

**TRUSTEES ANNUAL REPORT
AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

FOR

**HARROGATE INTERNATIONAL FESTIVAL LIMITED
(A company Limited by guarantee)**

Registered Charity Number: 244861

REGISTERED NUMBER: 858029



HARROGATE INTERNATIONAL FESTIVAL LIMITED
FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

Contents

| | Page |
|---|-------------|
| Charity Reference and Administrative Details | 1 |
| Trustees' Annual Report | 3 |
| Independent Auditor's Report | 14 |
| Consolidated Statement of Financial Activities (including Income and Expenditure Account) | 16 |
| Consolidated and Charity Balance Sheets | 17 |
| Consolidated Statement of Cash flows | 18 |
| Charity Statement of Cash Flows | 19 |
| Notes to the Financial Statements | 20 |

HARROGATE INTERNATIONAL FESTIVAL LIMITED
CHARITY REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|------------------------------------|---|
| Charity registration number | 858029 |
| Company registration number | 244861 |
| Patron | HRH Prince of Wales |
| Honorary President | Dame Fanny Waterman DBE |
| Trustees | Joanna Fiona Armitage – Chairman Matthew Osbourne Bev Ashby – resigned April 2016 Peter Blackburn CBE – resigned October 2016 Clive Goldstein – resigned February 2017 David Haxby – resigned October 2016 Justin Kitson – resigned May 2016 Howard Marshall Craig Ratcliffe David Salter Kate Spencer Christine Woods – resigned October 2016 Jenny Harris – appointed November 2016 |
| Secretary | Sharon Canavar |
| Registered office | 32 Cheltenham Parade Harrogate North Yorkshire HG1 1DB |
| Auditor | Murray Harcourt Limited Registered Auditors Elizabeth House 13-19 Queen Street Leeds LS1 2TW |
| Solicitor | McCormicks Solicitors Wharfedale House 37 East Parade Harrogate HG1 5LQ |
| Bankers | HSBC 7 Prospect Crescent Harrogate HG1 1RN and Scottish Widows 67 Morrison Street Edinburgh EH3 8YJ |

**HARROGATE INTERNATIONAL FESTIVAL LIMITED
CHARITY REFERENCE AND ADMINISTRATIVE DETAILS**

Staffing

**Chief Executive
Operations Manager
Music Manager
Co-ordinators
Finance**

Sharon Canavar
Gemma Rowland
Marc Dunleavy
Helen Donkin, Lizzie Brewster, Charlotte Wood
Ruth Moody & Angela Thompson

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

The Trustees present the Trustee Annual Report (including the Strategic Report) and the audited financial statements of the charity for the year ended 31 October 2016. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Directors and Trustees of the charity

The Board of Directors is the governing body of Harrogate International Festival Limited. Members of the Board are also Trustees as defined by the Charities Act. The Board meets at least four times a year and it sets the policies of the Charity. It is also responsible for overseeing the sound management of the organisation and for ensuring that its policies are carried out by the staff through the Chief Executive.

The Board is made up of a maximum of thirteen trustees. The Board has the power to appoint additional Trustees as it considers fit to do so. The Board keeps under review its skills mix, with the current Board having a broad range of professional, business and educational skills and experience. The trustees who have served during the year and since the year end were as follows:

Joanna Fiona Armitage - Chairman
Matthew Osbourne
Bev Ashby – resigned April 2016
Peter Blackburn CBE – resigned October 2016
Clive Goldstein – resigned February 2017
David Haxby – resigned October 2016
Justin Kitson – resigned May 2016
Howard Marshall
Craig Ratcliffe
David Salter
Kate Spencer
Christine Woods – resigned October 2016
Jenny Harris – appointed November 2016

All members of the Board have confirmed that they do not have and have not had any beneficial interest in any contract with Harrogate International Festival Limited. Board members receive no remuneration or other financial benefit. Harrogate International Festival Limited maintains a register of Trustees' interests.

Harrogate International Festival Limited ("Harrogate International Festivals") is a Registered Charity and a Registered Company limited by guarantee. In the event of the Company being wound up members are required to contribute an amount not exceeding £1.

Objectives and activities

Vision:

To be the leading portfolio of arts festivals with an evolving and innovative offer, changing lives through cultural experience.

Mission:

Delivering distinctive and inspiring cultural experiences for all.

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

Objectives:

- To be a 'hub' for cultural activity by increasing audience access through live and digital experience;
- To create and develop programmes that provide opportunities to challenge traditional assumptions about the arts;
- To contribute to the tourism potential of the North through distinctive cultural experiences;
- To ensure access is available to a wider range of audiences and participants;
- To develop a deeper understanding of the arts by offering opportunities for learning and participation that relate to our programme and portfolio; and
- To ensure the organisation is sustainable and resilient through strategic alliances with public and commercial partners.

We have referred to the public benefit guidance contained in the Charity Commission's general guidance on public benefit when reviewing our objectives and in planning our future activity.

The aims of Harrogate International Festival Limited are undertaken specifically to ensure the charitable objectives meet the public benefit requirement and the Charities Act 2011.

Directors and Trustees

The Board of Directors is the governing body of Harrogate International Festivals. Members of the Board are also Trustees as defined by the Charities Act. The Board meets at least four times a year and it sets the policies of the Charity. It is also responsible for overseeing the sound management of the organisation and for ensuring that its policies are carried out by the staff through the Chief Executive.

The Board is made up of a maximum of thirteen trustees. All of the Trustees named on page 3 served during the year. The Board has the power to appoint additional Trustees as it considers fit to do so. The Board keeps under review its skills mix, with the current Board having a broad range of professional, business and educational skills and experiences.

The Board interviews potential new Trustees prior to appointment. Each newly elected Board member receives guidance notes about their role and responsibilities as a charity Trustee and company Director as part of a comprehensive induction process. Training events are organised to update Trustees' knowledge on general charity topics and specific matters regarding Harrogate International Festivals.

In accordance with Article 37 of the Articles of Association Fiona Movley, Howard Marshall and David Salter retire from the Board and, being eligible, offer themselves for re-election.

All members of the Board have confirmed that they do not have and have not had any beneficial interest in any contract with Harrogate International Festivals. Board members receive no remuneration or other financial benefit. Harrogate International Festivals maintains a register of Trustees' interests.

Remuneration of Key Management Personnel

The Resources sub-group determines the remuneration, benefits and pension arrangements of all staff including Key Management Personnel.

Subsidiary Company

The Company has a wholly owned subsidiary company, Harrogate Festival Development Ltd (formerly North Yorkshire Cultural Events Limited), which is engaged in fundraising activities.

