

**EDINBURGH
INTERNATIONAL
FESTIVAL**

2016

REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 OCTOBER 2016

CONTENTS

3	Reference and administrative details
4	Objectives and activities
6	International Festival 2016 facts and figures
9	Strategic report
	— Achievements and performance
	— Financial review
	— Plans for future periods
	— Risk management
	— Principal risks and uncertainties
18	Structure, governance and management
20	Statement of trustees' responsibilities
21	Independent auditors' report to the trustees and members of Edinburgh International Festival Society
23	Consolidated statement of financial activities
24	Statement of financial activities - Edinburgh International Festival
25	Consolidated balance sheet
26	Balance sheet – Edinburgh International Festival
27	Consolidated statement of cash flows
28	Notes to the Financial Statements

FESTIVAL COUNCIL REPORT

REFERENCE AND ADMINISTRATIVE DETAILS

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

Patrons

Her Majesty The Queen
HRH The Earl of Wessex

Members of Festival Council, who are the Board of Directors

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

Professor Niall Lothian OBE*** (Deputy Chairman)

Scott Black
Councillor Chas Booth
Terry Brotherstone
Dr Jamie Coleman
Councillor Karen Doran
Sir John Elvidge*
Sir Paul Grice**
Councillor Sandy Howat*
Tari Lang*
Councillor Richard Lewis
Gavin McEwan**
Professor Dorothy Miell
Andrea Miller
Keith Miller CBE*
Councillor Vicki Redpath
Hans Rissmann OBE
Caroline Roxburgh**
Councillor Iain Whyte

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

** Member of Audit Committee

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

Dates of appointments to and retirements from Festival
Council can be found on page 19.

Honorary President

Valery Gergiev

Honorary Vice President

Carol Colburn Grigor CBE

Honorary Secretary

Andrew Kerr, Chief Executive, City of Edinburgh Council

Management and Advisers

Festival Director & Chief Executive Fergus Linehan

Managing Director & Company Secretary Joanna Baker

Finance Director Rob Conner

Planning Director Roy Luxford

Marketing & Communications Director Jackie Westbrook

Sponsorship & Development Director Christopher Wynn

Lawyers

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

Auditors

Henderson Loggie
34 Melville Street
Edinburgh EH3 7HA

Bankers

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

Registered Office

The Hub, Castlehill
Edinburgh EH1 2NE

FESTIVAL COUNCIL REPORT

OBJECTIVES AND ACTIVITIES

Background

The Edinburgh International Festival is the world's leading multi-genre arts festival. Its foundation in 1947 was a bold act of optimism and reconciliation, promoting international cooperation and understanding through the presentation and production of art for audiences from all over the world. Over the past seventy years, the International Festival has become the template for hundreds of events in cities from Adelaide to Shanghai. While the International Festival strives to be resolutely international in its outlook it remains grounded in the city of Edinburgh and is committed to delivering extensive cultural, economic and social benefits to Edinburgh, Scotland and the UK. Since its first edition, the International Festival has inspired and encouraged a group of parallel events, which have worked together to cement Edinburgh's reputation as the world's 'festival city'.

Mission

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

Objectives

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

There have been no substantive changes to these objectives since the last annual Report.





In the Business Plan for the period from 2015 - 2018 Festival Council endorsed the core Festival as having:

- a full programme of international quality music, theatre, opera, dance and other cultural presentations in the key International Festival venues (Usher Hall, Queen's Hall, Festival Theatre, King's Theatre, Royal Lyceum Theatre, Edinburgh Playhouse, The Hub);
- placing the audience, programme development and innovation at the centre of the organisation through excellence in programming, an active commitment to access, equality and diversity, and innovative uses of digital technology;
- year round community engagement, education and creative learning opportunities inspired by the annual International Festival programme aimed at engaging with the widest possible range of people from schoolchildren to senior citizens;
- a programme of international partnerships and engagement which supports and enhances Scotland's reputation as a creative nation.

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

1. International programming excellence
2. Financial stability and sustainability
3. Audiences and audience development
4. Community engagement and Creative Learning
5. International, national and City partnerships and engagement
6. Leadership and governance, staff development, environmental sustainability, infrastructure

FESTIVAL COUNCIL REPORT

INTERNATIONAL FESTIVAL 2016 FACTS AND FIGURES

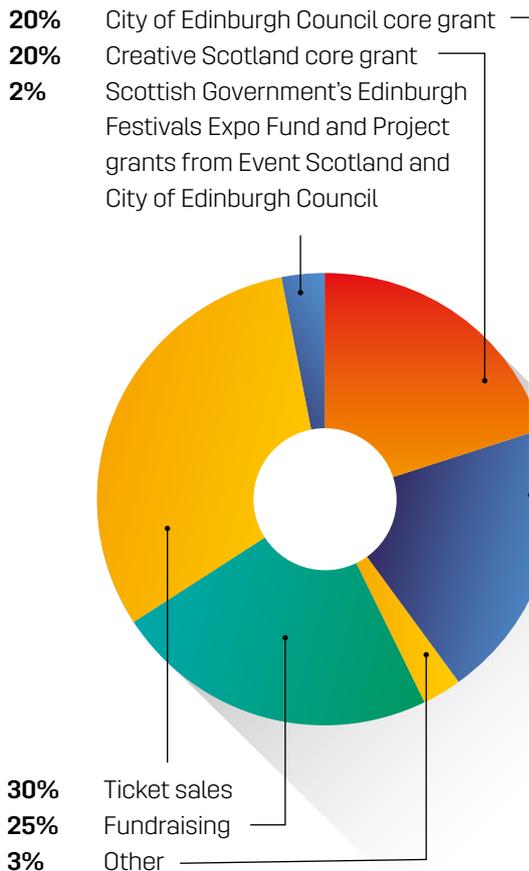
Where the money came from

- 58% (2015: 56%) of income was generated through earned income
- 42% (2015: 44%) of income came from public sector grants
- Earned income included 30% (2015: 29%) from ticket sales and 25% (2015: 25%) from fundraising, including corporate, individual giving, trusts & foundations and international partners. 3% (2015: 2%) was generated from sources such as trading and publications

How the money was spent

- 73% of the budget was spent on productions and performances
- 13% was spent on marketing, website and ticketing
- 10% was spent on administration
- 4% was spent on fundraising

Income



Expenditure



FESTIVAL COUNCIL REPORT

ABOUT INTERNATIONAL FESTIVAL 2016

The 2016 International Festival welcomed audiences from 84 countries and over 2,400 artists from 36 nations in a very successful programme. The overall attendance was over 452,000, with ticket sales income surpassing all previous records by reaching nearly £4.3 million (£3.58 million net of VAT).

Our simple message of 'Welcome, World' writ large across the city resonated strongly with audiences, visitors and residents alike. Coupled with bold new branding emblazoned across buses, taxis and bus shelters this set a positive tone and captured the energetic mood of the festival city in August, while reasserting the pre-eminence of the International Festival brand throughout Edinburgh and beyond.

Our programme this year saw an eclectic mix of great artists ranging from opera superstar Cecilia Bartoli's towering performances in Bellini's *Norma*, through the Gewandhaus, Rotterdam, São Paulo, Minnesota and Russian National orchestras, to Alan Cumming's hugely popular cabaret residency at the heart of the International Festival operations in The Hub. Spellbound audiences enjoyed Cherry Jones in John Tiffany's lauded production of *The Glass Menagerie*; piano prodigy Daniil Trifonov in three performances at the Usher and Queen's Halls; prima ballerina Natalia Osipova in a specially commissioned work of three contemporary dance pieces and extraordinary artist James Thierrée in *The Toad Knew*.

The 2016 International Festival was once again bookended with large scale, outdoor events designed to bring the celebrations to a wider audience. *Standard Life Opening Event: Deep Time* built on the success of 2015's *The Harmonium Project*, with approximately 27,000 people gathering to watch Edinburgh Castle spectacularly illuminated by digitally animated projections, while an estimated audience of 250,000 enjoyed watching the Virgin Money Fireworks Concert from across the city which brought the International Festival to an explosive close.

