

THE CORPORATION OF THE HALL OF ARTS AND SCIENCES

England & Wales · Charity number 254543

Details

Other names THE ROYAL ALBERT HALL

Status Registered

Legal form Other

Registered 1967-12-18

Register [View on the Charity Commission register](#)

Contact

Address Royal Albert Hall
Kensington Gore
London
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Activities

Objects: FOR THE ADVANCEMENT OF ARTS AND SCIENCES IN THE MANNER SET OUT IN THE CHARTERS (SEE RECITALS (7) (8) AND (11E) OF THE ACT OF 1966)

Activities: To maintain the Royal Albert Hall, a Grade I listed building of historical and cultural significance and, through its use, to promote the understanding, appreciation and enjoyment of the Arts and Sciences.

Classification

- **How:** Provides Buildings/facilities/open Space, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Arts/culture/heritage/science, Environment/conservation/heritage
- **Who:** Children/young People, Elderly/old People, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- City Of Westminster

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£60,524,981	£47,022,235	£74,611,125	463
2023-12-31	£54,363,000	£42,692,000	£62,428,000	419
2022-12-31	£43,258,000	£36,649,000	£50,757,000	377
2021-12-31	£21,999,000	£27,238,000	£43,787,000	371
2020-12-31	£16,022,000	£26,699,000	£46,640,000	408

Trustees

Name	Role	Appointed
JAMES MAX BSC HONS	Chair	2012-04-19
DR MONICA BLOCH PHD		2012-04-19
Dr Alexandra Burch		2025-12-01
Gregory Robert Kyle-Langley		2026-02-26
Harry Handelsman		2020-07-23
Iain Michael Roddam Urquhart		2025-05-22
Iain Ronald McNay		2019-05-16
Ian Hammond McCulloch		2025-06-14
JOHN ANTHONY COOPER		2017-05-18
Jeremy Charles Rudge		2025-05-22
Jeremy Paul Marsden		2024-05-23
Kevin Porter		2018-06-01
LEON BAROUKH MA CFA		2008-10-30
NIGEL JONATHON HAMWAY		2020-07-23
Peter B M Lim FCA MBA		2015-10-22
Professor Chris Wise		2025-01-01
Professor Peter David Haynes		2025-10-01
Richard Harrington		2021-02-01
Robert Duncan James Shennan		2024-02-01
Robert Lipson		2015-10-22
Stuart William Newey		2017-04-06
THOMAS JAMES ROBERT BORWICK		2022-05-19
The Honourable Alice Walpole OBE		2023-05-18

THE CORPORATION OF THE HALL OF ARTS AND SCIENCES

England & Wales - Charity number 254543

Accounts

**The Corporation
of the Hall of
Arts and Sciences**

**Annual Report and
Consolidated Accounts**

31 December 2024
Charity Registration Number 254543

Elected Council members:

<i>President</i>	Ian McCulloch
<i>Honorary Treasurer & Vice President</i>	Stuart Newey MBA FCBI
<i>Vice President</i>	Leon Baroukh MA CFA
<i>Vice President</i>	Linda Craig
<i>Vice President</i>	James Max BSc Hons SFDR MRICS
Peter B M Lim FCA MBA	Harry Handelsman
Dr Monica Bloch PhD	Robert Lipson
Thomas Borwick MBA	Jeremy Marsden (appointed 23 May 2024)
Stephen Brandon MA MBA CEng	Iain McNay
Lucinda Case (until 31 January 2024)	Anthony Ratcliffe FRICS FRSA
John Cooper FCA CTA	Robert Shennan (appointed 1 February 2024)
Lauren Ekon (until 23 May 2024)	Mark T Schnebli FInstD FBIM
Nigel Hamway	The Hon. Alice Walpole OBE MA (Cantab)

Appointed Council members:

Richard Harrington, Baron Harrington of Watford
(Appointed by the Secretary of State for Digital, Culture, Media and Sport)

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA (until 31 December 2024)
 Professor Chris Wise (appointed 1 January 2025)
(Appointed by the Royal Commission for the Exhibition of 1851)

Sir Michael Dixon BSc (Sp Hons) ARCS MA (Oxon) DPhil DSc FCGI DL
(Appointed by the Trustees of the Natural History Museum)

Kevin Porter
(Appointed by the Council of the Royal College of Music)

Professor Ian Walmsley
(Appointed by the Governors of the Imperial College of Science and Technology on 27 September 2024)

Secretary to the Corporation

Susan Gent

Honorary Vice Presidents

C P Fairweather FCA	Mrs Anthony Travis BA (Hons)
H Gould OBE JP BA DL FCA	

Executive

Chief Executive	James Ainscough OBE
Chief Operating Officer	Dan Freeman (until 30 September 2024)
Finance Director	Dan Lill (appointed 01 November 2024)
Director of Programming & Engagement	Matt Todd
Director of Audiences	Louise Halliday
Director of Buildings & Facilities	Neal Hockley
Director of People & Culture	Nigel Wilson
Director of Development	Darranda Rowswell

None of the members of the Executive Team are Directors of the Corporation under the Companies Act 2006

Principal Office

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 Kensington Gore
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www.royalalberthall.com
 Email: admin@royalalberthall.com

Bankers

Coutts & Co
 440 Strand
 London
 WC2R 0QS

Auditors

Moore Kingston Smith
 9 Appold Street
 London
 EC2A 2AP

Solicitors

Bates Wells Braithwaite LLP
 10 Queen Street Place
 London
 EC4R 1BE

Charity registration number 254543

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Report of the Council Year to 31 December 2024

The Council presents its statutory report together with the consolidated accounts of the Corporation of the Hall of Arts and Sciences, known as the Royal Albert Hall, (“the Corporation” or “the Hall”) for the year ended 31 December 2024.

The accounts have been prepared in accordance with the accounting policies set out on pages 50 to 57 of the attached accounts and the provisions of the Corporation’s Constitution, namely its Royal Charters and the Royal Albert Hall Act 1966, applicable laws and the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Information on structure, governance and management, including details of the Hall’s constitution, Members (or Seatholders), Council responsibilities, organisational structure and risk management are provided under Structure, Governance and Management on pages 21 to 42.

Charitable Objectives

Since 1871, the Royal Albert Hall’s purpose has been to promote the Arts and Sciences as well as to maintain our Grade I listed building, held in trust for the nation.

The charity achieves these charitable objectives by:

- hosting up to 400 performances each year in the main auditorium and hundreds more performances, events, exhibitions and workshops elsewhere inside and outside the building which, together with guided tours, and attracted around 1.7 million visitors in 2024; and
- utilising the financial surpluses generated by these charitable activities and associated trading activities, plus financial support from philanthropists and the Hall’s Members or Seatholders, to support:
 - an Engagement programme which aims to change lives through music of people of all ages and backgrounds who wouldn’t otherwise get the opportunity; and
 - a multi-million-pound rolling programme of planned maintenance and building projects to preserve and enhance the Grade I listed building.

The report of the Council sets out how these charitable objectives have been met in the year, the financial results and implications for the charity from this activity and what the charity expects to achieve in the following year.

Overview

Since we opened our doors in 1871, the Royal Albert Hall has been home to the world’s leading figures in music, entertainment, dance and debate. From Elgar to Ella, the Beatles to Adele, the Suffragettes to Churchill... icons grace our stage.

A charity known and loved across the globe, we are home to dreams and determination, contemplation and celebration – bringing people together to lift their spirits and inspire. In 2024 £1.7m people enjoyed unforgettable experiences in our spectacular building, with millions more joining us online and through broadcast worldwide.

Report of the Council Year to 31 December 2024

We are home to the future-famous – working tirelessly to enable talent to thrive. We embrace change as well as tradition, inviting the new, the radical and the bold. We are open to all, a committed force for good, connecting people and communities.

We are the Royal Albert Hall – the home of breathtaking moments and lasting memories, for everyone.

Together, we create the amazing.

Originally the brainchild of Prince Albert as part of his master plan for the entire Albertopolis site, and incorporated by Royal Charter, the Hall is one of the world's best-loved and busiest performance venues. The Hall is held in trust for the nation, and unlike many other venues, operates without any recurrent government funding. It generates revenue from three key sources:

- revenue from its operational activities
- funds raised through philanthropy
- the Members' annual contribution

In recent years, other than in years affected by the pandemic, the Hall has produced an annual surplus, all of which is reinvested in our charitable purposes.

In 2023, the Executive Team developed four Strategic Objectives for the charity which were retained in 2024:

- **To diversify and develop** our programme, audiences and engagement activities
- **To strengthen** our finances and operational resilience
- **To enhance** the experience in a modernised Victorian venue
- **To nurture** a talented and engaged team

We also have four ethical principles which lie at the heart of our decision-making:

- Equity, Diversity and Inclusion
- Accessibility
- Sustainability
- Health and Safety, Safeguarding and Wellbeing

Within these strategic objectives and principles, our focus on public benefit through operational excellence is clear.

The direction and control of the Corporation is determined by its Council who ensure that the charity continues to develop plans to meet its charitable objects. Members of Council, as the charity Trustees, confirm that they have complied with the requirements set out in the Charities Act 2011 having due regard to the Charity Commission's published general guidance on public benefit. The Hall's charitable objectives, and the manner in which these are pursued, are set out in summary form on page 4. A detailed explanation of how these objectives have been achieved in 2024 is set out in the following section.

REVIEW OF 2024

The Royal Albert Hall's achievements for 2024 are set out below and correspond to our charitable objectives outlined above.

DIVERSIFYING AND DEVELOPING OUR PROGRAMME, AUDIENCE AND ENGAGEMENT ACTIVITIES

Performances and events

In 2024, we achieved our targets to have more younger and ethnically diverse headline acts than in 2023 – 28 headline artists under the age of 35, and 22 headline artists from minority ethnic backgrounds.

Highlights of the year included the Hall debut for three times GRAMMY and seven times BRIT Award-winning pop superstar, **Dua Lipa**, whose concert was broadcast on ITVX and also in the US. Rock legend **Roger Daltrey** curated his last season of concerts in aid of Teenage Cancer Trust, culminating in a celebration of 24 years of Teenage Cancer Trust shows. Pink Floyd alumnus **David Gilmour** joined us for six performances - his first live shows in London for eight years. And **Bob Dylan** brought his Rough and Rowdy Ways World tour to the Hall for three unforgettable nights in November.

Fully embracing our vision of being the home of breathtaking moments and lasting memories, for everyone, we continued to be the home of ceremony and celebration with key lynchpins of the programme intact – including the **Festival of Remembrance**, **Cirque du Soleil** with 30th anniversary performances of Alegria from January to March, and a triumphant final year for David Pickard as Director of the **BBC Proms**. Alongside classical stars including Vasily Petrenko and Sir Simon Rattle, highlights from the Proms season included packed auditoriums for Florence + the Machine's Symphony of Lungs, Sam Smith and the fun-filled CBeebies prom.

2024 brought a series of 'firsts' – **The Sound of Philadelphia** hosted by Lenny Henry, the genre-defying **Orchestral Qawwali Project** which brought Sufi music to the Hall and **How Sweet the Sound**, a competition celebrating Europe's most gifted gospel artists. We hosted stars from around the world this year too. Icelandic-Chinese singer-songwriter **Laufey** brought her unique blend of jazz, classical and pop to a sold-out concert in May. Norwegian art-pop superstar **AURORA** also made her Hall debut and was joined on stage by our associate artist organist **Anna Lapwood**. Renowned Japanese composer, **Joe Hisaishi** conducted the Royal Philharmonic Orchestra in a night of his own symphonies alongside his iconic Studio Ghibli film scores. Also joined by a full orchestra, American rapper **Nas** put on a huge show in celebration of the 30th anniversary of his debut album, *Illmatic*.

Our Films in Concert series included Disney's **The Lion King**'s 30th anniversary with Chineke! Orchestra and the London Community Gospel Choir. The World Premiere of **Top Gun: Maverick** in concert saw an appearance from Hollywood royalty **Tom Cruise**, who said "I've always wanted to experience a film like this with a live full symphony orchestra in front of a packed audience in the grandeur of a classic movie palace... thank you for making this dream come true". **James Cameron** and screen icon **Sigourney Weaver** introduced **Avatar** Live in Concert.

Other standout events included Mountbatten Festival of Music in March, Royal Variety Performance in November; Schools' events supporting talent development and opportunity throughout the year, graduation ceremonies and our Country and Americana festival, **Highways**.

Spoken word and poetry took centre stage with **The Poets' Revival** presented by our associate artist LionHeart, **CogX Leadership Summit**, **Letters Live** presented with the Women's Prize Trust for International Women's Day and a host of podcasts: **The Rest is History**, **The Rest is Entertainment**, **The Girls Bathroom**, and **The News Agents Live**.

English National Ballet's epic **Swan Lake** in-the-round returned in June, and Birmingham Royal Ballet's **Nutcracker** returned between Christmas and New Year.

The Hall has established itself as the **Home of Christmas** in London, and 2024 gave weight to that status, as the venue lit up with people of all ages, genders and creeds celebrating Christmas – from Trevor Nelson's Soul Christmas to Rick Astley's Swinging Christmas, with plenty of Carols to top off the season.

Beyond the Main Stage

The Beyond the Main Stage programme leads our work to promote new artists and audiences at the Hall, keeping an equal gender balance and ensuring we reflect the ethnic diversity of artists in line with the make-up of London.

This future-focussed engine for artistic expression at the Hall exists to invite and inspire new artists and audiences to the Hall through a diverse, inclusive, accessible and forward-looking programme of events.

Notable events in 2024 included:

- **Unstoppable Voices** – providing a platform for a diverse mix of emerging artists and new cultural perspectives including headline shows from hip hop singer-songwriter Emmeline, as well as rising soul star Amahla.
- **Late Night Jazz** – pushing boundaries with young up-and-coming artists such as Epiphany 3, as well as Relaxed events
- **Song Queen: A Pidgin Opera** – by Helen Epega, a dynamic Nigerian-British composer, performer, and visual artist, offering a unique, multicultural experience presented through an Afro-Futuristic lens.
- **Steinway Series** – featuring Alexandra Stréliski, a major artist in the alternative classical space, and a trailblazing woman in the modern classical world.
- **Drag RoyalTea** with Kate Butch, along with guest curations such as Sounds Queer for Late Night Jazz, building upon our offering for LGBTQIA+ representation in the BTMS programme.
- **Daytime Storytelling** for young children and family half term programming which included **Comedy Club 4 Kids**.

These events make a central contribution to the diversity and development of our audience.

Engagement

The programme is currently divided into three main strands of activity:

- Engaging with Music
- Supporting Communities
- Discovering Careers

Notable projects and initiatives for 2024 included:

- **Sensory Access** programme for students with Special Educational Needs generously supported by John Lyon's Charity. We held seven tours attended by 71 people in total, comprising young people with special educational needs and disabilities and their families or teachers.

"The class and all of the adults had such a lovely time - learnt so much, still laughing ... The visual presentation to support communication was fantastic... kept the children so engaged, it was a fantastic opportunity." – Teacher, Sensory Tour

- **Young Producers** – a new cohort has been selected and started working towards their own public event in April 2025.
- **Friendship Matinee Relaxed Ghostbusters in Concert** – over 2,700 tickets for those who would not otherwise be able to come to the Hall.

"... so memorable, our visit with my son and his friends was welcoming, inclusive, and incredibly special. You have some exceptional people in your team, thank you so much for making it happen for my son and his friends yesterday. That meant everything to us all." – Audience member, Ghostbusters Friendship Matinee

- **Future Makers** – an annual showcase concert featuring talented musicians from 14-19 performing their original compositions to an audience of 3,500 schoolchildren. The winning act, Gracée, received a year of support from the Hall to develop her musical journey.

Digital and Physical Audiences

In 2024 we invested in video creation as a way to tell the Hall's story. As part of our new 'Backstage with...' YouTube series, we had exclusive access to AURORA's soundcheck, her dressing room preparations and the moment she finally hit the stage. And our 'In the Archive with...' YouTube series has seen guests including Stephen Fry, Katie Melua, Lindsey Stirling and Hak Baker delving into the Hall's unparalleled archive of performance to uncover stories that resonate with artists and audiences today.

Phase 2 of the website project has seen a focus on increasing visibility of our engagement and commercial activity. We have been working towards getting Access bookings online, improving our Select Your Own Seat and hospitality online bookings process. These developments are due to go live in 2025.

On social media, TikTok saw a 12.4% engagement rate, an increase of 580%, with a net follower growth of +23%. Instagram saw a 20% net follower growth and 2.4m story impressions.

Collaborative Instagram posts feel like a natural inclusion to our feed and highlight amazing moments at the Hall – in 2024 we produced collaborative posts with channels including British Legion, Sounds Queer and Ekin Su. We continue to engage with Anna Lapwood, whose TikTok following has now surpassed 1m.

Audience levels in 2024 returned to pre-pandemic levels, with 87% of available tickets issued – 1.69m in 2024 compared with 1.66m in 2019. Over three-quarters of a million tickets were issued for orchestral performances – from purely classical concerts including the BBC Proms, to the 30th anniversary of Illmatic by Nas with an orchestra.

During 2024 we recruited an Access Manager who started work in 2025 so that we can fully focus on ensuring that the Hall is accessible for everyone.

STRENGTHENING OUR FINANCES AND OPERATIONAL RESILIENCE

We continued to focus on artistic excellence, audience experience and the commercial viability of events. Events – both the number and the type – drive the Hall's additional income streams, including Catering, Merchandise, and Technical Services.

We undertook a full security tender, resulting in our new security providers, SecuriGroup, taking over at the end of maintenance week, 22 April 2024.

There is a variety of major risks to our operational resilience including cyber-attacks. We have therefore continued to invest in training, support and practical interventions to reduce the likelihood and/or impact of such an attack.

We have a new investment strategy which is delivering over £2m a year in interest. The first repayment on the Government's £20.7m Covid loan to the Hall is due in March 2025. The loan has given us the opportunity to put the Hall back onto a secure financial footing, to rebuild our reserves and to undertake essential work in order to safeguard the Hall's future.

The Royal Albert Hall Bill continued its progress through Parliament, having received its Third reading in the House of Lords in January 2025. In April 2024, an Opposed Bill Committee was appointed to hear a petition against the Bill by a former President of the Hall and two bodies with which he was associated. Shortly before the hearing the former president acknowledged he had no locus standi and withdrew. Then the Committee decided that the other two petitioners had locus standi either, so the Bill proceeded to an Unopposed Bill Committee, where it was scrutinised and passed. However, the Opposed Bill Committee issued a Special Report recommending that subjects not in the Bill – namely differences concerning the Hall's governance – should be drawn to the attention of the House and the Government.

The Bill's provisions, particularly around putting in place a procedure for designating Ordinary and Exclusive lets at the Hall (i.e. the performances from which Members are or are not excluded) are vital for the charity. The Bill has now had its first reading in the House of Commons and a date is awaited for its second reading.

ENHANCING THE EXPERIENCE IN A MODERNISED VICTORIAN VENUE

Our ambitious Estate Plan will enable us to develop opportunities for people of every age and background to benefit from the power of music and culture, through opening our unsurpassable building to new opportunities for everyone. They will ensure that the next generation of artists and audiences are inspired, just as our forefathers were inspired, by a welcoming, accessible, sustainable hub for inspiration.

The Hall's Estate Plan lays out the direction of travel for the building as a whole, with each individual project to then be refined and agreed in the future. This ambitious capital project will cost in the range of £300m, and will be funded through operating surplus, voluntary income and income generated from Seatholders. In order to raise approximately £50m from voluntary income, the first phase of a Capital Appeal will be launched in Autumn 2025.

In 2024, we started work on the auditorium plasterwork repair project, major security updates including CCTV and fire doors, replacement of a new arena lift, and other show-critical infrastructure including hoist control system and show relay.

We continued the WC refurbishment, and recruited a Carbon and Environment Manager, alongside an energy usage reduction plan and continued engagement with the joint Exhibition Road carbon zero project, South Ken ZEN+.

NURTURING A TALENTED AND ENGAGED TEAM

The fit-out of the South West Basement staff accommodation was set to commence in 2024 but has been delayed to 2025. Staff whose roles require them to have proximity to the stage and backstage areas will be able to move into this new state-of-the-art office facility, giving them custom-designed spaces to work and collaborate which are fit-for-purpose.

We are undertaking a review of our existing HR system with a view to implementing an integrated HR and payroll platform in 2026.

A 3% pay increase from January 2025 and a commitment to paying London Living Wage is a demonstration of the value we put on our staff. The increase in Employers' NI contributions and London Living Wage from April 2025 will see a £600k increase in our cost base, but we are absolutely committed to fair pay for our team. The work on a transparent, benchmarked role and pay framework continued through 2024 and it is hoped that the framework will be delivered in April 2025. Given the financial results from 2024, we paid staff a bonus in March 2024 and will do so again in March 2025.

Our apprenticeship programme was relaunched with a strong emphasis on practical experiences and having a mix of production and non-production apprenticeships. We attracted and have been training individuals who may not have previously considered the Hall as a potential employer.

We will update our Employee Handbook, incorporating key policies and procedures, to ensure that all staff are aware of our culture and ways of working.

The Hall values diversity, promotes inclusion, and prioritises the well-being and professional growth of our employees. To that end, in 2024 we appointed our first ever Wellbeing Manager to ensure our ways of working, and the support we offer to staff, are planned to promote wellbeing, which is to the benefit of the charity and to our passionate and dedicated

team members. As we look ahead to 2025, our commitment to these principles remains steadfast, and we will continue to adapt and evolve our strategies to meet the dynamic needs of our workforce. Our investment in upskilling our staff and managers will continue in 2025, reinforcing our commitment to nurturing and developing staff at all levels.

Energy and emissions report

The data in this document shows the Royal Albert Hall’s energy usage from 1 January 2024 to 31 December 2024.

Our emission levels have increased this year, with a significant increase in gas consumption in January 2024 compared with January 2023 due to a colder month and an increase in shows. Our profiling on the gas usage vs degree days appear to map as expected. Work on a gas regression project to decrease the gas usage will be underway in 2025.

There were warmer days in August which resulted in an increased cooling demand.

Electricity consumption data for the reporting year has been collated from half hourly data available on the Drax portal.

Gas consumption data for the same period has been provided from invoicing data from Total Energies for the main plant meter.

Summary

	2024	2023	2022	2016 Baseline
Energy consumption used to calculate emissions in kWh	Electricity 5,241,684 kWh	Electricity 5,154,767 kWh	Electricity 5,498,290 kWh	Electricity 5,443,803 kWh
	Gas 4,506,907 kWh	Gas 4,276,840 kWh	Gas 4,719,574 kWh	Gas 5,110,376 kWh
i) Emissions from combustion of gas tCO ₂ e (Scope 1)	824	782	862	940
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	1,085	1,067	1,063	2,243
iii) Emissions from water supply and treatment tCO ₂ e (Scope 3)	11	12	N/A	N/A
Total gross CO ₂ e based on above (tCO ₂ e)	1,920	1,861	1,925	3,183

Report of the Council Year to 31 December 2024

iii) Intensity ratio: tCO ₂ e gross figure based on mandatory fields (tCO ₂ e/m ²)	0.063	0.062	0.064	0.106

Methodology

i) Emissions from combustion of gas tCO ₂ e (Scope 1)	tCO ₂ e calculated from the product of the gas consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2024 for 'Fuels, Natural Gas, kWh (Gross CV)'.
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	tCO ₂ e calculated from the product of the electricity consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2024 for 'UK Electricity, Electricity Generated, UK'
iii) Emissions from water supply and treatment tCO ₂ e (Scope 3)	tCO ₂ e calculated from the product of the water consumption and water treatment in cubic meters during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2024 for 'Water Supply, Cubic Meters' and 'Water Treatment, Cubic Meters'
iii) Intensity ratio: tCO ₂ e gross figure based on mandatory fields	The intensity ratio stated above has been calculated as tonnes of carbon dioxide equivalent per total square metres of property owned (30,077m ²)

Energy efficiency

During 2024, the Hall has engaged in a number of energy efficiency measures and investigations in order reduce consumption and subsequent carbon emissions, including:

- The programme to replace lights with energy efficient LED bulbs continued throughout 2024
- Work on a metering strategy to enable effective measurement and monitoring of usage and ensure we are using equipment efficiently
- Appointment of a Carbon and Environment Manager
- Development of a draft environment policy which sets out commitments to reduce the Hall's environment impacts including energy and associated action plan

FINANCIAL REVIEW

The Royal Albert Hall had a very successful year in 2024 with a full calendar of events. In 2024 total income of £60.5m was generated from performances, commercial activity, bank interest and philanthropic support (2023: £54.4m). With total expenditure of £47.0m (2023: £42.7m), this resulted in a net surplus of £12.2m for the year (2023: £11.7m).

An operating surplus was generated in both 2023 and 2024 meaning we have continued to boost our reserves. Our general fund shows a surplus of £2.3m (2023: surplus £0.7m) with a further £17.1m designated in other non-asset-based funds (2023: £7.5m). Our priority now is to generate annual surpluses over the coming years which are sufficient to continue rebuilding reserves, investing in our Grade I listed building, and enable repayment of the loan. We are grateful to the DCMS and Arts Council England for their support in 2021 in providing a £20.7m loan, without which we would have had insufficient operating cash flow to re-open the Hall after the pandemic and progress the backlog of essential maintenance projects required to preserve and maintain our Grade I listed building.

