edinburgh Festival Centre Limited (EFC), which owns and operates The Hub. The subsidiary's main role has been to maintain the heritage listed building (The Hub). A new business model which rents external space at the front of The Hub to food and beverage concessions has proved successful, resulting in an operational breakeven position before a net charge for an impairment related to the Hub property asset (page 18). The company posted a net loss before tax of £163,000.

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

FINANCIAL REVIEW

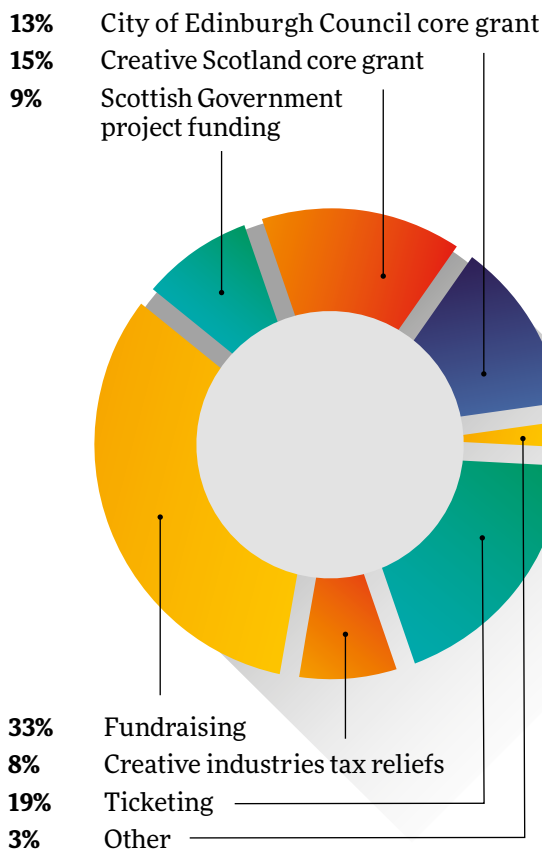
FESTIVAL 2022 FINANCIAL FACTS AND FIGURES

Where the money came from

- 63%** (2021: 57%) of the Festival's income was generated through earned income
- 37%** (2021: 43%) of the Festival's income came from public sector grants

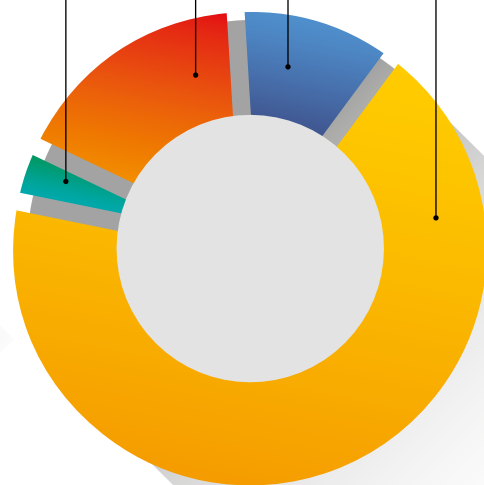
Income from ticket sales was 19% of total income (2021: 11%). In 2022 33% (2021: 43%) of total income came from fundraising, including corporate, individual giving, trusts, foundations and international partners.

Income



Expenditure

- 68%** Cost of productions and performances
- 11%** Marketing, website and ticketing
- 17%** Administration
- 4%** Fundraising



How the money was spent

- 68%** (2021: 66%) of the Festival's budget was spent on productions and performances.
- 17%** (2021: 19%) was spent on administration.
- 11%** (2021: 11%) was spent on marketing, website and ticketing.
- 4%** (2021: 4%) was spent on fundraising.

The above expenditure excludes the one-off impact of the net impairment of The Hub in EFC



Financial Review

2022 was a significant year: the 75th anniversary of the Edinburgh International Festival and the last Festival of the outgoing Festival Director, Fergus Linehan. It was also the first full Festival since Covid, and was an ambitious Festival planned with conviction amid continuing uncertainty. Ticket income of £2,910,000 was down 7% on 2019, the last year a full festival was held (2021: £1,277,000). This was an excellent result, and better than many cultural events achieved. The scale of the 2022 Festival meant programme costs of £9,752,000 were higher than in previous years (2021: £7,203,000), however these were offset by significant additional, one-off donations and an additional £250,000 of resilience funding from Creative Scotland via PlaCE. In addition, years 4 and 5 (the final year) of PlaCE funding were recognised in 2022. This represented an additional £400,000 of income. Overall, Edinburgh International Festival reported net income after tax of £832,000 (2021: £1,015,000).

In December 2022, an updated market valuation from Savills Plc was received for The Hub, the group's principal property asset. The valuation represents

a specific point in time, during a period of challenging economic data, with increases in energy costs and rising interest rates reducing confidence in the property market and the wider hospitality sector. After consideration of the range of values set out in the report and the prevailing market conditions, the Trustees deemed that an exceptional impairment charge of £1,310,000 was required to reduce the carrying value of the group asset. As conditions improve, we will revisit the carrying value to ensure it adequately reflects market value.

The temporary increase introduced by the Chancellor of the Exchequer to rates of Orchestra and Theatre tax credits resulted in total credits for the year of £1,213,000 (2021: £414,000). This is a welcome boost to income, however, rates will reduce returning to the standard rates for our financial year ending in 2026.

When the effect of the exceptional asset impairment is excluded, the consolidated net expenditure before tax is £442,000 (2021: net income before tax of £396,000). Once the impairment and tax credits are taken into account the EIF consolidated position is net expenditure after tax of £539,000 (2021: net income of £832,000).



The subsidiary Edinburgh Festival Centre Ltd (EFC) capitalised on the rental of the external terrace to food and beverage subsidiaries. This allowed it to convert an operational loss-making position (2021: £144,000) to break even. However, The Hub fixed asset sits in EFC, and the charge relating to asset impairment, partially offset by a release of associated capital grants, resulted in a loss before tax of £163,000 (2021: £144,000).