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

STRATEGIC REPORT

Achievements in the year

Harrogate International Festivals celebrated its 50th Anniversary in 2016 and can look back on an exciting year of celebration and development with over 300 distinctive events held as part of our celebratory programming.

From the magical Fire Garden by Cie Carabosse bringing the Valley Gardens to life through fiery installations, to celtic superstar Van Morrison performing his only UK concert outside of London. The Festival delivered a broad range of Festivals and Events across the year, with our traditional delivery enhanced by a number of fundraising and celebratory events to support the Future 50 Appeal established in 2015 to support the long-term sustainability of the charity in an age of decreasing arts funding.

Through a series of strategic events designed to both celebrate the heritage of the HIF and increase audiences and participants in the work of the charity, HIF increased ticket sales by 115% with nearly 6000 new bookers engaging with HIF throughout 2016. This included producing a new work with French company Cie Carabosse over three nights in Harrogate, reaching a family audience of over 25,000 over three evenings. A visit from Their Royal Highnesses, The Prince of Wales, our Patron, and his wife the Duchess of Cornwall, where HIF in a day was recreated including our education programmes and a performance from HIF Future 50 Vice Presidents and Young Musician Alumni; Lesley Garrett CBE, Julian Lloyd-Webber and Emma Johnson CBE.

HIF continues to develop programmes and ensure a high quality and varied artistic offer is available in the north of England, and the Festivals programme was once again supplemented by the Spiegeltent with both a diverse programme of events led by Guest Curator Jay Phelps, whilst our Children's Festival returned with national programming partnerships including History's Maid, Northern Ballet Theatre and Seven Stories.

Our overarching theme in 2016 of *Discover, Explore and Experiment* ensured we continued our commitment to developing audiences within each of the distinct Festivals, encourage audiences to explore our programming across the genres and introduce new audiences to our work through our year-round education and outreach programmes under the HIF+ banner.

Our reputation and commitment to excellence in programming continued our focus on providing a platform to young and aspiring musicians through our Young Musicians platform, aspiring authors through Creative Thursday and showcasing debut authors through our New Blood panel. HIF continues to develop ways to explore diversity in the arts a mono-cultural area by choosing key artists to embed and influence the programme including Jay Phelps and Sir Willard White, all of which further enhanced our 2016 theme.

Our additional delivery designed to celebrate the 50th Anniversary through the unique programming of the fire garden was supported by Welcome to Yorkshire, Harrogate Borough Council and sponsors including the HACS group and Hornbeam Park Developments, whilst the Arts Council supported a range of activity across the year including the Spiegeltent and Children's Festival.

In 2016, our partnerships with key sponsors included T&R Theakston, Raworths Solicitors, Berwins Solicitors & WHSmith. This was supported by a number of sponsors locally and nationally from the corporate and publishing sectors. This year our grant was maintained by Harrogate Borough Council and we are grateful for the continued support of all our donors.

Our marketing and communications increased in 2016 with print media value across the Festivals valued at £3.7m (excludes on-line and broadcast). With digital media creating 1.1m impressions through Facebook and 3.5m Tweet impressions yielding over 675k page views of the homepage of our website. As a small organisation with no dedicated marketing department, we regularly analyse our audience and booking trends. We know our audience still prefer to receive a printed brochure, and over 134,000 pieces of print were produced across the year, with a further 137k digital impressions of our digital brochures.

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

The last twelve months has included a range of world-class festivals and events, with 2016 strengthening key strands of the HIF programme including the commissioning of new work, international programme, diverse audiences and guest curators. Our HIF+ community programmes continued to grow in engagement and participation and we believe that this is a fundamental part of our year-round programme.

Future 50 Appeal

Harrogate International Festivals relies on the generous support of many funders, donors and sponsors. Each year HIF has to raise over 50% of its income to deliver our year-round programme. As a charity with no core funding it is a priority that these funds are raised annually in order to continue our vibrant programme of work.

In 2015 HIF launched our Future 50 Appeal to address this ongoing deficit of managing ambition against resource, launching an Appeal to raise £1m and create a secure future for the charity. The Appeal is critical to HIF being a sustainable organisation, with the ability to make full use of our artistic and cultural inheritance and create life changing opportunities in the arts. It will ensure that we continue to create access to the arts for the widest range of audiences and participants regardless of background and personal circumstance. The fundraising for the Appeal continued apace during 2016 and included special fundraising events with the Dowager Countess of Harewood and Sir Mark Elder in conversation, an evening with Lord Dobbs and a celebratory Fundraising Ball. The work is led by the Chairman of the Appeal; Fiona Movley and the Board thank her and her Future 50 Appeal Board, for their support and generosity.

Education activities

During 2016, Harrogate International Festivals continued to reach significant numbers of disadvantaged young people and communities through a year-round programme of activity known as HIF+.

Over the year, HIF has engaged with over 1000 young people, through a series of music participation and literature workshops, whilst our annual Big Read (*An Unsuitable Job For A Women* by PD James) delivered with our Festival Reader in Residence toured the north of England targeting a number of destinations with historically low levels of arts engagement, many of whom fall into the lower 20% of the Active People Survey.

Research has proven that the population of children engaging and studying the arts is consistently lower for children from backgrounds of high deprivation than their more well off peers. Whilst Harrogate and the wider District are often perceived as relatively wealthy, this often masks areas of poverty and specific areas within the district currently classed between the top 10 and 30% most deprived areas in England.

Thanks to the generous funding of the Liz and Terry Bramall Foundation, we have been able to focus on a number of education and arts access projects throughout 2016 including:

Musical Mums

Our flagship educational programme delivered in partnership with NYMAZ provides free to access weekly music sessions for young mothers and their children. It offers a welcoming environment for younger mums and encourages positive interaction between mums and their children through the use of music, movement and singing. The weekly sessions ensure positive bonds are created, learning takes place in a fun environment and new skills and confidence are gained alongside friendships, which in turn combats issues of isolation, education and engagement for younger mothers.

Library of Live

A pilot programme that will go beyond our traditional outreach programmes, offering regular, accessible arts opportunities to ensure that the widest range of children, young people and young adults are given free of charge access to experience and participate in live programmes right across the Festival year. This programme will offer a 'library' of free performances, open rehearsals, free books and digital downloads of music and literature events. It will be marketed from age 7 upwards with key and targeted messages for different demographics in order to reach the widest possible audience, with tracking and monitoring throughout to develop and improve the programme.