Event income and expenditure

Event income in 2024 was £51.7m, an increase of £5.0m on the £46.7m achieved in 2023.

Rental and ticket commission was £41.2m, an increase of 27% from 2023 (2023: £32.3m).

Other event income, which includes items such as ticket booking fees and merchandise sales, was up by 11% to £7.3m for the year (2023: £6.6m), catering income up by 14% and income from corporate partnerships by 6%.

At £35.3m event expenditure was up £3.1m, an increase of 10% (2023: £32.2m). Direct show costs include show management, production, programming, ticketing and visitor services, accounted for £24.3m of total expenditure this year (2023: £21.7m), up 12% on the prior year. Support costs were £10.7m (2023: £10.6m).

Event profits continued to generate a surplus, with event income running £16.4m ahead of event expenditure, an increase of 13% on the prior year (2023: £14.5m).

Other income and expenditure

At £8.7m, other income was up 13% from the prior year (2023: £7.7m) mainly owing to an increase in interest from cash placed on deposit. Philanthropy remains at the heart of all that we do at the Royal Albert Hall. It represents a major source of income, generating £3.3m inclusive of gift aid (2023: £3.2m) and we have ongoing plans for a significant uplift in this area in the coming years. Our Members' contribution through the seat rate, plus other miscellaneous items added £2.1m to income (2023: £2.5m).

At £11.8m, other expenditure increased by 12% (2023: £10.5m) due to an increase in building costs. In 2024 £4.8m (2023: £4.1m) was spent on building maintenance and refurbishment. A further £7.0m (2023: £6.4m) of other costs, including support costs, security, housekeeping, fundraising and other overheads, were incurred during the year.

Staff costs

Staff costs, at £16.5m, made up 34% of total expenditure, an increase of £2m or 13% over 2023. This reflects the Corporation's ongoing commitment to the London Living Wage, cost of living challenges and additional headcount to reflect increased activity in the Hall.

Loan

In March 2021, DCMS and Arts Council England funded the Hall with a £20.7m loan on a 20-year repayment term. The loan accrues interest at 2% over the life of the term which is added to the loan on the balance sheet, with an initial four-year repayment holiday. This loan and associated accrued interest remains on the Hall's balance sheet at its carrying value of £22.3m (2023: £21.9m). Repayments commence in March 2025.

Reserves

Total reserves held at 31 December 2024 were £74.6m (2023: £62.4m) of which £3.4m (2023: £2.7m) were restricted funds (note 21). The remaining £71.3m (2023: £59.7m) forms the Hall's unrestricted funds (note 22). After setting aside £68.9m in designated funds (2023: £59.0m), general funds improved over the year from £0.7m at the end of 2023 to £2.3m at the end of 2024.

The Hall's reserves are essential to fund ongoing operations, provide a contingency for unforeseen events, and to ensure that we adequately provide for long-term maintenance and improvement. In determining the appropriate level of funding for both designated funds and free reserves, the Council has adopted the reserves policy set out below:

- ◆ To retain a Fixed Asset Fund, comprising funds invested in fixed assets which allow the organisation to carry out its work. At 31 December 2024 the level of this reserve was £51.9m (2023: £51.5m).
- ◆ The Engagement Fund aims to change lives through music of people of all ages and backgrounds, who would otherwise not have the opportunity. We have not needed to draw down on this fund during the year, so there is no movement of the balance of this fund in 2024 (2023: £0.6m was designated). All engagement activity in the year took place in the restricted Engagement fund.
- ◆ During the year the previously-held Plant and Fabric Sinking Fund and Major Building Development Fund were merged to form The Estate Plan Fund. This fund exists to ensure that the Hall has sufficient resource to meet the cost of major expenditure (to the extent that it is not capitalised under the Hall's tangible fixed asset policy) necessary to maintain the fabric of the building and to replace plant and equipment over the long term and also to fund the Hall's Major Building Development fund where needed. The Estate Plan Fund currently has a balance of £nil.

- ◆ A Pension Fund of £1.5m was established in 2023 as the Trustees explored the opportunity of a buy out of the defined benefits pension (See note 24). During 2024, the corporation transferred a special contribution to the pension scheme of £1.3m to fund the shortfall in the pension fund and facilitate the initial bulk annuity purchase by the third-party insurer. The balance of £0.2m on the fund is held to cover the cost of any further associated fees until the buy-out.
- ◆ The Business Interruption Contingency Fund was re-established following the the Covid-19 pandemic which had a significant impact on the reserves of the Hall. The Trustees believe it is prudent for the charity to hold a Business Interruption Contingency Fund equivalent to 6 months of operating expenditure, to ensure the Hall can react proactively should a future scenario have a similar impact on the Hall's operations. In 2024 a further £9.9 million was set aside for this fund (2023: £5.4m). The closing balance on this fund of £15.3m is equal to 6 months of operating expenditure for the Hall; the fund is therefore at level agreed by the Finance Audit and Risk committee.
- ◆ During the year a Project Expenditure fund with a balance of £1.0 million was set up to cover the cost of projects delayed from 2024 into 2025.

Investment policy

The Hall's policy is to hold cash and investments to protect the Hall's assets from any losses that might otherwise arise. Cash investments are held to fund the Hall's long-term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long-term view when planning activities, including the Engagement programme.

At the balance sheet date, £43.5m of cash and £21.5m of short-term cash deposits (shown as current assets) (2023: £38.1m of cash and £25m of deposits) were held in current assets. A further £11.5m (2023: nil) was held in non-current investments as these deposits will mature over 12 months after the year end. This balance includes the £20.7m loan described above and an approximate £14.5m (2023: £13.9m) of cash held in respect to ticket sales for future performances hosted by third parties which is held on their behalf and will be passed on to promoters in due course as part of the show settlement process. A further £3.4m of cash (2023: £2.7m) is held in restricted funds for spending on future projects as agreed with the donor. Investment income in the year of £3.3m (2023: £2.0m) was due to the decision to move additional cash into longer dated cash investments, taking advantage of strong interest rates. A revised investment policy was approved by the trustees in December 2024.

Pension fund

The Corporation has previously taken steps to limit future pension funding risk. The final salary section of the Scheme was closed to new entrants in 1997, and rates of contribution by the Corporation and its employees had been increased. To further alleviate funding difficulties, the benefits accruing to members of this section of the Scheme in respect of future service were reduced at the beginning of 2003, following consultation with active members of the Scheme, the Trustees and actuaries. Then, during 2014 the Corporation consulted with the 10 remaining active members of the Scheme, as a result of which they voluntarily transferred out of the Scheme into the Hall's Stakeholder scheme. Therefore as at

31 December 2014 the Scheme became a frozen scheme, meaning that from 2015 onwards no further benefits accrued to any of the members. For more information, please see note 24 of the accounts. As noted above, during 2024, the corporation transferred a special contribution to the pension scheme of £1.3m to fund the shortfall in the pension fund and facilitate the initial bulk annuity purchase by a third-party insurer.

MAJOR OBJECTIVES FOR 2025

We have a new three-year rolling business plan that starts in 2025 – our major objectives are set out below.

- **Driving progress on the Hall’s Vision:** To be the home of breathtaking moments and lasting memories for everyone, driven through our programming and audience development initiatives.
- **Generating funds for the Estate Plan and other projects:** The Estate Plan will transform the impact that our building can deliver. In addition, there are projects to enhance Security and to invest in IT, Production & Technical and other business needs, whilst also ensuring the charity builds and retains strong financial reserves and is able to service its CRF loan repayments (which start from March 2025).
- **Investing in people and systems:** To continue investing in people, processes, and systems to ensure the Hall remains an efficient and effective organisation, and an attractive employer with a strong reputation for developing talent across all roles.
- **Building the Hall’s reputation as a Force for Good** (particularly in the music industry, the wider creative industries, Albertopolis, and society at large), working collaboratively to shape our collective future. We will use our voice to encourage and support positive change, built on authentic progress here at the Hall. Our strategic priorities in this regard are for the Hall to be:

A Home for Everyone	– Equity, Diversity and Inclusion
A Home for Thriving Creativity	– Principally our reimagined Engagement programme
A Home for A Sustainable Future	– Greening the Royal Albert Hall towards achieving net-zero and enhancing local biodiversity

PROGRAMMING

In 2025, we will continue to broaden inclusion within the Hall’s programme, across Hires, Own and Co-promotes (Royal Albert Hall Presents / RAHP) and Beyond the Main Stage (BTMS). We will increase talent development through BTMS, and develop new content – concert productions, festivals, sports, and science-specific strands of programming.

We will work with new Associate and Resident Artists, introduce a new annual charity partner programme, streamline our contracts and agreements process and continue to push for increased revenue.

Highlights of the 2025 programme include the Grand Sumo Tournament – the second elite five-day Basho tournament outside of Japan in the sport’s 1500-year history. The first Basho

tournament outside Japan was in 1991, also at the Royal Albert Hall, so it is a huge privilege to be hosting the tournament once more.

The Hall's ambitions for more traditional programming are equally stretching. Cirque du Soleil bring their production of **Corteo** in a unique traverse staging that cuts the auditorium in half, reducing the capacity by 15% and leading to an entirely new experience for audiences as they look through the performers to see almost a mirror image of the audience.

The first six months of 2025 features programming around International Women's Day including **Annie Lennox, Women of the World at 15, Women's boxing** and **Barbie the Movie** in concert with an all-female orchestra. Films in Concert include Indian historical epic **RRR** and **Crouching Tiger, Hidden Dragon**; the **Olivier Awards**; **Eric Clapton, The Rest is History** live (this time focusing on Tchaikovsky and Wagner) and a headline concert from one of our Associate Artists and TikTok million-follower organist **Anna Lapwood**. We also have concerts from stars including **Gary Barlow, Father John Misty, Holly Johnson, Sophie Ellis-Bextor** and **Gregory Porter**.

Ludovico Einaudi returns for the longest continuous headline run by a pianist in the history of the Royal Albert Hall, with five shows in Summer 2025.

The BBC Proms returns for a summer of the world's greatest classical music, alongside stalwarts the Royal British Legion's **Festival of Remembrance** and the **Mountbatten Festival of Music**.

Sigur Rós, performing with London Contemporary Orchestra, have a run of four concerts in October. British music icon **Sir Cliff Richard** returns for two very special nights in concert at the age of 85.

The Christmas season brings the sparkle year after year and 2025 promises to be another stellar year, with **Carols** having sold 25,000 tickets by January 2025, and **Nutcracker** returning between Christmas and new year once more.

A new role of **Head of Engagement** is introduced in 2025, with a remit to revolutionise the reach and remit of the Hall's Engagement programme. The role will establish an impact framework for Creative Wellbeing and the roll-out of our newly-focused ambition, identifying and developing new engagement projects in support of Creative Wellbeing.

For Programming and Technical, Production & Technical, 2025 will be focussed on embedding a restructure of the Technical Operations team. Systems upgrades will include the **core-stage lift; organ lighting; mushroom lighting replacement; and dinners terrace**. Projects to be focused on in-year are the **stage risers; technical infrastructure; and PA Audio works**. We will be looking to make significant improvement in **backstage facilities / environment for artists**.

The Tours Manager role will expand to incorporate a Visitor Experience brief in 2025, thinking about **retail and customer experience** more widely in addition to tours. We will identify revisions and improvements to the tours experience, increase marketing and tours awareness – public and B2B – and return visitor figures to pre-pandemic levels

AUDIENCES

2025 will see the next stage of our investment in **Security**, with the move towards the building control room and the associated cultural change, training and empowering of internal teams, and embedding of our new security provider, Securigroup. We will introduce and establish a new Incident, Health & Safety and Building Services Management System, a visitors and contractor management system, and convert Stage Door into a staff and visitor reception (with Artist Stage Door moving permanently to Door 11). We will also review and implement a public-facing Security posture online and through external communication, in order to reassure customers and deter bad actors, whilst retaining appropriate levels of confidentiality. We are also working towards upgrading our Hostile Vehicle Mitigation (HVM) outside Door 11.

Duty Managers will transition to a more holistic Venue Manager Role, and we will undertake a strategic review of the entire **Visitor Services structure**. We will also introduce comprehensive testing and exercising for **Emergency Procedures and Incident Management**, and focus on providing a better experience for customers with **access** needs.

IT remains at the heart of everything we do, and the risk of cyberattack remains a concern, with bot attempts on our website reaching ever-higher levels. In 2025 we will upgrade Tessitura (our Customer Relationship Management - CRM) and replace our iSCSI switches (which connect our servers to storage) as they reach the end of their useful life. The basement development will facilitate the long-overdue movement of our **server room** and the upgrading of the on-premises server and movement to the Cloud where we can demonstrate business benefit. As data becomes ever-more-central in our decision-making, we will continue to invest in software to facilitate **data-driven decisions**.

Over the course of the three years, we will also expand our **wired and wireless network** to support customer facing services in the auditorium, boxes, corridors and outside the Hall; and to allow the expansion of our CCTV and access control systems.

The focus for the **Marketing and Communications** team is on reputation, revenue and reach. Work will be undertaken on building a stronger and consistent brand and shaping the reputation of the Hall as a **force for good** amongst different stakeholders, inspiring people across the UK and the world with what the Hall does online, even if they can never attend in person. In 2025 we will roll out a **visual and brand voice refresh** and **bring the vision to life** across the building.

The themes of Engagement activity, sustainability, accessibility and diversity will be the focus on all the Hall's communications through video, in-house editorial and press.

Our ambitions for **Ticketing Services** for 2025 include the launch of **access bookings online**, **Members' website** improvements, improvements on **View From Your Seat**, and a further review of **phone bookings**. We will continue to review our **CRM**, Tessitura, and consider whether alternative systems may be able to deliver better speed of sales without increasing our operating costs. We will also introduce **dynamic barcodes** for tickets, in an effort to reduce the number of tickets that are touted on secondary ticketing websites.

The new **Archives** store has given us a fantastic springboard from which to tell the Hall's story, as seen already through the video series "In the Archive with..." In 2025, engagement activities such as tours and schools' workshops, as well as online content, will drive further engagement. We are working towards **Archive Service Accreditation** and a **Digital Preservation system**, with collection data and databases migrated by 2027.

Report of the Council Year to 31 December 2024

Retail remains a small part of the Hall's operations, but we are streamlining our products and introducing new ranges which have appeal and longevity, such as a Royal Albert Hall Top Trumps.

BUILDING AND FACILITIES

The focus is the completion and development of both Capital and Maintenance projects within the Estate Plan for the period 2025-27.

The purpose of the Estate Plan is to transform the impact of the building by enhancing our ability to:

- **Throw open the doors** so all feel welcome
- Improve lives through the power of music supporting our **Engagement** work
- Nurture **brehtaking talent** on and off the stage
- Sustain the Hall's future enhancing **commercial and operational** opportunities
- Green our Grade I listed building getting closer to **net zero** and adding to local **biodiversity**

The Hall has recently developed an environmental sustainability policy, and to support these commitments we have developed a sustainability action plan to drive continuous improvement in all our environmental impacts. Our action plan has also been developed to help achieve the relevant UN's Sustainable Development Goals (SDGs). This action plan will be regularly reviewed and updated, and we will report progress at least annually.

In 2025, we will continue to work with our neighbours in the Exhibition Road Cultural Group to reduce our emissions, including on the **South Ken ZEN+** (Zero Emissions Neighbourhood) plans. This year we will continue with the work to get our Building lighting converted to **LED**.

To ensure best value and service across our supplier group, the **Life Safety** system maintenance contract will be re-tendered as with our security offering increasing, we need to ensure that we have the best contractor for this critical system.

PEOPLE AND CULTURE

In 2025, we will continue to implement people-related initiatives aimed at enhancing the employee experience:

- Introducing and embedding a new **pay structure** that provides a mechanism for pay progression, ensures our people feel valued and rewarded and have clarity on how pay decisions are made
- The employee **benefits package** will further be enhanced with a new dental care benefit and potentially other health-related initiatives.
- To improve internal communication, we will commence a review of our **intranet** with a view to streamline content and procure a new platform. We will also work with Internal Comms to review our contracts, policies, and procedures to ensure consistency in messaging, tone of voice, and greater alignment with our culture and values.
- A review of our **systems** (including Backstage (our staff intranet), iTrent (payroll), Staff Savvy (staff management) and our recruitment portal.
- An overhaul of the employee **induction** and onboarding process.
- A focus on the **Employment Rights Bill** to ensure that we comply with new legal requirements.
- **Work experience** program to be re-established, offering young people valuable exposure to the arts.

- A new **Equity, Diversity, and Inclusion** (EDI) policy will be developed to embed EDI principles, including with employees, audiences, partners, and suppliers.

These initiatives will help strengthen the Hall's ability to attract, develop, and retain talented individuals, supporting its long-term growth and success.

PARTNERSHIP AND HOSPITALITY

The focus in 2025 will be securing vital revenue and ensuring we provide all customers with the best possible experiences that meet their expectations and requirements.

We aim to establish the Hall's first "Principal Partner" partnership.

DEVELOPMENT

The 3-year goals for the Philanthropy Team are that by the end of 2027 we have raised:

- £19m towards the Capital Appeal,
- £300k per annum for Engagement
- £2.3M per annum in Unrestricted income.

The major priorities for 2025 to help us achieve these goals are to recruit a Chair and the rest of the Capital Appeal board and launch the 'Quiet Phase' of the capital appeal; to secure initial gifts from potential donors to the Capital Appeal; and to review the costs and benefits of the Friends and Patrons scheme.

GOVERNANCE AND MEMBERS

The Hall's Governance and Members team is at the centre of the Hall's governance and its relationship with the Hall's Members. Its mission is to assist the Hall in achieving its charitable and strategic objectives by running and maintaining appropriate legal, statutory, governance and administrative/company secretarial systems to support the organisation; being the central point of communication and administration with the Hall's Members; and providing legal and governance advice and oversight as required by the organisation.

In 2025 we will continue to ensure the smooth running of the Hall's governance with an emphasis on Council and Committees working at a strategic level, pursue the constitutional reforms agreed by Council, transition to the new President in May, work towards the Hall's Private Bill being taken to Royal Assent by the end of the year, and continue to build up good working relationships with the Hall's Members, particularly engaging the Corporate Members.

FINANCE

Goals for 2025 include:

- finalising and implementing the Hall's investment strategy, one that balances the Hall's various cash requirements whilst delivering a return on cash balances at the right level of risk.
- reviewing the content and impact of monthly management accounts as well as generally increasing the timeliness and quality of financial information with the aim of better supporting decision making.

- developing a set of team KPIs for the Finance team and consolidate existing/new KPIs that will provide insight on the Hall's performance at many levels.
- process improvement, in particular, accounts payable, and how to reduce the number of days we take to settle shows.

Longer term goals include increasing the level of automation in the department through system interfaces as well as encouraging training and professional studies to improve the level of expertise within the team, increase employee retention and ultimately, the level of service offered to the organisation.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Corporation of the Hall of Arts and Sciences was incorporated under a Royal Charter dated 8 April 1867. Its governing documents now consist of two further supplemental Charters and four Acts of Parliament. The Corporation is also a registered charity (charity registration No. 254543). The Members of the Corporation are the Hall's Seatholders. There are currently 315 Seatholders who have access to 1,256 seats in the Hall. The consolidated constitution of the Hall is set out in Schedule 2 of the Royal Albert Hall Act 1966.

Background

The Hall's history and its legal position are unique. The Royal Albert Hall was the brainchild of Prince Albert, part of his master plan for the entire Albertopolis site. It is a Grade I listed building and receives no recurrent public funding for its running costs.

The Hall has always had charitable objectives and was registered as a charity in 1967. Funding for the building of the Hall in the 1860s was contributed to by a group of private individuals and corporations, and by the Royal Commission for the Exhibition of 1851 (on land which is leased by the Corporation from the Royal Commission for the Exhibition of 1851 at a peppercorn rent for 999 years). These original founders or Members not only had access to seats for the term of the Corporation's lease, but also took on the obligation to govern the Hall for the nation's benefit and these arrangements continue to this day.

The Hall's Council, which is its governing body, is made up of a maximum of 24 members which include 18 Seatholders and the President (who is also a Seatholder), 6 of whom are elected by the Members annually at the Corporation's AGM. The remaining members of Council are appointed members from the Natural History Museum, the Royal College of Music, Imperial College, the 1851 Commission and the Department for Digital, Culture, Media and Sport.

By acquiring the right to use permanent seats at the Hall, the Seatholders have private property rights (personal estate, not real estate) as set out in the Hall's Royal Charter, which can be given or sold by one party to another and which are distinct from the charity. The charity exists subject to these private property rights. In other words, the Corporation was only ever entitled to its 999-year leasehold interest subject to the property rights of the Seatholders and pursues its charitable objectives only with the assets it has at its disposal.

Understanding the correct legal basis underpinning the Hall is vital to understanding the true nature of the relationship between the charity and its Members or Seatholders. The implications of this legal basis include:

- When the Corporation hires the Hall to a promoter, or promotes a performance itself, as an “Ordinary letting” (explained below), it is not hiring out the entire Hall. It is instead letting the Hall less the Seatholders’ seats. The Seatholders can use or sell their tickets for such performances.
- When the Corporation hires the Hall to a promoter, or promotes a performance itself as an “Exclusive letting” (explained below), it hires the entire Hall. Exclusive lettings are governed by s14 of the Royal Albert Hall Act 1966.
- Seatholders do not pay for their tickets. There is no transaction between the charity and Seatholders when they receive their tickets and no money changes hands. The Hall is meeting the pre-existing obligations and enabling Seatholders to take up their personal rights.
- Given that the charity has never had a right to the Seatholders’ tickets for Ordinary lettings, Seatholders are not depriving the charity by exercising their rights to use their tickets. Therefore, the Hall and the promoters of events have not forgone any ticket income by virtue of the Seatholders’ attendance at certain performances.
- Neither the Hall nor the promoter can determine a face value price for Seatholders’ tickets, nor restrict their use (other than as provided for in the Hall’s constitution), given that Seatholders’ seats are not a subset of the Hall’s or the promoter’s.
- By virtue of their private legal rights over their assets (i.e. access to seats), the Seatholders have the right to use their tickets as they choose for Ordinary performances subject to the Hall’s constitution. These rights include the right to attend the performance, give the ticket to someone else to attend the show (whether a friend, relative, charity etc.), sell the ticket through the Hall’s box office via the Ticket Return Scheme (see below), or sell the ticket through any other channel (whether open market or not) other than ‘in the Hall or in the vicinity thereof’, (according to a 1967 byelaw) at any price they wish.
- The sale of the tickets by a Seatholder is not a ‘secondary sale’ but in fact the disposal of primary rights (even if that sale is made via a website which is better known for enabling secondary ticket sales).

Seat Rate

Initially, the Seatholders had no obligation to make any financial contribution towards the annual costs of the Hall. However, from the Royal Albert Hall Act 1876 onwards and as the Hall has evolved over the decades, the Seatholders have financially supported the Hall’s charitable objectives by agreeing at each year’s Annual General Meeting to pay an Annual Contribution, or “seat rate”, per seat to the Hall.

The current form of the seat rate, as set out in the 1966 Act, is a minimum annual £10-per-seat compulsory payment, plus an additional amount which is binding on the Seatholders if approved by a two-thirds majority at the AGM. The Hall's Council determines the total amount of the seat rate to be proposed at the AGM each year, based on a recommendation by the Seat Rate Committee. This Committee comprises the five appointed Council members plus the Treasurer as non-voting chairman (please see page 24 for the terms of reference and membership).

At the 2024 AGM, the Seatholders voted for a seat rate of £1,690 per seat plus VAT (£1,538 plus VAT in 2023) towards the Hall's annual costs. In total the Seat Rate generated an annual contribution to the Hall of £2,142,920 in 2024.

Ordinary and Exclusive Lets

Over time, the Seatholders have also assisted the Hall by giving up their right to attend many performances by voting at the AGM to allow the Hall to go beyond s14 of the Act.

Seatholders now exclude themselves from performances on up to 110 days during the year, which amount to approximately 130 performances each year.

The Hall is able to hire a greater number of seats to a promoter for an Exclusive performance and can therefore attract more performers and charge a higher rental fee. The difference in the rental fee is then paid to the Seatholders by means of a reduction in their annual seat rate, known as the "rebate". The rebate is defined in the 1966 Act as "any additional rent received in respect of the letting of the hall on any occasion on which the Seatholders are excluded from the hall".

In 2024 the rebate paid to Seatholders was £735,360 plus VAT, totalling £882,432, this value relates to shows from the prior year, the effect of which was to reduce the annual contribution by £580 per seat (£580 in 2023).

The performances that the Seatholders have access to, known as "Ordinary" lets, accounted for 246 of the 386 lettings in 2024. In total, the Seatholders therefore had access to 311,928 tickets. These figures include Community Ordinaries.

Other ways in which the Seatholders support the charity

Donations

In 2024, 18 Seatholders (not including council members) made donations to the Hall totalling £1,609 comprising gift with ticket, online donations and Friends and Patrons memberships.

The Hall also enables the promoters of charity events to write to the Seatholders to ask if they would like to donate their tickets to these charities. There were 9 such letters of appeal to Members in 2024 covering 12 events, from which 3032 tickets were donated to the respective charities. Members also donated 746 tickets to the Hall out of which 438 seats were sold.