Reserves

The Board of Trustees has adopted a Reserves policy to build up adequate cash reserves in line with its objectives on financial sustainability. The Reserves Strategy requires the group to set aside a free cash reserve equal to 5% of normalised turnover. At group level, this currently equates to holding a free cash reserve of £650,000. The Trustees require EIF to manage its reserves through strong financial planning and set aside enough surplus in any planning period to cover cash outflow.

Consolidated unrestricted funds now stand at £3,974,000 as at 31 October 2022 (2021: £3,305,000). These reserves are not fully cash-backed. They include designated reserves of £375,000 (2021: £449,000). The designated fund set aside in 2020 for overall Covid Resilience (2021: £374,000) has a remaining balance of £300,000 relating solely to Estates Strategy. The fund has therefore been renamed Estates Strategy. The designated fund of £75,000 brought forward from 2021 for systems development remains in place.

The consolidated restricted capital grants fund reduced in value to £3,502,000 (2021: £4,710,000), due to the additional charge of £1,147,000 following the impairment to the Hub property asset. As a result, the overall consolidated balance sheet shows total reserves of £7,476,000 (2021: £8,015,000) which is principally represented by fixed assets (note 19). EIF's unrestricted cash reserves will be used to support the group through a period of reduced funding, high inflation, and restructure.

In August 2022, EIF took the opportunity to repay the outstanding balance on the Coronavirus Business Interruption Loan from Royal Bank of Scotland. This principally resulted in a reduction in cash held as at 31 October 2022 to £1,400,000 (2021: £1,955,000) and in turn in creditors greater than one year fell to £887,000 (2021: £1,424,000)

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 Edinburgh International Festival continues to work with both the City of Edinburgh Council and Creative Scotland to secure long term funding agreements which at a minimum maintain financial support in real terms. This is more important than ever with PlaCE funding ending for the Edinburgh International Festival in 2022. New funding sources are being actively sought and we were pleased by the Chancellor of the Exchequer's announcement in March of one-off funding of up to £1.6M, to support the performance of UK artists at the Festival. This funding is subject to submission of a successful business case.

The Edinburgh International Festival has a strategic aim to increase earned income to sustain its current activities and drive growth. 2023 is an exciting year, with a new Festival Director at the helm. Nicola Benedetti has set out a five-year vision, and the organisation has a revised set of strategic aims. It is important that 2023, as the crucial first year of this vision, is supported financially. Existing and anticipated pressures on both income and costs could hamper this and so a portion of the accumulated cash reserves will be used in 2023 to support festival delivery. The change in Festival Director creates opportunities for fundraising, however 2023 is a transition year, with additional income more likely in future years.

Although EFC Ltd improved its financial performance and broke even at an operating level in 2022, it faces fresh challenges in 2023 and beyond, with a significant increase in energy costs, as well as rising costs in building services. An intercompany balance owed by the subsidiary to EIF remains significant at £1,479,000 (2021: £1,370,000), while material negative reserves mean that EFC Ltd is unlikely to be able to gift aid any profits to EIF for many years. In the meantime, the EIF board approves the continued financial support to EFC Ltd to safeguard the group's assets.

PLANS FOR FUTURE PERIODS

Throughout 2022, the Festival's Board of Trustees and executive team worked with the incoming Festival Director to determine five strategic aims to guide our forward planning for the next five years. These now form the basis for the development of a new Business Plan during 2023 and provide the focus of our future planning.

1 Audience Experience

Reimagine a distinctive audience experience that results in a deeper culture of listening and understanding

EIF has a vision to offer the deepest level of experience, through the highest quality of art, for the broadest possible audience.

Future periods will therefore see a renewed focus on the quality of the audience experience both to offer deeper engagement with the artistic content and performers within the Festival but also to attract and maintain a new audience, thus strengthening the position of the Festival for future generations. A new Audience Strategy will help us to grow awareness, attract new attenders and value our loyal audiences.

Through the breadth and relevance of programming and the format of its presentation EIF remains committed to offering a programme that is relatable, diverse, of the highest quality and welcoming to the widest range of people. Through a structured programme of research, we plan to pilot new approaches to presentation and contextualisation in order to enhance the overall audience experience and to create a deeper connection between EIF, performers and attendees.

We aim to be welcoming and relevant to people both in Edinburgh and throughout Scotland and the UK, and to contribute to the shared questions of our time. We will continue to offer free events, make available free tickets and a range of concessions to reduce barriers to experiencing the Edinburgh International Festival. We will also make our performances accessible through the provision of audio-described, BSL-interpreted, captioned, and relaxed performances as well as through digital presentation.

2 Programme

Present an artistic programme of the highest excellence, that connects people and cultures from around the world

EIF's future approach to programming will give particular focus to the accessibility and relatability of the programme to our existing and new audiences. In 2023 we will make greater use of the festival's home, The Hub, to offer a welcoming and accessible programme of work that enables a deeper connection between artists and audiences, in an informal setting. Following the disruption due to Covid in 2020 – 2022, we anticipate a full return to live performance across the programme with no social distancing or other restrictions required.

The range of programming will be maintained, from classical to contemporary music, theatre, opera in concert and dance. We also aim to open the festival with a large scale, outdoor event and to close with a special celebratory event. We plan to return to a programme structure which responds to a series of questions or provocations, and which illustrates the universality of the human condition.

The internationalism of the programme will be retained whilst also presenting the best Scottish artists of our times. Curated by the Festival Director, our artistic programme aims to celebrate international artistic contributions to our lives in the 21st century which, in turn, seek to foster understanding and respect between nations both abroad and here in the UK. 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.

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

With the closure for refurbishment of the King's Theatre, 2023 will be the first of several years without this key venue available to EIF. We have commissioned work to explore an alternative venue to use over the coming year which will enable us to programme theatre work of varying scales until the King's redevelopment is complete.

