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**TRUSTEES ANNUAL REPORT  
AND CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

**FOR**

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

**Registered Charity Number: 244861**

**REGISTERED NUMBER: 858029**

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18/06/2018  
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**HARROGATE INTERNATIONAL FESTIVAL LIMITED  
TRUSTEES' ANNUAL REPORT**

**YEAR ENDED 31 OCTOBER 2017**

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<b>Charity registration number</b>	244861
<b>Company registration number</b>	858029
<b>Patron</b>	HRH Prince of Wales
<b>Honorary President</b>	Dame Fanny Waterman DBE
<b>Trustees</b>	Joanna Fiona Armitage – Chairman Matthew Osbourne Clive Goldstein – resigned 6 February 2017 Howard Marshall – resigned 27 March 2017 Craig Ratcliffe David Salter Kate Spencer Jenny Harris – appointed 28 November 2016 Sofia Cann – appointed 4 December 2017 Susan Rumfitt – appointed 5 February 2018
<b>Secretary</b>	Sharon Canavar
<b>Registered office</b>	32 Cheltenham Parade Harrogate North Yorkshire HG1 1DB
<b>Auditor</b>	Murray Harcourt Limited Registered Auditors Elizabeth House 13-19 Queen Street Leeds LS1 2TW
<b>Solicitor</b>	McCormicks Solicitors Wharfedale House 37 East Parade Harrogate HG1 5LQ
<b>Bankers</b>	HSBC 7 Prospect Crescent Harrogate HG1 1RN  and  Scottish Widows 67 Morrison Street Edinburgh EH3 8YJ
<b>Staffing</b>	<b>Chief Executive</b> Sharon Canavar <b>Operations Manager</b> Gemma Rowland <b>Music Manager</b> Brian O'Regan <b>Co-ordinators</b> Helen Donkin, Lizzie Brewster, Charlotte Woods <b>Finance</b> Ruth Moody & Angela Thompson <b>Marketing &amp; Events Ass</b> Beth Walker & Abbie Middlemiss

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

**YEAR ENDED 31 OCTOBER 2017**

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The Trustees present their Annual Report (including the Strategic Report) and the audited financial statements of the charity for the year ended 31 October 2017. 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  
Clive Goldstein – resigned 6 February 2017  
Howard Marshall – resigned 27 March 2018  
Craig Ratcliffe  
David Salter  
Kate Spencer  
Jenny Harris – appointed 28 November 2016  
Sofia Cann – appointed December 2017  
Susan Rumfitt – appointed 5 February 2018

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 a 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.

#### *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

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

## **YEAR ENDED 31 OCTOBER 2017**

- 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 Howard Marshall, Matt Osbourne and Kate Spencer 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, which is engaged in fundraising activities.

## **STRATEGIC REPORT**

### **Achievements in the year**

Harrogate International Festivals delivered an innovative and exciting Festival in 2017 reflecting on its 50<sup>th</sup> Anniversary in 2016 and building on these foundations in order to position the organisation as a 21<sup>st</sup> century arts festival, delivering over 300 distinctive events as part of our world-class programme.

With a reputation as the literature centre for the north of England, the Festival hosted the exclusive book launches for both Paula Hawkins and Dan Brown demonstrating our audience reach alongside the trust our publishing and bookselling partners have with the organisation. In addition, our commitment to developing new opportunities for our audiences, we hosted an exclusive Agatha Christie exhibition and installation throughout July, featuring archive letters and works by the author delivered through a unique partnership between The Christie Estate and the Harrogate International Festivals.

Our year-round programming included Berwins Salon North, cited as *'one of the top 100 things to do in the world'* by GQ magazine, whilst the Theakston Old Peculier Crime Writing Festival was announced as *'one of the best literary festivals in the UK'* by Harpers Bazaar and Radio Times. The Harrogate Music Festival brought the best of chamber, classical and jazz to a host of venues across Harrogate, whilst the Raworths Harrogate Literature Festival moved to a new position in the calendar to accommodate its growth over recent years.

Our HIF+ programming went from strength to strength working with more children and communities than ever before. Our Big Write celebrated record numbers with over 305,500 words written in one morning by a host of children from local schools, and our weekly Musical Mums sessions for young mums and their babies increased the number of participants, with some clear outcomes and success for these often vulnerable participants.