Community Ordinaries

A Community Ordinary is a type of Ordinary Let only available to promoters of community events. In the case of Community Ordinaries, Seatholders are asked in advance whether they would like to give up their seats for that performance, thus allowing increased access for more participants to take part in the event. The vast majority of Seatholders give up their seats in support of the Hall and these community events. In 2024, there were 19 such performances.

The Hall's Ticket Return Scheme (TRS)

The TRS was launched in 1983. Its purpose is to provide a means through which Seatholders can sell the tickets they do not want to use and give the public the best possible opportunity to purchase from the Hall's own box office all available Seatholders' tickets for each "Ordinary let" performance and in particular to avoid as much as possible the sight of empty seats in an otherwise packed house, at sold-out concerts. All tickets returned to the TRS are sold to the public at the same price as the Hall sells equivalent promoter tickets.

Today the TRS is used by most of the Hall's Seatholders, with around 68% of tickets issued to Seatholders returned to the Hall's box office each year, greatly increasing public access to events staged in the main auditorium. The features of the Ticket Return Scheme are set by the Hall's Council and the Scheme is entirely voluntary for Seatholders. The Hall operates the TRS for any Seatholders who choose to use it (administering the Scheme through the ticketing system that the Hall already operates for Promoters' ticket sales). The Hall does not charge any fee to the Seatholders for this service and is only an intermediary between the Seatholders and the public who are purchasing their tickets. But the Hall does generate a direct income by charging the standard booking fee and levy to the public who purchase tickets. If the TRS did not exist, it is likely that there would be more empty seats in the auditorium and a higher portion of Seatholders' tickets would be put up for sale on third party websites, in some instances at prices greater than the equivalent promoter face value and in many cases at prices lower than the equivalent promoter face value.

The Members' Ticket Return Scheme is advantageous to the charity not only because it fills Members' seats when they are not being used by the Members and enables the charity to generate a direct income via the standard booking fee levied on the ticket sales, but also because the TRS buyout compensates promoters for sales of tickets displaced by Members' ticket sales. It also allows the Hall to communicate directly with the customers who buy these Members' tickets through the Hall's box office.

We estimate that the operation of the TRS, from the direct booking fee income and the indirect impact on rental revenue, was worth £1.4m to the charity in 2024 (£1.2m in 2023). A Seatholder who returned all of their tickets to the TRS would have received a gross financial return of £11,518 per seat in 2024 excluding rebate

Seatholders' rights and obligations

Being a Seatholder of the Corporation carries with it certain functions. These include:

- voting annually (usually at the AGM) to elect a President, the Treasurer and individual Council Members;

- adoption of the Annual Report and Accounts;
- the appointment of the Hall's auditors;
- the approval of the Annual Contribution (the 'seat rate'); and
- voting (as and when) to alter the Hall's constitution.

Seatholders and the Hall's financial surplus

All of the Hall's financial surplus is retained by the Hall (the Hall's charter expressly prohibits any dividend being paid to Seatholders) and is re-invested by the charity into delivering its charitable objectives, including growing a vibrant, varied and diverse programme, as well as preserving and developing a world-renowned listed building, and providing arts and education initiatives within the local London community and beyond.

The Hall estimates that its annual income benefitted by some £4.5m in 2024 (£4.4m in 2023) due to the ongoing support of the Seatholders and as a result of the various initiatives explained previously in relation to seat rate, exclusive lettings, and the operation of the Ticket Return Scheme etc. This contribution enables the charity, which receives no recurring financial support from the Arts Council or government, to fulfil its public benefit obligations to a greater degree than would otherwise be the case.

The Hall has benefited over its first 150 or so years from its distinctive model whereby capital from Seatholders was used to contribute to the building of the Hall and their continued support has enabled the Hall to continue to flourish. The confluence of interest, whereby private individuals have an in-built incentive to support the charity, is unique, visionary and in the Hall's case has proven over time to be highly successful.

Charity Governance Code and governance measures enacted in 2024

The Council of the Royal Albert Hall has considered the Charity Governance Code in detail and continues to review its compliance with it. The Council and Hall abide by and support the Code's seven principles of organisational purpose: leadership, integrity, decision-making, risk and control, board effectiveness, diversity and openness and accountability. The Trustees have debated how to apply the Code's recommendations and note that the intention is that the Code is aspirational, and a tool for continuous improvement towards the highest standards. The Hall's four ethical principles of Equity, Diversity and Inclusion; Accessibility; Sustainability; and Health and Safety, Safeguarding and Wellbeing are central to the Hall's three- year rolling Business Plan.

The Hall's constitution, in several Royal Charters and Acts of Parliament, prescribes the majority of the processes which the Council and the Hall's Executive Team must follow, including the election and membership of the Council of the Hall, giving a governance structure for the Hall which is already of the highest standard. The Council applies the Code's recommendations where appropriate, and where they do not contradict or affect the Hall's constitution itself.

There are some recommendations in the Code that cannot be applied, because the charity's constitution specifies otherwise. These include the size of the Hall's Council, and its

composition – the Hall’s constitution requires up to 24 Council members, not the ‘maximum of 12’ recommended by the Code; and three-year terms for Council member appointments, at which time a Council member can be re-elected. The charity already goes further than some recommendations – for example, it has a Conflicts Committee and a published Conflicts Policy, as well as applying the recommendations for identifying, dealing with and recording conflicts of interest.

The Corporation’s AGM held in May 2024 was held both in person and virtually, following the byelaw introduced in 2020 to enable virtual General Meetings, electronic voting and the service of formal notices electronically.

The Good Governance Institute conducted an extensive Board Effectiveness Review for the Hall in 2022 and the Council continues to enact the recommendations in this report. In particular the Hall refreshed its strategic objectives and restated its vision and purpose in 2023, leading to the introduction of a three-year rolling Business Plan in 2024.

During 2024 the Hall has continued the process of amending its constitution by means of a private Bill which was lodged in Parliament at the end of November 2022 and has now passed to the House of Commons. The contents of the Bill are:

Seat Rate Proposal

1. To drop the six-year cap on increases in the seat rate.
2. Increase the voting threshold for the annual approval of the seat rate to a 75% majority.

Exclusives Proposal

3. Provide for the Hall to seek the agreement of the Members to a variation of the provisions of section 14 of the Royal Albert Hall Act 1966 for any of the three calendar years following the year in which such a resolution may be passed.
4. Provide for such a variation to require consent by a 75% majority.

The Bill now contains amendments agreed by the House of Lords at its third reading in that House.

Report of the Council Year to 31 December 2024

Council members

Members of Council constitute the Trustees of the Corporation for the purposes of the Charities Act 2011. The following Council members served during 2024:

Council members

President of the Corporation:

Ian McCulloch

Other elected members:

Leon Baroukh MA CFA
Dr Monica Bloch PhD
Stephen Brandon MA MBA CEng
Thomas Borwick MBA
Lucinda Case (resigned 31 January 2024)
John Cooper FCA CTA
Linda Craig
Lauren Ekon (resigned 23 May 2024)
Nigel Hamway
Harry Handelsman
Peter B M Lim FCA MBA
Robert Lipson
Jeremy Marsden (appointed 23 May 2024)
James Max BSc Hons SFDR MRICS
Iain McNay
Stuart Newey MBA FCBI
Anthony Ratcliffe FRICS FRSA
Robert Shennan (appointed 1 February 2024)
Mark T Schnebli FInstD FBIM
The Hon. Alice Walpole OBE MA (Cantab)

Appointed members:

Sir Michael Dixon BSc (Sp Hons) ARCS NA (Oxon) DPhil DSc FCGI DL (*appointed by the Trustees of the Natural History Museum*)

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA (*appointed by the Royal Commission for the Exhibition of 1851*) (resigned 31 December 2024)

Lord Harrington (*appointed by the Secretary of State for Digital, Culture, Media and Sport*)

Kevin Porter (*appointed by the Council of the Royal College of Music*)

Professor Ian Walmsley (*Appointed by the Governors of the Imperial College of Science, Technology and Medicine*)

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Professor Chris Wise (*Appointed by the Royal Commission for the Exhibition of 1851*)
(*appointed 1 January 2025*)

Secretary to the Corporation:
Susan Gent

Seatholders as Council members

The majority of Council members are also Members of the Corporation who own seats in the Hall. As such they pay the Members' Annual Contribution (or seat rate), receive the rebate for Exclusive performances where they return their tickets to the Hall, receive tickets for Ordinary lets and generally enjoy Seatholders' rights on exactly the same terms as the other Members of the Corporation.

For all Council members who served during the year and up to the date of this report: the total number of seats directly or jointly owned by the 15 individual Council members is 43, with a further 70 owned by their related parties. During the period there have been eight representatives of Corporate seatholders on the Hall's Council and these Corporate seatholders own 50 seats. Two of the appointing bodies own 6 seats. In total the number of seats owned by Council members is therefore 43, with a further 108 owned by their related parties, out of the total number of seats owned by Members in 2024 of 1,268, (now 1,256). This does not include the 2 council members who resigned before (or at) the 2024 AGM.

During 2024 the Annual Contribution payable to the Hall by each Seatholder was £1,690 per seat plus VAT (2023: £1,538 plus VAT). The 'rebate' that Seatholders were entitled to during 2024, relating to prior year lettings where Seatholders were excluded, was £580 per seat plus VAT (2023: £580). Therefore, in total in 2024 Council members and their related parties paid a seat rate to the Hall of £255,190 and, offset against this, a total rebate from the Hall of £87,571.

The Hall's Council members actively supported the operation of the Ticket Return Scheme (TRS - please see page 25 for a full explanation of how the TRS works). For the 151 seats owned by the Hall's Council Members and their related parties (see above), 22,082 tickets were returned to the TRS (being 64% of the total tickets they received). The Hall put these tickets on sale on behalf of the Seatholders and, in total, this generated a payment to them of £869,584 (equivalent to approximately £5,759 per seat) for those Seatholders (paid to them during 2024, relating to the performance period November 2023 to October 2024), equivalent to £39.38 per ticket returned to the TRS.

No member of Council received any remuneration from the Corporation during the year (2023 - £nil). One member of Council received £943.48 of out-of-pocket expenses in 2024 (2023 - £52). There were no additional expenses reimbursed to Council in 2024 (2023: £2,041 reimbursed for meals with Council members or the Hall's Members). Other than the transactions noted above, no member of Council had any beneficial interest in any contract with the Corporation or its subsidiary undertakings during the year.

During the year 8 Trustees provided donations to the charity and the Royal Albert Hall Trust to carry out its charitable objectives during 2024 totalling £66,494 (2023: £21,471).

As well as giving their time freely to serve on the Hall's Council and its committees, Council members assist the Hall by hosting guests who are supportive of, or in other ways helpful in promoting the work of the Hall. In these circumstances those who entertain on the Hall's behalf will have access to seats in the Kirby Laing Box (Grand Tier 29) for themselves, for Hall guests and for one personal guest.

Council members are also encouraged to attend a variety of performances at the Hall in order to experience the range of charitable activities undertaken by the Hall and the policy for the use of the Kirby Laing Box in the Grand Tier and the provision of tickets to Council members generally (known as the GT29 policy) was amended in October 2021 to facilitate this.

For this purpose, all Council members can request complimentary tickets in the Kirby Laing Box (or stalls if the Kirby Laing Box is full) for themselves and a guest on up to ten occasions throughout the year. If Council members wish to buy additional seats in the Kirby Laing box for such performances and there are tickets available, they are able to do so. When using the Box for an Ordinary performance, Council members who are seatholders, are invited to swap a number of their own tickets for the same number in the Kirby Laing Box or the stalls, returning their tickets to the Hall (for its own use and sale), but are not obliged to do so.

During the year Council members were given 69 (2023: 81) complimentary tickets under the Hall's policy with a face value of £7,848.72 (2023: £10,364). Council members can access the staff discount on food and beverage available at the Hall. In 2024 this totalled £2,553 (2023: £3,762).

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the Hall's officers, Trustees and officers of the subsidiary company and related Royal Albert Hall Trust. The total premium charged to the Corporation was £18k (2023 - £19k) and the cover provided totalled £5million (2023 - £5 million).

Election and appointment of members of Council

In accordance with the Hall's constitution, the Council, which is the Hall's governing trustee body, comprises the President and up to 18 Members of the Corporation (i.e. they are all Seatholders) and five independent members, one being appointed by each of the Secretary of State for Digital, Culture, Media and Sport; the Trustees of the Natural History Museum; the Governors of the Imperial College of Science, Technology and Medicine; the Council of the Royal College of Music and the Royal Commission for the Exhibition of 1851.

Six out of the 18 members of Council who are also Seatholders are elected annually by rotation at the Hall's Annual General Meeting. The Members of the Corporation, also at the AGM, appoint the President who is eligible to stand for re-election every year for a maximum term of six years, at which point the President retires from office. The Treasurer (who is one of the 18 members elected by Seatholders) is also elected annually at the AGM.

The Hall's Governance and Ethics Committee considers how the Council should fill any casual vacancies on Council¹, having regard to the need to achieve a balance of skills, experience and specialist knowledge within the Council. The Members of this Committee then meet potential candidates before putting their recommendations to Council for approval. Historically the Council undertakes an annual Board Effectiveness Review which has been either carried out by the Hall's auditors, or internally by the President meeting with each Committee Chair to review that Committee. As described above, in 2022, the Council carried out an in-depth external Board Effectiveness Review using the Good Governance Institute and is currently enacting the recommendations from this Review.

The Council appoints the Secretary to the Corporation, who is responsible for all charity, governance and administrative aspects of the Corporation's and Council's affairs and for company secretarial duties. Susan Gent has been the Secretary to the Corporation since December 2018.

Council members' Induction and Training

The Secretary to the Corporation provides all new members of Council, the Hall's subsidiary trading companies and the RAH Trust with an induction programme which includes a full briefing on the purposes of the Charity and its provision of public benefit, the Corporation's constitutional structure, their obligations as Trustees under charity law and the Corporation's Scheme of Delegation and decision-making processes. This is supplemented by an induction session with the Hall's Executive team.

Statement of Council's responsibilities

The Council is responsible for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Corporation and the group and of their incoming resources and application of resources for that period. In preparing these accounts, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any departures disclosed and explained in the financial statements;

¹ Royal Albert Hall Act 1966 Schedule 2(8): Power for Council to fill up casual vacancies

Report of the Council Year to 31 December 2024

- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in operation.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Corporation's constitution. It is also responsible for safeguarding the assets of the Corporation and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Organisation

The direction and control of the Corporation is determined by Council, which meets at least five times a year. The role of Council is to oversee the Corporation's strategy in pursuit of its charitable objectives, to set policies and to ensure that the Charity is properly and effectively managed.

The following committees of Council have been established to deal with specific aspects of the work of the Corporation as defined in their terms of reference, which are set out in abridged form below. Meetings of the Council and of various Committees are attended by the Hall's Chief Executive, the Secretary to the Corporation, and variously by other members of the Executive team.

Since 2016, Mrs Lin Craig has been the Trustee with safeguarding responsibility and through the Chief Executive, Nigel Wilson (Director of People and Culture) is responsible for the implementation of the procedures and policy as Child Protection Officer.

The Safeguarding Committee acts as a forum for the Safeguarding Officers and other key personnel to ensure the Hall's Safeguarding Policy is up to date and operational activities are effective and in line with best practice. It reports annually to Council via the Chief Executive's report to Council. The Safeguarding Committee and the Trustee with safeguarding responsibility receive training on the policy and their roles and responsibilities. Training for other key personnel is ongoing.

Stuart Newey is the Trustee with specific oversight for matters of security.

◆ *Conflicts Committee*

The Committee considers and responds to any decision of Council which involves a Designated Collective Conflict (a conflict that involves all seatholding members of Council) as referred to it under paragraph 19 of the Conflicts Policy (published on the Hall's website), to determine whether such decisions have been made in the best interests of the charity. The Committee also considers and responds to any decision referred to it by the President or Secretary to the Corporation.

At the request of the President, it also advises individual Trustees, the Council, all committees, the boards of subsidiary companies, and, where appropriate, staff, generally, on conflicts of interest. The Committee also monitors the implementation of the Conflicts Policy; recommends appropriate systems for promoting and monitoring compliance with this policy; reviews annual and other declarations of interest and briefs the Council or the President on any difficult individual cases referred to it. The minutes of the Committee are provided to the Auditors throughout the year and the Secretary to the Corporation prepares an annual report of the working of the Conflict Committee for the Committee and the auditors.

The Committee was chaired by a non-voting Seatholder, Lucinda Case until 31 January 2024. Subsequently the Committee has been chaired by Sir Michael Dixon during 2024. Voting members of the Committee during the year have been Sir Michael Dixon, Kevin Porter, Monica Bloch, Prof Ian Walmsley and The Hon. Alice Walpole, none of whom have personal seatholdings.

◆ *Finance, Audit and Risk Committee*

The Committee considers and makes recommendations to the Council on: the annual income and expenditure budget; longer term business plans and capital expenditure programmes; the Hall's Investment Policy and the Auditors' Annual Report. It is responsible for monitoring the financial performance of the Corporation against budget and business plans; ensuring proper financial and accounting controls; compliance with statutory requirements and risk management. It is also responsible for making recommendations to Council with respect to the appointed Auditors, the approval of external and internal audit plans and the consideration of any matters raised by the auditors. The Committee is also responsible for the oversight of the Hall's security. The Finance, Audit and Risk Committee has a delegated authority of up to £500,000.

The Honorary Treasurer, Stuart Newey, chairs this Committee, which meets at least four times a year. Other members during the year were Leon Baroukh, Peter Lim, John Cooper, Nigel Hamway and Jeremy Marsden.

◆ *Seat Rate Committee*

The Seat Rate Committee has two purposes:

1. to review the purpose of the Seatholders' seat rate, as set out in the 1966 Act, and the consequent principles upon which it should be calculated, and to advise Council accordingly; and
2. annually, to recommend to Council the level of the seat rate that the Seatholders will be invited to approve at the next Annual General Meeting.

The Committee's members during the year have been the Honorary Treasurer, Stuart Newey (non-voting Chairman) and the current independent Appointed Members of Council: Richard Harrington, Sir Michael Dixon, Jim Eyre and Kevin Porter. Prof Ian Walmsley and Prof Chris Wise join this Committee in 2025.

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◆ *Fabric Committee*

The Committee advises Council on all matters relating to the preservation, maintenance and further improvement of the Hall and its setting. It also oversees the Hall's sustainability work and its Carbon Management Plan. During 2024, Anthony Ratcliffe chaired this Committee. The Committee meets four times a year. Other members during the year were Harry Handelsman, Jim Eyre, Stephen Brandon and the Hon Alice Walpole OBE. Nigel George, Martin Williams, Tanvir Hassan and Lady Moynihan serve as co-opted non-voting members on this Committee.

◆ *Development Committee*

This Committee oversees all aspects of the Hall's philanthropy and fundraising, including the outcomes of fundraising events and on the resources expended, giving a broad overview of the Hall's fundraising. The Committee also reviews and reports on the Hall's sponsorships and partnerships. The Committee is chaired by Nigel Hamway. Other members during the year were Robert Lipson, James Max, Richard Harrington, Stephen Brandon and Thomas Borwick.

◆ *Programming, Archives and Marketing Committee*

Council appoints a Chief Executive who, together with the Executive Team, is responsible for all aspects of the day-to-day running of the Hall, including programming the annual calendar of performances. The Programming Committee advises Council and monitors on its behalf the Hall's Programming strategy (including its Engagement Work and performances on and off the main stage), the extent to which they meet the Hall's charitable objects and financial objectives and to ensure they comply with the Hall's constitution and the Hall's Programming Policy. Section 14 of the 1966 Act specifies the number of occasions on which Seatholders may be excluded from the Hall (Exclusives as explained above) – each year at the AGM, the Members of the Corporation agree to more or different Exclusives than the 1966 Act allows, enabling the Hall to operate with more latitude than the Act would otherwise allow, to the benefit of the charity. The Programming Committee oversees the allocation of Exclusive and Ordinary performances and the shows promoted by the Hall itself.

During 2024 James Max chaired this Committee. The Committee meets at least four times a year. Other members during the year were Leon Baroukh, Robert Lipson, James Max, Iain McNay, Monica Bloch and Bob Shennan.

◆ *Governance, Ethics and Reputation Committee*

The Committee advises Council on the conduct of the affairs of the Corporation, in compliance with:

- Its constitutional documents which include its Royal Charters, Acts of Parliament and Byelaws, in combination colloquially referred to as 'The Blue Book', having particular regard to the consolidated constitution of the Corporation as set out at Schedule 2 of the Royal Albert Hall Act 1966;
- Legislation, regulation and guidance on best practice in relation to registered charities.
- Best practice on corporate and charity governance.

It also advises Council on due diligence on major donors and sponsors, the structure and membership of Council Committees, reviews nominations for membership of Council (for casual vacancies) and makes recommendations accordingly, and reputational issues generally. The Committee is chaired by the President and meets at least 4 times per year, and as necessary to consider appointments and due diligence. Members during the year were Leon Baroukh, Mrs Lin Craig, Sir Michael Dixon, James Max, Kevin Porter, Mark Schnebli, the Hon Alice Walpole and Jeremy Marsden.

◆ *Members' Liaison Committee*

The Committee advises the Council on all matters relating to the role of the Members in the conduct of the affairs of the Corporation. It also provides a means of communication between the Members and the Hall, promotes Member support for Hall activities and oversees communications to the Members. Mrs Lin Craig chairs this Committee which meets at least four times a year. Other members during the year were Monica Bloch, Stephen Brandon, John Cooper, Mark Schnebli and Thomas Borwick. Larry Viner, Ed Milner and Verity Waterbury (who are also seatholders) served as co-opted members.

◆ *Remuneration and HR Committee*

The Committee is chaired by the President and deals with HR matters together with the salary and performance of direct reports to the President (the Chief Executive and the Secretary to the Corporation), the salary and performance of the Directors and succession planning. Ian McCulloch chaired the committee and the Members during the year were Mrs Lin Craig, Sir Michael Dixon, Michael Jackson, , Lauren Ekon and Bob Shennan.

◆ *Sustainability Working Group*

During 2024, the Sustainability Working Group continued to oversee the production of the Hall's Carbon Management Plan. This Working Group is chaired by Stephen Brandon. The Carbon Management Plan was presented to Council in February 2024.

Hall Staff

♦ *The Executive Team*

The day-to-day management of the Corporation is the responsibility of the Chief Executive, James Ainscough OBE.

The Chief Executive is supported by the Executive Team who throughout 2024 were:

Chief Operating Officer	Dan Freeman (until September 2024)
Finance Director	Dan Lill
Director of Programming	Matthew Todd
Director of Building & Operations	Neal Hockley
Director of Audiences	Louise Halliday
Director of People and Culture	Nigel Wilson
Director of Philanthropy	Darranda Rowsell

The Chief Executive, supported by the Executive Team, is responsible for the development and implementation of strategy and business plans for the Corporation, for policy recommendations to Council, for the development and implementation of appropriate controls and procedures and for the day-to-day management of its operations. The Directors and the Secretary to the Corporation meet at least twice a month to monitor operational and financial progress against plans approved by Council and to discuss strategic objectives. A wider group comprising all Heads of Department meets on a weekly basis with the Executive to exchange information on operational issues.

♦ *Employees*

The Corporation strives to be an equal opportunities employer. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, trained, promoted and treated on the basis of their relevant merits and abilities.

Remuneration Policy

The Hall's approach to remuneration is designed to ensure it can attract and retain the talented and motivated people needed to achieve its vision and values. The policy is applied consistently across the organisation, with the aim of paying competitively in the not-for-profit sector within the context of affordability. Each year the Hall's Executive team (with approval from the HR & Remuneration Committee and Council) set a rate of increase for Hall-wide salaries and hourly pay to take account of the impact of general inflation. Above-inflation pay increases are only awarded to individuals for changes in role/responsibility, exceptional performance or with regard to changes in industry norms for comparable roles. These are determined on a case-by-case basis, within the constraints of the annual budget. The remuneration of the Executive team is set annually by the HR & Remuneration Committee.

The Hall does not use volunteers.

Connected charities and related parties

The accounts consolidate financial information of the Corporation of the Hall of Arts and Sciences and its wholly owned trading subsidiaries, Royal Albert Hall Developments Ltd (company number 01539294) and RAH Concerts Ltd (company number: 10664172 which was dissolved in 2024) and a related charity, the Royal Albert Hall Trust (charity number: 285111). This requires the line-by-line consolidation of the operating results of these subsidiary undertakings in the statement of financial activities.

Royal Albert Hall Developments Limited (RAHDL) is responsible for the Hall's trading activities, namely catering, merchandising, tours, retail, licensing boxes for corporate use and selling hospitality packages. For further details of RAHDL please see note 15.

The Board of RAHDL meets at least 4 times per year. RAHDL is chaired by Leon Baroukh and other Directors during 2024 were James Ainscough, Peter Lim, Stuart Newey, John Cooper, Nigel Hamway, Mark Schnebli and Dan Freeman. The independent Director on the Board of RAHDL is Charles Gilkes. The Secretary to the Corporation is the Company Secretary of RAHDL.