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

With personal and bespoke recommendations, using their likes/dislikes and experiences, and with a no risk approach to trying something new. We will encourage participants to dip in and out of different art-forms, encouraging them to take risks be it attendance in the first place or developing their tastes to try something completely different within the programme.

Big Read

Creates awareness and celebrates crime fiction whilst promoting and developing literature skills amongst key communities. Readers throughout the north of England are brought together through free to access events with our Reader in Residence and local libraries.

Reader in Residence

This post supports the Big Read, enabling those participating to engage with a published author, providing confidence and engagement in reading and books at a personal level.

Musical Villages

Providing music workshops for those with least access in rural areas across the District, this project recognises that access to cultural and arts activities are hindered both by a lack of arts centres and artists in rural areas and by sparse public transport, isolating communities from services in more urban areas. Schools have also advised that rural isolation has limited their ability to offer music above and beyond the statutory requirement within the curriculum. These workshops with professional musicians introduce music to young participants and both aspiring young musicians and those without a musical background. Areas of delivery include Nidderdale and Pateley Bridge, which falls within the bottom 20% of the most deprived areas on the Geographical Barriers Deprivation index.

Big Write

Working with schools across the District, over 500 KS2 children participated in a free one day workshop, with writing partners Pobble. Working alongside authors and teachers, the event provided the opportunity for all students to be published writers through the Pobble website, inspiring and promoting literacy levels amongst primary children. A creative writing competition run alongside this event ignited the imagination of hundreds of students, enabling us to reach some schools for the first time and inspire new audiences.

Young Musicians Series

Providing a platform for young emerging musicians to showcase and develop their skills. It provided the audiences with an opportunity to experience the stars of the future generations. The Young Musicians Series grew in 2016 through our *Pay It Forward* programme, where YM Alumni from previous decades recommended their own choice of young musicians for the 2016 programme.

Masterclass with Sir Willard White

Supporting our YM Series, Sir Willard White worked with young musicians in a live masterclass to develop their skills and hone their performances.

Festivals

Harrogate Music Festival; Summer Season June/July 2016

The Summer Festival in 2016 was built on the artistic foundations of recent years with an adventurous artistic programme, key themes in the 50th Festival year focussed on *Discover, Explore Experiment*. A free performances from choral giants Angel City Chorale conducted by the two-time Grammy winning composer and a new commission *The Drop the Contained the Sea* exposed new audiences to great choral music, and traditional audiences to music presented in new ways.

Other commissions included a new work from Howard Skempton, performed by the Brodsky Quartet, whilst our Artist in Residence John Wilson included the opportunity to explore his work personally in an interview

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

with Ed Seckerson, whilst challenging his more traditional concert format with the opportunity for the audience to dance to the music he scores.

The cross- genre element of programming was also reflected in the Armonico Consort performance with a performance featuring Oz Clarke and a programme matched to a variety of wines to suit all tastes, whilst our literature festivals offer included performances with Professor Brain Foster and violinist Jack Liebeck exploring Einstein's ideas through the work of Mozart.

Headline artists in 2016 included Van Morrison and The Unthanks broadening our more traditional classical offer for our new audiences, whilst our legacy for showcasing the finest international artists continued with Sir Willard White as Guest Curator, cellist Stephen Isserlis and the Czech National Symphony Orchestra. However, HIF continues to explore and celebrate new talent, celebrated by the launch of a new partnership with the BBC Radio 3's New Generation Artist scheme to enhance and develop our own Young Musician series.

2016 saw an increase in music ticket sales of 40% (19% in 2015) with the number of bookers increasing by 22% (16% in 2015), with ticket sales at the highest levels for some years. Feedback and evaluation has demonstrated that distinct themes, commissions and the artist in residence, whilst not financially viable, have continued the renewed focus in our music programming, aligned to our artistic objectives.

Overall, the work undertaken in 2016 continues to inform our plans for the future, maintaining the change in format to long weekends throughout July, extending our offer into June and increasing our curated strands through links with guest programmers and producers to ensure that our artistic programme creates many access points, whether seasoned arts-attenders or first-timers.

Theakston Old Peculier Crime Writing Festival: 21-24 July 2016

2016 delivered one of our strongest programmes yet, curated by Programming Chair Peter James. Special Guests included Linwood Barclay, Val McDermid, Jeffery Deaver, Gerald Seymour, Martina Cole, Tess Gerritsen and Peter Robinson.

The Festival audiences continue to grow despite being nearly at capacity with over 14,500 tickets sold, an increase of 20% over the last 4 years.

Clare Mackintosh won the 12th Theakston Old Peculier Crime Novel of the Year Award for her debut, *I Let You Go*, whilst Val McDermid received the Outstanding Contribution to Crime Fiction accolade at a ceremony hosted by Mark Lawson.

The Crime Writing Festival is the only literary festival of its kind focusing on increasing the awareness and appreciation of crime writing in all its forms, with year-round audience development, outreach and touring programmes. It has been a key diversification for Harrogate International Festivals since its inception in 2003 and has proved a sustaining force for the rest of the Festivals' portfolio. It is integral to our commitment to the development of artistic talent, particularly for emerging and mid-career artists. While the Festival attracts major international writers, it simultaneously offers a high profile platform from which emerging writers can engage with open-minded readers and key industry players. As the Festival has grown in significance within the national literary ecology, it plays an important role in the development of mid-career artists by attracting industry professionals from key international markets.

The Trustees extend their thanks to the outstanding work of the Programme Committee for the 2015 Festival, which comprised Peter James (Programming Chair), NJ Cooper, Jane Gregory, Val McDermid, Steve Mosby and David Shelley, with Mari Hannah as the Reader in Residence.

Raworths Harrogate Literature Festival 7-10 July 2016

2016 was the fourth year that HIF delivered a dedicated literature weekend, creating a mini-literature festival within our wider summer season.

This year's Festival saw an increase of new bookers, with 227 customers new to HIF from a total of 488 people who booked for the RHLF 2016 - 51% of the audience (16% in 2015). A total of 2097 tickets were

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

sold across the 2016 Festival – an increase of 32% year on year – with bestselling events including Mary Portas, Julia Bradbury and Vince Cable.

The 2016 programme balanced fiction and non-fiction and included authors from a range of disciplines and specialisms inviting audiences to engage with the 2016 theme of *Discover, Explore, Experiment*.

We were delighted to deliver our work in partnership with title sponsor Raworths in 2016 and we are grateful for their investment, support and ongoing partnership from 2017.

Harrogate International Sunday Series: January – April 2016

The 23rd Season of coffee concerts contained some of the brightest international talent as well as rising stars from the classical music scene, featuring Cedric Tiberghien, the Navarro String Quartet, Michael Collins, Hyeyoon Park & Benjamin Grosvenor with a fitting finale in pianist John Lill.