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

### **YEAR ENDED 31 OCTOBER 2017**

Our overarching theme in 2017 of *Generations* ensured we continued our commitment to developing audiences within each of the distinct Festivals. The theme allowed us to introduce music to families through our children's concert and offer free tickets to classical performances for key demographics. Our bespoke programming for key age groups included Musical Storytimes for young families whilst we worked with key partners to address the issues of loneliness and isolation for our older audiences through our Songs and Scones events.

Our reputation and commitment to excellence in programming continued through the longstanding provision of a platform to young and aspiring musicians through our Young Musicians stage; aspiring authors through Creative Thursday and showcasing debut authors through our New Blood panel. In addition, HIF continues to develop ways to explore diversity in the arts working with our partners to ensure access to the least represented groups and communities through touring our work across the north through our Big Read and offering free tickets to all events for under 18s through our Library of Live programme.

In 2017, 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, in particular the Liz & Terry Bramall Charitable Trust.

Our marketing and communications increased in 2017 with print media value across the Festivals valued at £5.3m (excludes on-line and broadcast). With digital media creating 1.4m impressions through Facebook and 2.8m Tweet impressions, yielding over 513k 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 to support sponsor requirements and support audience development. We know our audience still prefer to receive a printed brochure, and over 103,000 pieces of print were produced across the year, with a further 8.78m views of our online press.

The last twelve months has included a range of world-class festivals and events, with 2017 strengthening key strands of the HIF programme including the commissioning of new work, international programmes, 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 98% 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 2017 and is led by the Chairman of the Appeal; Fiona Movley. The Board thank her and her Future 50 Appeal Board, for their support and generosity.

In line with the ambitions for the Future 50 Appeal, we intend to build on the success of large scale arts delivery such as Carabosse programmed in 2016 which reached over 25,000 people. As such, funds have been set aside to support artistic and outreach development throughout 2018 in order to deliver a significant arts installation; Luminarium from Architects of Air. In addition, these funds will support additional programme delivery with a diverse music programme for the Spiegeltent and a host of children and family arts activities delivered through the Children's Festival.

This financial resource is key in enabling the charity to deliver ambitious and financially challenging artistic projects and reflects our ambition to use the Future 50 funding to develop and deliver an arts festival that is fit for purpose in the 21<sup>st</sup> century, reflecting our charitable objectives.

### **Education activities**

During 2017, 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 (*Black & Blue* by Ian Rankin) delivered with our Festival Reader in Residence; Mari Hannah, 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.

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

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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 2017 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***

An emerging programme that goes 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 offers a 'library' of free performances, open rehearsals, free books and digital downloads of music and literature events. It is 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.

With personal and bespoke recommendations, using their likes/dislikes and experiences, and with a no risk approach to trying something new. We 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 and author Ian McMillan. 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, and developed our annual partnership with BBC Radio 3 and their New Generation Artists, including a live broadcast from Harrogate for Radio 3.

## HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

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### Festivals

#### ***Harrogate Music Festival; Summer Season July 2017***

The 2017 Harrogate Music Festival offered a wide-ranging artistic programme, and a theme focussed on *Generations*. A range of opportunities both to participate and engage with the festival included free performances from choral scholars San Jose Symphonic Choir, a Family Concert with the Harrogate Symphony Orchestra, a Big Sing with the award-winning Armonico Consort in addition to encouraging our audience to participate in an early morning stroll with the Bard of Barnsley; Ian McMillan developing stories through tweets and digital communications encouraged an audience to develop their own writing style.

New commissions included works from Gareth Williams and Mark Simpson performed by the Gould Piano Trio, and the Armonico Consort as Artists in Residence premiered a new programme of work featuring wine critic Oz Clarke and matching early music to wine.

The cross-generational programming included a Family Concert, the opportunity to participate in the Big Write through our schools networks whilst whole generations of families from babes in arms to grandparents participated in our Big Sing with Artists in Residence; Armonico Consort. Other generational programming included performances of books to music for families through our Musical Storytimes sessions, whilst Songs & Scones brought the older generation together through a relaxed and interaction music session addressing issues of loneliness and isolation amongst older audiences.