The Royal Albert Hall Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have reviewed procedures in place to ensure that all funds received, are properly utilised by the Corporation in line with donors' restrictions or wishes, on projects which are efficiently managed and fully completed. The Trustees of the Royal Albert Hall Trust, (Registered Charity No: 285111), a connected charity, are the President and additional trustees appointed to the Trust following the amendment of the Trust Deed for the RAH Trust in 2019/2020. The Trust donated £1.2m to the Corporation in 2024 (2023 - £2.1m). Prior to 2023, the trustees of the Trust also included the Vice-President of the Corporation, but the Trust Deed was further amended in 2023 so that this requirement was removed. During the year, the Trust received the bequest of a seat in the Hall which is currently held by the Trust to produce income.

Fundraising

The Corporation does not engage any third parties in its fundraising efforts and all approaches and relationships are managed by our internal Philanthropy team with introductions or referrals being affected by our Philanthropy Advisory Board and other close contacts or through our database and legitimate online research.

The Philanthropy Board performs an introductory function, allowing the team to meet more potential supporters with an interest in the Royal Albert Hall. The efforts of the Philanthropy

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Board are monitored by the Development Committee which is the conduit between the Philanthropy Board and the Hall's Council.

During the year the Corporation did not receive any complaints regarding Fundraising. The Hall is a member of the Fundraising Regulator and adheres to the Fundraising Code and all good standards of practice.

As set out in our Philanthropy Policy, the Hall's fundraising team adheres to Section 1.2 of the Code of Fundraising Practice and is committed to protecting vulnerable donors. We comply with all legal requirements relating to data protection, under the Data Protection Act 2018 and the UK GDPR and do not share any data for the purposes of fundraising with third parties or data sharing schemes. We regularly carry out data protection impact assessments to ensure that we comply with the UK GDPR and we do not engage in intrusive practices.

Risk management

The Council has established a process for identifying and reviewing the major strategic and operational risks (including financial, reputational, health and safety, and security risks) to which the Corporation is exposed. The Council is satisfied that systems and controls have been established and are functioning to mitigate and manage those risks. The current Risk Management Policy Framework was approved by Council in 2018. The framework ensures that major risks are identified on a regular basis, and progress is monitored against mitigating actions.

The Executive review the strategic risks every quarter and the divisional risk registers are reviewed by the senior management team and the respective Heads of departments. The risk registers score risks according to probability of occurrence and the impact on the organisation (the "gross risk"). The registers also note the "net risks" and "residual risks" after taking into account existing controls and further mitigating actions respectively. The Executive's risk appetite to strategic risks is generally low.

The Hall ensures a multi-year programme of regular internal audits is maintained. Internal Audit reports are presented to the Finance, Audit and Risk Committee.

The principal risks and uncertainties to the Hall are detailed below.

Risk	Management
Major Emergency or Incident Fire Terror attack Crowd surge Major Security breach, protest or demonstration Accident at work	◆ Fire alarm system in place with relevant mechanical controls, sprinkler system and detection. ◆ All Visitor Service staff and Duty Managers trained in evacuation at induction level and twice-yearly including practice drills. ◆ Ongoing fire and evacuation drills done through the year with staff. Scenario training for Duty Managers, DSMS and Event Managers. ◆ Fire lane access kept clear for attendance by Fire brigade ◆ CCTV System, Access Control system ◆ Intruder alarm ◆ Security Search and screen for public. ◆ ACT and Scan training for all staff ◆ Limited capacities in standing areas. ◆ Standing area accreditation system in place ◆ Age restrictions for standing areas. ◆ Correct barriers in place. ◆ Trained and experienced staff in standing areas. ◆ Limited capacities for building occupancy ◆ External Security Patrols, searches on entry ◆ Pre event assessments, information gathering ◆ Accreditation system in place ◆ Security response teams, Stage Security ◆ Evacuation and invacuation procedures, documented ◆ Regular staff training, permits to work, 'Toolbox' talks, ◆ PAT and servicing of equipment ◆ Regular Risk assessments carried out ◆ Accident and near misses logged and investigated
Major Systems or Equipment Failure Cyber attack Data Breach Website or email failure Server Room fire or flood Utility supply failure	◆ Gold, Silver, Bronze command and control structure ◆ Disaster recovery plan in place ◆ Adherence to ICO protocols and procedures ◆ Immutable daily backups stored on and offsite ◆ Cyber insurance policy ◆ Ability to take manual bookings ◆ Compulsory cyber security awareness training for new starters and all staff annually. ◆ All redundant equipment containing sensitive data is securely destroyed using specialist provider ◆ Show stop, pause and delay procedure ◆ Managed egress procedure ◆ Standalone/manually deployed CO2 extinguisher

Sustained lighting and audio failure	◆ Staff in key locations during performance ◆ Incident Management procedure ◆ Back-up power supply and power switching system ◆ Equipment procurement and replacement plan ◆ Critical spares in place ◆ Staff training in place for use of equipment
Structural damage or collapse Impact of major building project Lack of funds or income for maintenance or repair Staging, flooring or set collapse Fire, flood or extreme weather impact or damage	◆ Structural Engineer appointed to review projects or abnormal event weight loadings ◆ Insurance inspections, temperature monitoring ◆ Safe working loads signed off ◆ Three-year business plan and long-term estate plans to ensure the correct level of financial resources are allocated towards maintaining the Grade I listed building ◆ Designs and build plan pre-approved by RAH Event Managers ◆ In house technical and events team supervising external productions. ◆ Equipment stored and locked in safe locations ◆ Controls locked via key and access code system ◆ Risk assessments for all events and new activity in place ◆ Good level of fire protection in place ◆ Emergency and evacuation procedures in place ◆ Monitoring and repair of weather-related damage
Significant Loss of Revenue or Funding Major projects overspend Sustained low ticket sales and audience attendance Major financial fraud/theft Sudden loss of major partner or contractor, e.g. caterer, promoter, building contractor Sudden long-term closure of venue	◆ Robust internal controls and processes to mitigate major overspends ◆ Focused approach to resourcing for under performance of ticket sales ◆ Robust controls in place for payment and cost reporting ◆ Monthly management accounts reviewed by leadership team ◆ Limited access to the Hall's finance and banking systems ◆ Well established and effective relationship with current partners, contractors and key service providers ◆ relationships maintained with other providers in the market ◆ Key third party contracts identified and extended to ensure business continuity, i.e. Catering, Security, Promoters ◆ Business interruption fund in free reserves, equivalent to six months of operating expenditure ◆ Business interruption insurance

Significant Staff Shortages High turnover of staff due to short supply and wage inflation Inability or delay in recruiting key positions Inability of contractors and agencies to provide staff Low availability given from casual and part time staff to cover shifts	◆ Remuneration and employee benefits is benchmarked regularly ◆ Existing flexible working request procedure in place. ◆ Recruitment is prioritised when needed by People and Culture for specific teams with high vacancies. ◆ Key partners have contingency plans and enhanced initiatives to secure the quantity and calibre of temporary staff required to work at the Hall. ◆ Effective scheduling, as far in advance as possible ◆ Regular reviews of teams' resources ◆ Relationship with multiple agencies
Major Safeguarding Breach	◆ Robust code white procedure for reported incidents or missing children and adults at risk. ◆ Show stop, pause and delay procedure. ◆ Violence at work procedure ◆ Mental Health first aid programme. ◆ Working PA system ◆ In house events and programming teams to manage artist liaison. ◆ Director on duty function. ◆ On call safeguarding leads ◆ Local police contacts ◆ Hall safeguarding committee and officers in place to assess risks
Significant Reputational Damage Inappropriate behaviour or statement from an associated person, group or organisation Large scale negative press coverage about governance and the conflation of secondary ticketing Major accident or incident resulting in loss of life or life changing injuries	◆ Well-developed and good relationships with major artists, their managers and promoters ◆ Reputational and liability clauses in contracts ◆ Policies and procedures in place to deal quickly and effectively with any incidents of this nature ◆ Successful Partner and Donor schemes ◆ Charity Commission whistleblowing process ◆ Documentation and statements have been prepared in response to queries. ◆ Monitor secondary websites ◆ Robust Emergency Procedures in place and clear roles and responsibilities for key staff members to help mitigate the recover

Going Concern

This report sets out a review of financial performance and the charity's reserve position. We have adequate financial resources and are well placed to manage the business risks.

Our planning process, including financial projections, has taken into consideration the current economic climate of inflation, changing energy prices and the current cost of living challenges and its impact on the various sources of income and planned expenditure. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. The accounts have therefore been prepared on the basis that the charity is a going concern.

2024 has built on the strong performance in 2023, and again was not hindered by any enforced closures seen in previous years. Ticket sales were strong throughout the year, culminating in an excellent Christmas season. Expenditure continued to be tightly controlled and the year proved to be the Hall's strongest financial performance in its history, for the second consecutive year. This has allowed its general and designated funds to be replenished in line with the Hall's (See note 22) reserves policy after the negative impact of Covid-19.

On 24 February 2021, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund as security against future losses and, if necessary, to fund essential maintenance works (although our plan is to do so out of operating surpluses). The loan is repayable over 20 years and carries an interest rate of 2%. The Hall is in a strong position to start repayments as planned, starting March 2025.

In 2024, our organisation embarked on a new three-year business planning process, including financial projections for 2025-2027. It has taken into consideration current uncertainties. The directors have reviewed the current financial position of the Hall for the foreseeable future and have taken action as necessary to manage risks arising from different scenarios.

It is reasonable to expect the Corporation to generate adequate income to continue in operation for the foreseeable future, being the period of at least 12 months from the date of approval of these financial statements. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Related Parties

Subject to the items set out in this report, none of the Trustees receives remuneration or other benefit from their work with the charity. The relationship between Seatholders, Council members and the Hall is described in full on pages 27 to 37.

Any connection between a Trustee or senior manager of the charity with a promoter, contracted performer or exhibitor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party and recorded in the Hall's register of related party transactions.

Report of the Council Year to 31 December 2024

Approved by the Council on 1 April 2025 and signed on its behalf by

A handwritten signature in black ink, reading "Ian McCulloch". The signature is written in a cursive style with a large initial 'I'.

Ian McCulloch President

Independent Auditor's Report to the Members of the Corporation of the Hall of Arts and Sciences

Opinion

We have audited the financial statements of The Corporation of the Hall of Arts and Sciences for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charity and the group as at 31 December 2024, and of the group's incoming resources and application of resources, 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 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 32, the Trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's 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 any party other than the charity and charity's Trustees as a body, for our audit work, for this report, or for the opinion we have formed.



Moore Kingston Smith LLP

Statutory auditor
9 Appold Street
London
EC2A 2AP

24 April 2025

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

The Corporation of the Hall of Arts and Sciences

Consolidated statement of financial activities Year to 31 December 2024

	Notes	Unrestricted funds £'000	Restricted funds £'000	2024 Total funds £'000	2023 Total funds £'000
Income:					
Donations and legacies	1	1,858	1,457	3,315	3,248
Income from charitable activities:					
Operation of Hall	2	41,174	-	41,174	32,480
Investment income and interest		3,266	-	3,266	1,976
Income from other activities:					
Commercial trading operations	3	12,770	-	12,770	16,659
Total income		59,068	1,457	60,525	54,363
Expenditure:					
Costs of raising funds		642	-	642	553
Expenditure on charitable activities:					
Maintaining and developing the Hall	4	10,714	47	10,761	9,581
Promoting the arts and sciences	4	34,612	593	35,205	32,143
Interest repayable		415	-	415	415
Total expenditure		46,382	640	47,022	42,692
Net income		12,686	817	13,503	11,671
Transfer between funds	21/22	173	(173)	-	-
Actuarial loss on pension scheme	25	(1,320)	-	(1,320)	
Net movement in funds		11,538	644	12,182	11,671
Reconciliation of funds:					
Fund balances brought forward at 1 January		59,722	2,706	62,428	50,757
Fund balances carried forward at 31 December		71,260	3,350	74,610	62,428

All of the group's activities derived from continuing operations during the two financial periods above.

For the parent charity alone, total income for the year was £54.9m (2023: £47.2m) and net income was £11.4m (2023: £12.1m).

The notes on pages 50 to 82 form an integral part of these financial statements.

The Corporation of the Hall of Arts and Sciences

Balance sheet 31 December 2024

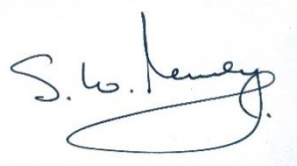
	Notes	Corporation 2024 £'000	Group 2024 £'000	Corporation 2023 £'000	Group 2023 £'000
Fixed assets					
Tangible assets	11	51,415	51,415	51,069	51,069
Intangible assets	12	312	442	453	453
Investments	15	11,500	11,500	-	-
Investment in subsidiary	16	25	-	25	-
		63,252	63,357	51,547	51,522
Current assets					
Stock	17	-	216	-	154
Debtors	18	4,840	8,486	15,431	6,935
Short-term deposits		21,500	21,500	15,000	25,000
Cash at bank and in hand		42,086	43,521	31,678	38,132
		68,426	73,723	62,109	70,221
Current liabilities					
Creditors: amounts falling due within one year	19	39,706	41,724	31,876	37,401
		39,706	41,724	31,876	37,401
Net current assets		28,720	31,999	30,233	32,820
Total assets less current liabilities		91,972	95,355	81,780	84,342
Creditors: amounts falling due after one year	21	20,745	20,745	21,914	21,914
Total net assets		71,227	74,610	59,866	62,428
Represented by					
Funds and reserves					
Restricted funds	22	97	3,350	144	2,706
Unrestricted funds	23	71,130	71,260	59,722	59,722
		71,227	74,610	59,866	62,428

The notes on pages 51-83 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 1 April 2025 and signed on their behalf by:



Ian McCulloch
President



Stuart Newey
Honorary Treasurer

The Corporation of the Hall of Arts and Sciences

Consolidated cash flow statement Year to 31 December 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities	A	13,524	19,668
Cash flows from investing activities	B	(8,135)	(29,061)
Cash flows from financing activities	C	-	-
Changes in cash and cash equivalents in the reporting period		5,389	(9,393)
Cash and cash equivalents at the beginning of the reporting period		38,132	47,525
Cash and cash equivalents at the end of the reporting period		43,521	38,132
Comprising			
Cash at bank and in hand		43,521	38,132
Total cash and cash equivalents at the end of the reporting period		43,521	38,132

Notes to the cash flow statement for the year to 31 December 2024

A Reconciliation of cash flows from operating activities	2024 £'000	2023 £'000
Net income for the reporting period (as per the statement of financial activities)	13,503	11,671
Adjustments for:		
Pension loss	(1,320)	-
Depreciation charges	2,760	2,559
Amortisation	141	150
Disposal of tangible assets	26	34
Dividends, interest and rents from investments	(3,266)	(1,976)
(Increase)/decrease in stock	(62)	(44)
(Increase)/decrease in debtors	(1,282)	(957)
Decrease/(increase) in creditors	3,154	8,231
Donated asset	(130)	-
Net cash provided by (used in) operating activities	13,524	19,668

B Cash flows from investing activities	2024 £'000	2023 £'000
Dividends, interest and rents from investments	2,997	1,558
Purchase of property, plant and equipment	(3,132)	(5,599)
Purchase of intangible assets	-	(20)
(Increase) in cash deposits	(8,000)	(25,000)
Net cash (used in) investing activities	(8,135)	(29,061)

C Cash flows from financing activities	2024 £'000	2023 £'000
Proceeds from new loans	-	-
Repayments on borrowings	-	-
Net cash provided by (used in) financing activities	-	-

D Net funds reconciliation	1 January 2024 £'000	Cashflow £'000	Other non- cash changes £'000	31 December 2024 £'000
Cash at bank and in hand	38,132	5,389	-	43,521
Borrowings	(21,914)	-	(415)	(22,329)
	16,218	5,389	(415)	21,192

Principal accounting policies Year to 31 December 2024

Company information

The Corporation of the Hall of Arts and Sciences (“the Corporation”), its wholly-owned subsidiary, Royal Albert Hall Developments Limited (RAHDL) and subsequent wholly owned subsidiary RAH Concerts Limited, and its related charity, Royal Albert Hall Trust (RAHT) all serve to promote the Arts and Sciences and the preservation and enhancement of the Grade I listed building which is held in trust for the nation. The Royal Albert Hall constitutes a public benefit entity as defined by FRS 102.

The Corporation is a registered charity (registered number: 254543) which is incorporated and domiciled in the UK. The address of the registered office is Royal Albert Hall, Kensington Gore, London, SW7 2AP, UK.

Basis of accounting

These financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practise. The accounts (financial statements) have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The group accounts consolidate on a line-by-line basis the accounts of The Corporation of the Hall of the Arts and Sciences (“the Corporation”), its wholly-owned subsidiary Royal Albert Hall Developments Limited (RAHDL) and its connected charity Royal Albert Hall Trust (RAHT). In 2024 RAHDL’s wholly owned subsidiary RAH Concerts Limited (RAHCL) was wound up.

The individual entity accounts of Royal Albert Hall have taken advantage of the disclosure exemption under FRS 102 from preparing its own cash flow statement and to separately disclosure categories of financial instruments and items of income, expenses, gains or losses relating to instruments as these have been presented on a group basis in the notes to the accounts.

Going concern

The Hall derives its surpluses primarily from performances and commercial activity directly related to performances, as well as bank interest and philanthropic support, and relies on its own reserves for working capital requirements.

Principal accounting policies Year to 31 December 2024

Going concern (continued)

In 2024 the Hall was able to build on the success of 2023, with strong ticket sales throughout the year, culminating in an excellent Christmas season. Expenditure continued to be tightly controlled and 2024 proved to be the Hall's strongest financial performance in its history.

Whilst the Hall was financially weakened during the pandemic, we have since returned to full time business and financial surplus and have been able to replenish our general and designated funds (see note 23). Our planning process, including financial projections, has taken into consideration the current economic climate of inflation, high energy prices and the current cost of living crisis and its impact on the various sources of income and planned expenditure. A designated fund relating to 6 months of operating expenditure has been established to ensure the Hall is in a strong financial position, should any significant future event impact the organisation.

On 24 February 2022, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund as security against future losses and, if necessary, to fund essential maintenance works (although our plan is to do so out of operating surpluses). The loan is repayable over 20 years and carries an interest rate of 2% with repayments starting March 2025.

The Trustees have reviewed the current financial position of the Hall for the foreseeable future and have taken action as necessary to manage risks arising from different scenarios. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. It is reasonable to expect the Charity to generate adequate income to continue in operation for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described below, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Principal accounting policies Year to 31 December 2024

Critical accounting judgements and key sources of estimation uncertainty (continued)

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 24.

Fixed assets – decisions are taken by the charity in determining whether expenditure meets the criteria for being capitalised and also in determining the useful life of assets as set out in the applicable accounting policy notes and notes 11 – 13 in the accounts.

Financial instruments

If the Corporation has any basic financial instruments, they are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors. Investments in subsidiary undertakings are held at cost less impairment.

Cash and cash equivalents include cash in hand, deposits at call with banks, other short-term liquid investments with original maturities of 3 months or less. Short-term liquid investments with original maturities of 3 months or more are included in short-term investments.

Short-term liquid investments with original maturities of 12 months or more following the end of the accounting period are included within fixed term investments. See investments accounting policy for further detail.

Stock is included at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Accounting for income

Income is recognised in the period in which the charity is entitled to receipt of the funds if performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Accordingly, rental income, ticket sales and commission, income from trading activities and other show-related income is recognised as income on the day that each show takes place. Income from licensing of boxes and Members' annual contributions is recognised over the period to which it relates.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Legacies are recognised on the earlier of the receipt of funds or the receipt of final agreed estate accounts which shows that the income is probable, and the amount can be measured reliably. Donated assets are recognised at their market value.

Principal accounting policies Year to 31 December 2024

Accounting for income (continued)

Income which is derived in exchange for donated goods and services is recognised as income in the period in which the charity is entitled to receipt of the funds, a matching expense is recognised at the same point in time. The income is recognised at the cost to the Hall of providing those services.

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received.

Expenditure

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

- a. Costs of raising funds comprise the direct costs and overheads associated with generating donated income and holding fundraising events.
- b. Expenditure on charitable activities includes the Corporation's primary charitable purposes of maintaining the Royal Albert Hall and, through its use, promoting the arts and sciences.

Allocation of support costs

- a. Support costs are for those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include personnel development, financial procedures and management, provision of office services and equipment and a suitable working environment. The bases on which support costs have been allocated are set out below in note 5.
- b. Governance costs comprise: 100% of the cost of the Secretary to the Corporation and their assistant; 12.5% of the cost of the Chief Executive and their assistant; audit fees; and the annual general meeting, legal fees and council meeting expenses.

Termination Payments

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy or (iii) the employee's contract is terminated and payment has been made in full.

Pension costs

The Corporation has two pension schemes, the Royal Albert Hall Stakeholder Pension Plan and the Royal Albert Hall Pension Scheme. It also uses The Peoples' Pension to fulfil its auto-enrolment obligations.

Principal accounting policies Year to 31 December 2024

Pension costs (continued)

All staff are entitled to join the Royal Albert Hall Stakeholder Pension Plan, which with effect from 1 September 2006 is the only scheme open to new entrants.

The Royal Albert Hall Pension Scheme has both a defined contribution section and a defined benefit section. The defined benefit section was closed to new entrants in 1997 and ceasing of accrual on 31 December 2014; the defined contribution section was closed to new entrants on 31 August 2006.

◆ *Stakeholder Pension Plan and The Peoples' Pension*

Pension costs for the Royal Albert Hall Stakeholder Pension Plan and The Peoples' Pension are charged to the statement of financial activities as they become payable.

◆ *Defined contribution section*

Pension costs for the defined contribution section of the Royal Albert Hall Pension Scheme are charged to the statement of financial activities as they become payable. The cost is split by department depending on the role of the individual. In 2020, the Scheme's trustees transferred responsibility for the defined contribution section funds from the Scheme into the Legal & General (L&G) Mastertrust, which is run by a board of professional trustees independent of L&G.

◆ *Defined benefit section*

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the Corporation's defined benefit section of the Scheme expected to arise from employee service in the period is allocated to the respective expense category (as outlined above) in respect to staff costs.

Tangible fixed assets

All assets costing more than £10,000 (other than heritage assets – see below) which have an expected useful life exceeding one year are capitalised.

Freehold land comprising car parking spaces and those assets included in the art collection are included in the accounts at their deemed cost having taken advantage of the transitional rules of the previous accounting standard, FRS15: Tangible Assets (see note 11 for details). All other assets are included at cost.

Tangible fixed assets are depreciated at the following annual rates in order to write them off over their estimated useful lives (see note 5):

◆ Property costs	5% - 10% per annum based on cost
◆ Basement	1% per annum based on cost
◆ Plant, fixtures, fittings and equipment	5% - 20% per annum based on cost
◆ Computers and office equipment	20 - 33.3% per annum based on cost

Principal accounting policies Year to 31 December 2024

Tangible fixed assets (continued)

Expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed. Expenditure on the building is capitalised if it fits within the criteria for capitalisation highlighted within FRS102 which refers generally to the recognition of an "asset" if and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably.

Assets under construction are not depreciated until complete and operational.

No depreciation is charged on freehold land.

No depreciation is provided on the Hall's Art Collection as its expected useful life is indefinite. Annual impairment reviews are undertaken and provision is made accordingly.

Intangible fixed assets

In accordance with FRS 102 website and digital costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Intangible fixed assets are amortised at the following annual rates in order to write them off over their estimated useful lives (see Depreciation and amortisation in note 5):

- ◆ Website / Software 20-33% per annum based on cost
- ◆ Property rights 10% per annum based on cost,

Heritage assets

The land and buildings comprising the Royal Albert Hall have been classified as heritage assets. The Hall is an asset of acknowledged historic importance and must be held indefinitely in direct furtherance of the Corporation's charitable objects i.e. to maintain the Hall and, through its use, to promote the arts and sciences.

Following the creation of the Archive room in 2023, Council has reviewed the classification of the Archival collection in the financial statements and has determined that it should be regarded as a Heritage asset given its unique status documenting the history and development of the Hall.

Principal accounting policies Year to 31 December 2024

Heritage assets (continued)

The collection is held primarily for its contribution to knowledge and culture and is now accessible to the public and for academic research. Where valuations have been easily ascertainable, items in the collection have been recognised in the financial statements at their estimated value on adoption of FRS102 which has been treated as deemed cost. Other items in the Archival collection have not been accorded a value in these financial statements as their original cost or value on accession occurred many years ago and is therefore no longer available, and in many cases would not be material to the financial statements.

As reliable cost information is not available and conventional valuation approaches lack sufficient meaning given that certain aspects of the building and its historic significance are irreplaceable, no value is included on the balance sheet in respect of the Hall.

As explained fully within note 13 of the accounts, all subsequent expenditure incurred on the land and buildings of the Royal Albert Hall is reviewed to determine whether it meets the criteria set out in FRS 102 for capitalising subsequent expenditure on an asset. Where the criteria is not met the expenditure is accounted for through the statement of financial activities.

Investments

Investments relate to cash deposits held for investment purposes. These are held at their fair value.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose or contributions, subject to donor-imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects – based on decisions made by Trustees

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Corporation's charitable objects.

Government loan

The £20.7m loan from Arts Council England and the Department of Culture, Media and Sport is considered to be a public benefit entity concessionary loan as the interest rate of the loan is below the prevailing market rate.