The Scottish Government's Expo funded season of contemporary Scottish music generated large audiences and significant profile for the featured artists and demonstrated the value of this fund in showcasing the highest quality Scottish work on an international platform.

The International Festival reached into wider communities, working throughout August and the rest of the year with local school children of all ages, taking artists and workshops into schools, as well as bringing pupils to International Festival shows. The International Festival's Young People's Jury of 25 pupils from six Edinburgh High Schools attended performances across the programme. The International Festival also moved outward from the city centre into locations across Edinburgh and the Lothians with *Songlines*, an event which saw communities take part in a unique celebration of singing.

It was a busy year for visits from international delegations, including meetings with cultural ministers and/or senior officials and ambassadors from Québec and Canada, China, South Australia, Italy, Germany and Holland. There was also significant engagement at many performances and events with Scottish and UK Government Ministers.

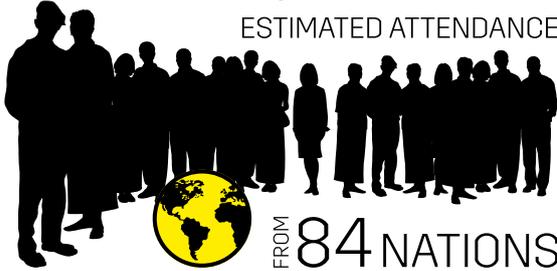
The International Festival once again worked with the Scottish Government, UK Government Department for Culture, Media & Sport (DCMS), British Council and Scottish Parliament to present the third edition of the Edinburgh International Culture Summit, a biennial event which brings together culture ministers, artists, thinkers and arts leaders from around the world. 41 countries from across the globe were represented at the 2016 Summit.

FESTIVAL COUNCIL REPORT

INTERNATIONAL FESTIVAL IN NUMBERS

452,250

ESTIMATED ATTENDANCE



FROM 84 NATIONS



4
WORLD
PREMIERES

212

PERFORMANCES



21 VENUES

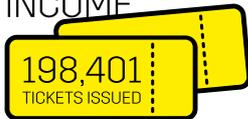


OVER 1,600



TICKETS ISSUED
THROUGH THE
YOUNG MUSICIAN'S
PASSPORT PROJECT

£4,299,215
TOTAL TICKET
INCOME



198,401
TICKETS ISSUED

8,924
TWEETS
OF #EDINFEST



TOTAL 47,100
FOLLOWERS

4,502,131

PAGES OF CONTENT VIEWED



579,631



UNIQUE
USERS

944,908



SESSIONS ON
OUR WEBSITE

OVER 2,400

ARTISTS



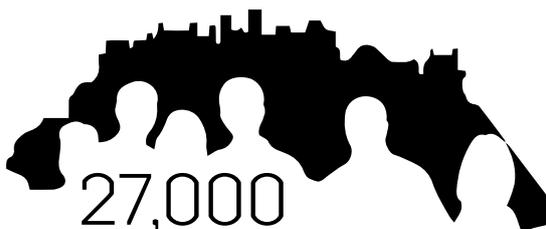
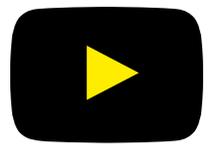
FROM 36 NATIONS



127,667

VIEWS OF OUR
YOUTUBE

CONTENT



27,000

PEOPLE ATTENDING *STANDARD LIFE*
OPENING EVENT: *DEEP TIME*



71,600

OF OUR FACEBOOK PAGE

18,867

TOTAL
LIKES

NEW
LIKES

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

1. International programming excellence

The 2016 International Festival continued to present a high quality programme of work whilst also delivering this work to wider and more diverse audiences. Earned income was maximised, driving growth whilst lightening the pressure on public funds.

Of particular note was the very successful season of classical music concerts, the acclaimed performances in the opera programme, the warmly received series of Scottish popular music, and the successful use of the Hub as a performance and social space.

Artists at the top of their game included world-renowned mezzo soprano Cecilia Bartoli in Bellini's *Norma* which opened the International Festival programme; actor Cherry Jones in John Tiffany's production of *The Glass Menagerie*; pianist Daniil Trifonov who demonstrated both his virtuosity and versatility across three concerts at the Usher and Queen's Halls; prima ballerina Natalia Osipova transfixing audiences by taking a new direction in her specially commissioned contemporary dance programme; and performer James Thierrée who brought incredible genre-busting energy to the stage in *The Toad Knew*. The Queen's Hall Series of morning recitals saw record sales.

Other audience highlights included concerts by Sigur Rós, Mogwai and Greg Lawson's presentation of Martyn Bennet's *GRIT*, all of which mesmerised fans at the Edinburgh Playhouse; singer-songwriter Karine Polwart's *Wind Resistance* quickly emerged as a must-see; Scottish Ballet's searing performance of work by Crystal Pite and Angelin Preljocaj stunned audiences over three evenings; and the hugely popular *Alan Cumming Sings Sappy Songs* sold out over three weeks at The Hub.

'IT WAS RIDICULOUSLY AMBITIOUS, AND JUDGING BY THE RESPONSE OF THE CROWD, SOME 27,000 STRONG IN CASTLE TERRACE – IT DID NOT DISAPPOINT'

THE SCOTSMAN, STANDARD LIFE OPENING EVENT: DEEP TIME ★★★★★

International Festival commissions and/or world premieres included *Flit* (Martin Green/Adrian Utley/Dominic Aitchison/Becky Unthank/whiterobot); *Anything That Gives Off Light* (The Team with National Theatre of Scotland); *Hommage à Kurtág* by Mark Simpson (with Salzburg Festival); *Standard Life Opening Event: Deep Time*.

International Festival productions included *The Glass Menagerie*, which transferred to the Duke of York's Theatre in London's West End in February 2017. Co-productions included *Così fan tutte* with Festival d'Aix en Provence and Opera de Lille; *The Toad Knew*, James Thierrée; *Wind Resistance*, Karine Polwart with The Lyceum; *Monumental*, Holy Body Tattoo & Godspeed You! Black Emperor.

The opening and closing of this year's International Festival were once again marked with spectacular outdoor events taking the International Festival outside of the city's established venues and extending its audience reach. *The Standard Life Opening Event: Deep Time* built on the success of *The Harmonium Project* with approximately 27,000 people gathering in the event arena to watch Edinburgh Castle being transformed by digitally animated projections. The reach of the opening event extended to an online audience with the event film being watched by audiences on YouTube and Facebook. An estimated audience of 250,000 enjoyed the closing *Virgin Money Fireworks Concert* performed live by the Scottish Chamber Orchestra to audiences in Princes St Gardens, and across the city.

'REAL FIRE AND ENERGY... FUN AND SPONTANEITY ARE SPRINKLED ACROSS THE SHOW'

THE STAGE, CHOTTO DESH ★★★★★

2. Financial stability and sustainability

A key strategic aim of the Edinburgh International Festival is to achieve financial sustainability. The 2016 International Festival was highly successful in increasing earned income in order to sustain excellence and drive growth, with revenues from tickets sales, programme sales and fundraising totalling over £6.8 million, equal to 58% of total budget. The percentage of total budget generated by earned income has increased by 7% in just two years, lightening the pressure on public funds. At the same time, investment from our core stakeholders, the City of Edinburgh Council (CEC) and Creative Scotland, remains essential to sustaining the International Festival's international reputation and impact, ensuring that there is a secure base from which to raise income from other sources.

The Scottish Government's Edinburgh Festivals Expo Fund is also of critical importance, in 2016 enabling the International Festival to invest in its acclaimed series of work from Scottish contemporary musicians. 2016 also saw project support from Event Scotland, whose early support and commitment toward the presentation of the opening event in both 2015 and 2016 was invaluable in providing the base funding for the event. The future sustainability of the event was greatly enhanced in 2016 when Standard Life signed a three year title sponsorship deal for *Standard Life Opening Event*.