3 Cultural and civic leadership

Demonstrate global leadership and contribute to the civic and cultural life of Scotland

EIF aims to make a positive contribution to the cultural and civic life of Edinburgh and Scotland across a range of areas.

At our core, we promote international cultural dialogue and understanding, brought to life by the exploration of urgent and common questions, examined through the work of the greatest artists across the globe. EIF is a major player in positioning Edinburgh as a globally connected and outward-looking city, bringing delegations from over forty countries to the city each year. We will further develop our role in bringing artists, citizens, visitors and policy makers together, in person or virtually, thereby supporting Scotland's and the UK's place in the world, and we acknowledge that we will have to look at new and innovative ways of doing this to fulfil our commitment to environmental sustainability.

We are pursuing a carbon reduction plan to reach net zero as an organisation by 2030 or sooner, in line with City of Edinburgh Council's targets, which require changes in the way we approach our work. Our biggest contributing factor is travel and we are actively committed to reducing carbon emissions in this area, reducing overall staff travel and working with artists and visiting companies to reduce theirs. We have adopted a residency model within the programme to invite fewer, larger companies and orchestras to the Festival, but to extend an invitation for a longer period of time which enables deeper relationships to be built with artist and our partners within and beyond the city including schools, communities and the performing arts in Scotland.

4 Financial sustainability

Put the Festival on a sustainable financial footing

The finances of EIF have been under strain for the last two years during the Covid pandemic as income has been both reduced and unpredictable. Now that the major effects of the pandemic are receding, managing the challenges presented by inflation and the cost-of-living crisis that many are experiencing become the immediate priority for the festival, whilst securing reliable, long term income streams as part of a sustainable business model remains the principal the priority for the executive team and Board.





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WORLD CULTURES
TOGETHER

USHER HALL

BOX OFFICE

We are in active negotiations with our main public supporters, Creative Scotland and the City of Edinburgh Council. We are also pursuing other avenues of public funding. We are rebuilding our pipeline for future philanthropic giving, focusing on broadening the appeal to a new generation of philanthropists and memberships.

We are also concentrating on additional commercial sources of income, from sponsorship to food and beverage revenue and carefully exploring the opportunities presented by initiatives such as dynamic pricing of ticketing, whilst always maintaining an accessible route to the festival for those most in need. Our funding from international partners, including governments, is a growth area for EIF, as the role we play in cultural diplomacy and international relations becomes more widely understood and appreciated.

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 identifies key risks arising from the strategic priorities and operational activity set out in the business plan and considers the likelihood of their occurrence and impact in deciding upon appropriate mitigating actions. The analysis is considered in detail by the Audit & Risk Committee before presentation to the Board of Trustees. Actions are monitored and updated

5 People and Culture

Offer a welcoming and inclusive culture where people are supported and enriched by working with and for EIF

We remain committed to developing the organisation and supporting those that we work with, aligning with the Fair Work principles. We aim to become an employer of choice, recognising the supportive culture that exists and will continue with specific initiatives designed to broaden access and representation within our workforce. 2023 will see us investing in our staff through organisational and bespoke training to enable them to reach their full potential and the introduction of a performance management and personal development programme.

We will continue to improve the representation of people with protected characteristics both on and off stage, and within the Festival organisation itself.

over the course of the year. The Board of Trustees operates within the framework of the Risk Policy and Risk Appetite Statement, which is reviewed annually.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The last two years have been dominated by the effects of the global Covid pandemic and the International Festival's efforts to manage both the stability of the organisation and the presentation of the annual festival. With the acute phase of the pandemic now receding, the primary and immediate risk faced by the festival is that of inflation. In December 2022 inflation was sitting at 10.5%. There has been no commensurate increase in income to the Festival – whether public or earned – and therefore the ability to maintain a programme of comparable size, scale and quality is seriously impaired. This can be managed in the short term by the careful use of reserves but it is not a long-term strategy. Therefore, it is vital that in the next 12–24 months a revised, sustainable business model is found to ensure that the festival has a viable future. This is the priority for the executive team and Board of Trustees.

Compounding the effects of inflation is the precarity of public funding. An initial 10% cut to the Creative Scotland grant by the Scottish Government in its last budget was later reversed. However, this was a one-year award, and the future of Creative Scotland funding remains uncertain. Similarly, the Festival's other main public funder, the City of Edinburgh Council, faces a challenging financial outlook. Its grant to the Festival for 2023 has now been confirmed, but future funding will be determined following a review.

These extreme financial pressures represent a significant risk to the EIF's budget and in turn reduces the 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 Edinburgh International Festival to Scotland's and the UK's cultural and civic life.

The potential risks associated with Brexit have yet to be fully understood as the impact of the pandemic over previous two years have masked any underlying risks. Issues affecting freight and touring, or visa restrictions affecting artists and companies will not be fully understood and quantified until later in the festival cycle.

EIF is based in a Grade A listed heritage building which continues to require significant maintenance. The organisation has grown over the twenty years it has inhabited the building, and the capacity of the workforce to develop and grow in response to business need is limited by the available space. This compromises our ability to respond to new agendas or to take advantage of potential future revenue streams. Work is currently underway to consider the medium to long-term accommodation needs of EIF and a plan will be further developed in the coming year.





STRUCTURE, GOVERNANCE AND MANAGEMENT

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

The Board of Trustees numbers no less than 9 and no more than 14 members, including up to 3 members nominated by the City of Edinburgh Council.

All appointments, other than the Chair, are for three years, renewable for a further three years. Trustees may in exceptional circumstances nominate and re-appoint a Trustee to serve a third term of up to three years. The Chair is appointed for 4 years and may serve a maximum of 8 years.

The International Festival neither remunerates Trustees nor distributes profits.

The Festival Director is appointed by the Board of Trustees and is responsible for planning and executing the programme of each year's Festival. They are supported by the Chief Executive 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. The International Festival does not operate a system of performance related pay or automatic increments.