This series continues to attract our core audience. Our research demonstrates that due to the demographic of this audience this is the only classical music season they are able to attend due to the timing and accessibility of the concerts. Many are now of advanced age with issues of dementia or lack of access to travel and transport, so the familiarity and local access make these concerts a popular activity for a specific demographic within our audiences.

That said, the Festivals have a commitment to widening our audiences and continue to work with music teachers and families across the region to offer complimentary tickets to children and young people through our *Library of Live* programme ensuring we offer opportunities and access to live chamber music for all.

Berwins Salon North – Science | Art | Psychology: January – December 2016

The Quarterly Salon continues to support our audience development creating awareness of the Festival year-round. The format of 3 speakers, each specialists in their field of arts, science & psychology was focussed on allowing the Festivals to offer a diverse & unique series of events away from the intensity of the July delivery and look to broaden our offer through a direct relationship with new and emerging audiences.

Berwins Salon North offered three interactive speakers with the skill of condensing their work into 30 minutes and instil in the Salon guests a take-home thirst for further knowledge and experiences. The Salon sessions are designed to be quirky, entertaining and interactive with audiences to be drawn from an intellectually curious crowd.

Working in partnership with Salon London, this series of programmes allowed us to reach new audiences who wouldn't previously have considered engaging with the arts. Use of unique venues and year-round programming (quarterly delivery), developed initial relationships with emerging audiences, and re-established our reputation with members of our past audience who had moved away from our 'core classical offer'.

We were delighted to extend our partnership with title sponsor Berwins in 2016 and we are grateful for their investment and support.

Harrogate History Festival: 20 – 26 October 2016

The fourth Harrogate History Festival took place in October 2016, in partnership with the Historical Writer's Association. High profile authors included Paddy Ashdown, Jonathan Dimbleby, Philippa Gregory and Janina Ramirez. Authors, readers and the book industry alike celebrated the genre across the 3 days with several sold-out events in addition to the third Harrogate History Festival Award for Outstanding Contribution to Historical Writing, won by Philippa Gregory.

The Trustees extend their thanks to the 2016 Programming Committee; Tom Harper, Antonia Hodgson and Patsy Irwin.

Financial review

It was recognised in 2012 that as a growing organisation with a year-round portfolio of delivery, the Festivals continues to require further investment in resources, specifically staffing, to maintain our year-round

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

programme of work. The Board agreed to continue investment in staffing and in light of the 50th Anniversary to commit to additional and further developing the programming for 2016, which resulted in a forecast deficit of £17,874, which was subsequently reduced to a final year-end deficit from general activities of £12,555 thanks to stringent financial management.

Whilst HIF has a significant number of funders and donors, project funding continues to be the focus for the majority of donors, often increasing workload for a small organisation in order to source a small % of monies to support the core costs and overheads of the organisation. HIF is not unusual in this respect, but continues to carefully align programmes with sponsor and funders needs in order to continue the wide-ranging delivery across the year.

General review of the Charity's financial position

Total income of the Charity and its subsidiary for 2016 was £1,254,564 (2015 - £884,994), of which £1,095,248 supported the year round operational delivery and £159,316 was collected towards the Future 50 Appeal.

Total resources used amounted to £1,193,983 (2015 - £846,994) of which £1,107,803 was operational delivery, and £86,180 supported costs to deliver and run events associated with the Future 50 Appeal. Across the operational funds there was a deficit of £12,555 (2015 - £22,174) and across all funds there was a surplus for the year of £60,581.

At 31 October 2016 the Charity's consolidated net assets were £303,541 (2015: £242,960).

The Trustees continue to take a realistic view of the funding landscape and on-going challenges, whilst the Executives continue to source additional funding streams to ensure that the broad range of year-round work within the organisation can continue.

Principal sources of funding

Voluntary income and incoming resources from charitable activities have increased between 2016 and 2015. 42% of income was generated through ticket sales (38% - 2015), 11% through corporate sponsorships (15% - 2015) and 32% from grants and donations (26% - 2015). Additional income is made up of income on accommodation packages associated with the Theakston Old Peculier Crime Writing Festival, and miscellaneous income from Friends of the Festival, programme sales and bank interest and consultancy.

Reserves policy

The Festival is most reliant on ticket income and sponsorship which are recognised as the income streams most at risk and susceptible to public tastes and business strategies. Therefore, our cash reserves are an essential defence to the inevitably cyclical nature of Festival funding, enabling us to fund developmental work throughout the year to support artistic risk or marketing investment.

The Charity's reserves policy is to build and maintain sufficient operating reserves to provide cover for the inevitable fluctuations in revenue income, thus ensuring continuity of the Charity's services. The charity bases this on six months of overhead running costs which is in the range of £140,000 to £170,000 per annum.

As at 31 October 2016 total reserves were £303,541 (2015: £242,960) of which £170,181 (2015: £182,736) was free reserves excluding designated funds. These free funds were in the range of the Reserves Policy at 31 October 2016.

As a celebration and legacy of the 50th Anniversary celebrations the Festival launched a Future 50 appeal to raise £1m to support the ambition of the organisation.

Whilst our approach of anticipating financial challenges with reserves has, so far, proven sustainable, the funding landscape in the north of England continues to shrink. The charity has no regular annual income to plan beyond six months ahead, and this has an impact on both the scale and reach of our delivery. In short the Festival's ambition is hindered by resource.

HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2016

We are determined to invest in our strengths of raising aspirations, creating opportunity and nurturing excellence, and this Appeal funding will allow us to make full use of our artistic and cultural inheritance, take more artistic risks to create life changing opportunities in the arts.

As at 31 October 2016 the amount of Future 50 fund held as a separate designated reserve was £133,360 (2015: £60,224).

No restricted funds were held at 31 October 2016.

Volunteers

The Board acknowledges with gratitude the work and commitment of the many volunteers who willingly give their time to the considerable benefit of the charity. The total number of hours donated to the Charity by its volunteers in the year is estimated to be in excess of 4,000 hours.

Risk Assessment

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity. The Trustees are satisfied that management and control systems are in place to mitigate the Charity's exposure to the major risks and the Trustees undertake to review those risks and controls each year.