2016 once again saw the International Festival break all previous box office records, with income from ticket sales reaching nearly £4.3 million (£3.58 million net of VAT). It was also a successful year for fundraising, with the International Festival retaining its position as Scotland's most successful performing arts organisation for revenue fundraising from major gifts, individual giving, trusts and foundations and international partners as well as corporate support. The continued generosity of the Dunard Fund provided a hugely important foundation for fundraising activities, setting an example for others and advocating for the International Festival's work both in Scotland and beyond. Two individual donors made significant multi-year pledges to the International Festival, providing crucial certainty in future planning.

Stringent budget control and success in generating earned income have produced modest surpluses for the International Festival over the past ten years which have helped the organisation to move from a deficit position into one where an unrestricted general fund has been established (mainly represented by fixed assets, not cash – see Financial Review section on page 15).

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

The Hub

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

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

During the 2016 International Festival, The Hub became both a performance and social space, with the Main Hall transformed into a cabaret venue to host the hugely popular *Alan Cumming Sings Sappy Songs*, as well as seven post-show *Club Cumming* events and memorable concerts from Edinburgh's Young Fathers and other artists. The Dunard Library provided a buzzing social focal point for International Festival artists and guests, as well as hosting the media centre.

Hub Tickets sells tickets for a range of other organisations in addition to the Edinburgh International Festival. Over the course of 2016 Hub Tickets acted as a ticket agency for the Traverse Theatre, the Brunton Theatre, Edinburgh Jazz and Blues Festival, East Neuk Festival, Lammermuir Festival, Edinburgh International Harp Festival, Hopetoun House and Music at Paxton.

EFC had a successful year in 2016, with a profit on ordinary activities of £34,000 (2015: £62,000). This will enable the business to continue to invest in a maintenance and repair programme to ensure continuing commercial viability, as well as to gift aid profit to its parent charity, Edinburgh International Festival Society.

3. Audiences and audience development

The 2016 International Festival saw an estimated attendance at all events of over 452,000 (2015: approximately 441,000). Ticketed performances achieved 86% (2015: 82%) of total capacity.

The International Festival aims to maximise earned income at the box office whilst at the same time extending and broadening its audience base through programming initiatives, increased digital and broadcast media presence and targeted concessions.

2016 was a successful year in each of these areas, with record box office income, programming strands such as *The Standard Life Opening Event: Deep Time* and the contemporary music strand attracting new audiences, and increased social and digital media presence. The International Festival's successful introduction of work for young people and families in 2015 was continued this year with two contrasting dance pieces: Akram Khan's fusion of storytelling and interactive animation in *Chotto Desh* and *Raw*, a dynamic and gritty dance theatre work from Belgium's Kabinet K, made with young people for young people.

Other work undertaken to make the International Festival as accessible to as many people as possible included ten audio described productions and eight pre-performance touch tours for sight impaired patrons. Four productions were captioned and four were British Sign Language interpreted.

The International Festival's relationship with the BBC continues to develop with increased broadcast, radio and online coverage, while Scottish Television increased its coverage of the International Festival and all August festivals. There was also significant coverage from a wide range of other UK and international broadcasters.

Broadcast partner BBC Radio 3 recorded 16 concerts from The Queen's Hall and five at the Usher Hall. 12 of the Queen's Hall concerts were broadcast live, with the remainder broadcast later in August, whilst the Usher Hall concerts were broadcast in a week of special coverage commencing 12 September.

For the first time our media partnership with Classic FM extended to include a series of filmed performance sessions with International Festival artists, created by our Digital Content team, which were showcased on the Classic FM website.

The International Festival's website – eif.co.uk – continued to perform well. Online transactions increased significantly, with 72% of all transactions being processed through the International Festival's website. Total online sales reached over £2.6 million.

The site overall saw an 11.3% increase in sessions and a 4.6% increase in unique users compared with 2015. On the opening day of bookings sessions were up 57% compared to the same day in 2015.

Social media channels continued to grow with the number of Twitter followers at over 47,200 (2015: 38,400), Facebook likes reaching over 71,500 (2015: 52,400) and Instagram followers growing to over 6,500 from around 2,000 at the start of the sales period. The International Festival's social channels saw over 124,200 interactions by over 93,500 unique users (an increase of 78% and 62% on 2015 respectively).

'IT WAS A MOMENT OF TRUE, HONEST MUSICAL JOY'
**THE SCOTSMAN, ORCHESTRA DELL'ACCADEMIA NAZIONALE
DI SANTA CECILIA ★★★★★**

'GAVE VIBRANT, FRESH ENERGY TO THE FAMILIAR SOUNDS...
THIS ORCHESTRA IS IN A CLASS OF ITS OWN'
THE SCOTSMAN, GEWANDHAUSORCHESTER LEIPZIG 2 ★★★★★

4. Community engagement and Creative Learning

The International Festival already reaches thousands of young people every year, and we continue to strive to do more. We work throughout the year with local school children of all ages, taking artists and workshops into schools, as well as bringing pupils to International Festival shows.

Dedicated performances for young audience members

- Following the International Festival's successful introduction of works for young people and families in 2015, this year featured two starkly contrasting dance pieces. Akram Khan's fusion of storytelling and interactive animation in *Chotto Desh* and a dynamic and gritty dance theatre work from Belgium's Kabinet K, *Raw*, made with young people for young people.
- Over 1,700 Edinburgh school children attended the *Virgin Money Schools Concert* to watch the Scottish Chamber Orchestra and young musicians from SCO VIBE perform in the Ross Theatre in Princes Street Gardens on the morning of the *Virgin Money Fireworks Concert*.

A range of creative learning projects inspired by our programme

- Based on themes emerging from the International Festival world premiere of *Anything That Gives Off Light*, 1,000 primary school pupils from 24 schools across Edinburgh explored ideas of light and aspirational thought by engaging in creative writing and fine art exercises with the aid of a team of workshop facilitators including visual artists, writers and workshop assistants from the International Festival. The project culminated in a large scale public artwork installation outside the Scottish Parliament.
- 109 senior school students participated in six workshops in schools based on *Così fan tutte* and then attended a performance of the opera.
- The Herald Young Critics scheme involved 69 senior pupils, who were encouraged to develop critical analysis skills through being mentored by professional critics before attending performances and writing their own reviews.

Concessions and discount tickets available to younger people and students

- The Young Musician's Passport scheme saw 291 new sign-ups bringing the total number of active memberships to 1,971. A total of 987 complimentary tickets and 677 half price accompanying adult tickets were issued.
- 10,796 concession tickets were issued to younger people and students in 2016.

The International Festival's Young People's Jury

- 25 pupils from six Edinburgh High Schools attended and judged, in their own inimitable style, 19 performances across the programme. The project ended with a public awards ceremony at The Hub.

Castlebrae Community High School

- The second year of our pioneering three-year residency at Castlebrae Community High School included workshops and theatre trips as well as a bespoke mentoring and work experience programme with both International Festival staff and our partner organisations.
- A fifth year pupil at Castlebrae joined forces with Appetite Direct founder Nigel Kennedy to create a canapé menu for 500 guests at the launch of the International Festival's 2016 programme. A sixth year pupil expressed a keen interest in politics and was given the opportunity to meet with the Executive Producer of the Edinburgh International Culture Summit.
- Alan Cumming fielded questions from staff and students at Castlebrae Community High School about his career and life as a performer.

International working

- The reach of the International Festival's Creative Learning department was spread even further this year when four team members (two staff and two artists) took the Art of Listening workshops to schools in Melbourne, Australia at the invitation of Independent Schools Victoria – a welcome illustration of the growing reputation of the International Festival's world class education programme.