The Board of Trustees and senior management have adopted the Scottish Governance Code for the Third Sector. Having assessed adherence to the code, senior management are satisfied that current governance meets the standard set by the code. The key area of development is to embed refreshed strategic documents across the organisation. Work on this is well underway and each member of staff has objectives linking to the organisation's five strategic aims.

The Board of Trustees conducts its affairs consistent with the principles of good corporate governance. Its key responsibilities are: appointing the Festival Director; approving the International Festival's mission statement and objectives and all forward

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

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

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

The Board of Trustees has delegated responsibility for 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 has high level oversight of the integrity of the Society's financial recording and reporting systems and the effectiveness of its internal controls.

During 2022 there were four formal meetings of the Board of Trustees plus a strategy meeting. The Finance and Resources Committee met three times and the Audit and Risk Committee met three times.

Board of Trustees

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

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

Chair

Sir Keith Skeoch

Lara Akeju

Leonie Bell

Chris Condron

Marion Davis

Councillor Cammy Day (appointed 30 June 2022)

Ann Henderson

Councillor Amy McNeese-Mechan (retired 30 June 2022)

Councillor Joanna Mowat

Roya Nasser

Councillor Hal Osler (appointed 30 June 2022)

Spiro Phanos

Caroline Roxburgh

Yasmin Sulaiman

Councillor Donald Wilson (retired 5 May 2022)

Francesca Hegyi and Susan McIntosh 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.

The following Trustees will have completed their first term at the AGM in 2023 and are eligible for reappointment: Lara Akeju and Roya Nasser

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

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.

An all-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 Ltd, the Board of which includes the CEO and Director of Finance and Commercial. EFC Ltd. is reliant upon its parent, the Edinburgh International Festival Society for continued financial support.





STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that

the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Auditors

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

By order of the Board of Trustees



Sir Keith Skeoch
Chair
3 May 2023

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

Opinion

We have audited the financial statements of the Edinburgh International Festival Society (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 October 2022 which comprise the Consolidated statement of financial activities & income and expenditure account, Statement of financial activities & income and expenditure account – Edinburgh International Festival Society, the Consolidated balance sheet at 31 October 2022, Balance sheet – Edinburgh International Festival Society at 31 October 2022, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 October 2022 and of the group and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- and have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

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

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



Matters on which we are required to report by exception

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

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

- proper and adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 31, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

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

Identifying and assessing risks related to irregularities:

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

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Office of the Scottish Charity Regulator.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures.

We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the parent charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the parent charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company, the parent charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

03 May 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES & INCOME AND EXPENDITURE ACCOUNT

	Notes			Year ended 31 October 2022			Year ended 31 October 2021
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£000s	£000s	£000s	£000s	£000s	£000s
Income & endowments							
Donations	2	4,549	-	4,549	3,483	-	3,483
Investment property donated	2	-	-	-	950	-	950
Income from charitable activities							
• ticket sales		2,910	-	2,910	1,277	-	1,277
• grant income	3	5,578	-	5,578	5,099	-	5,099
Other trading activities							
• sponsorship	2	495	-	495	673	-	673
• trading subsidiary sales		138	-	138	26	-	26
• publications and other earned income		285	-	285	104	-	104
Income from investment property		20	-	20	7	-	7
Interest receivable		8	-	8	-	-	-
Total income		13,983	-	13,983	11,619	-	11,619
Expenditure							
Expenditure on raising funds							
• fundraising		(567)	-	(567)	(468)	-	(468)
• trading subsidiary costs		(328)	-	(328)	(360)	-	(360)
• support costs	8	(532)	(15)	(547)	(475)	(15)	(490)
Expenditure on charitable activities							
• productions and performances		(9,752)	-	(9,752)	(7,203)	-	(7,203)
• marketing and communications		(1,588)	-	(1,588)	(1,230)	-	(1,230)
• support costs	8	(1,597)	(46)	(1,643)	(1,426)	(46)	(1,472)
• asset impairment in trading subsidiary	10	(163)	(1,147)	(1,310)	-	-	-
Total expenditure		(14,527)	(1,208)	(15,735)	(11,162)	(61)	(11,223)
Net income / (expenditure) before tax		(544)	(1,208)	(1,752)	457	(61)	396
Tax Credit		1,213	-	1,213	414	-	414
Net income / (expenditure) after tax		669	(1,208)	(539)	871	(61)	810
Defined benefit scheme actuarial gains/(losses)	16	-	-	-	22	-	22
Net movement in funds	18	669	(1,208)	(539)	893	(61)	832
Funds brought forward at 1 November 2021	18	3,305	4,710	8,015	2,412	4,771	7,183
Funds carried forward at 31 October 2022	18	3,974	3,502	7,476	3,305	4,710	8,015

All the results of the group relate to continuing operations.

STATEMENT OF FINANCIAL ACTIVITIES & INCOME AND EXPENDITURE ACCOUNT – EDINBURGH INTERNATIONAL FESTIVAL SOCIETY

	Notes			Year ended 31 October 2022			Year ended 31 October 2021
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£000s	£000s	£000s	£000s	£000s	£000s
Income & endowments							
Donations	2	4,549	-	4,549	3,483	-	3,483
Investment property donated	2	-	-	-	950	-	950
Income from charitable activities			-				
• ticket sales		2,910	-	2,910	1,277	-	1,277
• grant income	3	5,578	-	5,578	5,099	-	5,099
Other trading activities							
• sponsorship	2	495	-	495	673	-	673
• publications and other earned income		285	-	285	104	-	104
Income from investment property		20	-	20	7	-	7
Interest receivable		8	-	8	-	-	-
Total income		13,845	-	13,845	11,593	-	11,593
Expenditure							
Expenditure on raising funds							
• fundraising		(567)	-	(567)	(468)	-	(468)
• support costs	8	(580)	-	(580)	(523)	-	(523)
Expenditure on charitable activities							
• productions and performances		(9,752)	-	(9,752)	(7,203)	-	(7,203)
• marketing and communications		(1,588)	-	(1,588)	(1,230)	-	(1,230)
• support costs	8	(1,739)	-	(1,739)	(1,568)	-	(1,568)
Total expenditure		(14,226)	-	(14,226)	(10,992)	-	(10,992)
Net income / (expenditure) before tax		(381)	-	(381)	601	-	601
Tax Credit		1,213	-	1,213	414	-	414
Net income after tax		832	-	832	1,015	-	1,015
Defined benefit scheme actuarial gains	16	-	-	-	22	-	22
Net movement in funds	18	832	-	832	1,037	-	1,037
Funds brought forward at 1 November 2021	18	3,811	-	3,811	2,774	-	2,774
Funds carried forward at 31 October 2022	18	4,643	-	4,643	3,811	-	3,811

All the results of the charity relate to continuing operations.