Key principal risks and plans and strategies for managing were:

| Risk | Management |
|--|---|
| Financial: - Weak Budgetary Controls and finance reporting | -Budget linked to business planning and objectives, with timely & accurate monitoring & reporting, Management accounts provided for all Trustee meetings, monthly meet with Financial Controller. |
| -System and controls not operating as intended | -Financial control procedures, defined responsibilities and authorisation limits. |
| -New programming strands and more sophisticated marketing methods expose greater financial risk | -Annual review of aims and objectives with budgets linked to business planning and objectives. |
| -Inadequate insurance cover | -Annual review of cover. |
| -Lack of financial supervision by the Board | -Ongoing analysis and review, Treasurer's report at Board meeting + rigorous analysis within the Resources Sub-group. |
| -Dependency on income sources | -Trustee engagement and commitment to fundraising, Regular identification of major dependencies and diversification plans. |
| -Level of unrestricted reserves held by the charity insufficient to sustain current activities and the ambition to produce a greater range of activities and take bold artistic risks. | -Adequate disclosures made in the reserves policy. -Trustee engagement and commitment to fundraising -Launch of F50 Appeal to raise £1m to support the long-term future and delivery of HIF |
| Reputational: -Decline in public perception of the charity | -Communication with supporters and beneficiaries, Quality financial, annual report and review reporting, PR training/procedures. |
| -Adverse publicity | -Review complaints procedures, review procedures, crises management strategy for handling consistency of key messages, nominated spokesperson etc. |
| -Breakdown in relationships with key stakeholders and supporters | -Regular contact and briefings, meet T&F of funders, ongoing sponsor comms beyond the agreed term of support. Keep funders up to date on progress, issues and build good understanding of and relationships with similar organisations through collaborative working and sharing good practice. |

**HARROGATE INTERNATIONAL FESTIVAL LIMITED
TRUSTEES' ANNUAL REPORT**

YEAR ENDED 31 OCTOBER 2016

| | |
|---|--|
| Talent: -No succession planning for key Board or senior management positions | -Review succession planning to identify skills gap, early anticipation of Trustees/staff stepping down, open dialogue |
| -Loss of key members of staff or trustees | -Effective HR policies and procedures. Acknowledge the risk for organisations the size of HIF. |
| -Dependents on key individuals | -Knowledge transfer. Empowerment and delegation. |
| Political/Regulatory: -Failure to comply with operational regulations (data, H&S, Child Protection) | -Monitor the legal and regulatory changes, membership of umbrella bodies/partner organisations. |
| -Data breach | -Appraise systems and revise as appropriate, appraise security and authorisation procedures, implement measure to secure and protect data including secure back up and regular review of procedures. |
| -Change in political climate regarding culture/festivals & funding | -Regular review with partners and shared information through umbrella bodies and national organisations. |
| -Failure to meet statutory report requirements | -Identification and access to professional advice, compliance reviews. |
| -Failure to operate within charitable objects of powers | -Annual review of charitable objectives, access to professional advice. |
| -Charity lacks direction, strategy and forward planning | -Annual review of aims and objectives, timely and accurate financial and project reporting, regular contact between Board and staff. |
| -Trustees insufficiently aware of the charity's objectives and legal powers | -Induction training and appraisals. |
| -Ineffective contribution from trustees | -Attendance, contribution and action at Board, engagement in fundraising, annual appraisal, recruitment and appointment process. |

AUDITORS

In accordance with the Companies Act 2006 a resolution proposing the reappointment of Murray Harcourt Limited as Auditor will be put to the members.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies.

**HARROGATE INTERNATIONAL FESTIVAL LIMITED
TRUSTEES' ANNUAL REPORT**

YEAR ENDED 31 OCTOBER 2016

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also the directors of Harrogate International Festival Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe methods and principles in the Charities SORP 2015 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK 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 charitable company will continue in operation.

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

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board



Sharon Canavar, Secretary

Date: 26th June 2017

**HARROGATE INTERNATIONAL FESTIVAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARROGATE INTERNATIONAL
FESTIVAL LIMITED**

YEAR ENDED 31 OCTOBER 2016

We have audited the financial statements of Harrogate International Festival Limited for the year ended 31 October 2016 which comprise the Consolidated Statement of Financial Activities (including Income and Expenditure Account), the Consolidated and Charity Balance sheets, the Consolidated and Charity Statements 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 including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.')

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's 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 auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, 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 auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with 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 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 misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

**HARROGATE INTERNATIONAL FESTIVAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARROGATE INTERNATIONAL
FESTIVAL LIMITED**

YEAR ENDED 31 OCTOBER 2016

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year (including the Strategic Report) 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 Act 2011 require us to report to you if, in our opinion:

- The parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime.

Murray Harcourt Limited

Steven Williams FCA
Senior Statutory Auditor
Murray Harcourt Limited
Elizabeth House
13-19 Queen Street
Leeds
LS1 2TW

Date: *28/7/2017*

HARROGATE INTERNATIONAL FESTIVAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE
ACCOUNT)
YEAR ENDED 31 OCTOBER 2016

| | | Unrestricted funds | Restricted funds | Operational total | Unrestricted designated Future 50 fund | Total 2016 | Total 2015 |
|--|-----------|-----------------------|---------------------|----------------------|--|------------------|----------------|
| | | £ | £ | £ | £ | £ | £ |
| Income: | | | | | | | |
| Donations and legacies | 2 | 274,137 | 7,748 | 281,885 | 156,089 | 437,974 | 264,939 |
| Charitable activities | 3 | 812,571 | - | 812,571 | 3,168 | 815,739 | 615,771 |
| Other trading activities | 4 | - | - | - | - | - | 3,366 |
| Investments | 5 | 792 | - | 792 | 59 | 851 | 918 |
| Total income | | 1,087,500 | 7,748 | 1,095,248 | 159,316 | 1,254,564 | 884,994 |
| Expenditure on: | | | | | | | |
| Raising funds | | 25,494 | - | 25,494 | 27,637 | 53,131 | 49,840 |
| Charitable activities | 6 | 1,074,561 | 7,748 | 1,082,309 | 58,543 | 1,140,852 | 797,104 |
| Total expenditure | | 1,100,055 | 7,748 | 1,107,803 | 86,180 | 1,193,983 | 846,944 |
| Net income / (expenditure) | | (12,555) | - | (12,555) | 73,136 | 60,581 | 38,050 |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 182,736 | - | 182,736 | 60,224 | 242,960 | 204,910 |
| Total funds carried forward | 16 | 170,181 | - | 170,181 | 133,360 | 303,541 | 242,960 |