Community Engagement

A city-wide free event featuring a combination of community choirs and soloists played to audiences of nearly 2,000 people in nine different venues from South Queensferry to Haddington. The event exemplified the eclectic range of music presented within the International Festival programme and featured pieces by Mahler, McMillan and Elbow alongside more traditional Scottish songs. Audiences joined the 450 participants across each location to sing *Wild Mountain Thyme* in a unique celebration of song to mark the finale.

5. International, national and City partnerships and engagement

The *Standard Life Opening Event: Deep Time* was a pioneering digital artwork charting 350 million years of Edinburgh's history in just 18 minutes. Produced by video and projection design wizards 59 Productions, in partnership with academics from the University of Edinburgh, it was supported by Standard Life and Event Scotland. Set to a specially compiled soundtrack by Scottish band Mogwai, a vast 7,000m² canvas on the façade of Edinburgh Castle and Castle Rock was brought to life by a series of digitally animated projections celebrating the city's geological history. Other partners involved in this project included Blue-i Theatre Technology in partnership with mclcreate and Edinburgh Castle.

The International Festival once again worked with the Scottish Government, UK Government (DCMS), British Council and Scottish Parliament to present the third edition of the Edinburgh International Culture Summit, a biennial event which brings together culture ministers, artists, thinkers and arts leaders from around the world. Summit 2016 welcomed 127 delegates from 41 countries, with a further 90 international participants attending and contributing. A Youth Programme, a new initiative for Summit 2016, comprised 32 delegates from seven countries and was supported by a further 12 contributors. Youssou N'Dour gave a keynote speech in the opening session of the Summit before his acclaimed Usher Hall concert, and the Cape Town ensemble, which appeared in *Cosi fan tutte*, performed at the Closing Plenary session.

'A THUNDERING PERFORMANCE THAT HAD A PACKED USHER HALL ON ITS FEET... TWO-AND-A-HALF HOURS OF SUSTAINED BRILLIANCE AND PASSION'

SCOTTISH DAILY MAIL, *DAS RHEINGOLD* ★★★★★

The International Festival worked with seven international funding partners in 2016 - the Australian High Commission, Canadian High Commission, Consulate General of the Federal Republic of Germany, Consulate of the Kingdom of The Netherlands, the Italian Cultural Institute, Institute Français d'Ecosse and the Québec Government Office.

Collaborations offering internships and training places to young professionals included hosting a six month placement for the recipient of a bursary from the Scottish Theatre Federation and three week placements for two participants from the European Festival Association's Festival Production Management Training programme.

A partnership with the University of Edinburgh and the Royal Conservatoire of Scotland delivered the third International Festival Encounters Summer School in August 2016, attended by 17 participants. The programme included speakers from the International Festival, Edinburgh Festival Fringe and Edinburgh Art Festival.



'IN A LEAGUE APART... THEY HAVE THIS WAY OF GETTING RIGHT UNDER THE SKIN OF A PIECE WITHOUT IMPOSING THEMSELVES ON IT... MIRACULOUS TO HEAR'

THE HERALD, *EMERSON STRING QUARTET* ★★★★★

6. Leadership and governance, staff development, environmental sustainability, infrastructure

The International Festival's current Business Plan covers the period 2015 – 2018. It is reviewed and revised as required in response to changes in the funding environment.

Festival Council embarked on a review of its governance structure in June 2016 with a view to bringing proposals for reform to the AGM in April 2017.

Over the course of 2016 the International Festival achieved its goal of ensuring all directly employed permanent and temporary staff were paid the Living Wage as recommended by the Living Wage Foundation.

Festival Council formally adopted a Sustainability policy in June 2014. The International Festival is working to implement a Carbon Management Plan which was developed with support from The Carbon Trust. In addition to an already established programme of monitoring of electricity, gas, water, waste and recycling volumes, the International Festival developed an expenses tool in

association with Creative Carbon Scotland in 2015 to monitor staff travel on International Festival business and increase knowledge of the International Festival's carbon footprint.

Developments in 2016 include the establishment of a staff Environment working group; the introduction of electronic pay slips; reduction of paper usage, with the main brochure print run reduced by 28% compared with 2015; and detailed recording of recycling versus trade waste introduced. The International Festival is now working in partnership with Changeworks recycling for all major recycling and waste streams generated. This will enable us to quantify and monitor the International Festival's carbon footprint. Through Home Energy Scotland staff have the opportunity for free impartial advice on home energy saving with this advice hopefully translating into the workplace environment as well.

The International Festival is working to develop its equality, diversity and inclusion monitoring and practice. In 2015 a database programme was developed to capture diversity information across all temporary and permanent staff to enable better monitoring and benchmarking. The first full year of data was available at the end of 2016.



STRATEGIC REPORT

FINANCIAL REVIEW

The International Festival recorded a net movement in unrestricted funds of £21,000, see page 24. The group's result for the year includes a profit on ordinary activities from EFC of £34,000, see page 33, before a donation to the parent company of £62,000.

At the end of the financial year, the cost of funding payments to the defined benefit pension scheme in the future was calculated by actuaries to be £901,000 (2015: £615,000). This has resulted in £286,000 being added to the accounting provision and to the designated reserve for pension fund liabilities. In accordance with FRS102 pensions requirements £36,000 of the provision has been deducted from net income and £250,000 has been recognised as an actuarial loss.

Reserves

Festival Council has adopted a Reserves policy to build up adequate reserves in line with its objectives on financial sustainability. A level of reserves of £500,000 was identified by Festival Council in 2007 as being adequate for the needs of the business. This level was reviewed in the year ending 31 October 2010, increased to £750,000, and was achieved in the year ending 31 October 2012. The

level has continued to be met since that date, although it is mainly represented by fixed assets and thus does not constitute a free cash reserve.

Total consolidated unrestricted funds show a balance of £337,000 at 31 October 2016 (2015: £343,000). The consolidated unrestricted general fund shows a balance of £925,000 (2015: £958,000), mainly represented by fixed assets (see note 20). After accounting for the pension reserve (deficit balance of £901,000, 2015: deficit balance of £615,000) the unrestricted reserve balance is £24,000. The designated reserve – legacies receivable has been designated for legacies receivable but not received at year end, and the reserve will be applied to future festival programming (balance of £313,000, 2015: £nil).

The restricted funds comprise unspent grant income of £12,000 (2015: £nil) and the capital grants fund of £5,015,000 (2015: £5,075,000).

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 International Festival will continue to focus on generating earned income in order to sustain its current activities and drive growth in the context of continuing pressure on public sector finances. The proportion of total revenue from earned income (primarily ticket sales and fundraising) increased from 51% in 2014 to 58% in 2016, and the 2017 programme, with its celebration of the 70th anniversary of the Festival, has been planned to maintain this growth.

The weak position of sterling places strong pressure on the cost of artists' fees which may be partly balanced by an increased number of international visitors.



STRATEGIC REPORT

PLANS FOR FUTURE PERIODS

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

2017 will see a celebration of the 70th anniversary of the founding of the Edinburgh International Festival, whilst the 2018 programme will mark Scotland's Year of Young People. In everything we do, a key priority is to make our work available to the widest possible audience. Over the coming years we will continue to respond to changes in audience expectations and the transformation of cultural consumption through new technologies. While the presentation of classical music at the highest level remains at the core of our programming ambition, we will also continue to expand the musical genres we present. We believe it is crucial that the Festival has a stronger presence in the public space and we are undertaking a long-term strategic expansion of digital capture and distribution.

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

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

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

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



STRATEGIC REPORT

Risk management

Festival Council reviews the major strategic, business and operational risks that the business faces on a regular basis. The risk analysis is structured against the strategic priorities set out in the business plan, and considers likelihood of occurrence, impact and mitigating actions in order to identify key risks.

The analysis is considered in detail by the Executive and Audit Committees before presentation to Festival Council. Actions are monitored and updated by management and the Executive Committee over the course of each year.

A detailed examination of the financial risks associated with delivering the annual programme is considered by the Executive and Audit Committees and Festival Council as part of the scrutiny and approval process for the annual budget.