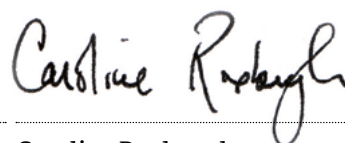
CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2022

	Notes	2022	2022	2021	2021
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible assets	10	4,373		5,631	
Intangible assets	10	87		48	
Investments	10	950		950	
			5,410		6,629
Current assets					
Debtors	11	3,614		2,264	
Cash at bank and in hand		1,400		1,955	
		5,014		4,219	
Creditors: amounts falling due within one year	13	(2,061)		(1,409)	
Net current assets			2,953		2,810
Total assets less current liabilities			8,363		9,439
Creditors: amounts falling due after one year	14		(887)		(1,424)
Net assets			7,476		8,015
Unrestricted funds					
General fund	18	3,599		2,856	
Designated systems development fund	18	75		75	
Designated covid resilience fund	18	-		374	
Designated estates strategy fund	18	300		-	
			3,974		3,305
Restricted funds					
Capital grants fund	17 & 18		3,502		4,710
			7,476		8,015

The financial statements on pages 36–61 were approved by the Board of Trustees on 3 May 2023 and were signed on its behalf by:



Sir Keith Skeoch
Chair of the Board of Trustees



Caroline Roxburgh
Chair of the Audit & Risk Committee

Company Registration Number SC024766

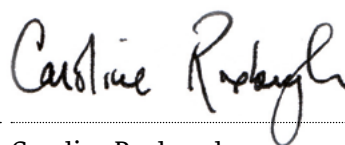
BALANCE SHEET – EDINBURGH INTERNATIONAL FESTIVAL SOCIETY AT 31 OCTOBER 2022

	Notes	2022	2022	2021	2021
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible assets	10	129		69	
Intangible assets	10	87		48	
Investments	10	950		950	
			1,166		1,067
Current assets					
Debtors	11	5,072		3,621	
Cash at bank and in hand		1,292		1,935	
		6,364		5,556	
Creditors: amounts falling due within one year	13	(2,000)		(1,388)	
Net current assets			4,364		4,168
Total assets less current liabilities			5,530		5,235
Creditors: amounts falling due after one year	14		(887)		(1,424)
Net assets			4,643		3,811
Unrestricted funds					
General fund	18	4,268		3,362	
Designated systems development fund	18	75		75	
Designated covid resilience fund	18	-		374	
Designated estates strategy fund	18	300		-	
			4,643		3,811

The financial statements on pages 36–61 were approved by the Board of Trustees on 3 May 2023 and were signed on its behalf by:



Sir Keith Skeoch
Chair of the Board of Trustees



Caroline Roxburgh
Chair of the Audit & Risk Committee

Company Registration Number SC024766

STATEMENT OF CASH FLOWS

	Notes	Group	Company	Group	Company
Year ended 31 October		2022	2022	2021	2021
		£000s	£000s	£000s	£000s
Cash flows from operating activities:					
Net cash provided by operating activities	21	292	109	(502)	(429)
Cash flows from investing activities					
Dividends, interest and returns on investment		28	28	7	7
Purchase of property, plant and equipment	10	(246)	(151)	(130)	(130)
Net cash provided by investing activities		(218)	(123)	(123)	(123)
Cash flows from financing activities					
Interest paid		(9)	(9)	-	-
CBIL	13 & 14	(500)	(500)	500	500
Repayment of LPF loan	14	(120)	(120)	(40)	(40)
Net cash from financing activities		(629)	(629)	460	460
Change in cash and cash equivalents in the reporting period		(555)	(643)	(165)	(92)
Cash and cash equivalents at the beginning of the reporting period		1,955	1,935	2,120	2,027
Cash and cash equivalents at the end of the reporting period		1,400	1,292	1,955	1,935



NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

Basis of accounting

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

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

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

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

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

Going concern

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

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

Against this background, the trustees have prepared and approved up to date management accounts which reflect successful public and private grant applications along with robust cost control. The Board of Trustees have also prepared and approved budgets

and cashflow projections and considered available cash reserves. These include key income and cost assumptions including ongoing support from funding bodies.

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

Basis of consolidation

The consolidated statement of financial activities and consolidated balance sheet include the financial statements of EIF and its wholly owned subsidiary companies Edinburgh Festival Centre Limited and Edinburgh International Festival Limited made up to 31 October 2022.

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. All grants, other than those in respect of the developing of Edinburgh's Festival Centre, The Hub (see funds note below), relate to revenue and are credited on an accruals basis once the conditions for their recognition have been complied with.

For legacies, entitlement is taken as the earlier of the date on which either the charity is aware that confirmation or probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will

be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution.

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

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

Investment income

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

Income from interest

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

Expenditure

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

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

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

It is a strategic objective that the Edinburgh International Festival remains competitive through

securing early commitment to new and high-quality work. Commissioning and co-producing both small and large-scale multi-partner events often require a financial commitment before the year in which the presentation takes place, both to secure the project from competition, and to create exclusivity clauses around its performance. These are sunk costs and hence are accrued as incurred contractually.