Headline artists in 2017 included Sir Bryn Terfel and the John Wilson Orchestra, broadening our more traditional classical offer for new audiences, whilst our legacy for showcasing the finest international artists continued with the Kamus Quartet, the European Chamber Orchestra with Ben Goldscheider and soloist Anna Tsbuleva winner of the 2015 Leeds International Piano Competition.

Alongside these celebrated artists, HIF continues to explore and celebrate new talent, demonstrated by the continuation of our partnership with the BBC Radio 3's New Generation Artist scheme to enhance and develop our own Young Musician series.

2017 saw ticket sales stabilise after an increased programme of events in our 2016 50<sup>th</sup> anniversary year. 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 2017 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: 20-23 July 2017***

2017 delivered one of our strongest programmes yet, curated by Programming Chair Elly Griffiths. Special Guests included Lee Child, Kathy Reichs, Arne Dahl with Joseph Finder, Ian Rankin, Dennis Lehane and Ann Cleeves.

The Festival audiences continue to grow despite being nearly at capacity with over 16,500 tickets sold, an increase of 20% over the last 5 years.

Chris Brookmyre won the coveted 13<sup>th</sup> Theakston Old Peculier Crime Novel of the Year Award for *Black Widow*, whilst Lee Child received the Outstanding Contribution to Crime Fiction accolade at a ceremony hosted by broadcaster 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 2017 Festival, which comprised Elly Griffiths (Programming Chair), NJ Cooper, Jane Gregory, Val McDermid, Steve Mosby and David Shelley, with Mari Hannah as the Reader in Residence.



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

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#### ***Raworths Harrogate Literature Festival 19-22 October 2017***

2017 was the fifth year that HIF delivered a dedicated literature weekend, once a mini-literature festival within our wider summer season, now an independent weekend delivered each Autumn in recognition of the growth of programming and audiences.

The decision to relocate the Festival to October away from the busy July season and to allow both the programme and brand to breathe proved a strategic success with ticket sales up 20% with 1649 purchased tickets and a total of 2110 people attending over the 4 days.

The 2017 programme balanced fiction and non-fiction and strategic partnerships to increase audiences with Waterstone's and the Yorkshire Post increased new bookers for our headline events attracting 212 new customers over the 3 days.

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

#### ***Harrogate International Sunday Series: January – April 2017***

The 24<sup>th</sup> Season of coffee concerts contained some of the brightest international talent as well as rising stars from the classical music scene, featuring Martin Roscoe, Francesca Dego, Julian Bliss, the Heath Quartet with a fitting finale from pianist Alessandro Taverna.

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 2017***

The regular year-round 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 2017 and we are grateful for their investment and support.

#### **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 programme of work. The Board agreed to continue investment in staffing and programming which yielded a successful year with an operational surplus of £39,617 thanks to stringent financial management. In addition, the charity added a further £60,397 after expenses to its Future 50 Appeal which aims to raise £1m and create a secure future for the charity. The total surplus for the year arising from operations and Future 50 fundraising was £100,014.

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.

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

**YEAR ENDED 31 OCTOBER 2017**

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## **General review of the Charity's financial position**

Total income of the Charity and its subsidiary for 2017 was £ 906,431 (2016 - £1,254,564), of which £817,843 supported the year round operational delivery and £88,588 was collected towards the Future 50 Appeal.

Total resources used amounted to £806,417 (2016 - £1,193,983) of which £778,226 was operational delivery, and £28,191 supported costs to deliver and run events associated with the Future 50 Appeal. Across the operational funds there was a surplus of £12,617 (2016 - £12,555) after transfers and across all funds there was a surplus for the year of £100,014.

At 31 October 2017 the Charity's consolidated net assets were £403,555 (2016: £303,541).

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. 39% of income was generated through ticket sales (42% - 2016), 25% through corporate sponsorships (11% - 2016) and 32% from grants and donations (32% - 2016). 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 £185,000 per annum.

As at 31 October 2017 total reserves were £403,555 (2016: £303,541) of which £181,870 (2016: £170,181) was free reserves excluding designated funds. These free funds were marginally in the excess of the range of the Reserves Policy at 31 October 2017.