Principal risks and uncertainties

The International Festival's brand and reputation is dependent on securing the necessary financial resources to present and promote the world's leading artists and ensembles. Maintaining this international programming excellence in turn secures the positive economic, social and cultural impacts delivered by the International Festival to the City of Edinburgh, Scotland and the rest of the UK. Maintaining the excellence of the programme is also critical to our ability to secure high level support from individual philanthropic donors and to generate ticket sales income.

Pressure on public sector finances has already resulted in significant erosion in the value of income received from core grants in recent years, and there is continuing uncertainty about the level of grant income in the medium term. Festival Council and Management liaise regularly with public sector grant givers and government to manage this uncertainty as far as possible. At the same time there is a business focus on driving additional revenue through ticket sales and fundraising. As noted elsewhere in this report, this strategy has been highly successful over the past two years, but investment from the public sector remains critical to sustaining these earned income streams and thus securing the success of the International Festival going forward.

The current volatility of foreign exchange markets and the low value of sterling are eroding the International Festival's budget for artist fees paid in other currencies. Exposure to budget variations in year is mitigated as far as possible by putting foreign exchange contracts in place as soon as funds are available.



FESTIVAL COUNCIL REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

The International Festival neither remunerates Festival Council members nor distributes profits.

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

Senior management team remuneration is benchmarked at time of appointment against comparable roles in peer organisations in the UK. These benchmarks are reviewed against the same criteria as required (last review 2013). The International Festival does not operate a system of performance related pay or automatic increments above CPI inflation.

Festival Council 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 Council members' support and help in seeking donations and promoting events.

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

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

Festival Council has delegated responsibility for overseeing the preparation of the annual Report and Financial Statements and recommending them to Festival Council, to the Audit Committee. This committee also assesses, generally at a high level of review, the integrity of the Society's financial recording and reporting systems and the effectiveness of its internal controls.

During 2016 there were three formal meetings of Festival Council and one half day strategy meeting. The Executive Committee met four times. The members of Festival Council who served on the Executive Committee also discharge the functions of a Remuneration Committee. The Audit Committee includes members drawn from Festival Council. The members of the Audit Committee met three times during the year.

Festival Council members

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

Chair

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

Deputy Chairman

Professor Niall Lothian OBE***

Scott Black
Councillor Chas Booth
Terry Brotherstone
Dr Jamie Coleman
Councillor Karen Doran
Sir John Elvidge*
Sir Paul Grice**
Councillor Sandy Howat*
Tari Lang*
Councillor Richard Lewis
Gavin McEwan**
Professor Dorothy Miell
Andrea Miller
Keith Miller CBE*
Councillor Gordon Munro* (retired 14 June 2016)
Councillor Vicki Redpath (appointed 8 December 2016)
Hans Rissmann OBE
Caroline Roxburgh (appointed 27 April 2016)**
Councillor Iain Whyte

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

** Member of Audit Committee

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

Fergus Linehan and Joanna Baker are directors of Edinburgh Festival Centre Limited and Edinburgh International Festival Limited.

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

Governance arrangements

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

There will be five vacancies on Festival Council following the AGM on 24 April 2017. Hans Rissmann, Andrea Miller and Dr Jamie Coleman are members elected by the Festival Society, Keith Miller is co-opted by Festival Council and Scott Black elected by the Edinburgh Chamber of Commerce and Enterprise. All will have completed an initial term of three years and are eligible to serve for a further three years.

Festival Council members' induction and training

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

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

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

Subsidiary companies

The Hub, Edinburgh's Festival Centre, is operated by EFC, the Board of which is the Executive Committee of the International Festival, together with the Festival Director and Managing Director. The directors oversee a business plan which aims to deliver annual profits which are gift aided to the parent charity, and/or invested in maintaining the fabric of the building.

FESTIVAL COUNCIL REPORT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

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

Auditors

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

By order of Festival Council



Councillor Donald Wilson,
the Rt. Hon. the Lord Provost
of Edinburgh, Chair
Edinburgh, 20 February 2017

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

We have audited the financial statements of Edinburgh International Festival Society for the year ended 31 October 2016 which comprise the group and company statements of financial activities, the group and company balance sheets, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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



Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 October 2016 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

Edinburgh

20 February 2017

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES & INCOME AND EXPENDITURE ACCOUNT

	Notes			Year ended 31 October 2016			Year ended 31 October 2015
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£000s	£000s	£000s	£000s	£000s	£000s
Income and endowments							
Donations and legacies received	3	2,310	-	2,310	2,508	-	2,508
Legacies receivable	3	313	-	313	-	-	-
Income from charitable activities							
• ticket sales		3,583	-	3,583	3,193	-	3,193
• grant income	2	4,884	20	4,904	4,956	-	4,956
Other trading activities							
• sponsorship	3	361	-	361	299	-	299
• trading subsidiary sales		1,533	-	1,533	1,407	-	1,407
• publications and other earned income		247	-	247	205	-	205
Income from investments	6	6	-	6	9	-	9
Total income		13,237	20	13,257	12,577	-	12,577
Expenditure							
Expenditure on raising funds							
• fundraising		(477)	-	(477)	(435)	-	(435)
• trading subsidiary costs		(2,057)	-	(2,057)	(1,909)	-	(1,909)
• support costs	9	(234)	(17)	(251)	(216)	(15)	(231)
Expenditure on charitable activities							
• productions and performances		(8,371)	-	(8,371)	(8,161)	-	(8,161)
• marketing and communications		(1,151)	-	(1,151)	(1,151)	-	(1,151)
• support costs	9	(703)	(51)	(754)	(648)	(45)	(693)
Total expenditure		(12,993)	(68)	(13,061)	(12,520)	(60)	(12,580)
Net income/(expenditure)		244	(48)	196	57	(60)	(3)
Defined benefit scheme actuarial (losses)/gains	8	(250)	-	(250)	235	-	235
Net movement in funds	19	(6)	(48)	(54)	292	(60)	232
Total funds brought forward at 1 November 2015	19	343	5,075	5,418	51	5,135	5,186
Total funds carried forward at 31 October 2016	19	337	5,027	5,364	343	5,075	5,418

All the results of the charity relate to continuing operations.

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

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

	Notes	Year ended 31 October 2016			Year ended 31 October 2015		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£000s	£000s	£000s	£000s	£000s	£000s
Income and endowments							
Donations and legacies received	3	2,310	-	2,310	2,508	-	2,508
Legacies receivable	3	313	-	313	-	-	-
Income from charitable activities							
• ticket sales		3,583	-	3,583	3,193	-	3,193
• grant income	2	4,884	20	4,904	4,956	-	4,956
Other trading activities							
• sponsorship	3	361	-	361	299	-	299
• publications and other earned income		309	-	309	234	-	234
Income from investments	6	5	-	5	8	-	8
Total income		11,765	20	11,785	11,198	-	11,198
Expenditure							
Expenditure on raising funds							
• fundraising		(489)	-	(489)	(446)	-	(446)
• support costs	9	(278)	(2)	(280)	(260)	-	(260)
Expenditure on charitable activities							
• productions and performances		(8,436)	-	(8,436)	(8,229)	-	(8,229)
• marketing and communications		(1,457)	-	(1,457)	(1,459)	-	(1,459)
• support costs	9	(834)	(6)	(840)	(780)	-	(780)
Total expenditure		(11,494)	(8)	(11,502)	(11,174)	-	(11,174)
Net income		271	12	283	24	-	24
Defined benefit scheme actuarial (losses)/gains	8	(250)	-	(250)	235	-	235
Net movement in funds	19	21	12	33	259	-	292
Total funds brought forward at 1 November 2015	19	282	-	282	23	-	23
Total funds carried forward at 31 October 2016	19	303	12	315	282	-	282

All the results of the charity relate to continuing operations.