Allocation of support costs

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

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

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

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

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

Pensions

Certain employees were members of the Lothian Pension Fund, a defined benefit pension scheme. The Group ceased participation in the Lothian Pension Fund on 30 June 2021 as detailed in note 16. 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 eligible to claim Orchestra Tax Credit and Theatre Tax Credit as Corporate Tax relief on qualifying productions in the annual Festival programme. In the absence of a Corporation Tax liability, the credit is received in the form of a cash payment from HM Revenue & Customs. Income is recognised in the year in which the production took place. This may precede receipt of a refund from HMRC.

The charity's trading subsidiaries are subject to taxation. Any distributable profits of the trading subsidiaries are paid by way of Gift Aid to the parent charity. Deferred taxation is provided at current rates of corporation tax on all timing differences, which have originated, but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. The 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 & facilities

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

Funds

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

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

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

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

Fixed assets and depreciation

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

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

Directly attributable finance costs are included in the costs of land & buildings. It is the 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.

Investment property

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

Intangible fixed assets

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

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

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

Website and Software 3–5 years

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

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.

- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the fair value of the assets and the economic viability of the purpose for which the asset is used.

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

- 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.

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





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

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

Group and Company	2022	2021
	£000s	£000s
Donations and legacies received	4,549	3,483
Investment property donated	-	950
Sponsorship	495	673
Total	5,044	5,106

During the year unconditional donations were received from trustees of £56,352 (2021: £38,000).

3. Income from charitable activities – government grants

Group and Company	2022	2021
	£000s	£000s
City of Edinburgh Council	1,926	1,926
Creative Scotland	2,317	2,317
Scottish Government's Festivals Expo Fund	110	95
Platforms for Creative Excellence (PlaCE) funding	1,050	400
Event Scotland project funding	100	300
DCMS Digital Expo Funding	-	44
Scottish Government project funding	75	-
HMRC CJRS grant	-	17
Total	5,578	5,099

There was no HMRC CJRS furlough grant received in 2022 (2021: £16,775).

4. Investment in subsidiaries

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

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

Its sales, loss and net liabilities for the year ending 31 October, are as follows:

	2022			2021		
	Sales £000s	Loss £000s	Net liabilities £000s	Sales £000s	Loss £000s	Net Liabilities £000s
Edinburgh Festival Centre Limited	328	(163)	(669)	216	(144)	(506)

5. Consolidation

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

6. Staff numbers and costs

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

	Group 2022	Group 2021
Productions	27	29
Marketing and communications	30	18
Administration	11	10
Fundraising	10	9
Finance	5	5
Total	83	71

As employee numbers are calculated on average headcount, they are therefore liable to fluctuate throughout the year. Total employee numbers for the year were 247 (247: International Festival, nil: Edinburgh Festival Centre). (2021: 181 (181: International Festival, nil: Edinburgh Festival Centre))

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

	Group 2022	Group 2021
	£000s	£000s
Wages and salaries	3,090	2,762
Social security costs	322	279
Pension costs (note 7 & 16)	156	216
Total	3,568	3,257
Key management remuneration	707	702

The Group paid a total of £8,000 in 2022 in respect of termination payments (2021: £15,000).

No remuneration or reimbursement of expenditure was paid to any member of the Board of Trustees, who are the directors of the company (2021: nil).

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

Four employees (2021: six) received remuneration over £60,000 per annum: one into the band £60,000-£70,000 (2021: one), nil into the band £70,000-£80,000 (2021: three); one into the band £80,000 - £90,000 (2021: nil); one into the band £100,000 - £110,000 (2021: one) and one into the band £150-£160k (2021: one). The number of employees in these bands to whom retirement benefits are accrued under money purchase and defined benefit schemes is four (2021: six). The company made payments on their behalf to secure money purchase benefits of £79,100 (2021: £90,200).

7. Pension obligations

The group contributes on behalf of staff to either their own personal money purchase schemes or to one of the Society's workplace money purchase pension schemes. The group contributed to Lothian Pension Fund of the City of Edinburgh Council, which was a defined benefit scheme providing benefits based on final pensionable salary, until participation ceased in the prior year (see note 16).

The total costs to the group of contributions to the above schemes during the year were £155,979 (2021: £216,466). There were accrued costs of £24,495 at the end of the period (2021: £34,687).

8. Support and governance costs

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

Group	Administration	Governance costs	Pension fund	Total
	£000s	£000s	£000s	£000s
Year ended 31 October 2022				
Support costs				
Unrestricted funds				
Costs of raising funds	510	22	-	532
Charitable expenditure	1,533	64	-	1,597
Restricted funds				
Costs of raising funds	15	-	-	15
Charitable expenditure	46	-	-	46
Total	2,104	86	-	2,190
Year ended 31 October 2021				
Support costs				
Unrestricted funds				
Costs of raising funds	465	22	(12)	475
Charitable expenditure	1,399	65	(38)	1,426
Restricted funds				
Costs of raising funds	15	-	-	15
Charitable expenditure	46	-	-	46
Total	1,925	87	(50)	1,962

Company	Administration	Governance costs	Pension fund	Total
	£000s	£000s	£000s	£000s
Year ended 31 October 2022				
Support costs				
Unrestricted funds				
Costs of raising funds	558	22	-	580
Charitable expenditure	1,675	64	-	1,739
Restricted funds				
Costs of raising funds	-	-	-	-
Charitable expenditure	-	-	-	-
Total	2,233	86	-	2,319
Year ended 31 October 2021				
Support costs				
Unrestricted funds				
Costs of raising funds	513	22	(12)	523
Charitable expenditure	1,541	65	(38)	1,568
Restricted funds				
Costs of raising funds	-	-	-	-
Charitable expenditure	-	-	-	-
Total	2,054	87	(50)	2,091

9. Net income/(expenditure)

	Group 2022	Group 2021
	£000s	£000s
The net income/(expenditure) for the period are stated after charging/(crediting):		
Auditor remuneration in respect of the audit	21	20
Auditor remuneration in respect of non-audit fees	6	10
Depreciation and amortisation on owned assets	155	143
Operating leases on land and buildings	135	128
Release of capital grants - annual charge	(61)	(61)
Foreign exchange gains/(losses)	26	(15)
Bank interest payable	9	-

Exceptional item

	Group 2022	Group 2021
	£000s	£000s
Impairment of assets	1,310	69
Release of capital grants	(1,147)	-
Total	163	69

As detailed in notes 10 and 17 an impairment charge has been made to the property held by the group along with a release of the associated capital grant.