The loan is valued at amortised cost using the effective interest method. Interest is accrued annually at 2% and is repayable over 20 years, with a repayment holiday for the first four years. The interest is accrued and added to the initial £20.7m loan.

As at 31 December 2024, the loan remained fully drawn down. Repayments commence in March 2025.

Principal accounting policies Year to 31 December 2024

Taxation – subsidiary

Theatre tax relief credits payable to the trading subsidiary in relation to eligible expenditure on theatrical productions are recognised as a credit within the tax charge in the company and as a gain in the consolidated financial statements.

Notes to the accounts 31 December 2024

1 Donations and legacies

	2024 Restricted funds £'000	2024 Unrestricted funds £'000	2023 Restricted funds £'000	2023 Unrestricted funds £'000
Donations	1,457	1,728	1,691	1,532
Legacies	-	130	-	25
	1,457	1,858	1,691	1,557

2 Income from charitable activities

	2024 Restricted funds £'000	2024 Unrestricted funds £'000	2023 Restricted funds £'000	2023 Unrestricted funds £'000
Rentals	-	4,311	-	3,764
Ticket commission	-	29,555	-	23,870
Members' contribution	-	2,143	-	2,476
Restoration / Recovery levy	-	1,494	-	1,494
Other	-	3,671	-	876
	-	41,174	-	32,480

3 Income from other activities

	2024 Restricted funds £'000	2024 Unrestricted funds £'000	2023 Restricted funds £'000	2023 Unrestricted funds £'000
Rental	-	53	-	718
Ticket sales and commission	-	1,901	-	3,909
Concessions and licences granted	-	8,637	-	7,836
Other show-related income	-	989	-	2,766
Other income	-	1,190	-	1,430
	-	12,770	-	16,659

Please see note 15 for information on the Corporation's wholly owned trading subsidiary, Royal Albert Hall Developments Limited.

4 Analysis of expenditure on charitable activities

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2024 Total £'000	2023 Total £'000
Building maintenance	2,587	-	2,587	2,167
Building refurbishment and improvements	2,194	-	2,194	1,955
Security and housekeeping	2,654	1,977	4,631	4,040
Archives	131	-	131	110
Ticketing	-	3,126	3,126	2,551
Show management and production	-	13,231	13,231	12,266
Front of house services	-	4,824	4,824	4,084
Programming, marketing and PR	-	2,028	2,028	1,954
Engagement activities	-	393	393	398
Miscellaneous	-	2,140	2,140	1,564
Support costs (see note 5)	3,195	7,486	10,681	10,635
	10,761	35,205	45,966	41,724

5 Support costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2024 Total £'000	2023 Total £'000
Finance and information systems	356	2,072	2,428	2,291
Administration and human resources	331	1,527	1,858	1,659
Overheads and insurance	605	585	1,190	1,019
Utilities	286	1,012	1,298	2,063
Depreciation and amortisation	703	2,199	2,902	2,709
General Office	16	91	107	111
Governance costs (note 6)	898	-	898	783
	3,195	7,486	10,681	10,635

Support costs that can be directly attributed to an activity have been allocated accordingly. Where support costs relate to more than one activity the cost has been allocated on a head count basis, with the exception of depreciation costs which have been allocated on an analysis of usage.

6 Governance costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2024 Total £'000	2023 Total £'000
Salaries, wages and related costs	223	-	223	257
General office	255	-	255	237
Audit fees	69	-	69	69
Legal and other professional fees	351	-	351	220
	898	-	898	783

7 Auditor's remuneration

	2024 £'000	2023 £'000
Group audit	69	69
Taxation services	5	10
Other services	-	2

8 Staff costs

	2024 £'000	2023 £'000
Salaries	14,367	12,688
Social security costs	1,227	1,099
Pension costs	705	590
Staff benefits	194	159
	16,493	14,536

The Council Members were not paid and did not receive any other benefits from employment with the Corporation or its subsidiaries in the year (2023: £nil). One member of Council received out of pocket expenses in the year of £943 (2023: One member of £53). Additional expenses were incurred by Council in the sum of £2,553 for meals with Council members or the Hall's Members (2023: £2,041). No Council Member received payment for professional or other services supplied to the Corporation (2023: £nil).

Ex gratia and termination payments in the year totalled £42k (2023: £12k). Of this amount, at the year-end £nil (2023: £nil) was still to be paid.

The key management personnel of the Corporation comprise the Council Members and members of the Executive. The total employee benefits of the key management personnel of the Corporation were £1,336k (2023: £1,154k).

8 Staff costs (continued)

The average number of employees during the year, analysed by function, was as follows:

	2024 Number	Full-time equivalent 2024 Number	2023 Number	Full-time equivalent 2023 Number
Generating funds	6	6	7	7
Maintaining the Hall	51	44	53	44
Promoting arts and sciences	364	246	320	238
Administration and support	40	40	37	37
Governance	2	2	2	2
	463	338	419	328

The number of employees whose total emoluments were £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2024 Number	2023 Number
£60,001 - £70,000	8	9
£70,001 - £80,000	6	8
£80,001 - £90,000	3	1
£90,001 - £100,000	2	3
£100,001 - £110,000	3	2
£110,001 - £120,000	1	1
£120,001 - £130,000	2	1
£140,001 - £150,000	-	-
£170,001 - £180,000	-	1
£190,001 - £200,000	-	-
£200,001- £210,000	1	-
	26	26

Emoluments include remuneration, benefits-in-kind and (where relevant) redundancy payments. There are no employees accruing benefits under the Corporation's defined benefit scheme whose emoluments exceeded £60,000 (2023: none). Total employer's pension contributions for the provision of money purchase benefits for employees whose emoluments exceeded £60,000 were £196K (2023: £170k).

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the directors, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £18k (2023: £19k) and the cover provided totalled £5m (2023: £5m).

9 Related party transactions

During the year the Royal Albert Hall Trust, a related charity, made a donation to the Corporation of £1.2m (2023: £2.1m). As summarised in note 17, at the year-end there was an intercompany creditor between the Corporation and Royal Albert Hall Developments Limited of £1.6K (2023: £14.1m creditor), nil owing between the Corporation and RAH Concerts due to the closure of RAH Concerts Ltd during 2024 (2023: £0.1m debtor) and an intercompany debtor between the Corporation and Royal Albert Hall Trust of £3.3m (2023: £2.5m debtor).

In accordance with the Corporation's Charter, elected Council members (which exclude appointed Council Members) are required to be seatholders. For a detailed explanation of the relationship and transactions between Council members and the Corporation, please see under 'Council members', within "Structure, governance and management" section, on pages 21 to 42.

At the year-end there was a total of £29k (2023: £25k) due to Council Members in respect of rebate income collected during 2024 which will be paid across in 2025. At the year-end there was a total of £nil (2023: £nil) due from Council Members in respect of annual contributions and supplementary seat rate charged during 2024.

The key matters are summarised in the table below:

	2024 Number	2023 Number
Number of seats owned by Council members	43	43
Number of seats owned by parties related to Council members	108	126
Number of tickets returned by Council members and related parties through ticket return scheme	22,082	25,112
Number of complimentary tickets requested by Council members under the GT29 policy	69	81
	2024 £	2023 £
Total seat rate amount paid by Council members and related parties	255,190	330,057
Total rebate amount received by Council members and related parties	87,639	98,020
Amount distributed to Council members & related parties for returned Tickets	869,584	770,229
Face value of complimentary tickets requested by Council members under the GT29 policy	7,849	10,364
Value of discount received on food and beverage available at the Hall	2,553	3,762
Donations from Council members	66,494	21,471

Notes to the accounts 31 December 2024

10 Taxation

The Corporation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities

Notes to the accounts 31 December 2024

11 Tangible fixed assets

	Freehold land £'000	Leasehold land £'000	Art Collection £'000	Archival Collections £'000	Property Costs £'000	Plant, fixtures, fittings & equipment £'000	Computers & office equipment £'000	Assets under construction £'000	TOTAL £'000
Cost or valuation									
As at 1 January 2023	1,575	629	537	959	29,088	27,828	1,515	6,482	68,613
Additions	-	-	-	-	-	508	-	2,623	3,131
Disposals	-	-	-	-	-	(146)	(67)	-	(213)
Transfers	-	-	-	-	3,073	550	-	(3,623)	-
As at 31 December 2023	1,575	629	537	959	32,161	28,740	1,448	5,482	71,531
Valuation 2001	1,575	629	537	959	-	-	-	-	3,700
Cost	-	-	-	-	32,160	28,741	1,448	5,482	67,831
	1,575	629	537	959	32,160	28,741	1,448	5,482	71,531
Depreciation									
As at 1 January 2023	-	-	-	606	2,564	13,203	1,170	-	17,543
Depreciation charge for year	-	-	-	-	703	2,011	46	-	2,760
Disposals	-	-	-	-	-	(146)	(41)	-	(187)
As at 31 December 2024	-	-	-	606	3,267	15,068	1,175	-	20,116
Net book values									
As at 31 December 2024	1,575	629	537	353	28,894	13,672	273	5,482	51,415
As at 1 January 2024	1,575	629	537	353	26,524	14,625	345	6,482	51,070

11 Tangible fixed assets (continued)

As permitted under FRS 102, the Corporation has continued a policy of not revaluing its tangible fixed assets. The book values of tangible fixed assets held are derived as follows:

- ◆ Freehold land comprising car parking spaces situated below the Royal Albert Hall, London, SW7 are being carried at a deemed cost of £1.6m. This is based on advice received from Messrs Stile Harold Williams, Surveyors and Valuers during 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Leasehold land comprising the purchase of additional land in 2016, valued at cost, to enable the basement development work to the southwest of the building.
- ◆ The Corporation's art collections are included in the accounts at a deemed cost. This was following a valuation made by Messrs King Sturge, Chartered Surveyors in 2001, the Corporation having taken advantage of the transitional accounting rules available at the time. A subsequent valuation by Christie's took place in March 2022 and net book value for the art collection as at 31 December 2024 is now £537k. An impairment review was carried out to assess whether there were any factors which had impacted the valuation of the collection at year end.
- ◆ The Archival Collection relates to £353k of assets which form part of the Hall's Archive material. These are now classified as heritage assets and further information is provided in note 13.
- ◆ Fixtures and fittings, equipment, computers and office equipment are all included in the accounts at cost less depreciation.
- ◆ Subsequent expenditure on the building that meets the criteria for capitalisation under FRS102 is capitalised at cost.

The historical cost of assets included above at a valuation is not available. Many of the assets were acquired a significant number of years ago and the expense associated with researching their original cost outweighs any benefit derived from having such information.

At 31 December 2024 the Corporation had capital commitments of £4.5m (2023: £0.6m).

Notes to the accounts 31 December 2024

12 Intangible fixed assets

Charity

	Property rights £'000	Computer & Office Equipment £'000	TOTAL £'000
Cost or valuation			
As at 1 January 2024	890	1,394	2,284
Additions	-	-	-
Disposals	-	(331)	(331)
As at 31 December 2024	890	1,063	1,953
Depreciation			
As at 1 January 2024	547	1,284	1,831
Charge for year	89	52	141
Disposals	-	(331)	(331)
As at 31 December 2024	636	1,005	1,641
Net book values			
As at 31 December 2024	254	58	312
As at 1 January 2024	343	110	453

Property rights consist of seats which the Corporation purchased from Members and receives income in respect of. The property rights from the purchase of the RNIB second tier box entitle the seller to a right to five hundred complimentary tickets, for 10 years from August 2017, which are currently based at an estimated value of £nil.

Group

INTANGIBLE ASSETS

	Property rights £'000	Computer & Office Equipment £'000	TOTAL £'000
Cost or valuation			
As at 1 January 2024	890	1,394	2,284
Additions	130	-	130
Disposals	-	(331)	(331)
As at 31 December 2024	1,020	1,063	2,083
Depreciation			
As at 1 January 2024	547	1,284	1,831
Charge for year	89	52	141
Disposals	-	(331)	(331)
As at 31 December 2024	636	1,005	1,641
Net book values			
As at 31 December 2024	384	58	442
As at 1 January 2024	343	110	453

All intangible fixed assets were acquired, none were internally developed.

Included in the group intangible fixed assets are the rights to a seat in the Hall which was bequeathed to the subsidiary charity during the year.

13 Heritage assets

The land and buildings comprising the Royal Albert Hall are defined as heritage assets for the purposes of these accounts. Under the Corporation's Royal Charter the Hall, which is an asset of acknowledged historic importance, must be held indefinitely so as to fulfil the Corporation's primary charitable objectives of maintaining the Hall and, through its use, promoting the arts and sciences.

The nature of the land and buildings means that any meaningful and/or conventional valuation of the Royal Albert Hall is not possible. The historic importance of the Hall means that certain aspects of the building and its historic significance are irreplaceable. The land and buildings, therefore, appear at nil value on the Corporation's balance sheet.

The assets comprise the land and buildings known as the Royal Albert Hall, situated at Kensington Gore, London SW7 and demised under a 999-year lease dated 25 March 1872.

The Hall is valued for insurance purposes only at a gross reinstatement cost of £484m, (2023: £459m) based on a surveyor's valuation as at October 2024 by Ecclesiastical.

While not shown in the accounts, the operating expenditure includes the ground rent of one shilling (5p) a year payable to the owners of the Hall's freehold, The Royal Commission for the Exhibition of 1851.

The Hall capitalises expenditure on removable fittings, computers and equipment. Expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed.

Fixed asset additions to heritage assets in 2024 totalled £2.0m (2023: £5.2m). This included installation of a lift system and various works to the roof and glazing.

In addition to the Hall itself, the Corporation owns an Archival Collection of over 100,000 items which provide a unique insight into the history and development of the Hall. During 2023 a new Archive room was created in order to make the collection more accessible to the public and for research. Certain items have been recognised at a valuation (total £353k) where this can be easily established. However, the majority of items (documents, paintings, memorabilia etc) are unique to the Hall and therefore cannot be valued according to conventional valuation techniques. The collection has been built up since the Hall's inception and is continually added to in order to provide a permanent record of the Hall's activities. In many cases the items have little or no intrinsic value and their original cost would not be material to the financial statements.

13 Heritage Assets (continued)

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Expenditure on heritage assets					
Capital expenditure					
Facilities for performers and the public	2,034	4,956	1,067	1,001	1,903
Other building works and fees	28	219	58	4,082	3,121
	2,062	5,175	1,125	5,083	5,024
Revenue expenditure					
Facilities for performers and the public	1,214	1,278	576	7	575
The building's structure	470	-	29	247	2,677
The auditorium	19	-	64	-	-
Other building works and fees	95	36	64	406	2,139
	1,798	1,314	733	660	5,391
	3,860	6,489	1,858	5,743	10,415

The above table shows that £2.1million of the total tangible fixed asset additions in the year relate to heritage assets. A further £1.8 million of non-capital spend was incurred in relation to heritage assets.

14 Leases

The Corporation had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Corporation 2024 £'000	Group 2024 £'000	Corporation 2023 £'000	Group 2023 £'000
Not later than one year	12	12	12	12
Between one and five years	32	32	35	35
Later than five years	-	-	2	2
	44	44	49	49

The above leases relate to office equipment.

15 Investments

The corporation holds cash deposits maturing in greater than 12 months as follows:

	Corporation 2024 £'000	Group 2024 £'000	Corporation 2023 £'000	Group 2023 £'000
Cash deposits	11,500	11,500	-	-
	11,500	11,500	-	-

16 Investment in subsidiary undertakings

Royal Albert Hall Developments Limited

The Corporation's subsidiary is Royal Albert Hall Developments Limited (RAHDL) which is incorporated in England (company number 1539294). During the year RAHDL wound up its subsidiary company RAH Concerts Limited which was incorporated in England (company number 10664172). The principal activities of Royal Albert Hall Developments Limited are the licensing of the Royal Albert Hall to third parties, the licensing of boxes to corporate clients, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the company, tours, a shop, merchandise sales, a car parking concession, and events which are outside of the Hall's charitable objectives. The Corporation's investment in Royal Albert Hall Developments Limited comprises 25,000 ordinary shares of £1 each, being the entire issued share capital of that company.

A summary of the financial results of the company is shown below.

Statement of Comprehensive Income	2024 £'000	2023 £'000
Turnover	12,770	16,432
Cost of sales	(5,746)	(9,159)
Operating profit	7,024	7,273
Net interest receivable	731	650
Profit on ordinary activities before taxation	7,755	7,923
Tax on ordinary activities	-	-
Profit on ordinary activities after taxation	7,755	7,923
Retained earnings at the start of the period	-	361
Deed of Covenant payable to the Corporation	(7,755)	(8,284)
Retained earnings at the end of the period	-	-
Summarised balance sheet	2024 £'000	2023 £'000
Current assets	5,129	19,324
Creditors: amounts falling due within one year	(5,104)	(19,299)
Net assets	25	25
Called up share capital	25	25
Profit and loss account	-	-
	25	25

15 Investment in subsidiary undertakings (continued)

RAH Concerts Limited

The subsidiary company (RAHDL) wound up its subsidiary entity, RAH Concerts Limited, in October 2024, which was incorporated in England (company number 10664172). The principal activity of RAH Concerts Limited was the licensing of the Royal Albert Hall to third parties.

A summary of the financial results of the company in its final year of trading is shown below.

Statement of comprehensive income	2024 £'000	2023 £'000
Turnover	-	226
Cost of sales	-	(192)
Operating profit	-	34
Net interest receivable	-	-
Profit on ordinary activities before taxation	-	34
Tax on ordinary activities	-	-
Profit on ordinary activities after taxation	-	34
Retained earnings at the start of the period	-	-
Deed of Covenant payable to the Corporation	-	(34)
Retained earnings at the end of the period	-	-
Summarised balance sheet	2024 £'000	2023 £'000
Current assets	-	12
Creditors: amounts falling due within one year	-	(12)
Net assets	-	-
Called up share capital	-	-
Profit and loss account	-	-
	-	-

17 Stock

	Corporation 2024 £'000	Group 2024 £'000	Corporation 2023 £'000	Group 2023 £'000
Stock	-	216	-	154
	-	216	-	154

18 Debtors

	Corporation 2024 £'000	Group 2024 £'000	Corporation 2023 £'000	Group 2023 £'000
Rentals and concession income receivable	2,371	5,100	1,732	4,367
Other debtors	112	1,016	149	182
Amounts due from subsidiary	-	-	11,413	-
Prepayments and accrued income	2,357	2,370	2,137	2,386
	4,840	8,486	15,431	6,935

19 Creditors: amounts falling due within one year

	Corporation 2024 £'000	Group 2024 £'000	Corporation 2023 £'000	Group 2023 £'000
Other loans	1,584	1,584	-	-
Trade creditors	3,918	3,926	2,822	3,579
Other creditors	18,424	20,005	16,473	17,339
Social security and other payroll taxes	379	379	368	368
Accruals	5,683	6,913	3,847	4,762
VAT	858	1,162	560	1,225
Amounts due to subsidiary	3,250	-	-	-
Deferred Income (see note 20)	5,612	7,755	7,806	10,128
	39,706	41,724	31,876	37,401

Included within other creditors are amounts of £15.9m (2023: £13.9m) held in respect to ticket sales for future performances hosted by third parties which is held on their behalf and will be passed on to promoters in due course as part of the show settlement process. Included in other creditors is £39k of unpaid pension contributions (2023: £34k).

20 Deferred Income

	Corporation 2024 £'000	Group 2024 £'000
Balance as at 1 January	7,806	10,128
Amount released to incoming resources	(7,559)	(8,670)
Amount deferred in year	5,365	6,297
Balance as at 31 December	5,612	7,755

Deferred income for the Corporation comprises deposits on future lettings of £3.1m (2023: £3.3m) and advance ticket sales on RAH presents performances of £2.5m (2023: £4.5m) relating to performances after the balance sheet date. Deferred income for the Group comprises deposits on future lettings of £3.1m (2023: £3.3m), advance ticket sales on RAH presents performances of £2.9m (2023: £5.7m) and other advance income £1.2m (2023: £1.1m) relating to performances after the balance sheet date.

Notes to the accounts 31 December 2024

21 Creditors: amounts falling due over one year

	Corporation 2024 £'000	Group 2024 £'000	Corporation 2023 £'000	Group 2023 £'000
Other loans (see below)	20,745	20,745	21,914	21,914
	20,745	20,745	21,914	21,914

Government Loan

	2024 £'000	2024 £'000
Amounts payable:		
Under 1 year	1,584	-
1 – 5 years	6,335	6,335
Over 5 years	14,409	15,579
	22,328	21,914

In March 2022, the Hall received a loan of £20.7m from Arts Council England and the Department of Culture, Media and Sport as part of the Culture Recovery Fund. The loan incurs an annual interest charge of 2%, which has been accrued and added to the total amount payable, and is repayable over 20 years, with a repayment holiday for the first four years. Repayments of the loan commence March 2025.

22 Restricted funds

	Balance at 1 January 2024 £'000	Income £'000	Expenditure* £'000	Transfers £'000	Balance at 31 December 2024 £'000
Engagement Fund:					
Engagement	106	477	(546)	-	37
Total Engagement Fund	106	477	(546)	-	37
Production Fund:					
Associated Artists	356	-	(47)	-	309
Total Production Fund	356	-	(47)	-	309
Building Fund:					
Artists Bar	1,000	830	-	327	2,157
Creator Space	500	-	-	(500)	-
Door 6 restoration	600	150	-	-	750
Total Building Fund:	2,100	980	-	(173)	2,907
Royal Albert Hall Trust	2,562	1,457	(593)	(173)	3,253
Public Realm Grant	144	-	(47)	-	97
Corporation	144	-	(47)	-	97
Group	2,706	1,457	(640)	(173)	3,350

22 Restricted Funds (Continued)

** Please note: donations are received by the Royal Albert Trust and then granted to the Corporation to fund the delivery of each initiative.*

	Balance at 1 January 2023 £'000	Income £'000	Expenditure* £'000	Transfers £'000	Balance at 31 December 2023 £'000
Engagement Fund:					
Engagement	111	471	(476)	-	106
Total Engagement Fund	111	471	(476)	-	106
Production Fund:					
Associated Artists	424	-	(68)	-	356
Total Production Fund	424	-	(68)	-	356
Building Fund:					
Artists Bar	1,000	-	-	-	1,000
Creator Space	500	-	-	-	500
Door 6 restoration	450	150	-	-	600
150th Statues	112	-	-	(112)	-
Archive Project	-	908	-	(908)	-
Total Building Fund:	2,062	1,058	-	(284)	2,100
Royal Albert Hall Trust	2,597	1,529	(544)	(1,020)	2,562
Public Realm Grant	-	162	(18)	-	144
Corporation	-	162	(18)	-	144
Group	2,597	1,691	(562)	(1,020)	2,706

Restricted funds in the group comprise the Building Fund, Engagement Fund and Production Fund.

The Engagement Fund represents donations received in respect of specific education projects to be delivered by the Corporation. This engagement programme is helping to change lives through music and is divided into three main strands of activity through supporting communities, engaging with music and discovering careers in music.

The Production fund's associated artist scheme is committed to developing talent and diversifying our artists and audiences. The introduction of this scheme allows us to put the forefront of artistic innovation, and positively challenge people's perception of the Royal Albert Hall.

22 Restricted Funds (Continued)

The Building fund contains a number of projects including a plan to create a modern Artist bar and backstage space. Works started on the Artists Bar during 2024. The Creator space is no longer a proposed project and funds were transferred to the Artists Bar fund during the year by agreement of the donor. Also included is a fund to complete the restoration of Door 6. This is the door that faces the Prince Albert memorial.

The Royal Albert Hall Trust is a separately constituted Trust with charitable status whose Trustees include the current President of the Corporation. Its purpose is to raise funds for future maintenance and preservation of the fabric and facilities of the Royal Albert Hall and to help fund its Engagement Programme. It periodically makes donations to the Corporation.

During the year the Trust made a grant of £0.5m to the Corporation's Engagement Programme (2023: £0.5m). It also made a grant of £0.2m (2023: £1.0m), to the restricted Building Fund (which comprises grants and donations raised from companies and individuals), in order to fund improvements to the building. A further grant of £0.1m (2023: £0.1m) was made to the Production Fund to fund the Hall's Artistic Development programme. These funds were received by the Corporation and spent in the year.

During the year a transfer of £0.2m (2023: £1.0m) was made from the Building Fund to unrestricted reserves. This represents the transfer of assets as the money has been used for the purpose for which it was given.