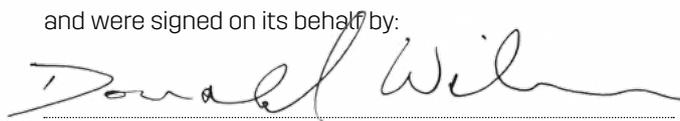
There is no difference between the net movement in funds for the year stated above and its historical cost equivalent.

CONSOLIDATED BALANCE SHEET

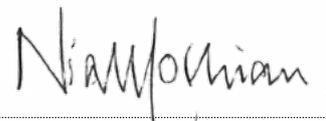
AT 31 OCTOBER 2016

	Notes	2016	2016	2015	2015
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible assets	12		6,212		6,208
Current assets					
Stock	13	17		19	
Debtors	14	1,427		773	
Cash at bank and in hand		1,101		879	
		2,545		1,671	
Creditors: amounts falling due within one year	16	(2,492)		(1,838)	
Net current assets/(liabilities)			53		(167)
Total assets less current assets/(liabilities)			6,265		6,041
Creditors: amounts falling due after one year	17		-		(8)
Net assets excluding pension			6,265		6,033
Pension liability	8		(901)		(615)
Net assets including pension			5,364		5,418
Unrestricted funds					
General fund	19	925		958	
Pension reserve	19	(901)		(615)	
Designated legacies receivable fund	19	313		-	
			337		343
Restricted funds					
Grant income	19	12		-	
Capital grants fund	18 & 19	5,015		5,075	
			5,027		5,075
			5,364		5,418

The financial statements on pages 23 to 45 were approved by the Board of directors on 20 February 2017 and were signed on its behalf by:



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



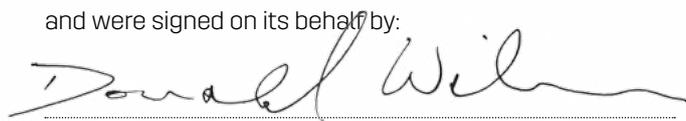
Professor Niall Lothian OBE Deputy Chairman

Company Registration Number SC024766

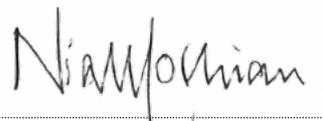
BALANCE SHEET – EDINBURGH INTERNATIONAL FESTIVAL AT 31 OCTOBER 2016

	Notes	2016	2016	2015	2015
		£000s	£000s	£000s	£000s
Fixed assets					
Tangible assets	12a	33		-	
Investments	12b	-		-	
			33		-
Current assets					
Debtors	14 & 15	2,521		1,513	
Cash at bank and in hand		817		733	
		3,338		2,246	
Creditors: amounts falling due within one year	16	(2,155)		(1,349)	
Net current assets			1,183		897
Total assets less current liabilities			1,216		897
Creditors: amounts falling due after one year	17		-		-
Net assets excluding pension			1,216		897
Pension liability	8		(901)		(615)
Net assets including pension			315		282
Unrestricted funds					
General fund	19	891		897	
Pension reserve	19	(901)		(615)	
Designated legacies receivable fund	19	313		-	
			303		282
Restricted fund					
Grant income	19		12		-
			315		282

The financial statements on pages 23 to 45 were approved by the Board of directors on 20 February 2017 and were signed on its behalf by:



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



Professor Niall Lothian OBE Deputy Chairman

Company Registration Number SC024766

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2016	2015
		£000s	£000s
Cash flows from operating activities:			
Net cash provided by operating activities	23	360	406
Cash flows from investing activities			
Dividends, interest and rents from investments		6	9
Purchase of property, plant and equipment		(144)	(98)
Net cash provided by investing activities		(138)	(89)
Change in cash and cash equivalents in the reporting period		222	317
Cash and cash equivalents at the beginning of the reporting period	24	879	562
Cash and cash equivalents at the end of the reporting period	24	1,101	879



NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. The charity is a Public Benefit Entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 3. The financial statements are compliant with the charity's constitution, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" (revised 2015), and in accordance with Financial Reporting Standard 102 (FRS 102).

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

Going concern

Festival Council have considered the future cash requirements and have reviewed the budget for the next twelve months, together with the funding sources available to the International Festival. They have concluded the use of the going concern basis of accounting is appropriate.

Basis of consolidation

The consolidated statement of financial activities and consolidated balance sheet include the financial statements of the International Festival and its wholly owned subsidiary companies EFC and Edinburgh International Festival Limited made up to 31 October 2016.

Income recognition

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

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that confirmation or probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. Sponsorship and donations are recognised when receivable. Such revenue is deferred only when the International Festival have to fulfil conditions before entitlement, or where timing of expenditure is specified by the donor. Gift aid on donations is recognised when claims are made. 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 they are 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 and irrecoverable VAT

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 consist of costs 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. None were made in the year.

It is a strategic objective that the International Festival remains competitive through securing early commitment to new and high quality work. Commissioning and co-producing both small and large-scale, multi-partner events often requires a financial commitment before the year in which the presentation takes place, both to secure the project from competition and to create exclusivity clauses around its performance. These are non-refundable 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 expenditure on raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 9.

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and is allocated directly to expense headings.

Pensions

Certain employees are members of the Lothian Pension Fund, a defined benefit pension scheme. In accordance with FRS102, the operating and financing costs of pensions are charged to the statement of financial activities in the period in which they arise and are recognised separately. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the statement of financial activities. Pension costs are assessed in accordance with the advice of a qualified actuary.

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

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

Taxation & deferred taxation

The company is recognised by the Office of the Scottish Charity Regulator as a charity and is approved as such by HM Revenue & Customs for taxation purposes. As a result there is no liability to taxation on any of its income.

The charity's trading subsidiaries are subject to taxation. Any 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.

Foreign currencies

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

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

Gifts in-kind and donated services and facilities

When the Festival receives goods or services in-kind, a valuation based on replacement cost is used for accounting purposes. This valuation appears in sponsorship & development income and an equal amount is allocated to the relevant expenditure line (see also note 3).

Funds

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. An unrestricted fund – pension reserve is included within reserves. This reserve represents the organisation's share of the liabilities of the Lothian Pension Fund as valued at 31 October 2016 by the Fund's actuaries, Hymans Robertson LLP. From 31 October 2016 a designated reserve – legacies receivable was included within reserves. This represents legacies receivable but not received at the year end and has been designated to future Festival programming.

Restricted funds are those funds which are subject to restrictions on their expenditure imposed by the funder. A restricted fund – capital grants fund represents grants received by the trading subsidiary in respect of the development of Edinburgh's Festival Centre, The Hub.

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

Fixed assets and depreciation

Fixed assets are included in the balance sheet at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs less estimated residual value on each asset, by equal annual instalments, over their expected useful lives which are considered to be:

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

Included within land & buildings is £20,691 (2015: £20,691) of finance costs. It is the company's policy to treat as fixed assets only items with a cost of £5,000 or greater. For EFC this threshold is lowered to items with a cost of £2,000 or greater.

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.

Stock

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

Debtors

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

Cash and cash equivalents

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

Creditors and provisions

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

Leases and hire purchase contracts

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

Financial instruments

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



Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, the restatement of comparative items was required. At the date of transition no restatements were required. No change was required to net income/(expenditure) and the opening balances remained as previously stated:

	31 October 2015		1 November 2014	
	Group	Company	Group	Company
	£000s	£000s	£000s	£000s
General unrestricted fund	958	897	889	861
Designated pension reserve	(615)	(615)	(838)	(838)
Restricted capital grants	5,075	-	5,135	-
Total funds	5,418	282	5,186	23

2. Grant income

	2016	2015
	£000s	£000s
City of Edinburgh Council	2,317	2,389
Creative Scotland	2,317	2,317
Scottish Government's Edinburgh Festivals Expo Fund	200	200
City of Edinburgh Council project funding	20	-
Event Scotland project funding	50	50
Total	4,904	4,956

3. 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, mobile phones and catering facilities.