10. Fixed assets

a) Tangible & intangible assets

Group	Land & building	Furniture & fittings	Computer equipment	Intangible assets (website)	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
As at 1 November 2021	6,917	1,570	224	60	8,771
Additions during the period	-	143	37	66	246
Disposals during the period	-	(889)	(143)	-	(1,032)
As at 31 October 2022	6,917	824	118	126	7,985
Depreciation					
As at 1 November 2021	(1,538)	(1,320)	(222)	(12)	(3,092)
Depreciation and amortisation for period	(69)	(47)	(12)	(27)	(155)
Impairment on assets during period	(1,310)	-	-	-	(1,310)
Loss on disposals during period	-	-	-	-	-
Eliminated on disposal	-	889	143	-	1,032
As at 31 October 2022	(2,917)	(478)	(91)	(39)	(3,525)
Net book value					
As at 31 October 2022	4,000	346	27	87	4,460
As at 31 October 2021	5,379	250	2	48	5,679



Exceptional item

In December 2022 the group received an updated market valuation of The Hub property asset, which represents the total Land & Buildings held. The valuation was performed by Savills Plc, by a Royal Institute of Chartered Surveyors (RICS) qualified surveyor. After consideration of the range of values and the prevailing market conditions, the Trustees deemed that an impairment charge of £1,310,000 was required to reduce the carrying value of the asset.

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

Company	Furniture & fittings	Computer equipment	Intangible assets (website)	Total
	£000s	£000s	£000s	£000s
Cost				
As at 1 November 2021	858	129	60	1,047
Additions during the period	48	37	66	151
Disposals during the period	(761)	(50)	-	(811)
As at 31 October 2022	145	116	126	387
Depreciation				
As at 1 November 2021	(791)	(127)	(12)	(930)
Depreciation and amortisation for period	(13)	(12)	(27)	(52)
Loss on disposals during the period	-	-	-	-
Depreciation eliminated on disposal	761	50	-	811
As at 31 October 2022	(43)	(89)	(39)	(171)
Net book value				
As at 31 October 2022	102	27	87	216
As at 31 October 2021	67	2	48	117

b) Investments

Company	Shares in group undertakings	Listed Investments	Total
	£s	£s	£s
Cost & net book value			
As at 31 October 2022	4	-	4
As at 31 October 2021	4	-	4

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

c) Investment Property

	Group and Company 2022	Group and Company 2021
	£000s	£000s
Addition during period	-	950
As at 31 October 2022	950	950

The investment property, which is freehold, was received as a donation during 2021 and has been recognised as both donation income and as an investment property asset at a valuation on the date of receipt. The valuation was undertaken by Graham & Sibbald, by a RICS qualified valuer with recent experience in the location and class of the investment property being valued. There are no restrictions on the realisability of investment property.

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

11. Debtors

	Group	Company	Group	Company
	2022	2022	2021	2021
	£000s	£000s	£000s	£000s
Trade debtors	97	82	26	15
Amounts owed by subsidiaries (note 12)	-	1,479	-	1,370
VAT recoverable	632	632	576	576
Other taxes	1,200	1,200	783	783
Other debtors	228	228	3	3
Prepayments	121	116	94	92
Accrued income	1,336	1,335	782	782
Total	3,614	5,072	2,264	3,621

12. Transactions with subsidiary companies

EIFS purchases goods and services from and provides services to EFC, a subsidiary company. The value of transactions exclusive of Value Added Tax for the period resulted in net income to Edinburgh Festival Centre Limited of £190,000 (2021: £190,000). The amounts owed by subsidiary entities at the end of the period were £1,479,000 (2021: £1,370,000). There is no interest charged on this balance and it is repayable on demand. The trustees are satisfied that it is in the interests of the charity to support this arrangement to protect its assets.

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

13. Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2022	2022	2021	2021
	£000s	£000s	£000s	£000s
Trade creditors	545	501	401	387
Other creditors	115	115	47	47
CBIL	-	-	83	83
Long term loan from LPF (Note 16)	120	120	120	120
Other taxes and social security costs	129	123	100	97
Accruals	896	885	342	338
Deferred income (Note 15)	79	79	316	316
Provisions	177	177	-	-
Total	2,061	2,000	1,409	1,388

14. Creditors: amounts falling due after one year

	Group	Company	Group	Company
	2022	2022	2021	2021
	£000s	£000s	£000s	£000s
CBIL	-	-	417	417
Long term loan from LPF (Note 16)	887	887	1,007	1,007
Deferred income (Note 15)	-	-	-	-
Total	887	887	1,424	1,424

On 17 August 2022, EIFS repaid the outstanding balance on the Coronavirus Business Interruption Loan from Royal Bank of Scotland. The loan was taken out on 10 December 2020, for a six year term with interest chargeable at 1.88% above the bank's base rate (0% for first 12 months). The loan was secured with a floating charge against all property and assets of the group.

Upon cessation of the Lothian Pension Fund on 30 June 2021 (Note 16), EIFS entered into agreement under which the exit payment is payable over an agreed term of 10 years. There is no interest charged on the loan. The loan is secured with a charge against the investment property held by EIFS.