Notes to the accounts 31 December 2024

23 Unrestricted funds

Corporation	Tangible & intangible fixed assets fund	Engagement fund	Project expenditure fund	Pension Buyout fund	Business Interruption fund	Total designated funds	General fund	Total unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2024	51,522	600	-	1,500	5,400	59,022	700	59,722
Income	-	-	-	-	-	-	54,937	54,937
New Designations	3,132	-	1,000	-	9,900	14,032	(14,032)	-
Transfer	173	-	-	-	-	173	-	173
Utilisation/expenditure	(3,100)	-	-	(1,320)	-	(4,420)	(39,282)	(43,702)
Balance at 31 December 2024	51,727	600	1,000	180	15,300	68,807	2,323	71,130

Group	Tangible & intangible fixed assets fund	Engagement fund	Project fund	Pension Buyout fund	Business Interruption fund	Total designated funds	General fund	Total unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2024	51,522	600	-	1,500	5,400	59,022	700	59,722
Income	-	-	-	-	-	-	59,068	59,068
New Designations	3,132	-	1,000	-	9,900	14,032	(14,032)	-
Transfer	303	-	-	-	-	303	(130)	173
Utilisation/expenditure	(3,100)	-	-	(1,320)	-	(4,420)	(43,283)	(47,703)
Balance at 31 December 2024	51,857	600	1,000	180	15,300	68,937	2,323	71,260

Corporation	Tangible & intangible fixed assets fund	Engagement fund	Pension Buyout fund	Business Interruption fund	Total designated funds	General fund	Total unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	48,646	-	-	-	48,646	(846)	47,800
Income	-	-	-	-	-	45,513	45,513
New Designations	4,599	600	1,500	5,400	12,099	(12,099)	-
Transfer	1,020	-	-	-	1,020	-	1,020
Utilisation/expenditure	(2,743)	-	-	-	(2,743)	(31,868)	(34,611)
Balance at 31 December 2023	51,522	600	1,500	5,400	59,022	700	59,722

Group	Tangible & intangible fixed assets fund	Engagement fund	Pension Buyout fund	Business Interruption fund	Total designated funds	General fund	Total unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	48,646	-	-	-	48,646	(486)	48,160
Income	-	-	-	-	-	52,672	52,672
Other gain/(losses)	-	-	-	-	-	-	-
	4,599	600	1,500	5,400	12,099	(12,099)	-
Transfer	1,020	-	-	-	1,020	-	1,020
Utilisation/expenditure	(2,743)	-	-	-	(2,743)	(39,387)	(42,130)
Balance at 31 December 2023	51,522	600	1,500	5,400	59,022	700	59,722

23 Unrestricted funds (continued)

The Tangible and Intangible Fixed Asset Funds represent the net book value of the Corporation's fixed assets. A decision was made to separate this fund from the general fund in recognition that the tangible and intangible fixed assets are essential to the day-to-day work of the Corporation and as such their value should not be regarded as funds that are realisable to meet future contingencies. The net increase in the fund of £0.3m represents the level of capital additions during the year (net of depreciation).

The Engagement Fund (formerly the Education & Outreach fund) exists to protect such initiatives from any adverse short-term financial performance issues the Corporation may encounter. There was no movement on this fund in the year (2023: £0.6m added).

Previously the Hall maintained a Plant and Fabric Sinking Fund and a Major Building Development Fund. These were merged during 2024 to create the Estate Plan Fund. There is currently nil held in this fund.

The trustees set aside £1.5m in 2023 for the Pension Fund as they began to explore the opportunity of a buy out of the defined benefits pension (See note 24). During 2024 the corporation transferred a special contribution to the pension scheme of £1.3m to fund the shortfall and facilitate the initial bulk annuity purchase by the third-party insurer. The balance of £0.2m will be used to fund any further associated fees until the buy-out of the scheme. This is expected in late 2025 / early 2026.

The Business Interruption Contingency Fund was set up in response to the covid-19 pandemic which had a significant impact on the Hall and its finances. The Trustees believe it is prudent for the charity to hold a Business Interruption Contingency Fund, equivalent to 6 months of operating expenditure, to ensure the Hall can react proactively should a future scenario have a similar impact on the Hall's operations. During the year £9.9m was transferred to this fund (2023: £5.4m). The closing balance held of £15.3m is therefore considered to be 6 months of operating expenditure so the fund is at its desired level.

The Project Expenditure fund was set aside in 2024 to meet the cost of proposed project and building expenditure originally planned for 2024 but has been rolled over into 2025. During the year £1m was transferred to this fund to meet the cost of works during 2025.

Notes to the accounts 31 December 2024

24 Analysis of net assets between funds

Corporation	Unrestricted fund			2024 Total £'000
	Designated funds £'000	General fund £'000	Restricted funds £'000	
Tangible & Intangible fixed assets	51,727	-	-	51,727
Fixed Asset Investments	-	11,525	-	11,525
Net current assets	17,080	11,543	97	28,720
Creditors over 1 year	-	(20,745)	-	(20,745)
Total net assets	68,807	2,323	97	71,227

Group	Unrestricted fund			2024 Total £'000
	Designated fund £'000	General fund £'000	Restricted Funds £'000	
Tangible & Intangible fixed assets	51,857	-	-	51,857
Fixed Asset Investments	-	11,500	-	11,500
Net current assets	17,080	11,568	3,350	31,998
Creditors over 1 year	-	(20,745)	-	(20,745)
Total net assets	68,937	2,323	3,350	74,610

Corporation	Unrestricted fund			2023 Total £'000
	Designated funds £'000	General fund £'000	Restricted funds £'000	
Tangible & Intangible fixed assets	51,522	-	-	51,522
Investments	-	25	-	25
Net current assets	7,500	22,589	144	30,233
Creditors over 1 year	-	(21,914)	-	(21,914)
Total net assets	59,022	700	144	59,866

Group	Unrestricted fund			2023 Total £'000
	Designated fund £'000	General fund £'000	Restricted Funds £'000	
Tangible & Intangible fixed assets	51,522	-	-	51,522
Investments	-	-	-	-
Net current assets	7,500	22,614	2,706	32,820
Creditors over 1 year	-	(21,914)	-	(21,914)
Total net assets	59,022	700	2,706	62,428

25 Pension commitments

The Royal Albert Hall offers a Stakeholder Pension Plan which comprises a series of individually owned personal pension accounts, arranged on a group basis, the provider of which is Aviva. Each member and, in respect of eligible members, the Corporation contribute amounts determined by either an age related or a matching scale into a personal account for each member, which is held and invested by Aviva.

For staff who choose not to join the Stakeholder Pension Plan, or are not eligible to join, the Hall uses “The People’s Pension” scheme to comply with the requirements of automatic enrolment.

The Royal Albert Hall Pension Scheme has two sections. The defined benefit section was closed to new members on 30 September 1997 and ceased accruals on 31 December 2014. A defined contributions section commenced on 1 October 1997, and was closed to new entrants and future contributions on 31 August 2006. Both sections are externally funded and contracted out of the State Second Pension. In 2020, the Scheme’s trustees transferred responsibility for the defined contributions section into the Legal & General Mastertrust. The defined benefit section remains held in a separate trustee administered fund.

The defined benefit section is valued every three years by a professionally qualified actuary using the attained age method, the rates of contribution payable being recommended by the Scheme’s Trustees and agreed by the Corporation on the advice of the actuary. In the intervening years, the actuary reviews the progress of this section. Under the projected unit method, current service costs for the defined benefit section will increase as members of the scheme approach retirement.

During the year the corporation transferred a special contribution to the pension scheme of £1.3m to fund the shortfall in the pension fund and facilitate the initial bulk annuity purchase by the third-party insurer.

A full actuarial valuation of the defined benefit section was carried out as at 31 March 2021. The valuation findings indicated a market value of the defined benefit section assets of £15.3m, sufficient to cover 105.8% of the benefits which had accrued to Scheme Members; and a past service surplus of £0.8m.

The unrestricted surplus, as calculated under the accounting standard FRS 102, was £0.04m as at 31 December 2024, down from £0.7m as at 31 December 2023. The main reason for the decrease in the surplus over the period is the Scheme’s assets performing worse than expected and negative inflation experience. This has been partially offset by increases in corporate bond yields leading to a higher discount rate and a lower value being placed on the liabilities.

25 Pension commitments (continued)

However, the surplus in the disclosures below has been restricted to £nil. This is because the Corporation is only allowed to recognise a surplus in its balance sheet to the extent that it can generate a future economic benefit for itself. As regards the Stakeholder Scheme, the Corporation and each member contribute amounts determined by an age related or a matching scale into a personal account for each member, which is invested by investment managers appointed by the Scheme's Trustees.

Pension expenses have been split between maintaining and developing the Hall and promoting the arts and sciences based on allocation of staff within unrestricted funds.

The contributions made by the Corporation over the financial year in respect of each section of the scheme were as follows:

	2024 £'000	2023 £'000
Defined benefit section	-	-
Defined contribution section / Stakeholder Scheme	705	579

The Hall expects to pay no contributions in the year to 31 December 2025 as there was a surplus in the Scheme at the last actuarial valuation. The Hall will meet directly any administrative costs and other expenses incurred by the Scheme.

FRS 102 requires the surplus or deficit on the Scheme as at 31 December 2024, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation):

	2024 %	2023 %
Inflation	3.5%	3.3%
Salary increases	-	n/a
Rate of discount	5.5%	4.6%
Pension increases	3.2%	3.0%

Assumed life expectancy in years at age 65:

	2024	2023
Retiring today – Males	21.5	22.2
Retiring today – Females	24.2	24.7
Retiring in 20 years' time – Males	23.1	23.9
Retiring in 20 years' time – Females	25.8	26.4

Notes to the accounts 31 December 2024

25 Pension commitments (continued)

	Value at 31 December 2024 £'000	Value at 31 December 2023 £'000
The assets in the scheme were:		
Assets		
Gilt Fund	-	2,306
Index-Linked Gilts	-	3,565
Cash	41	81
Multi Asset Credit	-	3,903
Insured assets	8,711	629
Total market value of assets	8,752	10,484
Actuarial value of liability	(8,710)	(9,799)
Surplus in Scheme	42	685
Unrecognised asset	(42)	(685)
Recoverable surplus	-	-

The Scheme has in the past secured annuities with an insurance company for members on their retirement. An allowance has been made for these members in both the asset and liability figures at 31 December 2024.

In total, the movement in the Scheme's assets during the year is made up as follows:

	2024 £'000	2023 £'000
Fair value of assets at 1 January	10,484	10,681
Interest on assets	503	516
Company contributions	1,320	-
Benefits paid	(489)	(316)
Return on plan assets less interest	(3,066)	(397)
Fair value of assets at 31 December	8,752	10,484

In total, the movement in the Scheme's liabilities during the year is made up as follows:

	2024 £'000	2023 £'000
Actuarial value of liabilities at 1 January	9,799	9,407
Current service cost	-	-
Contributions by Scheme participants	-	-
Past service cost	-	-
Interest cost	437	453
Benefits paid	(489)	(316)
Experience (gain) on defined benefit obligation	58	300
Changes to demographic assumptions	(170)	(396)
Changes to financial assumptions	(925)	351
Actuarial value of liabilities at 31 December	8,710	9,799

25 Pension commitments (continued)

In accordance with FRS 102 the following components of pension charge have been recognised in the statement of financial activities for the year ended 31 December 2024.

	2024 £'000	2023 £'000
Analysis of the amount charged within resources expended		
Current service cost	-	-
Past service cost	-	-
Total amount included within resources expended	-	-
Analysis of net return on scheme		
Interest assets	503	516
Interest on liabilities	(437)	(453)
Interest on effect of asset ceiling	(32)	(63)
Net return	34	-
Analysis of amount recognised as an actuarial loss within the statement of financial activities		
Gain/(loss) on scheme assets in excess of interest	(3,066)	(397)
Experience losses on liabilities	(58)	(300)
(Losses)/gains from changes to demographic assumptions	170	396
(Losses)/gains from changes to financial assumptions	925	(351)
Adjustment in respect of restriction of surplus	675	652
Actuarial loss recognised within statement of financial activities	(1,354)	-
Amount recognised in Statement of Financial Activities		
Actuarial (losses) on liabilities	(1,354)	-
Actuarial gains on net return on scheme	34	-
Total (loss) recognised in Statement of Financial Activities in the period	(1,320)	-

26 Prior year consolidated statement of financial activities

The statement of financial activities for 2023 is shown here for comparison purposes. The 2024 statement of financial activities is shown on page 49.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000
Income:				
Donations and legacies	1	1,557	1,691	3,248
Income from charitable activities:				
Operation of Hall	2	32,480	-	32,480
Investment income and interest		1,976	-	1,976
Income from other activities:				
Commercial trading operations	3	16,659	-	16,659
Total income		52,672	1,691	54,363
Expenditure:				
Costs of raising funds		553	-	553
Expenditure on charitable activities:				
Maintaining and developing the Hall	4	9,563	18	9,581
Promoting the arts and sciences	4	31,599	544	32,143
Interest repayable		415	-	415
Total expenditure		42,130	562	42,692
Net income		10,542	1,129	11,671
Transfer between funds	21/22	1,020	(1,020)	-
Net movement in funds		11,562	109	11,671
Reconciliation of funds:				
Fund balances brought forward at 1 January		48,160	2,597	50,757
Fund balances carried forward at 31 December		59,722	2,706	62,428

THE CORPORATION OF THE HALL OF ARTS AND SCIENCES

England & Wales - Charity number 254543

Accounts

**The Corporation
of the Hall of
Arts and Sciences**

**Annual Report and
Consolidated Accounts**

31 December 2023
Charity Registration Number 254543

Elected Council members:*President*

Ian McCulloch

Honorary Treasurer & Vice President

Stuart Newey MBA FCBI (Vice President from 6 July 2023)

Vice President

Leon Baroukh MA CFA

Vice President

Linda Craig

Vice President

James Max BSc Hons SFDR MRICS

Peter B M Lim FCA MBA

Nigel Hamway

Dr Monica Bloch PhD

Harry Handelsman

Thomas Borwick

Robert Lipson

Stephen Brandon MA MBA CEng

Iain McNay

Lucinda Case

Anthony Ratcliffe FRICS FRSA

John Cooper FCA CTA

Mark T Schnebli FlntD FBIM (Vice President until 6 July 2023)

Lauren Ekon

Robert Shennan (appointed 1 February 2024)

Michael Jackson MA FCA (resigned from Council 17 January 2023)

The Hon. Alice Walpole OBE MA (Cantab) (elected at AGM held 18 May 2023)

Appointed Council members:

Richard Harrington, Baron Harrington of Watford

(Appointed by the Secretary of State for Digital, Culture, Media and Sport)

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA

(Appointed by the Royal Commission for the Exhibition of 1851)

Sir Michael Dixon BSc (Sp Hons) ARCS MA (Oxon) DPhil DSc FCGI DL

(Appointed by the Trustees of the Natural History Museum)

Kevin Porter BA MA HonRCM

(Appointed by the Council of the Royal College of Music)

Appointment by Imperial College – vacant

Secretary to the Corporation

Susan Gent

Honorary Vice Presidents

C P Fairweather FCA

Anthony Travis BA (Hons)

H Gould OBE JP BA DL FCA

Executive*Chief Executive*

Dan Freeman (acting CE until 9 May 2023)

James Ainscough OBE (CE from 9 May 2023)

Chief Operating Officer

Dan Freeman

Director of Finance & Administration

Joanna Knowles (Interim Director of Finance until 28 April 2023)

Director of Programming & Engagement

Matt Todd (acting Director until 31 December 2023)

Director of External Affairs (retitled Director of Audience from 1 January 2024)

Louise Halliday

Director of Buildings & Facilities

Neal Hockley (acting Director until 31 December 2023)

Director of People & Culture

Nigel Wilson (acting Director until 1 January 2024)

Director of Development

Darranda Rowsell

None of the members of the Executive Team are Directors of the Corporation under the Companies Act 2006

Principal Office

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London

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0207 589 3203

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440 Strand

London

WC2R 0QS

Auditors

Moore Kingston Smith

9 Appold Street

London

EC2A 2AP

Solicitors

Bates Wells Braithwaite LLP

10 Queen Street Place

London

EC4R 1BE

Charity registration number 254543

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Report of the Council Year to 31 December 2023

The Council presents its statutory report together with the consolidated accounts of the Corporation of the Hall of Arts and Sciences (“the Corporation” or “the Hall”) for the year ended 31 December 2023.

The accounts have been prepared in accordance with the accounting policies set out on pages 50 to 56 of the attached accounts and the provisions of the Corporation’s Constitution, namely its Royal Charters and the Royal Albert Hall Act 1966, applicable laws and the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Information on structure, governance and management, including details of the Hall’s constitution, Members (or Seatholders), Council responsibilities, organisational structure and risk management are provided under Structure, Governance and Management on pages 23 to 42.

Charitable Objectives

Since 1871, the Royal Albert Hall’s purpose has been to promote the Arts and Sciences as well as to maintain our Grade I listed building, held in trust for the nation.

The charity achieves these charitable objectives by:

- hosting up to 400 performances each year in the main auditorium and hundreds more performances, events, exhibitions and workshops elsewhere inside and outside the building which, together with guided tours, attract around 1.7 million visitors a year; and
- utilising the financial surpluses generated by these charitable activities and associated trading activities, plus financial support from philanthropists and the Hall’s Members or Seatholders, to support:
 - an Engagement programme which aims to change lives through music of people of all ages and backgrounds who wouldn’t otherwise get the opportunity; and
 - a multi-million pound rolling programme of planned maintenance and building projects to preserve and enhance the Grade I listed building.

The report of the Council sets out how these charitable objectives have been met in the year, the financial results and implications for the charity from this activity and what the charity expects to achieve in the following year. This structure has been retained for 2023.

Overview

Since we opened our doors in 1871, the Royal Albert Hall has been home to the world’s leading figures in music, entertainment, dance and debate. From Elgar to Ella, the Beatles to Adele, the Suffragettes to Churchill... icons grace our stage.

A charity known and loved across the globe, we are home to dreams and determination, contemplation and celebration – bringing people together to lift their spirits and inspire. Every year nearly two million people enjoy unforgettable experiences in our spectacular building, with millions more joining us online and through broadcast worldwide.

Report of the Council Year to 31 December 2023

We are home to the future-famous – working tirelessly to enable talent to thrive. We embrace change as well as tradition, inviting the new, the radical and the bold. We are open to all, a committed force for good, connecting people and communities.

We are the Royal Albert Hall – the home of breathtaking moments and lasting memories, for everyone.

Together, we create the amazing.

Originally the brainchild of Prince Albert as part of his master plan for the entire Albertopolis site, and set up by Royal Charter, the Hall is one of the world's best-loved and busiest performance venues. The Hall is held in trust for the nation, and unlike many other venues, operates without any recurrent government funding. It generates revenue from three key sources:

- revenue from its operational activities
- the Members' annual contribution
- funds raised through philanthropy

In recent years, other than in years affected by the pandemic, the Hall has produced an annual surplus, all of which is reinvested in our charitable purposes.

The new Executive Team developed four Strategic Objectives for the charity:

- **To diversify and develop** our programme, audiences and engagement activities
- **To strengthen** our finances and operational resilience
- **To enhance** the experience in a modernised Victorian venue
- **To nurture** a talented and engaged team

We also have four ethical principles which lie at the heart of decision-making:

- Equality, Diversity and Inclusion
- Accessibility
- Sustainability
- Health and Safety, Safeguarding and Wellbeing

Within these strategic objectives and principles, our focus on public benefit is clear. We have been continuing to focus on our Engagement work, changing lives through music, and on preserving and enhancing the Grade I-listed building.

The direction and control of the Corporation is determined by its Council who ensure that the charity continues to develop plans to meet its charitable objects. Members of Council, as the charity Trustees, confirm that they have complied with the requirements set out in the Charities Act 2011 having due regard to the Charity Commission's published general guidance on public benefit. The Hall's charitable objectives, and the manner in which these are pursued, are set out in summary form on page 4. A detailed explanation of how these objectives have been achieved in 2023 is set out in the following section.

REVIEW OF 2023

The Royal Albert Hall's achievements for 2023 are set out below and correspond to our charitable objectives outlined above.

DIVERSIFYING AND DEVELOPING OUR PROGRAMME, AUDIENCE AND ENGAGEMENT ACTIVITIES

Performances and events

In 2023, we had 379 events in the auditorium, with an average attendance of 84%. Overall, we issued 1.7 million tickets in 2023, including three-quarters of a million tickets for orchestral and classical performances.

While the core programme including Cirque du Soleil, the Teenage Cancer Trust week, the BBC Proms and the Christmas season remained, the focus of 2023 has been on diversifying artists and audiences while filling the auditorium.

In 2023, performances from the likes of Cleo Sol, Loyle Carner, Digga D, the Composers, and Ezra Collective, own promotes with Machine Gun Kelly, the 75th anniversary celebration of Windrush with Trevor Nelson, Angelique Kidjo, and Gospel Messiah are all indicative of the changes to the programme which support our audience development plan. We had 24 headline acts aged 35 and under and 43 performances from headliners from minorities – exceeding our target figures.

Televised performances of the BBC Proms, Royal British Legion's Festival of Remembrance and Royal Variety Performance have all become regular features in the calendar, but in 2023 we also hosted *An Audience with Kylie*, which was televised on ITV, and RAYE, which was broadcast on BBC1.

The regular programme included Mountbatten Festival of Music (attended by King Charles III in his first visit to the Hall as Monarch), the Olivier Awards and a host of stars including John Legend, Tori Amos, Gregory Porter, De La Soul, The Vamps, Asa, James Bay, Sparks, and RuPaul's Drag Race. We welcomed English National Ballet back to the Hall with their critically acclaimed production of *Cinderella* in-the-round, and spoken word was represented by repeat visits from *The Rest is Politics* and *Letters Live*. In a last-minute addition to the autumn programme, two concerts from Ed Sheeran saw packed houses.

Post-performance audience surveys gave the Hall an average Net Promoter Score of 72 (the average Net Promoter Scores for B2C industries range from 9 to 74). Over the year we had an 87% 'Excellent' rating for quality of performance. The Christmas season was particularly strong, with our Christmas season achieving an average NPS of 92 and 92% 'Excellent' quality of performance. Commercially and artistically, the Christmas season was stellar.

Beyond the Main Stage

Beyond the Main Stage activity continued its varied programme, with well-attended performances throughout the year and an opportunity to showcase younger and more diverse talent.

Report of the Council Year to 31 December 2023

Classical Coffee Mornings continued to prove popular. We also hosted *Through the Noise*, with violinist Braimah Kanneh-Mason – presenting classical music in a club environment. Our partnerships included the Donne Foundation (promoting women in music) and Classic Album Sunday celebrating National Album Week and our Steinway series featured concerts with pianists including Chad Lawson, Karim Kamar and Allysha Joy.

Allysha's performance was also part of our Late Night Jazz programme which included performances from artists including Rosie Charles, Collectiva and a special Relaxed concert by Indira Roman & Aji Pa'ti with Gig Buddies. Guy Barker and Julian Joseph each hosted a dinner jazz evening, sharing anecdotes from their extraordinary careers.

Nitin Sawhney's Journeys Festival included a photography exhibition, Journeys through Food and performances by sitarist Jasdeep Singh and cellist, singer and composer Ayanna Whitter-Johnson. Photographer Annabel Moeller presented her work in an exhibition *Friends to Frontiers* which ran in September/October.

The Highways Festival in April had a corridor exhibition, daytime concerts in the Elgar followed by late night performances in both the Elgar and Kensington Garden Bar. Late-night events also took place after Roisin Murphy, Windrush 75 and UB40.

The family programme featured half-term performances of the theatre show *I Want My Hat Back*, and the popular family rave Fun DMC returned to the Elgar Room in June. Christmas featured performances of *The Snowman*. Yoga with Live Music in the Elgar Room has been popular, with additional events planned across the rest of the year due to demand.

Outside the Hall, we hosted Open Iftar on the South steps, a guest stage at The Great Escape festival in Brighton in May, and the main stage at the Great Exhibition Road Festival in June, featuring a range of jazz, hip hop and folk artists, including Future Makers winner Elye Cuthbertson, and of course, Albert's Band. Elye also performed a showcase concert in the Elgar Room in September.

In November, we hosted a dinner in Coda celebrating black and brown excellence. An evening curated by Associate Artist LionHeart invited creatives and industry professionals to network and expand our thinking – a fabulous opportunity to make new friends and develop broader relationships.

Engagement

2023 saw the first workshop of a new project, *Rhythms* – a pilot project offering a series of 10 participatory music workshops for a group of young mums (aged 17-20) and their babies. The project was a collaboration with the specialist perinatal mental health charity MumsAid and was an exclusive offer for a group of young mums who are supported through YoungMumsAid.

We hosted a Sensory Experience, which allowed students to engage with a range of sensory stimuli around the Hall's spaces, through immersive storytelling and live music.

27 June in the auditorium saw the culmination of an epic music engagement project two years in the planning, *Music Makes Me*, as part of our strategic partnership with the Tri-borough Music Hub. Over 1,000 pupils from schools in Hammersmith & Fulham, Kensington & Chelsea, and Westminster performed a new work by Emily Stratford and

Report of the Council Year to 31 December 2023

Gabriel Krchnavek with original songs co-designed by young people with special educational needs.

Music Makes Me celebrated the importance of music as a universal communicator and as a tool to give young people a voice, presenting a day in the life of a neuro-divergent young person. *Music Makes Me* truly showed how music is for all and demonstrates our charitable commitment to developing music and performance – as well as our role in supporting music education in its widest sense.

We hosted the Cultural Inclusion Manifesto Symposium and events, performances and workshops as part of the West London Inclusive Arts Festival. We delivered *Give it a Go!*, our careers programme for young people with Special Educational Needs focussing on exploring careers within the live events industry.

We welcomed our new Young Producers, 18-25 year-olds who are busy organising and curating their new event, due to take place in and around the Elgar Room on 13 April 2024.

October featured our second Future Makers event in the auditorium, inviting young and talented performers to take part in a talent competition, watched by school children. This year's event was won by singer-songwriter, Amity and we look forward to supporting him over the coming 12 months.