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. Some of the examples of how the Future 50 fund has enabled us to be more ambitious as an organisation are detailed in the Strategic Report on page 4.

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.

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 2017 the amount of Future 50 fund held as a separate designated reserve was £220,757 (2016: £133,360).

Restricted funds held at 31 October 2017 totalled £928 (2016: £nil).

## **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.

# HARROGATE INTERNATIONAL FESTIVAL LIMITED TRUSTEES' ANNUAL REPORT

## YEAR ENDED 31 OCTOBER 2017

### 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
<b>Financial:</b> - 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 detrimental to obtaining voluntary income	-Adequate disclosures made in the reserves policy.
<b>Reputational:</b> -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.

<b>Talent:</b> -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.
<b>Political/Regulatory:</b> -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.

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

**YEAR ENDED 31 OCTOBER 2017**

### **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.

### **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 (including the Strategic 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.

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

On behalf of the board



Sharon Canavar, Secretary

Date: 21 May 2018

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

**YEAR ENDED 31 OCTOBER 2017**

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**Opinion**

We have audited the financial statements of Harrogate International Festival Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 October 2017 which comprise the Consolidated Statement of Financial Activities (Including Income and Expenditure Account), the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, the Charity Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 October 2017, and of 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; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

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

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

**YEAR ENDED 31 OCTOBER 2017**

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We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- The information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' 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 and take advantage of the small companies' exemption in preparing the directors' report and the strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**YEAR ENDED 31 OCTOBER 2017**

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- A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Murray Harcourt Limited*

Steven Williams FCA  
**Senior Statutory Auditor**  
**For and on behalf of Murray Harcourt Limited**  
Elizabeth House  
13-19 Queen Street  
Leeds  
LS1 2TW

Date: *14/6/2018*

**HARROGATE INTERNATIONAL FESTIVAL LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE**  
**ACCOUNT)**  
**YEAR ENDED 31 OCTOBER 2017**

		Unrestricted operational funds	Restricted funds	Operational total	Unrestricted designated Future 50 fund	Total 2017	Total 2016
		£	£	£	£	£	£
<b>Income:</b>							
Donations and legacies	2	84,020	7,517	91,537	87,079	178,616	437,974
Charitable activities	3	721,012	-	721,012	-	721,012	815,739
Other trading activities	4	5,157	-	5,157	1,436	6,593	-
Investments	5	137	-	137	73	210	851
<b>Total income</b>		<b>810,326</b>	<b>7,517</b>	<b>817,843</b>	<b>88,588</b>	<b>906,431</b>	<b>1,254,564</b>
<b>Expenditure on:</b>							
Raising funds		9,345	-	9,345	28,191	37,536	53,131
Charitable activities	6	762,292	6,589	768,881	-	768,881	1,140,852
<b>Total expenditure</b>		<b>771,637</b>	<b>6,589</b>	<b>778,226</b>	<b>28,191</b>	<b>806,417</b>	<b>1,193,983</b>
<b>Net income</b>		<b>38,689</b>	<b>928</b>	<b>39,617</b>	<b>60,397</b>	<b>100,014</b>	<b>60,581</b>
Transfer		(27,000)	-	(27,000)	27,000	-	-
<b>Net movement in funds</b>		<b>11,689</b>	<b>928</b>	<b>12,617</b>	<b>87,397</b>	<b>100,014</b>	<b>60,581</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		170,181	-	170,181	133,360	303,541	242,960
<b>Total funds carried forward</b>	<b>16</b>	<b>181,870</b>	<b>928</b>	<b>182,798</b>	<b>220,757</b>	<b>403,555</b>	<b>303,541</b>

All income and expenditure derive from continuing activities.

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

The notes on pages 18 to 27 form part of these financial statements.