	2016	2015
	£000s	£000s
Donations and legacies received	2,310	2,508
Legacies receivable	313	-
Sponsorship	361	299
Total	2,984	2,807

During the year unconditional donations were received from trustees of £10,000 (2015: £5,000).

4. Investment in subsidiaries

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

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

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

	Year ended 31 October 2016			Year ended 31 October 2015		
	Sales	Loss	Net assets	Sales	Profit	Net assets
	£000s	£000s	£000s	£000s	£000s	£000s
Edinburgh Festival Centre Limited	2,090	(28)	34	1,970	33	62

The loss/profit for the year was after a donation of prior year profit of £62,000 (2015: £29,000) to the parent charity. The profit on ordinary activities prior to this donation was £34,000 (2015: £62,000).

5. Consolidation

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

6. Interest receivable

Group	Year ended	Year ended
	31 October 2016	31 October 2015
	£000s	£000s
Bank interest receivable	6	5
Other interest receivable	-	4
Total	6	9

Company	Year ended	Year ended
	31 October 2016	31 October 2015
	£000s	£000s
Bank interest receivable	5	4
Other interest receivable	-	4
Total	5	8

7. Staff numbers and costs

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

	Year ended 31 October 2016	Year ended 31 October 2015
Edinburgh International Festival Society		
Productions	25	23
Marketing and communications	12	12
Administration	7	7
Fundraising	8	8
Finance	5	5
	57	55
Edinburgh Festival Centre Limited		
Administration	1	1
Operations	74	73
	75	74
Total	132	129

As employee numbers are calculated through average headcount, they are therefore liable to fluctuate. Total employee numbers for the year were 293 (173: International Festival, 120: Edinburgh Festival Centre).

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

	Year ended 31 October 2016	Year ended 31 October 2015
	£000s	£000s
Wages and salaries	2,950	2,679
Social security costs	282	240
Pension costs (note 8)	215	204
Total	3,447	3,123
Key management remuneration	556	532

The above costs for 2016 include fixed term contracts in specific income generating areas of the business and also reflect the volume of temporary staff required to deliver the 2016 Festival.

No remuneration or reimbursement of expenditure was paid to any member of Festival Council, who are the directors of the company (2015: nil).

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

Four employees (2015: four) received remuneration over £60,000 per annum: two (2015: two) fell into the band £60,000-£70,000; one into the band £70,000-£80,000 (2015: one) and one into the band £140,000-£150,000 (2015: one). The number of employees in these bands to whom retirement benefits are accruing under money purchase and defined benefit schemes is four (2015: four). The company made payments on their behalf to secure money purchase benefits of £56,355 (2015: £46,073) and defined benefit contributions of £nil (2015: £nil).

8. Pension obligations

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

The total costs to the group of contributions to the above schemes during the year were £215,131 (2015: £204,144). The total cost includes a period end accrual of £27,378 (2015: £21,694).

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

The valuation used for FRS102 disclosures has been based on the most recent valuation at 31 March 2014 and updated by Hymans Robertson LLP as actuaries to the Lothian Pension Fund. The valuation takes account of the requirements of FRS102 in order to assess the liabilities of the scheme at 31 October 2016.

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

Period ended 31 October 2016	Assets	Obligations	Net (liability)/ asset
	£000	£000	£000
Fair value of plan assets	2,133		2,133
Present value of funded liabilities		2,748	(2,748)
Opening position as at 31 October 2015	2,133	2,748	(615)
Service cost			
Current service cost		63	(63)
Total service cost	-	63	(63)
Net interest			
Interest income on plan assets	81		81
Interest cost on defined benefit obligation		105	(105)
Total net interest	81	105	(24)
Total defined benefit cost recognised in statement of financial activities	81	168	(87)
Cashflows			
Plan participants contributions	18	18	-
Employer contributions	51		51
Benefits paid	(62)	(62)	-
Expected closing position	2,221	2,872	(651)
Remeasurements			
Changes in financial assumptions		713	(713)
Other experience		(32)	32
Return on assets excluding amounts included in net interest	431		431
Total remeasurements recognised	431	681	(250)
Fair value of plan assets	2,652		2,652
Present value of funded liabilities		3,553	(3,553)
Closing position as at 31 October 2016	2,652	3,553	(901)

Period ended 31 October 2015	Assets	Obligations	Net (liability) / asset
	£000	£000	£000
Fair value of plan assets	2,071		2,071
Present value of funded liabilities		2,909	(2,909)
Opening position as at 31 October 2014	2,071	2,909	(838)
Service cost			
Current service cost		74	(74)
Total service cost	-	74	(74)
Net interest			
Interest income on plan assets	112		112
Interest cost on defined benefit obligation		108	(108)
Total net interest	112	108	4
Total defined benefit cost recognised in statement of financial activities	112	182	(70)
Cashflows			
Plan participants contributions	17	17	-
Employer contributions	58		58
Benefits paid	(67)	(67)	-
Expected closing position	2,191	3,041	(850)
Remeasurements			
Changes in demographic assumptions		112	(112)
Changes in financial assumptions		(213)	213
Other experience		(192)	192
Return on assets excluding amounts included in net interest	(58)		(58)
Total remeasurements recognised	(58)	(293)	235
Fair value of plan assets	2,133		2,133
Present value of funded liabilities		2,748	(2,748)
Closing position as at 31 October 2015	2,133	2,748	(615)

The current service cost figures include an allowance for administrative expenses of 0.3% of payroll (2015: 0.3%). Actuarial calculations with regard to future pension increases are linked to the Consumer Prices Index (CPI).

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

	2016	2015
	% per annum	% per annum
Future pension increases	2.60%	2.60%
Future salary increases	4.60%	4.50%
Discount rate	2.80%	3.80%

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

Life expectancy is based on the Lothian Pension Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate 1.25% p.a. Based on these assumptions, average future life expectancies at age 65 are as follows:

	Males	Females
Current pensioners	22.1 years	23.7 years
Future pensioners	24.2 years	26.3 years

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

	2016	2015
	%	%
Equities	69	68
Bonds	22	16
Property	7	10
Cash	2	6

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

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

	2016	2015	2014	2013	2012
	£000s	£000s	£000s	£000s	£000s
Fair value of employer assets	2,652	2,133	2,071	1,900	1,585
Present value of funded obligations	(3,553)	(2,748)	(2,909)	(2,457)	(2,167)
Deficit	(901)	(615)	(838)	(557)	(582)
Experience gains/(losses) on assets	81	(58)	53	220	(370)
Experience gains on liabilities	32	192	8	-	344

The estimated employer contributions to the defined benefit scheme for the next financial year beginning 1 November 2016 are £51,000.



9. Support and governance costs

Support costs have been split in the ratio 25:75 between costs of raising funds and charitable expenditure. This split is based on headcount. Total support costs are disclosed below and comprise administration, depreciation, governance costs and FRS102 pension adjustments.