On Friday 24 November, we launched our new project for schools, *Performance. Architecture. Design*. Inspired by Associate Artist LionHeart and working alongside architects the Grimshaw Foundation, the project brings together 160 students from 8 London secondary schools to design and build their own performance spaces. Fellow Associate Artists Anna Lapwood, Jess Gillam and Corey Baker all contributed with thoughts and advice on how they interact with their performance environment.

Digital and Physical Audiences

We welcomed 1.7 million ticketed visitors to the Hall, and there were 12 million visits to royalalberthall.com in 2023, an increase of 21% over 2022. We have seen an 11% growth across our digital channels in 2023, gaining 75,000 followers and over 7.2 million engagements across the year. Nearly a million people watched the First Night of the Proms, BBC Proms content reached 3.2 million on TV during the opening weekend, 3.5 million people watched the Last Night of the Proms on BBC One and there were 16 million video views online across the season. The 2023 Laurence Olivier Awards were hosted by Hannah Waddingham and broadcast on ITV and Magic radio. Combined with the broadcasts of RAYE, An Audience with Kylie, the Royal Variety Performance, the Royal British Legion's Festival of Remembrance, these broadcasts reach huge audiences, free of charge, and help to develop the Hall's reputation as the home of national celebration and commemoration for everyone.

A collaboration with James Cook Art resulted in an Instagram Reel with over 1.2 million likes and almost 20 million views. Our Associate Artist Anna Lapwood, who was named one of TikTok's Breakthrough Artists of 2023, continues to be an advocate for the Hall. A post of her performing with Ministry of Sound has over 7 million views and over 900,000 likes and a post of her performing with RAYE, one of top female headlines of 2023, has been viewed over 2 million times and has over 300,000 likes on TikTok.

Report of the Council Year to 31 December 2023

Our email newsletter list has increased 8.4% in 2023 from 838,927 recipients to 909,580, directly generating income of over £2.7 million.

Our audience development plan has the objective to adapt our culture, programme, communication and visitor experience to attract and cater for more diverse people so that by the end of 2026 the demographics of our audience, artists and staff represent the London population.

As part of our audience development plan, we worked with more than 50 influencers, each with a reach of 10-100 million on social media. We ran an advertising campaign #BetterIRL showcasing the experience of gigs at the Hall such as RAYE and Digga D, and, combined this with influencer content to reach 6 million new audiences.

We launched a mutual conduct code, included in all pre-show emails, to encourage audiences to act in ways that create a welcoming and inclusive environment, and we are working to achieve our Attitude is Everything Silver Standard Award for access.

During the year, the Hall's archive has been saved from flooding and preserved in a £1m rescue operation, with storage and workspace in the building. The collection includes a trumpet from the Hall's opening ceremony 152 years ago and a programme designed by Pablo Picasso. The archive spans the Hall's history since its inception in the 1850s and consists of tens of thousands of items.

The archive had been stored in four different locations across the building, with the basement store repeatedly flooding and threatening to destroy some of the artefacts. The collection is now housed in a fireproof climate-controlled studio with a new reading room, and is open to historians, researchers and the public by appointment.

STRENGTHENING OUR FINANCES AND OPERATIONAL RESILIENCE

We finished 2023 significantly ahead of current Business Plan financial targets. The business model is demonstrably working well and the Hall's recovery from the shock of Covid continues apace. However, we continue to hold the £20.7m loan from the Culture Recovery Fund, which will be repaid over the coming years, and are only just commencing the rebuilding of our reserves.

Philanthropy remains at the heart of all that we do at the Royal Albert Hall. Our supporters and audiences continue to respond incredibly generously to help secure the future of the Hall and to this end we raised £3.1m in philanthropic donations across the year. We are very grateful to our Members, Honorary Fellows, Major Donors, Trusts, Patrons, Friends and Philanthropy Board who supported us during 2023.

Some of the notable achievements include a successful £0.9m appeal for our new Archive space and growing our Friends & Patrons Scheme which generated £0.9m during the year.

After rental, ticket commission, and show related income, commercial income is the next biggest contributor to operating income. Catering commission in 2023 was £4.3m and other show-related income (including lighting and sound) contributed £4.4m. The Recovery / Restoration Levy of £2 per ticket contributed £1.5m and the Members of the Charity, or Seatholders, contributed £2.5m through the seat rate (£1.7m net after the payment of their rebate of £0.7 for performances from which they are Excluded).

We introduced dynamic pricing in 2019, and in 2023 this generated a £925k uplift on income compared with original face value. We introduced Booking Protect – ticket protection for customers giving them the opportunity to apply for a full refund in case of injury, accidents, pregnancy, transport failure, bad weather etc – which generated £313k income for the charity in the year.

On Monday 28 November 2022, the Royal Albert Hall's Trustees deposited in Parliament a Bill which formalises the process by which, for over a decade, seatholding Members have agreed a different access to their seats than set out in Section 14 of the Royal Albert Hall Act 1966. The Bill also removes a six-year cap on the seat rate payable by Seatholders, introduces a 75% threshold for approval of the annual seat rate, and contained a clause which would authorise the sale of additional seats in Grand Tier boxes which has subsequently been removed as of March 2024. The Bill received its second reading on 19 October 2023 in the House of Lords, sponsored by Lord Harrington of Watford, who is the DCMS appointed member of the Hall's Council of Trustees. There was some criticism from the Lords, predominantly about governance matters that are not addressed in the Bill, but nonetheless the Bill has now continued to Committee stage.

ENHANCING THE EXPERIENCE IN A MODERNISED VICTORIAN VENUE

In the year, we created an Estate Plan which provides a framework and sequencing for over 100 capital and maintenance projects in the Grade I listed building that will enable us to fulfil our charitable strategic objectives and give us a platform from which to be a dynamic force for good in the cultural life of the nation.

Our commitment to sustainability is one of our central principles. We have a Carbon Management Plan and completed a Carbon Strategy Report in December 2023. The strategy runs until 2028, has been aligned with the Estate Plan and we have identified policies and procedures that will ensure that the Hall is as sustainable as possible. A new Sustainability Manager will drive the strategy with our provisional net zero target being 2040. We will continue to work with our neighbours in the Exhibition Road Cultural Group to reduce our emissions, including on the South Ken ZEN+ (Zero Emissions Neighbourhood) plans.

Project spend in 2023 was limited to essential projects, following the impact of the pandemic on the Hall's finances and as we developed the Estate Plan. Essential works that were undertaken during 2023 included roof glazing; critical plant replacement; plaster repairs; CCTV replacement; main arena lift and control system replacement; and house lights LED upgrade. All of these projects allowed the Hall to welcome audiences and artists to a safe and efficient building.

We also spent £0.9m (all funded by philanthropy) creating the new Archive space – a fireproof climate-controlled studio with a reading room, housing the entire collection in a single location for the first time. This space gives confidence that the Hall's unparalleled history of performance is safe and accessible for future generations.

The Hall requires extensive day-to-day care. In the September maintenance week alone, we saw 746 contractors onsite across the six days. There were 465 air filters replaced, 90 air conditioning and heating units serviced, 105 litres of paint used, 187 electrical circuits tested, 114 speakers de-rigged, tested, cleaned and re-rigged, 1km of speaker cable de-rigged, tested and re-rigged, 50 timber boards replaced on stage surface, 80x houselights

replaced with new LED units, 80 chain hoists examined - equates to 3.6km (2.25 miles) of chain, and a quarter of the acoustic mushrooms lowered for repairs, cleaning or inspection. Four new permanent additions have joined our 152-year-old Grade I listed building. Two-metre bronze figures of Queen Elizabeth II and Prince Philip, Duke of Edinburgh created by artist Poppy Field, were unveiled by Their Majesties The King and Queen when they attended the Festival of Remembrance. In addition to these, Portland stone sculptures of Queen Victoria and Prince Albert, created by Tom Brown, Tom Nicholls, Josh Locksmith and Sam Lee of London Stone Carving, were unveiled in the North Porch in the week prior.

Generous donations from The David Brownlow Charitable Foundation and Exilarch's Foundation enabled us to commission these sculptures created by scholars from the Queen Elizabeth Scholarship Trust.

NURTURING A TALENTED AND ENGAGED TEAM

Following major change in the Hall's Executive team in 2022, with the departure of Director of Building and Operations, Director of Finance and Administration, Artistic Director, Director of Visitor Experience and the CEO, 2023 was a year of transition. COO Dan Freeman, who had joined the Hall in June 2022, stepped up as acting CEO until the new CEO, James Ainscough OBE, joined in May 2023.

Despite these changes, the depth of quality in the staff team was demonstrated as the team showed ambition and drive to achieve the charity's objectives, and many were able to take the opportunity to step up.

In 2023, significant efforts were made to revitalise the EDI committee, uniting EDI Champions (staff representatives) and Senior Managers responsible for Equity, Diversity and Inclusion initiatives. This collaborative approach aims to strengthen support for staff and ensure the effective delivery of EDI commitments, particularly in areas of accessibility, programme diversity and staff representation. We also commissioned a comprehensive training programme for our EDI Champions as they can sometimes be the first point of contact for employees.

We participated in recruitment fairs within our local area, resulting in over 1,000 people signing up for job alerts. Additionally, our EDI data now covers 61% of our workforce. In recognition of the diversity of London we benchmarked the EDI data of our staff with the London 2022 census data. It showed that in some areas we have a more diverse workforce (sexual orientation) and in other areas we have more work to do (ethnicity) to better reflect the profile of London residents.

The Hall's active Wellbeing Committee and Wellbeing Network continued to run a full programme of events and communications throughout the year and trained and supported Mental Health First Aiders from the staff body.

We began work on an apprenticeship strategy which will ensure that apprenticeships are aligned with our business goals and recruiting into any skills gaps, with an emphasis on reaching those in London who might otherwise struggle to find opportunities within the music industry.

A series of workshops addressing people management issues were delivered, reaching 74% of our middle managers. In 2023, 11 employees were promoted internally, this is

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significantly more than in previous years and demonstrates our ongoing commitment to nurture and retain talented staff.

During this period we have created a central dedicated learning and development role and adapted the 2023 progress review process to focus more on development and training.

We remain committed to differentiating ourselves through a comprehensive pay structure development in 2024 and continuing to adhere to our London Living Wage commitments. In 2023, we paid a bonus for the first time in three years, relating to 2022 performance, and our pay award was 5%. In recognition of the value staff place on their personal wellbeing, we also engaged with our Staff Forum to introduce the option to buy and sell annual leave.

The Hall ranked in the upper quartile for the first time in our staff survey history. This was particularly significant given that the external trends around employee engagement pointed to a downward shift. In partnership with Mind, Mental Health Awareness Training was delivered to our line managers.

The initiatives undertaken in 2023 reflect our dedication to creating a workplace that values diversity, promotes inclusion, and prioritises the wellbeing and professional growth of our employees.

Energy and emissions report

The data in this document shows the Royal Albert Hall's energy usage from 1 January 2023 to 31 December 2023. This is the second full year that the Hall has been open at full capacity since 2019. The Hall was reopened to reduced capacity on 29 May 2021 and to full capacity on 19 July 2021 following the lifting of government restrictions. The impact of closure and subsequent reopening is reflected within the 2021 data in this report and is reflected in the increase in electricity consumption in 2022. However, emission levels have decreased during this reporting year, demonstrating the Hall's progress towards effectively managing gas, electricity, and water consumption.

Electricity consumption data for the reporting year has been collated from invoicing data from Drax and was provided by the Hall.

Gas consumption data for the same period has been provided from invoicing data from Total Energies for the main plant meter and from Brook Green invoices for the meter serving the restaurants.

Summary

	2023	2022	2021	2016 Baseline
Energy consumption used to calculate emissions in kWh	Electricity 5,154,767 kWh	Electricity 5,498,290 kWh	Electricity 4,186,296 kWh	Electricity 5,443,803 kWh
	Gas 4,276,840 kWh	Gas 4,719,574 kWh	Gas 4,729,671 kWh	Gas 5,110,376 kWh
i) Emissions from combustion of gas tCO ₂ e (Scope 1)	782	862	866	940
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	1,067	1,063	889	2,243
iii) Emissions from water supply and treatment tCO ₂ e (Scope 3)	12	N/A	N/A	N/A
Total gross CO ₂ e based on above (tCO ₂ e)	1,862	1,925	1,755	3,183
iii) Intensity ratio: tCO ₂ e gross figure based on mandatory fields (tCO ₂ e/m ²)	0.062	0.064	0.058	0.106

Methodology

i) Emissions from combustion of gas tCO ₂ e (Scope 1)	tCO ₂ e calculated from the product of the gas consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2023 for 'Fuels, Natural Gas, kWh (Gross CV)'.
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	tCO ₂ e calculated from the product of the electricity consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2023 for 'UK Electricity, Electricity Generated, UK'
iii) Emissions from water supply and treatment tCO ₂ e (Scope 3)	tCO ₂ e calculated from the product of the electricity consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2023 for 'Water Supply, Cubic Meters' and 'Water Treatment, Cubic Meters'.
iii) Intensity ratio: tCO ₂ e gross figure based on mandatory fields	The intensity ratio stated above has been calculated as tonnes of carbon dioxide equivalent per total square metres of property owned (30,077m ²)

Energy efficiency

During 2023, the Hall has engaged in a number of energy efficiency measures and investigations in order to reduce consumption and subsequent carbon emissions, including:

- The replacement of over 400 lights with energy efficient LED bulbs
- Investment in plant replacement upgrades
- Investment in BMS optimisation
- Creation of Green Riders for incoming production companies
- Creation of a Carbon Strategy Report 2023-2028

Financial review

The Royal Albert Hall made another great stride in 2023 in its recovery from the impact of the Covid-19 pandemic and subsequent lockdowns and closures throughout 2020 and 2021. The Hall is up and running again and had an uninterrupted programme of events on the stage in 2023 and a full programme of events booked for 2024.

£54.4m of income was generated in 2023 (2022: £43.3m) from performances, commercial activity, bank interest and philanthropic support. With total expenditure of £42.7m (2022: £36.7m), this resulted in a return to surplus of £11.7m for the year (2022: £6.6m).

During Covid, the Hall exhausted all of the reserves it had built up over many years as income was severely impacted, but costs still needed to be incurred to maintain the Hall for the long-term. We are grateful to the DCMS and Arts Council England for their support in 2021 in providing a £20.7m loan, without which we would have had insufficient operating cash flow to re-open the Hall and progress the backlog of essential maintenance projects required to preserve and maintain our Grade I listed building.

Following on from a positive 2022, an operating surplus was also generated in 2023. Our general fund shows a surplus of £0.7m (2022: deficit £0.4m) with a further £7.5m designated in other non-asset based funds. Our priority now is to generate annual surpluses over the coming years which are sufficient to both continue rebuilding reserves and enable repayment of the loan.

Event income and expenditure

Event income in 2023 was £46.7m, an increase of £8.7m on the £38.0m achieved in 2022. Rental and ticket commission was £32.3m, an increase of 21% from 2022 (2022: £26.7m).

Other event income was up to £6.6m for the year (2022: £5.6m): catering income up by 48%, income from corporate partnerships by 25% and other income, which includes items such as ticket booking fees and merchandise sales, by 18%.

At £32.2m event expenditure was up £4.5m, an increase of 16% (2022: £27.7m). Direct show costs include show management, production, programming, ticketing and visitor services, and accounted for £21.7m of total expenditure this year (2022: £18.8m), up £2.9m or 15% on the prior year. Support costs were £10.4m (2022: £8.9m), up 17% on the prior year.

Event profits continued to generate a surplus, with event income running £14.5m ahead of event expenditure, an increase of 42% on the prior year (2022: £10.2m).

Other income and expenditure

At £7.7m, other income was up 45% from the prior year (2022: £5.3m) mainly owing to an increase in interest from cash placed on deposit. Philanthropy remains at the heart of all that we do at the Royal Albert Hall. It represents a major source of income, generating £3.2m inclusive of gift aid (2022: £2.9m) and with plans for a significant uplift in this area in the coming years. Members' contribution through the seat rate plus other miscellaneous items added £2.5m to income (2022: £2.3m).

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At £10.5m, other expenditure increased slightly on the prior year (2022: £9.0m). £4.1m (2022: £3.4m) was spent on building maintenance, refurbishment and improvements. A further £6.4m (2021: £5.6m) of other costs, including support costs, security, housekeeping, fundraising and other overheads, were incurred during the year.

Staff costs

Total costs for the year were £42.7m (2022: £36.6m). Staff costs, at £14.5m, made up 34% of this total, an increase of £1.7m or 13% over 2022. This reflects the Corporation's ongoing commitment to the London Living Wage, cost of living challenges and additional headcount to reflect increased activity in the Hall.

Loan

In March 2021, DCMS and Arts Council England funded the Hall with a £20.7m loan on a 20-year repayment term. The loan accrues interest at 2% over the life of the term which is added to the loan on the balance sheet, with an initial four-year repayment holiday. This loan and associated accrued interest remains on the Hall's balance sheet at its carrying value of £21.9m (2022: £21.5m).

Reserves

Total reserves held at 31 December 2023 were £62.4m (2022: £50.8m) of which £2.7m (2022: £2.6m) were restricted funds (note 21). The remaining £59.7m forms the Hall's unrestricted funds (note 22). After setting aside £51.5m in designated funds (2022: £48.6m), general funds improved over the year from a negative £0.4m at the end of 2022 to £0.7m.

The Hall's reserves are essential to fund ongoing operations, provide a contingency for unforeseen events, and to ensure that we adequately provide for long-term maintenance and improvement. In determining the appropriate level of funding for both designated funds and free reserves, the Council has adopted the reserves policy set out below:

- ◆ To retain a Fixed Asset Fund, comprising funds invested in fixed assets which allow the organisation to carry out its work. At 31 December 2023 the level of this reserve was £51.5m (2022: £48.6m).
- ◆ The Education & Outreach Fund has been renamed as The Engagement Fund to align the description more closely to its impact and type of activity. A value of £0.6m (2022: £nil) has been allocated to this fund to cover expenditure included in the 2024 budget.
- ◆ To provide for a Plant and Fabric Sinking Fund, so that the Hall has sufficient funds to meet the cost of major expenditure (to the extent that it is not capitalised under the Hall's tangible fixed asset policy) necessary to maintain the fabric of the building and to replace plant and equipment over the long term. There was no movement on this fund during the year and the balance remained at £nil. This fund will be merged with the fund below and renamed The Estate Plan Fund.

- ◆ To provide for a Major Building Development Fund to fund the Hall's Major Building Development programme. There was no movement on this fund during the year and the balance remained at £nil. This fund will be merged with the fund above and renamed The Estate Plan Fund.

The Estate Plan Fund currently has a balance of £nil.

- ◆ A Pension Fund of £1.5m (2022: £nil) has been established in 2023 as the Trustees continue to explore the opportunity of a buy out of the defined benefits pension (See note 24). This has been set aside to cover the cost and any associated fees within the next few years.
- ◆ Business Interruption Contingency Fund – when the Hall was required to close at the start of the Covid pandemic, our income was decimated but many of our costs remained. The building still needed to be maintained. And keeping the workforce together, where affordable, was vital to our ability to bounce back successfully when restrictions ended. Therefore, the Trustees believe it is prudent for the charity to hold a Business Interruption Contingency Fund, equivalent to 6 months of operating expenditure, to ensure the Hall can react proactively should a future scenario have a similar impact on the Hall's operations. In 2023 we were able to set aside £5.4m into this fund, which represents approximately 2.3 months of operating expenditure. We aim for this fund to be at full capacity within the next 3 years.
- ◆ Furthermore, due to £1.6m of project spend being rolled over from the previous financial year, an additional £0.7m has been allocated as a general/free reserve to cover the revised budgeted deficit in 2024.

Investment policy

The Hall's policy is to hold cash rather than investments to protect the Hall's assets from any losses that might otherwise arise. Cash investments are held to fund the Hall's long-term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long-term view when planning activities, including the Engagement programme.

At the balance sheet date, £38.1m of cash and £25.0m of short term cash deposits (shown as short term investments) (2021: £47.5m of cash) were held in current assets. This includes the £20.7m loan described above and an approximate £13.9m (2022: £11.0m) of cash held in respect to ticket sales for future performances hosted by third-parties which is held on their behalf and will be passed on to promoters in due course as part of the show settlement process. A further £2.7m of cash (2022: £2.6m) is held in restricted funds for spending on future projects as agreed with the donor. Investment income in the year of £2.0m (2022: £133k) was due to Trustee approval of moving additional cash into longer dated cash investments, taking advantage of the improved interest rates available throughout 2023. The Trustees are currently considering the investment strategy for 2024 and beyond.

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Pension fund

The Corporation has previously taken steps to limit future pension funding risk. The final salary section of the Scheme was closed to new entrants in 1997, and rates of contribution by the Corporation and its employees had been increased. To further alleviate funding difficulties, the benefits accruing to members of this section of the Scheme in respect of future service were reduced at the beginning of 2003, following consultation with active members of the Scheme, the Trustees and actuaries. Then, during 2014 the Corporation consulted with the 10 remaining active members of the Scheme, as a result of which they voluntarily transferred out of the Scheme into the Hall's Stakeholder scheme. Therefore as at 31 December 2014 the Scheme became a frozen scheme, meaning that from 2015 onwards no further benefits accrued to any of the members. For more information, please see note 24 of the accounts. The Trustees of the Corporation and the Pension continue to evaluate buyout options in 2024.

MAJOR OBJECTIVES FOR 2024

The Hall's major objectives for 2024 are set out below. Within our new structure of Mission, Vision, Values and Strategic Objectives, our decisions will be made with four Principles at their heart:

- Equality, Diversity and Inclusion
- Accessibility
- Sustainability
- Health and Safety, Safeguarding and Wellbeing

DIVERSIFYING AND DEVELOPING OUR PROGRAMME, AUDIENCE AND ENGAGEMENT ACTIVITIES

Performances and events

With our new vision of being the home of breathtaking moments and lasting memories, for everyone, we will continue to be the home of ceremony and celebration with key lynchpins of the programme intact – Cirque du Soleil from January to March, Teenage Cancer Trust performances (in Roger Daltrey's final year as curator, including Noel Gallagher's High Flying Birds, the Young Fathers and the Chemical Brothers), the BBC Proms (in David Pickard's final year as Director) and the Christmas season.

We also have Classic FM Live, Mountbatten Festival of Music in March, Festival of Remembrance and Royal Variety Performance in November; Schools' events, supporting talent development and opportunity, graduation ceremonies and heritage acts including Eric Clapton, 10CC, the Stranglers, Gipsy Kings, Zucchero; Joe Bonamassa, Dave Matthews Band and Bryan Adams. Female headliners include Gladys Knight, The Blaze, Jordan Rakei, Beverley Knight and hit podcast *The Girls' Bathroom*. *Letters Live* will be presented with the Women's Prize Trust on 6 March for International Women's Day.

We have the A-Z of classical experiences – from Abbaphonic to Zimmer v Williams. Orchestral events to introduce younger audiences to orchestral music include Ministry of Sound Classical, DJ Spooney's Garage Classical, *Distant Worlds Final Fantasy* and *Elden Ring* (gaming scores). On the same theme, our immensely popular Films in Concert series continues with titles including *Indiana Jones*, *Ghostbusters*, *Lord of the Rings* and *Top Gun: Maverick*.

Ballet returns with the epic *Swan Lake* in-the-round in June, and *Nutcracker* between Christmas and New Year, after a year's break.

Our targets for 2024 are to have more younger and ethnically diverse headline acts than in 2023 – at least 10 headline artists under the age of 35, and at least 15 headline artists from minority ethnic backgrounds.

Beyond the Main Stage

The Beyond the Main Stage programme will lead the way in promoting new artists and audiences at the Hall, keeping an equal gender balance and the ethnic diversity of artists in line with the make-up of London more widely.

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This future-focussed engine for artistic expression at the Hall exists to invite and inspire new artists and audiences to the Hall through a diverse, inclusive, accessible and forward-looking programme of events.

During 2024 the BTMS team will continue to develop and diversify the Hall's audiences through programming innovative and inspiring events. We simultaneously support and nurture up-and-coming artists, giving performance opportunities and acting as a home for new voices.

Notable events in 2024 include:

- Unstoppable Voices – providing a platform for a diverse mix of emerging artists and new cultural perspectives. This will include a ticket offer for Under 25s, and guest curation throughout the season.
- Late Night Jazz – pushing boundaries with young up-and-coming artists such as Epiphany 3, as well as Relaxed events
- Song Queen: A Pidgin Opera – by Helen Epega, a dynamic Nigerian-British composer, performer, and visual artist, offering a unique, multicultural experience presented through an Afro-Futuristic lens.
- Steinway Series – featuring Alexandra Stréliski, a major artist in the alternative classical space, and a trailblazing woman in the modern classical world.
- Income will be generated through ticket sales, although overall we are projecting a net spend of £94k in the 2024 budget to support artistic projects and free initiatives.

These events make a central contribution to the diversity and development of our audience.

Engagement

The programme is divided into three main strands of activity:

- Engaging with Music
- Supporting Communities
- Discovering Careers

Notable projects and initiatives for 2024 include:

- Increased Sensory Access programme for students with Special Educational Needs
- *Performance. Architecture. Design.* – a year-long programme that will see 160 students from eight London secondary schools engage in a programme of work that explores the architecture of performance spaces, inspired by the Royal Albert Hall and its four Associate Artists.
- Future Makers – an annual showcase concert featuring talented young musicians performing their original compositions to an audience of schoolchildren, with the winning act receiving a year of support from the Hall to develop their musical journey.
- RAH Creatives – a new monthly group for adults (aged 18+) with, or who are seeking a diagnosis of autism to explore creative activities, develop skills, share ideas and socialise in a non-judgemental and supportive environment.