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

**YEAR ENDED 31 OCTOBER 2017**

	Note	2017 Group £	2016 Group £	2017 Charity £	2016 Charity £
<b>Fixed assets</b>					
Investments	11	-	-	2	2
		-	-	2	2
<b>Current assets</b>					
Debtors	12	71,140	169,443	59,899	156,135
Cash at bank and in hand		494,394	290,450	494,394	290,450
		565,534	459,893	554,293	446,585
<b>Creditors: amounts falling due within one year</b>	13	(161,979)	(156,352)	(150,740)	(143,046)
<b>Net current assets</b>		403,555	303,541	403,553	303,539
<b>Total assets less current liabilities</b>		403,555	303,541	403,555	303,541
<b>Charity Funds</b>					
Restricted funds	16	928	-	928	-
Unrestricted funds	16	402,627	303,541	402,627	303,541
<b>Total charity funds</b>		403,555	303,541	403,555	303,541

The trustees have prepared consolidated financial statements in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

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: 21 May 2018

The notes on pages 18 to 27 form part of these financial statements.

Company registration number: 858029

**HARROGATE INTERNATIONAL FESTIVAL LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

**YEAR ENDED 31 OCTOBER 2017**

	Note	2017 £	2016 £
<b>Net cash flow from operating activities</b>	18	203,734	(53,391)
<b>Cash flow from investing activities</b>			
Interest received		210	851
<b>Net cash flow from investing activities</b>		210	851
<b>Net increase / (decrease) in cash and cash equivalents</b>		203,944	(52,540)
<b>Cash and cash equivalents brought forward</b>		290,450	342,990
<b>Cash and cash equivalents carried forward</b>		494,394	290,450
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		494,394	290,450

The notes on pages 18 to 27 form part of the financial statements.

**HARROGATE INTERNATIONAL FESTIVAL LIMITED**  
**CHARITY STATEMENT OF CASH FLOWS**

**YEAR ENDED 31 OCTOBER 2017**

	Note	2017 £	2016 £
<b>Net cash flow from operating activities</b>	18	157,991	(24,387)
<b>Cash flow from investing activities</b>			
Interest received		210	851
Loans with subsidiary undertaking		45,743	(29,004)
<b>Net cash flow from investing activities</b>		45,953	(28,153)
<b>Net increase / (decrease) in cash and cash equivalents</b>		203,944	(52,540)
<b>Cash and cash equivalents brought forward</b>		290,450	342,990
<b>Cash and cash equivalents carried forward</b>		494,394	290,450
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		494,394	290,450

The notes on pages 18 to 27 form part of these financial statements.

# **HARROGATE INTERNATIONAL FESTIVAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2017**

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### **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.

#### **(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 for the financial year was £100,014 (2016 - £60,581).

#### **(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 2017**

#### **1 Summary of significant accounting policies (continued)**

##### **(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.

##### **(g) Investments**

Investments in subsidiaries are measured at cost less impairment.

##### **(h) 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.

##### **(i) 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.

**HARROGATE INTERNATIONAL FESTIVAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2017**

**1 Summary of significant accounting policies (continued)**

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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 do not qualify as concessionary loans, which are subsequently measured at amortised cost using the effective interest method.

**2 Income from donations and legacies**

	2017 £	2016 £
Arts Council England, Yorkshire	6,850	77,900
Harrogate Borough Council	24,000	24,000
Future 50 (including gift aid)	76,744	156,089
Harrogate Borough Council – Carabosse	-	25,000
Welcome to Yorkshire – Carabosse	-	50,000
NYMAZ	7,517	7,748
Other donations and legacies	63,505	97,237
	178,616	437,974

Income from donations and legacies was £178,616 (2016 - £437,974) of which 7,517 (2016 - £7,748) was attributable to restricted, £87,079 (2016 - £156,089) was attributable to unrestricted designated funds and £84,020 (2016 - £274,137) was attributable to unrestricted funds.

**3 Income from charitable activities**

	2017 £	2016 £
Ticket and programme sales	348,923	528,914
Income from commercial trading operation	372,089	286,825
	721,012	815,739

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 2017**

**4 Income from other trading activities**

	2017 £	2016 £
Funds generated	6,593	-
	<u>6,593</u>	<u>-</u>

Income from other trading was £6,593 (2016 - £nil) of which £1,436 (2016 - £nil) was attributable to unrestricted designated funds and £5,157 (2016 - £nil) was attributable to unrestricted funds.

**5 Income from investments**

	2017 £	2016 £
Interest – deposits	137	792
Interest - Future 50	73	59
	<u>210</u>	<u>851</u>

Income from investment was £210 (2016 - £851) of which £137 (2016 - £792) was attributable to unrestricted funds and £73 (2016 - £59) was attributable to unrestricted designated funds.