Group	Administration	Depreciation	Governance costs	Pension fund	Total
	£000s	£000s	£000s	£000s	£000s
Year ended 31 October 2016					
Support costs					
Unrestricted funds					
Costs of raising funds	211	2	12	9	234
Charitable expenditure	635	6	35	27	703
Restricted funds					
Costs of raising funds	17	-	-	-	17
Charitable expenditure	51	-	-	-	51
Total	914	8	47	36	1,005
Year ended 31 October 2015					
Support costs					
Unrestricted funds					
Costs of raising funds	200	-	12	4	216
Charitable expenditure	601	-	35	12	648
Restricted funds					
Costs of raising funds	15	-	-	-	15
Charitable expenditure	45	-	-	-	45
Total	861	-	47	16	924

Company	Administration	Depreciation	Governance costs	Pension fund	Total
	£000s	£000s	£000s	£000s	£000s
Year ended 31 October 2016					
Support costs					
Unrestricted funds					
Costs of raising funds	255	2	12	9	278
Charitable expenditure	766	6	35	27	834
Restricted funds					
Costs of raising funds	2	-	-	-	2
Charitable expenditure	6	-	-	-	6
Total	1,029	8	47	36	1,120
Year ended 31 October 2015					
Support costs					
Unrestricted funds					
Costs of raising funds	244	-	12	4	260
Charitable expenditure	733	-	35	12	780
Restricted funds					
Costs of raising funds	-	-	-	-	-
Charitable expenditure	-	-	-	-	-
Total	977	-	47	16	1,040

10. Net income/(expenditure)

	Year ended	Year ended
	31 October 2016	31 October 2015
	£000s	£000s
The net income/(expenditure) for the period are stated after charging/(crediting):		
Auditors' remuneration in respect of the audit	14	14
Depreciation on owned assets	140	131
Operating leases on land and buildings	64	64
Release of capital grants	(60)	(60)
Foreign exchange gains	2	27

11. Taxation

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

	Year ended	Year ended
	31 October 2016	31 October 2015
	£000s	£000s
Profit on ordinary activities before tax	34	62
Profit on ordinary activities multiplied by the small companies' rate of corporation tax in the UK 20.0% (2015: 20.0%)		
Effects of:		
Capital allowances and other timing differences	(7)	(12)
Tax charge for the period	-	-

The total amount of the deferred tax liability not recognised is £nil (2015: asset of £18,740).

This asset was not recognised as the directors were not confident of its eventual recovery.

The above note relates to the activities of EFC.

12. Fixed assets

a) Tangible assets

Group	Land & buildings	Furniture & fittings	Computer equipment	Assets under construction	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
As at 1 November 2015	6,917	1,318	447	76	8,758
Additions during period	-	103	41	-	144
Transfers during period	-	76	-	(76)	-
As at 31 October 2016	6,917	1,497	488	-	8,902
Depreciation					
As at 1 November 2015	1,121	1,041	388	-	2,550
Depreciation for period	69	44	27	-	140
As at 31 October 2016	1,190	1,085	415	-	2,690
Net book value					
As at 31 October 2016	5,727	412	73	-	6,212
As at 31 October 2015	5,796	277	59	76	6,208

Included within land & buildings is £20,691 (2015: £20,691) of finance costs.

Company	Furniture & fittings	Computer equipment	Total
	£000s	£000s	£000s
Cost			
As 1 November 2015	788	350	1,138
Additions during period	-	41	41
As 31 October 2016	788	391	1,179
Depreciation			
As 1 November 2015	788	350	1,138
Depreciation for period	-	8	8
As 31 October 2016	788	358	1,146
Net book value			
As 31 October 2016	-	33	33
As 31 October 2015	-	-	-

b) Investments

Company	Shares in group undertakings
	£s
Cost & net book value	
As at 31 October 2016	4
As at 31 October 2015	4

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

13. Stock

	2016	2015
	£000s	£000s
Goods for retail sale	17	19
Total	17	19

14. Debtors

	Group	Company	Group	Company
	2016	2016	2015	2015
	£000s	£000s	£000s	£000s
Trade debtors	199	168	148	113
Trading balance owed by subsidiaries	-	1,183	-	733
VAT recoverable	373	373	137	137
Other debtors	30	7	20	6
Prepayments	123	88	85	62
Accrued income	702	702	383	383
Loan owed by subsidiary (see note 15)	-	-	-	79
Total	1,427	2,521	773	1,513



15. Transactions with subsidiary companies

The International Festival 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 £495,000 (2015: £534,000).

A £500,000 loan was received by EFC in the year ended 30 November 1999 from Edinburgh International Festival Capital Fund, an independent trust. The balance outstanding of this loan was repaid in the year ended 31 October 2011 from a loan of £474,000 from the parent company, the International Festival (see note 14). This loan was repayable in six annual instalments of £79,000 which concluded on 31 March 2016. No interest was payable on the loan in the period.

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

Both of the above subsidiaries are 100% owned by the International Festival.

16. Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2016	2016	2015	2015
	£000s	£000s	£000s	£000s
Trade creditors	1,182	1,125	363	309
Other creditors	152	78	154	50
Other taxes and social security costs	135	52	183	58
Accruals	799	791	891	823
Deferred income	224	109	247	109
Total	2,492	2,155	1,838	1,349

17. Creditors: amounts falling due after one year

	Group	Company	Group	Company
	2016	2016	2015	2015
	£000s	£000s	£000s	£000s
Deferred income	-	-	8	-
Total	-	-	8	-

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

18. Capital grants fund

	2016	2015
	£000s	£000s
Total received	6,276	6,276
Released in previous periods	(1,201)	(1,141)
Released in period	(60)	(60)
Total	5,015	5,075

The capital grants fund of £5,015,000 (2015: £5,075,000) represents grants received by the trading subsidiary in respect of the development of The Hub, less amounts released to date.

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

19. Funds

	Balance at 1 November 2015	Income & gains	Expenditure & transfers	Balance at 31 October 2016
	£000s	£000s	£000s	£000s
Group				
Unrestricted funds				
General fund	958	12,924	(12,957)	925
Designated legacies receivable fund	-	313	-	313
Pension reserve	(615)	-	(286)	(901)
Restricted funds				
Grant income	-	20	(8)	12
Capital grants fund	5,075	-	(60)	5,015
Total	5,418	13,257	(13,311)	5,364
Company				
Unrestricted funds				
General fund	897	11,452	(11,458)	891
Designated legacies receivable fund	-	313	-	313
Pension reserve	(615)	-	(286)	(901)
Restricted fund				
Grant income	-	20	(8)	12
Total	282	11,785	(11,752)	315

An unrestricted fund – pension reserve – is included within reserves. This reserve represents the organisation's share of the liabilities of the Lothian Pension Fund as valued at 31 October 2016 by the Fund's actuaries, Hymans Robertson LLP. From 31 October 2016 a designated reserve – legacies receivable was included within reserves. This represents legacies receivable but not received at the year end and has been designated to future Festival programming.

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

20. Analysis of group net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds
	£000s	£000s	£000s
Fund balances at 31 October 2016 are represented by:			
Tangible fixed assets	1,197	5,015	6,212
Net current assets	41	12	53
Pension liability	(901)	-	(901)
Total	337	5,027	5,364

21. Operating leases

At 31 October 2016, there were total commitments under non-cancellable operating leases as follows:

	Group	Company	Group	Company
	2016	2016	2015	2015
	£000s	£000s	£000s	£000s
Total operating lease payments due:				
Within one year	54	43	66	51
Within two to five years	8	8	63	52
After five years	-	-	-	-
Total	62	51	129	103
Land and buildings	51	40	115	89
Other	11	11	14	14
Total	62	51	129	103
Total payments made in year	68	52	66	50

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

22. Capital commitments

Capital expenditure commitments contracted for as at 31st October 2016 but not provided for in these financial statements total £nil (2015: £80,000).

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

	2016	2015
	£000s	£000s
Net income/(expenditure) for the reporting period as per the statement of financial activities	196	(3)
Adjustments for:		
Depreciation charges	140	131
Dividends, interest and rents from investments	(6)	(9)
FRS102 pension charge for defined benefit scheme	87	70
Pension contributions to the defined benefit scheme	(51)	(58)
Decrease/(increase) in stocks	2	(6)
(Increase)/decrease in debtors	(654)	86
Increase in creditors	646	195
Cash flows from operating activities	360	406

24. Analysis of cash and cash equivalents

	2016	2015
	£000s	£000s
Cash in hand	1,101	879
Total cash and cash equivalents	1,101	879

25. Members' guarantee

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

Membership as at 31 October 2016 totalled 107 (2015: 116).

26. Related party transactions

During the year ended 31 October 2016 there were no related party transactions that would require disclosure.

Edinburgh International Festival Society

A charitable company limited by guarantee

Supported by

City of Edinburgh Council

Creative Scotland

Scottish Government's Edinburgh Festivals Expo Fund

Event Scotland

Report and Financial Statements

for the year ended 31 October 2016

Registered Charity Number SC004694

Company Registration Number SC024766