15. Deferred income

	Group	Company	Group	Company
	2022	2022	2021	2021
	£000s	£000s	£000s	£000s
Total received at start of year	316	316	375	301
Released in year	(316)	(316)	(375)	(301)
Deferred in year	79	79	316	316
Total	79	79	316	316

16. Long term loan from Lothian Pension Fund

The group previously contributed to Lothian Pension Fund (LPF) of the City of Edinburgh Council, a defined benefit scheme. Entry to LPF for employees of EIFS and its subsidiaries was closed to new members on 31 October 2001 and the group ceased participation in LPF on 30 June 2021. This crystallised the liability at £1,167,000. A new loan of £1,167,000 was obtained from LPF on 30 June 2021. The loan is interest free and repayable over 10 years. See notes 13 and 14.

The assets of the scheme were held separately from those of the company and provided benefits based on final pensionable salary.

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

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

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

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

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

	2021
	% per annum
Future pension increases	2.80%
Future salary increases	3.30%
Discount rate	1.85%

During the prior year, the discount rate was based on the annualised yield on an AA-rated sterling corporate bond index.

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

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

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

	At 30 June 2021
	%
Equities	0%
Bonds	96%
Property	0%
Cash	4%

17. Capital grants fund

	Group 2022	Group 2021
	£000s	£000s
Total received	6,276	6,276
Released in previous periods	(1,566)	(1,505)
Released in period - annual charge	(61)	(61)
Released in period - impairment release	(1,147)	-
Total	3,502	4,710

Exceptional item

The capital grants fund of £3,502,000 (2021: £4,710,000) represents grants received by the trading subsidiary in respect of the development of The Hub, less amounts released to date. As a result of the impairment of The Hub (note 10a), an additional release of capital grants of £1,147,000 was made in the current year to maintain the same proportion of capital grants to carrying value of the asset.

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

18. Funds

	Balance at 1 November 2021	Income & gains/ (losses)	Expenditure and transfers	Balance at 31 October 2022
	£000s	£000s	£000s	£000s
Group				
Unrestricted funds				
General fund	2,856	15,196	(14,453)	3,599
Designated systems development fund	75	-	-	75
Designated covid resilience fund	374	-	(374)	-
Designated estates strategy fund	-	-	300	300
Restricted funds				
Capital grants fund	4,710	-	(1,208)	3,502
Total	8,015	15,196	(15,735)	7,476
Company				
Unrestricted funds				
General fund	3,362	15,058	(14,152)	4,268
Designated systems development fund	75	-	-	75
Designated covid resilience fund	374	-	(374)	-
Designated estates strategy fund	-	-	300	300
Total	3,811	15,058	(14,226)	4,643

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

The designated fund for covid resilience (created in 2020) has been fully utilised except for a balance of £300,000 relating solely to estates strategy. The fund has therefore been renamed estates strategy, which is reflected in the transfers between the two funds of £300,000 in the year to 31 October 2022.

The designated fund for systems development remains in place.

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

19. Analysis of group net assets between funds

Group	Unrestricted Funds	Restricted Funds	Total Funds
	£000s	£000s	£000s
Fund balances at 31 October 2022 are represented by:			
Tangible and intangible fixed assets	958	3,502	4,460
Investment Property	950	-	950
Net current assets	2,953	-	2,953
Long term liabilities	(887)	-	(887)
Total	3,974	3,502	7,476
Fund balances at 31 October 2021 are represented by:			
Tangible and intangible fixed assets	969	4,710	5,679
Investment Property	950	-	950
Net current assets	2,810	-	2,810
Long term liabilities	(1,424)	-	(1,424)
Total	3,305	4,710	8,015

20. Operating leases

At 31 October 2022, there were total commitments under non-cancellable operating leases as follows:

	Group	Company	Group	Company
	2022	2022	2021	2021
	£000s	£000s	£000s	£000s
Total operating lease payments due:				
Within one year	158	158	126	126
Within two to five years	660	660	38	38
After five years	41	41	-	-
Total operating lease payments due:	859	859	164	164
Total payments made in year	135	135	128	128

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

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

	Group	Company	Group	Company
	2022	2022	2021	2021
	£000s	£000s	£000s	£000s
Net income for the year as per the statement of financial activities	(539)	832	810	1,015
Adjustments for:				
Depreciation, impairment, and amortisation charges	1,465	52	212	35
Loss on disposal of fixed assets	-	-	19	19
Interest payable	9	9	-	-
Dividends, interest and rents from investments	(28)	(28)	(7)	(7)
FRS102 pension charge for the defined benefit scheme	-	-	68	68
Pension contributions to the defined benefit scheme	-	-	(118)	(118)
Donation of investment property	-	-	(950)	(950)
Decrease in stocks	-	-	4	-
(Increase)/decrease in debtors	(1,350)	(1,451)	(896)	(1,020)
Increase/(decrease) in creditors	735	695	356	529
Cash flows from operating activities	292	109	(502)	(429)

22. Analysis of changes in net debt

Group	At 1 Nov 2021	Cash flows	Other non-cash changes	At 31 Oct 2022
	£000s	£000s	£000s	£000s
Cash and cash equivalents	1,955	(555)	-	1,400
Borrowings				
Debt due within one year	(203)	83	-	(120)
Debt due after one year	(1,424)	537	-	(887)
Total	(1,627)	620	-	(1,007)
Net debt	328	65	-	393

Company	At 1 Nov 2021	Cash flows	Other non-cash changes	At 31 Oct 2022
	£000s	£000s	£000s	£000s
Cash and cash equivalents	1,935	(643)	-	1,292
Borrowings				
Debt due within one year	(203)	83	-	(120)
Debt due after one year	(1,424)	537	-	(887)
Total	(1,627)	620	-	(1,007)
Net debt	308	(23)	-	285

23. Financial instruments

	Group	Company	Group	Company
	2022	2022	2021	2021
	£000s	£000s	£000s	£000s
Carrying amount of financial assets				
Debt instruments measured at amortised cost	325	1,789	29	1,388
Measured at fair value through profit or loss	-	-	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	2,563	2,507	2,417	2,399
Measured at fair value	-	-	-	-

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 2022 totalled 79 (2021: 81).

25. Related party transactions

During the year ended 31 October 2022 there were no related party transactions that would require disclosure.



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