**6 Analysis of expenditure on charitable activities**

	Festivals and Events £	Education £	Total 2017 £	Total 2016 £
<b>Direct costs</b>	623,685	22,976	646,661	955,428
<b>Support costs</b>				
Staff costs	26,710	1,626	28,336	48,765
Other administration costs	64,172	4,860	69,032	81,946
Accountancy and audit fees	4,562	345	4,907	10,333
Irrecoverable VAT	9,321	78	9,399	32,236
<b>Governance costs</b>				
Staff costs	7,384	559	7,943	8,810
Other administration costs	2,290	140	2,430	2,961
Accountancy and audit fees	163	10	173	373
	<u>738,287</u>	<u>30,594</u>	<u>768,881</u>	<u>1,140,852</u>

£6,589 (2016 - £7,748) of the above costs were attributable to restricted funds. £762,292 (2016 - £1,133,104) of the above costs were attributable to unrestricted funds.

**HARROGATE INTERNATIONAL FESTIVAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2017**

**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**

	2017 £	2016 £
<b>Turnover</b>	375,135	286,825
Cost of sales	-	-
<b>Gross profit</b>	375,135	286,825
Administrative expenses	(36,723)	(36,323)
<b>Profit on ordinary activities before taxation</b>	338,412	250,502
Tax on profit on ordinary activities	-	-
<b>Profit for the year</b>	338,412	250,502

Turnover is disclosed as:

Turnover as above	375,135	286,825
Less other trading income	(3,046)	-
<b>Income from commercial trading operations</b>	372,089	286,825

Resources expended disclosed as:

Cost of sales	-	-
Festivals	36,723	36,323
Interest payable and similar charges	-	-
Eliminated on consolidation	(35,696)	(34,968)
<b>Trading subsidiary costs</b>	1,027	1,355

**The assets and liabilities of the subsidiary were:**

Current assets	12,752	59,051
Current liabilities	(12,750)	(59,049)
<b>Total net assets</b>	2	2
Called up share capital	2	2
Profit and loss account	-	-
<b>Shareholders' funds</b>	2	2

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

**8 Auditor's remuneration**

	2017 £	2016 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	5,200	4,200
Fees payable to the Charity's auditor for other services:		
Other services	500	6,780
	5,700	10,980



**HARROGATE INTERNATIONAL FESTIVAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2017**

**9 Trustees' and key management personnel remuneration and expenses**

The trustees neither received nor waived any remuneration during the year (2016: £Nil).

The total amount of employee benefits received by key management personnel is £141,623 (2016 - £167,896).

During the year expenses were reimbursed to the trustees amounting to £149 (2016 - £1,095). 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:

	2017 Number	2016 Number
Charitable activities	11	11
Raising funds	1	-
	<u>12</u>	<u>11</u>

The total staff costs and employee benefits were as follows:

	2017 £	2016 £
Wages and salaries	236,205	235,030
Social security	20,862	20,194
Other related staff costs	3,614	1,888
	<u>260,681</u>	<u>257,112</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 £1,444 (2016 - £240) were incurred.

**11 Investments**

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

**12 Debtors**

	2017 Group £	2016 Group £	2017 Charity £	2016 Charity £
Trade debtors	55,136	79,806	43,895	20,755
Amounts owed by subsidiary	-	-	-	45,743
Other debtors	3,121	16,278	3,121	16,278
Tax recoverable on gift aid	7,003	16,488	7,003	16,488
Prepayments and accrued income	5,880	56,871	5,880	56,871
	<u>71,140</u>	<u>169,443</u>	<u>59,899</u>	<u>156,135</u>

**HARROGATE INTERNATIONAL FESTIVAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2017**

**13 Creditors: amounts falling due within one year**

	<b>2017 Group £</b>	<b>2016 Group £</b>	<b>2017 Charity £</b>	<b>2016 Charity £</b>
Trade creditors	82,950	93,649	81,950	92,649
Amounts owed to subsidiary	-	-	1,511	-
Other tax and social security	4,760	5,539	4,760	5,539
Other creditors and accruals	22,812	16,924	22,812	16,762
Deferred income	51,457	40,240	39,707	28,096
	<b>161,979</b>	<b>156,352</b>	<b>150,740</b>	<b>143,046</b>