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

**HARROGATE INTERNATIONAL FESTIVAL LIMITED
CONSOLIDATED AND CHARITY BALANCE SHEETS**

YEAR ENDED 31 OCTOBER 2016

| | Note | 2016 Group £ | 2015 Group £ | 2016 Charity £ | 2015 Charity £ |
|---|------|--------------------|--------------------|----------------------|----------------------|
| Fixed assets | | | | | |
| Investments | 11 | - | - | 2 | 2 |
| | | - | - | 2 | 2 |
| Current assets | | | | | |
| Debtors | 12 | 169,443 | 107,118 | 156,135 | 95,714 |
| Cash at bank and in hand | | 290,450 | 342,990 | 290,450 | 342,990 |
| | | 459,893 | 450,108 | 446,585 | 438,704 |
| Creditors: amounts falling due within one year | 13 | (156,352) | (207,148) | (143,046) | (195,746) |
| Net current assets | | 303,541 | 242,960 | 303,539 | 242,958 |
| Total assets less current liabilities | | 303,541 | 242,960 | 303,541 | 242,960 |
| Charity Funds | | | | | |
| Restricted funds | 16 | - | - | - | - |
| Unrestricted funds | 16 | 303,541 | 242,960 | 303,541 | 242,960 |
| Total charity funds | | 303,541 | 242,960 | 303,541 | 242,960 |

The financial statements were approved and authorised for issue by the Board.

Signed on behalf of the board of trustees


Joanna Fiona Armitage, Trustee

Date: 26 June 2017

The notes on pages 20 to 32 form part of these financial statements.

Company registration number: 858029

HARROGATE INTERNATIONAL FESTIVAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-----------|-----------|
| Net cash flow from operating activities | 18 | (53,391) | 92,716 |
| Cash flow from investing activities | | | |
| Interest received | | 851 | 918 |
| Net cash flow from investing activities | | 851 | 918 |
| Net (decrease) / increase in cash and cash equivalents | | (52,540) | 93,634 |
| Cash and cash equivalents brought forward | | 342,990 | 249,356 |
| Cash and cash equivalents carried forward | | 290,450 | 342,990 |
| Cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | 290,450 | 342,990 |

HARROGATE INTERNATIONAL FESTIVAL LIMITED
CHARITY STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-----------|-----------|
| Net cash flow from operating activities | 18 | (24,387) | 75,974 |
| Cash flow from investing activities | | | |
| Interest received | | 851 | 918 |
| Loans with subsidiary undertaking | | (29,004) | 16,742 |
| Net cash flow from investing activities | | (28,153) | 17,660 |
| Net (decrease) / increase in cash and cash equivalents | | (52,540) | 93,634 |
| Cash and cash equivalents brought forward | | 342,990 | 249,356 |
| Cash and cash equivalents carried forward | | 290,450 | 342,990 |
| Cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | 290,450 | 342,990 |

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

1 Summary of significant accounting policies

(a) General information and basis of preparation

Harrogate International Festival Limited is a registered charity and a company limited by guarantee incorporated in England. The address of the registered office is given in the charity information in the Charity information section of these financial statements. The nature of the charity's operations and principal activities are given in the Strategic Report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 21.

(b) Group financial statements

The group financial statements consolidate the results of the charitable company and its wholly owned subsidiary Harrogate Festival Development Ltd on a line by line basis. A separate statement of financial activities for the Charitable Company itself is not presented as allowed by section 408 of the Company's Act 2006.

The parent company's surplus/deficit for the financial year was £31,802.

(c) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(d) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

(d) Income recognition (continued)

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants. Income from government and other grants is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

(e) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

(f) Support costs allocation

Support costs are those that assist the work of the Charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 6.

(h) Investments

Investments in subsidiaries are measured at cost less impairment.

(i) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

(j) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(k) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

(l) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(m) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

(n) Financial instruments

The Group only has financial assets and 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 with the exception of financing transactions that don't qualify as concessionary loans, which are subsequently measured at amortised cost using the effective interest method.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

2 Income from donations and legacies

| | 2016 | 2015 |
|--|----------------|----------------|
| | £ | £ |
| Financial assistance | | |
| Dorothy Parkinson Memorial Award | 900 | 900 |
| Audrey and Stanley Burton Charitable Trust | 10,000 | 10,000 |
| F Armitage | 1,425 | 500 |
| Sir George Martin Trust | 1,500 | 1,400 |
| NYMAZ | 7,748 | 11,303 |
| Judith Roberts | - | 600 |
| Friends of Harrogate | - | 585 |
| Other donations and legacies | | |
| Arts Council England, Yorkshire | 77,900 | 23,523 |
| Harrogate Borough Council | 24,000 | 24,000 |
| Future 50 (including gift aid) | 156,089 | 104,753 |
| G C Armitage Charitable Trust | 500 | 500 |
| The Charles and Elsie Sykes Trust | 4,000 | 10,000 |
| Gift Aid Tax Recoverable | 4,217 | 4,785 |
| Legacy | 20 | 3,022 |
| Liz & Terry Bramall Foundation | 30,000 | 30,000 |
| Harrogate Chamber of Commerce | 2,000 | 2,000 |
| WW Spooner Trusts | - | 350 |
| Donations through Box Office | 1,858 | 1,361 |
| Sundry | 2,848 | 1,378 |
| Mrs Ardeshir – Lady Bomanji Memorial Concert | 1,000 | 2,000 |
| Joseph & Mary Hiley Trust | 250 | - |
| Friends Subscriptions and Events | 35,709 | 31,979 |
| Grants, Donations and Ind gifts | 1,010 | - |
| Harrogate Borough Council – Carabosse | 25,000 | - |
| Welcome to Yorkshire – Carabosse | 50,000 | - |
| | 437,974 | 264,939 |

Income from donations and legacies was £437,974 (2015 - £264,939) of which £7,748 (2015 - £11,303) was attributable to restricted, £156,089 (2015 - £104,753) was attributable to unrestricted designated funds and £274,137 (2015 - £148,883) was attributable to unrestricted funds.

3 Income from charitable activities

| | 2016 | 2015 |
|--|----------------|----------------|
| | £ | £ |
| Ticket and programme sales | 528,914 | 339,236 |
| Income from commercial trading operation | 286,825 | 276,535 |
| | 815,739 | 615,771 |

All income from charitable activities was attributable to unrestricted funds in the current and the preceding year.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

4 Income from other trading activities

| | 2016 £ | 2015 £ |
|-----------------|-------------------------|-------------------------|
| Funds generated | - | 3,366 |
| | <u>-</u> | <u>3,366</u> |

All income from other trading activities attributable to unrestricted funds in the current and preceding year.