**14 Operating leases**

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

	<b>2017 £</b>	<b>2016 £</b>
Not later than one year	914	914
Later than one and not later than five years	2,210	3,124
	<b>3,124</b>	<b>4,038</b>

**15 Deferred income**

	<b>2017 Group £</b>	<b>2016 Group £</b>	<b>2017 Charity £</b>	<b>2016 Charity £</b>
Amounts brought forward	40,420	43,148	28,096	43,148
Amounts released to income	(40,420)	(43,148)	(28,096)	(43,148)
Incoming resources deferred in the year	51,457	40,240	39,707	28,096
<b>Deferred income at 31 October</b>	<b>51,457</b>	<b>40,420</b>	<b>39,707</b>	<b>28,096</b>

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

**16 Fund reconciliation**

**Unrestricted funds**

	<b>Brought forward £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfer £</b>	<b>Carried forward £</b>
Unrestricted	170,181	810,326	(771,637)	(27,000)	181,870
Designated - Future 50	133,360	88,588	(28,191)	27,000	220,757
	<b>303,541</b>	<b>898,914</b>	<b>(799,828)</b>	<b>-</b>	<b>402,627</b>

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**16 Fund reconciliation (continued)**

**Restricted funds**

	<b>Brought forward £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Carried forward £</b>
Restricted – NYMAZ	-	7,517	(6,589)	928
	-	7,517	(6,589)	928

**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.

In our 50<sup>th</sup> year Harrogate International Festival Limited launched our Future 50 Appeal to address the ongoing challenge 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.

**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**

	<b>Group</b>		<b>Charity</b>	
	<b>Restricted £</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Unrestricted £</b>
Fixed assets	-	-	-	2
Current assets	-	71,140	-	59,899
Cash and current investments	7,517	486,877	7,517	486,877
Current liabilities	(6,589)	(155,390)	(6,589)	(144,151)
<b>Total</b>	<b>928</b>	<b>402,627</b>	<b>928</b>	<b>402,627</b>

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

<b>Group</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net income for the year	100,014	60,581
Interest receivable	(210)	(851)
Decrease / (increase) in debtors	98,303	(62,325)
Increase / (decrease) in creditors	5,627	(50,796)
Net cash flow from operating activities	<u>203,734</u>	<u>(53,391)</u>
<b>Charity</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net income for the year	100,014	60,581
Interest receivable	(210)	(851)
Decrease / (increase) in debtors	50,493	(31,417)
Increase / (decrease) in creditors	7,694	(52,700)
Net cash flow from operating activities	<u>157,991</u>	<u>(24,387)</u>

**19 Related party transactions**

Sharon Canavar is a Trustee of the NYMAZ. During the year Harrogate International Festivals received income of £7,517 (2016 - £7,748) from NYMAZ, and made purchases of £6,589 (2016 - £7,748) from NYMAZ.

At the year end £6,589 (2016 - £4,932) 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 £240 (2016 - £1,100) from Visit Harrogate.

**20 Financial instruments**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>Financial assets</i>		
Debt instruments measured at amortised cost:		
- Trade debtors (note 12)	<u>55,136</u>	<u>79,806</u>
	55,136	79,806
<i>Financial liabilities</i>		
Measured at amortised cost		
- Trade creditors (note 13)	82,950	93,649
- Other creditors (note 13)	<u>22,812</u>	<u>16,924</u>
	105,762	110,573

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**20 Financial instruments (continued)**

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

	2017 £	2016 £
<i>Financial assets</i>		
Debt instruments measured at amortised cost:		
- Trade debtors (note 12)	43,895	48,155
- Amounts owed from group undertakings (note 12)	-	45,743
	<u>43,895</u>	<u>93,898</u>
<i>Financial liabilities</i>		
Measured at amortised cost		
- Trade creditors (note 13)	81,950	92,649
- Amounts owed to group undertakings (note 13)	1,511	-
- Other creditors (note 13)	22,812	16,762
	<u>106,273</u>	<u>109,411</u>

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value was £210 (2016 - £851) and £Nil (2016 - £Nil) respectively.