5 Income from investments

| | 2016 £ | 2015 £ |
|----------------------|-------------------------|-------------------------|
| Interest - deposits | 792 | 918 |
| Interest - Future 50 | 59 | - |
| | <u>851</u> | <u>918</u> |

Income from investment was £851 (2015 - £918) of which £792 (2015 - £918) was attributable to unrestricted funds and £59 (2015 - £Nil) was attributable to unrestricted designated funds.

6 Analysis of expenditure on charitable activities

| | Festivals | Events | Education | Total 2016 | Total 2015 |
|----------------------------|------------------|----------------|------------------|-----------------------------|-----------------------------|
| | £ | £ | £ | £ | £ |
| Direct costs | 768,065 | 166,312 | 21,051 | 955,428 | 477,194 |
| Support costs | | | | | |
| Staff costs | 40,162 | 5,079 | 3,524 | 48,765 | 217,207 |
| Other administration costs | 67,490 | 8,534 | 5,922 | 81,946 | 60,247 |
| Accountancy and audit fees | 8,510 | 1,076 | 747 | 10,333 | 6,548 |
| Irrecoverable VAT | 28,664 | 3,537 | 35 | 32,236 | 15,822 |
| Development | - | - | - | - | 262 |
| Governance costs | | | | | |
| Staff costs | 7,255 | 918 | 637 | 8,810 | 8,220 |
| Other administration costs | 2,439 | 308 | 214 | 2,961 | 10,890 |
| Accountancy and audit fees | 307 | 39 | 27 | 373 | 714 |
| | <u>922,892</u> | <u>185,803</u> | <u>32,157</u> | <u>1,140,852</u> | <u>797,104</u> |

£7,748 (2015 - £11,565) of the above costs were attributable to restricted funds. £1,133,104 (2015 - £785,539) of the above costs were attributable to unrestricted funds.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

7 Trading subsidiary

Harrogate Festival Development Ltd (Company number 02593892) is a wholly owned subsidiary incorporated in England and Wales. Its principal activity is that of providing advertising services. Its profit is gift aided to the Charity.

Harrogate Festival Development Ltd

Summary Profit and Loss Account

| | 2016 | Restated 2015 |
|--|-------------|--------------------------|
| | £ | £ |
| Turnover | 286,825 | 276,535 |
| Cost of sales | - | - |
| Gross profit | 286,825 | 276,535 |
| Administrative expenses | (36,323) | (32,141) |
| Profit on ordinary activities before taxation | 250,502 | 244,394 |
| Tax on profit on ordinary activities | - | - |
| Profit for the year | 250,502 | 244,394 |

Turnover is disclosed as:

| | | |
|--|---------|---------|
| Turnover as above | 286,825 | 276,535 |
| Eliminated on consolidation | - | - |
| Income from commercial trading operations | 286,825 | 276,535 |

Resources expended disclosed as:

| | | |
|--------------------------------------|----------|----------|
| Cost of sales | - | - |
| Festivals | 36,323 | 32,141 |
| Interest payable and similar charges | - | - |
| Eliminated on consolidation | (34,968) | (40,000) |
| Trading subsidiary costs | 1,355 | (7,859) |

The assets and liabilities of the subsidiary were:

| | | |
|----------------------------|----------|----------|
| Current assets | 59,051 | 28,143 |
| Current liabilities | (59,049) | (28,141) |
| Total net assets | 2 | 2 |
| Called up share capital | 2 | 2 |
| Profit and loss account | - | - |
| Shareholders' funds | 2 | 2 |

All of the profit for the years presented above were distributed to Harrogate International Festival Limited by means of Gift Aid.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

8 Auditor's remuneration

| | 2016 £ | 2015 £ |
|--|-------------------------|-------------------------|
| Fees payable to the Charity's auditor for the audit of the Charity's annual accounts | 4,200 | 4,100 |
| Fees payable to the Charity's auditor for other services: Other services | 6,780 | 3,410 |
| | <u>10,980</u> | <u>7,510</u> |

9 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2015: £Nil).

The total amount of employee benefits received by key management personnel is £167,896 (2015 - £121,417).

During the year expenses were reimbursed to the trustees amounting to £1,095 (2015 - £Nil). These have subsequently been donated back to the charity.

10 Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

| | 2016 Number | 2015 Number |
|-----------------------|------------------------------|------------------------------|
| Charitable activities | 11 | 10 |
| | <u>11</u> | <u>10</u> |

The total staff costs and employee benefits were as follows:

| | 2016 £ | 2015 £ |
|---------------------------|-------------------------|-------------------------|
| Wages and salaries | 235,030 | 224,455 |
| Social security | 20,194 | 20,199 |
| Other related staff costs | 1,888 | 4,437 |
| | <u>257,112</u> | <u>249,091</u> |

No employees received total employee benefits (excluding employer pension costs) of more than £60,000. In addition to the above staff costs and employee benefits, pension costs of £240 (2015 - £Nil) were incurred.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

11 Investments

Investments held by the Charity amounted to £2 being its investment in the subsidiary at cost.

12 Debtors

| | 2016 Group £ | 2015 Group £ | 2016 Charity £ | 2015 Charity £ |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 79,806 | 28,143 | 20,755 | - |
| Amounts owed by subsidiary | - | - | 45,743 | 16,739 |
| Other debtors | 16,278 | 30,878 | 16,278 | 30,878 |
| Tax recoverable on gift aid | 16,488 | 16,880 | 16,488 | 16,880 |
| Prepayments and accrued income | 56,871 | 31,217 | 56,871 | 31,217 |
| | 169,443 | 107,118 | 156,135 | 95,714 |

13 Creditors: amounts falling due within one year

| | 2016 Group £ | 2015 Group £ | 2016 Charity £ | 2015 Charity £ |
|-------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade creditors | 93,649 | 102,379 | 92,649 | 101,379 |
| Other tax and social security | 5,539 | 11,189 | 5,539 | 11,189 |
| Other creditors and accruals | 16,924 | 50,432 | 16,762 | 40,030 |
| Deferred income | 40,240 | 43,148 | 28,096 | 43,148 |
| | 156,352 | 207,148 | 143,046 | 195,746 |

14 Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2016 £ | 2015 £ |
|--|-------------------|-------------------|
| Not later than one year | 914 | 522 |
| Later than one and not later than five years | 3,124 | - |
| | 4,039 | 522 |

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

15 Deferred income

| | 2016 Group £ | 2015 Group £ | 2016 Charity £ | 2015 Charity £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Amounts brought forward | 43,148 | 54,853 | 43,148 | 54,853 |
| Amounts released to income | (43,148) | (54,353) | (43,148) | (54,353) |
| Incoming resources deferred in the year | 40,240 | 42,648 | 28,096 | 42,648 |
| Deferred income at 31 October 2016 | 40,420 | 43,148 | 28,096 | 43,148 |

Deferred income within the group relates to grants and ticket income received in advance.

16 Fund reconciliation

Unrestricted funds

| | Brought forward £ | Income £ | Expenditure £ | Carried forward £ |
|------------------------|----------------------------------|---------------------|--------------------------|----------------------------------|
| Unrestricted | 182,736 | 1,087,500 | (1,100,055) | 170,181 |
| Designated - Future 50 | 60,224 | 159,316 | (86,180) | 133,360 |
| | 242,960 | 1,246,816 | (1,186,235) | 303,541 |

16 Fund reconciliation (continued)

Restricted funds

| | Brought forward £ | Income £ | Expenditure £ | Carried forward £ |
|--------------------|----------------------------------|---------------------|--------------------------|----------------------------------|
| Restricted – NYMAZ | - | 7,748 | (7,748) | - |
| | - | 7,748 | (7,748) | - |

Fund descriptions

a) Unrestricted funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

b) Designated funds

Harrogate International Festival Limited relies on the generous support of many funders, donors and sponsors. Each year Harrogate International Festival Limited has to raise over 50% of its income to deliver our year-round programme. As a charity with no core funding it is a priority that these funds are raised annually in order to continue our vibrant programme of work.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

In our 50th year Harrogate International Festival Limited launched our Future 50 Appeal to address this ongoing deficit of managing ambition against resource, launching an Appeal to raise £1m and create a secure future for the charity. The Appeal is critical to Harrogate International Festival Limited being a sustainable organisation, with the ability to make full use of our artistic and cultural inheritance and create life changing opportunities in the arts. It will ensure that we continue to create access to the arts for the widest range of audiences and participants regardless of background and personal circumstance.

The Future 50 Appeal was launched in a celebratory year and specific donors gave to support key projects delivered with associated spend from the fund within this year. This included Cie Carabosse, a fire garden in the Valley Gardens attracting 25,000 people and a number of fundraising and celebratory events including An Evening with the Dowager Countess of Harewood with Sir Mark Elder and An Evening With Lord Dobbs amongst others.

In the longer term, HIF has identified specific activities that it will undertake using Future 50 funds which it would not have been able to do without this funding. This includes expanding opportunities for Young Musicians and their careers and increasing our work with disadvantaged communities, in particular children and young people.

c) Restricted funds

The Funding Agreement with NYMAZ requires that the grant should be shown separately as a restricted fund within these accounts.

17 Analysis of net assets between funds

| | Group | | Charity | |
|------------------------------|-------------------------|---------------------------|-------------------------|---------------------------|
| | Restricted £ | Unrestricted £ | Restricted £ | Unrestricted £ |
| Fixed assets | - | - | - | 2 |
| Current assets | - | 169,443 | - | 156,135 |
| Cash and current investments | 7,748 | 282,702 | 7,748 | 282,702 |
| Current liabilities | (7,748) | (148,604) | (7,748) | (135,298) |
| Total | - | 303,541 | - | 303,541 |

18 Reconciliation of net income/(expenditure) to net cash flow from operating activities

| Group | 2016 £ | 2015 £ |
|--|-------------------|-------------------|
| Net income for the year | 60,581 | 38,050 |
| Interest receivable | (851) | (918) |
| (Increase) / decrease in debtors | (62,325) | 22,169 |
| (Decrease) / increase in creditors | (50,796) | 33,415 |
| Net cash flow from operating activities | (53,391) | 92,716 |
| Charity | 2016 £ | 2015 £ |
| Net income for the year | 60,581 | 38,050 |
| Interest receivable | (851) | (918) |

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

| | | |
|---|-----------------|---------------|
| (Increase) / decrease in debtors | (31,417) | 3,955 |
| (Decrease) / increase in creditors | (52,700) | 34,887 |
| Net cash flow from operating activities | <u>(24,387)</u> | <u>75,974</u> |

19 Related party transactions

Sharon Canavar is a Trustee of the NYMAZ. During the year Harrogate International Festivals received income of £7,748 (2015 - £11,303) from NYMAZ, and made purchases of £7,748 (2015 - £3,000) from NYMAZ.

At the year end £4,932 (2015 - £Nil) was included in deferred income in relation to amounts received from NYMAZ.

Sharon Canavar is a Director of Visit Harrogate (Welcome to Harrogate Ltd). During the period the group made purchases of £1,100 (2015 - £Nil) from Visit Harrogate.

20 Financial instruments

The carrying amounts of the group's financial instruments are as follows:

| | 2016 | 2015 |
|--|----------------|---------------|
| | £ | £ |
| <i>Financial assets</i> | | |
| Debt instruments measured at amortised cost: | | |
| - Trade debtors (note 12) | <u>107,206</u> | <u>28,143</u> |
| | 107,206 | 28,143 |
| <i>Financial liabilities</i> | | |
| Measured at amortised cost | | |
| - Trade creditors (note 13) | 93,649 | 102,379 |
| - Other creditors (note 13) | <u>16,924</u> | <u>40,030</u> |
| | 110,573 | 142,409 |

20 Financial instruments (continued)

The carrying amounts of the charity's financial instruments are as follows:

| | 2016 | 2015 |
|--|---------------|---------------|
| | £ | £ |
| <i>Financial assets</i> | | |
| Debt instruments measured at amortised cost: | | |
| - Trade debtors (note 12) | 48,155 | - |
| - Amounts owed from group undertakings (note 12) | <u>45,743</u> | <u>16,739</u> |
| | 93,898 | 16,739 |
| <i>Financial liabilities</i> | | |
| Measured at amortised cost | | |

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

| | | |
|-----------------------------|----------------|----------------|
| - Trade creditors (note 13) | 92,649 | 101,379 |
| - Other creditors (note 13) | 16,762 | 40,030 |
| | <u>109,411</u> | <u>141,409</u> |

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value was £851 (2015 - £918) and £Nil (2015 - £Nil) respectively.

HARROGATE INTERNATIONAL FESTIVAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2016

21 First-time adoption of SORP (FRS 102)

During the year the Charity has transitioned to the Charities SORP (FRS 102) for all periods presented. The last financial statements prepared in accordance with the SORP 2005 were for the year ended 31 October 2015 and the date of transition to the Charities SORP (FRS 102) was 1 November 2014. There were no material amendments to the financial statements impacting the previously reported surplus or closing funds on the adoption of the Charities SORP (FRS 102).