Digital and Physical Audiences

In 2024 we will continue to listen to audiences through insight and research; promote events primarily through our digital channels and paid for promotion including broadcast

and outdoor; seek press coverage of all our activities including events, engagement, hospitality and daytime; and enhance the Royal Albert Hall's brand and reputation.

Specifically in 2024, we will be focusing on achieving the objectives of our Audience Development strategy, ensuring the Hall is genuinely the home of breathtaking moments and lasting memories, for everyone. With the introduction of an Access Officer, our focus will be on ensuring that our Grade I listed building is as accessible as possible.

We will also be creating a content and video strategy and maximising the use of video across all channels, highlighting events, our history and our cultural impact.

Phase 2 of the website project will see a focus on increasing visibility of our engagement and commercial activity. We will also work towards getting Access bookings online, improving our Select Your Own Seat and hospitality online bookings process.

In 2024 we will aim to increase engagement on TikTok by 5% and continue to grow our following on TikTok in line with the Audience Development Strategy.

We will also be launching an Under 30s rush email scheme in line with the audience development plan with the aim of encouraging younger audiences to attend performances of orchestral music.

With the recruitment of a new role – a Senior Archivist for Engagement – we will have a dedicated resource to help bring the Hall's story to life for new audiences.

STRENGTHENING OUR FINANCES AND OPERATIONAL RESILIENCE

Our team will continue to focus on artistic excellence, audience experience and the commercial viability of events. Events also drive the Hall's additional income streams, including Catering, Merchandise, and Technical Services.

We are undertaking a full security tender, to ensure that our security team is delivering to clear standards and KPIs while giving the charity best value and keeping everyone safe.

There is a variety of major risks to our operational resilience including cyber attacks, which would cripple the business. We have continued to invest in training, support and practical interventions to reduce the likelihood and/or impact of such an attack.

We have a new investment strategy which is delivering over £2m a year in interest.

The first repayment on the Government's £20.7m Covid loan to the Hall is due in March 2025. The loan has given us the opportunity to put the Hall back onto a secure financial footing, to rebuild our reserves and to undertake essential work in order to safeguard the Hall's future.

The Royal Albert Hall Bill will continue its progress through Parliament. Clause 5, which would authorise the charity to sell additional seats in Grand Tier boxes and enable voting rights to be given to these seats and others that have been previously sold, has prompted concerns and criticism. The Bill's other provisions, particularly around excluding Members, are vital for the charity and we cannot risk this clause derailing the entire Bill. For this reason, clause 5 of the Bill is being withdrawn and the Bill will proceed to committee stage in April with the substantive changes in clauses 4 and 6 intact.

ENHANCING THE EXPERIENCE IN A MODERNISED VICTORIAN VENUE

Our ambitious Estate Plan will enable us to develop opportunities for people of every age and background to benefit from the power of music and culture, through opening our unsurpassable building to new opportunities for everyone. They will ensure that the next generation of artists and audiences are inspired, just as our forefathers were inspired, by a welcoming, accessible, sustainable hub for inspiration.

The Estate Plan lays out the direction of travel for the building as a whole, with each individual project to then be refined and agreed in the future. This ambitious capital project will cost in the range of £300m, and will be funded through operating surplus, income generated from Seatholders, and voluntary income. In order to raise approximately £50m from voluntary income, the first phase of a Capital Appeal will be launched in Autumn 2024.

In 2024, we will begin our auditorium plasterwork repair project, major security updates including CCTV and fire doors, replacement of a new arena lift, and other show-critical infrastructure including hoist control system and show relay.

We will continue the WC refurbishment, start the fitout of the Artists' Bar, and recruit a Carbon and Environment Manager, alongside energy usage reduction plan and continued engagement with South Ken ZEN+.

NURTURING A TALENTED AND ENGAGED TEAM

The fit-out of the South West Basement staff accommodation – paused owing to Covid – is set to commence in 2024. Staff whose roles require them to have proximity to the stage and backstage areas will be able to move into this new state-of-the-art office facility including shower facilities, giving them custom-designed spaces which are fit-for-purpose.

We will undertake a review of our existing HR system with a view to implementing an integrated HR and payroll platform in 2025.

A 5% pay increase from January 2024 and a commitment to paying London Living Wage is a demonstration of the value we put on our staff. However, this will be backed up with the development of a transparent, benchmarked role and pay framework. Given the financial results from 2023, we will also be able to pay staff a bonus in March 2024.

Our apprenticeship programme will be relaunched with a strong emphasis on practical experiences and having a mix of production and non-production apprenticeships. We intend to attract and train individuals who may not have previously considered the Hall as a potential employer.

We will update our Employee Handbook, incorporating key policies and procedures, to ensure that all staff are aware of, and can conform to, our policies.

The Hall values diversity, promotes inclusion, and prioritises the well-being and professional growth of our employees. As we look ahead to 2024, our commitment to these principles remains steadfast, and we will continue to adapt and evolve our strategies to meet the dynamic needs of our workforce. We will introduce a new online learning platform that prioritises IT literacy and personal development. Our people management workshops will continue in 2024, reinforcing our commitment to nurturing leadership capabilities at all levels.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Corporation of the Hall of Arts and Sciences was incorporated under a Royal Charter dated 8 April 1867. Its governing documents now consist of two further supplemental Charters and four Acts of Parliament. The Corporation is also a registered charity (Charity Registration No. 254543). The Members of the Corporation are the Hall's Seatholders. There are currently 316 Seatholders who have access to 1,268 seats in the Hall. The consolidated constitution of the Hall is set out in Schedule 2 of the Royal Albert Hall Act 1966.

Background

The Hall's history and its legal position are unique. The Royal Albert Hall was the brainchild of Prince Albert, part of his master plan for the entire Albertopolis site. It is a Grade I listed building and receives no recurrent public funding for its running costs.

The Hall has always had charitable objectives and was registered as a charity in 1967. Funding for the building of the Hall in the 1860s was contributed to by a group of private individuals and by the Royal Commission for the Exhibition of 1851 (on land which is leased by the Corporation from the Royal Commission for the Exhibition of 1851 at a peppercorn rent for 999 years). These original founders or Members not only had access to seats for the term of the Corporation's lease, but also took on the obligation to govern the Hall for the nation's benefit and these arrangements continue to this day.

The Hall's Council, which is its governing body, is made up of a maximum of 24 members which include 18 Seatholders and the President (who is also a Seatholder), 6 of whom are elected by the Members annually at the Corporation's AGM. The remaining members of Council are appointed members from the Natural History Museum, the Royal College of Music, Imperial College, the 1851 Commission and the Department for Digital, Culture, Media and Sport.

By acquiring the right to use permanent seats at the Hall, the Seatholders have private property rights (personal estate, not real estate) which can be given or sold by one party to another and which are distinct from the charity. The charity exists subject to these permanent private property rights. In other words, the Corporation was only ever entitled to its 999 year leasehold interest subject to the property rights of the Seatholders and pursues its charitable objectives only with the assets it has at its disposal.

Understanding the correct legal basis underpinning the Hall is vital to understanding the true nature of the relationship between the charity and its Members or Seatholders. The implications of this legal basis include:

- When the Corporation hires the Hall as an "Ordinary letting" (explained below) to a promoter, it is not hiring out the entire Hall. It is instead letting the Hall less the 1,268 Seatholders' seats. The Seatholders can use or sell their tickets for such performances.

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- When the Corporation hires the Hall as an “Exclusive letting” (explained below) to a promoter, it hires the entire Hall. Exclusive lettings are governed by s14 of the Royal Albert Hall Act 1966.
- Seatholders do not pay for their tickets. There is no transaction between the charity and Seatholders when they receive their tickets and no money changes hands. The Hall is meeting the pre-existing obligations and enabling Seatholders to take up their personal rights.
- Given that the charity has never had a right to the Seatholders’ tickets, Seatholders are not depriving the charity by exercising their rights to use their tickets. Therefore, the Hall and the promoters of events have not forgone any income by virtue of the Seatholders’ attendance at certain performances.
- Neither the Hall nor the promoter can determine a face value price for Seatholders’ tickets, nor restrict their use (other than as provided for in the Hall’s constitution), given that Seatholders’ seats are not a subset of the Hall’s or the promoter’s.
- By virtue of their private legal rights over their assets (i.e. access to seats), the Seatholders have the right to use their tickets (their own private property) as they choose for Ordinary performances subject to the Hall’s constitution. These rights include the right to attend the performance, give the ticket to someone else to attend the show (whether a friend, relative, charity etc.), sell the ticket through the Hall’s box office via the Ticket Return Scheme (see below), or sell the ticket through any other channel (whether open market or not) other than ‘in the Hall or in the vicinity thereof’, (according to a 1967 byelaw) at any price they wish.
- The sale of the tickets by a Seatholder is not a ‘secondary sale’ but in fact the disposal of primary rights (even if that sale is made via a website which is better known for enabling secondary ticket sales).

Seat Rate

Initially, the Seatholders had no obligation to make any financial contribution towards the annual costs of the Hall. However, from the Royal Albert Hall Act 1876 onwards and as the Hall has evolved over the decades, the Seatholders have financially supported the Hall’s charitable objectives by agreeing at each year’s Annual General Meeting to pay an Annual Contribution, or “seat rate”, per seat to the Hall.

The current form of the seat rate, as set out in the 1966 Act, is a minimum annual £10-per-seat compulsory payment, plus an additional amount which is binding on the Seatholders if approved by a two-thirds majority at the AGM. Council determines the total amount of the seat rate to be proposed at the AGM each year, based on a recommendation by the Seat Rate Committee. This Committee comprises the five appointed Council members plus the Treasurer as non-voting chairman (please see page 30 for the terms of reference and membership).

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At the 2023 AGM, the Seatholders voted for a seat rate of £1,538 per seat plus VAT (£1,399 plus VAT in 2022), plus a supplementary seat rate of £415 per seat plus VAT, totalling £1,953 plus VAT per seat towards the Hall's annual costs. In total the Seat Rate generated an annual contribution to the Hall of £2.5m in 2023.

Ordinary and Exclusive Lets

Over time, the Seatholders have also assisted the Hall by giving up their right to attend many performances (both by approving s14 of the 1966 Act and subsequently by allowing the Hall to go beyond the Act's requirements).

Seatholders now exclude themselves from performances on up to 110 days during the year, which amount to approximately 130 performances each year. The performances from which the Seatholders are excluded are called "Exclusive" performances and are, in the main, the more popular and (for the charity) profitable events in the annual calendar.

The Hall is able to hire a greater number of seats to a promoter for an Exclusive performance and can therefore attract more performers and charge a higher rental fee. The difference in the rental fee is then paid to the Seatholders by means of a reduction in their seat rate, known as the "rebate". The rebate is defined in the 1966 Act as "any additional rent received in respect of the letting of the hall on any occasion on which the Seatholders are excluded from the hall".

In 2023 the rebate paid to Seatholders was £734,976 plus VAT, totalling £881,971, this value relates to shows from the prior year, the effect of which was to reduce the annual contribution by £580 per seat (2022: £262).

The performances that the Seatholders have access to, known as "Ordinary" lets, accounted for 227 of the 379 lettings in 2023. In total, the Seatholders received 287,836 tickets.

Other ways in which the Seatholders support the charity

Donations

In 2023, Seatholders made donations to the Hall totalling £31,777 comprising gift with ticket, online donations and Friends and Patrons memberships.

The Hall also enables the promoters of charity events to write to the Seatholders to ask if they would like to donate their tickets to these charities. There were 19 letters of appeal to Members in 2023, from which 6,237 tickets were donated to the respective charities. Members also donated 1,014 tickets to the Hall out of which 638 seats were sold.

Community Ordinaries

A Community Ordinary is a type of Ordinary Let only available to promoters of community events. In the case of Community Ordinaries, Seatholders are asked in advance whether they would like to give up their seats for that performance, thus allowing increased access for more participants to take part in the event. The vast majority of Seatholders give up their seats in support of the Hall and these community events. In 2023, there were 17 such performances.

The Hall's Ticket Return Scheme (TRS)

The TRS was launched in 1983. Its purpose is to provide a means through which Seatholders can sell the tickets they do not want to use and give the public the best possible opportunity to purchase all available Seatholders' tickets for each "Ordinary let" performance from the Hall's own box office and in particular to avoid as much as possible the sight of empty seats in an otherwise packed house, at sold-out concerts. All tickets returned to the TRS are sold to the public at the same price as the Hall sells equivalent promoter tickets.

Today the TRS is used by most of the Membership, with around 67% of tickets issued to Seatholders returned to the Hall's box office each year, greatly increasing public access to events staged in the main auditorium. The features of the Ticket Return Scheme are set by Council and the Scheme is entirely voluntary for Seatholders. The Hall operates as an agent for any Seatholders who choose to use the TRS (administering the Scheme through the ticketing system that the Hall already operates for Promoters' ticket sales). The Hall does not charge any fee to the Seatholders for this service and is only an intermediary between the Seatholders and the public who are purchasing their tickets. But the Hall does generate a direct income by charging the standard booking fee and levy to the public who purchase tickets. If the TRS did not exist, it is likely that there would be more empty seats in the auditorium and a higher portion of Seatholders' tickets would be put up for sale on third party websites, in some instances at prices greater than the equivalent promoter face value and in many cases at prices lower than the equivalent promoter face value.

The Members' Ticket Return Scheme is advantageous to the charity not only because it fills Members' seats when they are not being used by the Members and enables the charity to generate a direct income via the standard booking fee and levy charged on the ticket sales, but also because the TRS buyout compensates promoters for sales of tickets displaced by Members' ticket sales. It also allows the Hall to communicate directly with the customers who buy these Members' tickets through the Hall's box office.

We estimate that the operation of the TRS, from the direct booking fee income and the indirect impact on rental revenue, was worth £1.2m to the charity in 2023 (£0.8 in 2022). A Seatholder who returned all of their tickets to the TRS would have received a financial return of £8,648 per seat in 2023.

Seatholders' rights and obligations

Being a Seatholder of the Corporation carries with it certain functions. These include:

- voting annually (usually at the AGM) to elect a President, the Treasurer and individual Council Members;
- approval (or otherwise) of the Annual Report and Accounts;
- the appointment of the Hall's auditors;
- the approval of the Annual Contribution (the 'seat rate'); and
- voting (as and when) to alter the Hall's constitution.

Seatholders and the Hall's financial surplus

All of the Hall's financial surplus is retained by the Hall (there are no provisions for payment of this surplus to the Seatholders) and is re-invested by the charity into delivering its charitable objectives, including growing a vibrant, varied and diverse programme, as well as preserving and developing a world-renowned listed building, and providing arts and education initiatives within the local London community and beyond.

The Hall estimates that its annual income benefitted by some £4.4m in 2023 (£3.6m in 2022) due to the ongoing support of the Seatholders and as a result of the various initiatives discussed previously in relation to seat rate, exclusive lettings, and operation of the Ticket Return Scheme etc. This contribution enables the charity, which receives no recurring financial support from the Arts Council or government, to fulfil its public benefit obligations to a greater degree than would otherwise be the case.

The Hall has benefited over its first 150 years from its distinctive model whereby capital from Seatholders was used to contribute to the building of the Hall and their continued support has enabled the Hall to continue to flourish. The confluence of interest, whereby private individuals have an in-built incentive to support the charity, is unique, visionary and in the Hall's case has proven over time to be highly successful.

Charity Governance Code and governance measures enacted in 2023

The Council of the Royal Albert Hall has considered the Charity Governance Code in detail and continues to review its compliance with it. The Council and Hall abide by and support the Code's seven principles of organisational purpose: leadership, integrity, decision-making, risk and control, board effectiveness, diversity and openness and accountability. The Trustees have debated how to apply the Code's recommendations and note that the intention is that the Code is aspirational, and a tool for continuous improvement towards the highest standards. There are activities within the 2024 Operating Plan that support all of the principles above.

The Hall's constitution, in several Royal Charters and Acts of Parliament, prescribes the majority of the processes which the Council and the Hall's Executive Team must follow, including the election and membership of the Council of the Hall, giving a governance structure for the Hall which is already of the highest standard. The Council applies the Code's recommendations where appropriate, and where they do not contradict or affect the Hall's constitution itself.

There are some recommendations in the Code that cannot be applied, because the charity's constitution specifies otherwise. These include the size of the Hall's Council, and its composition – the Hall's constitution requires up to 24 Council members, not the 'maximum of 12' recommended by the Code; and specific terms for Trustee appointments. The charity already goes further than some recommendations – for example, it has a Conflicts Committee and a published Conflicts Policy, as well as applying the recommendations for identifying, dealing with and recording conflicts of interest.

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The Corporation's AGM held in July 2023 was held both in person and virtually, following the byelaw introduced in 2020 to enable virtual General Meetings, electronic voting and the service of formal notices electronically.

The Good Governance Institute conducted an extensive Board Effectiveness Review for the Hall in 2022 and the Council continues to enact the recommendations in this report. In particular the Hall has refreshed its strategic objectives and restated its vision and purpose in 2023. This has been taken through Council and its Committees so that the agendas for these bodies are now centred around strategic items and monitoring delivery. As part of this the Marketing and PR Committee has been discontinued and marketing has been merged with the Programming Committee which has now become the Programming, Archives and Marketing Committee.

During 2023 the Hall has continued the process of amending its constitution by means of a private Bill which was lodged in Parliament at the end of November 2022 and has now had a second reading in the House of Lords. The contents of the Bill initially were:

Seat Rate Proposal

1. To drop the six-year cap on increases in the seat rate.
2. Increase the voting threshold for the annual approval of the seat rate to a 75% majority.

Exclusives Proposal

3. Provide for the Hall to seek the agreement of the Members to a variation of the provisions of section 14 of the Royal Albert Hall Act 1966 for any of the three calendar years following the year in which such a resolution may be passed.
4. Provide for such a variation to require consent by a 75% majority.

Proposal for a power to sell additional seats in Grand Tier boxes and to extend Membership/voting rights in connection with these seats

5. Council to have the power to offer for sale two more seats, with voting rights, in each of the Grand Tier boxes where there are still only 10 seats, provided there is unanimous consent of the seatholders in the relevant box.
6. Provide for the owners of 12 existing seats in six GT boxes currently enjoying 'quasi Membership' with no voting rights to be able to purchase full Membership/voting rights in respect of those 12 seats.

The Council now propose to continue the Bill without the provisions for the 11th and 12th Seats in the Grand Tier boxes.

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Council members

Members of Council constitute the Trustees of the Corporation for the purposes of the Charities Act 2011. The following Council members served during 2023 and to date of signing the report:

Council members

President of the Corporation:

Ian McCulloch

Other elected members:

Leon Baroukh MA CFA

Dr Monica Bloch PhD

Stephen Brandon MA MBA CEng

Lucinda Case (resigned 31 January 2024)

John Cooper FCA CTA

Linda Craig

Lauren Ekon

Nigel Hamway

Harry Handelsman

Michael Jackson MA FCA (*resigned from Council 17 January 2023*)

Peter B M Lim FCA MBA

Robert Lipson

James Max BSc Hons SFDR MRICS

Iain McNay

Stuart Newey MBA FCBI

Anthony Ratcliffe FRICS FRSA

Mark T Schnebli FInstD FBIM

Thomas Borwick

The Hon. Alice Walpole OBE MA (Cantab) (appointed 18 May 2023)

Robert Shennan (appointed 1 February 2024)

Appointed members:

Sir Michael Dixon BSc (Sp Hons) ARCS MA (Oxon) DPhil DSc FCGI DL (*appointed by the Trustees of the Natural History Museum*)

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA (*appointed by the Royal Commission for the Exhibition of 1851*)

Lord Richard Harrington (*appointed by the Secretary of State for Digital, Culture, Media and Sport*)

Kevin Porter BA MA HonRCM (*appointed by the Council of the Royal College of Music*)
(*There is currently no appointed Member of Council appointed by the Governors of the Imperial College of Science, Technology and Medicine*)

Secretary to the Corporation:

Susan Gent

Seatholders as Council members

The majority of Council members are also Members of the Corporation who own seats in the Hall. As such they pay the Members' Annual Contribution (or seat rate), receive the rebate for Exclusive performances where they return their tickets to the Hall, receive tickets for Ordinary lets and generally enjoy Seatholders' rights on exactly the same terms as the other Members of the Corporation.

For all Council members who served during the year and up to date of this report: the total number of seats directly or jointly owned by the 15 individual Council members is 43, with a further 70 owned by their related parties; there were six representatives of Corporate seatholders on the Hall's Council during this period and these Corporate seatholders own 50 seats and two of the appointing bodies own six seats. In total the number of seats owned by Council members is therefore 43, with a further 126 owned by their related parties, out of the total number of seats owned by Members of 1,268.

During 2023 the Annual Contribution payable to the Hall by each Seatholder was £1,538 per seat plus VAT (2022: £1,399 plus VAT). The 'rebate' that Seatholders were entitled to during 2023, relating to prior year lettings where Seatholders were excluded, was £580 per seat plus VAT (2022: £262). During 2023 the supplementary seat rate payable to the Hall by each Seatholder was £415 per seat plus VAT. Therefore, in total in 2023 Council members and their related parties paid a seat rate to the Hall of £330,057 and, offset against this, a total rebate from the Hall of £98,020.

The Hall's Council members actively supported the operation of the Ticket Return Scheme (TRS - please see page 26 for a full explanation of how the TRS works). For the 169 seats owned by the Hall's Council Members and their related parties (see above), 25,112 tickets were returned to the TRS (being 65% of the total tickets they received). The Hall put these tickets on sale on behalf of the Seatholders and, in total, this generated a distribution of £770,299 (equivalent to approximately £4,558 per seat) for those Seatholders (paid to them during 2023, relating to the performance period November 2022 to October 2023), equivalent to £30.67 per ticket returned to the TRS.

No member of Council received any remuneration from the Corporation during the year (2022 - £nil). One member of Council received £52 of out of pocket expenses in 2023 (2022 two members of £354). Additional expenses were reimbursed to Council in the sum of £2,041 for meals with Council members or the Hall's Members. Other than the transactions noted above, no member of Council had any beneficial interest in any contract with the Corporation or its subsidiary undertakings during the year.

During the year eight Members of Council provided donations to the charity and the Royal Albert Hall Trust to carry out its charitable objectives during 2023 totalling £21,471 (2022: £1,854).

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As well as giving their time freely to serve on the Hall's Council and its committees, Council members assist the Hall by hosting guests who are supportive of, or in other ways helpful in promoting the work of the Hall. In these circumstances those who entertain on the Hall's behalf will have access to seats in the Kirby Laing Box (Grand Tier 29) for themselves, for Hall guests and for one personal guest.

Council members are also encouraged to attend a variety of performances at the Hall in order to experience the range of charitable activities undertaken by the Hall and the policy for the use of the Kirby Laing Box in the Grand Tier and the provision of tickets to Council members generally (known as the GT29 policy) was amended in October 2021 to facilitate this.

For this purpose, all Council members can request complimentary tickets in the Kirby Laing Box (or stalls if the Kirby Laing Box is full) for themselves and a guest on up to ten occasions throughout the year. If Council members wish to buy additional seats in the Kirby Laing box for such performances and there are tickets available, they are able to do so. When using the Box for an Ordinary performance, Council members who are seatholders, are invited to swap a number of their own tickets for the same number in the Kirby Laing Box or the stalls, returning their tickets to the Hall (for its own use and sale), but are not obliged to do so.

During the year Council members were given 81 complimentary tickets under the Hall's approved policy with a face value of £10,364. Council members can access the staff discount on food and beverage available at the Hall. In 2023, this totalled £3,762 (2022: amount not available).

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the Hall's officers, Trustees and officers of the subsidiary company and related Royal Albert Hall Trust. The total premium charged to the Corporation was £19k (2022 - £17k) and the cover provided totalled £5 million (2022 - £5 million).

Election and appointment of members of Council

In accordance with the Hall's constitution, the Council, which is the Hall's governing trustee body, comprises the President and up to 18 Members of the Corporation (i.e. they are all Seatholders) and five independent members, one being appointed by each of the Secretary of State for Digital, Culture, Media and Sport; the Trustees of the Natural History Museum; the Governors of the Imperial College of Science, Technology and Medicine; the Council of the Royal College of Music and the Royal Commission for the Exhibition of 1851.

Six out of the 18 members of Council who are also Seatholders are elected annually by rotation at the Hall's Annual General Meeting. The Members of the Corporation, also at the AGM, appoint the President who is eligible to stand for re-election every year for a maximum term of six years, at which point the President retires from office. The Treasurer is also elected annually at the AGM.

The Hall's Governance and Ethics Committee considers how the Council should fill any casual vacancies on Council¹, having regard to the need to achieve a balance of skills, experience and specialist knowledge within the Council. The Members of this Committee then meet potential candidates before putting their recommendations to Council for approval.

Historically the Council undertakes an annual Board Effectiveness Review which has been either carried out by the Hall's auditors, or internally by the President meeting with each Committee Chair to review that Committee. As described above, in 2022, the Council carried out an in-depth external Board Effectiveness Review using the Good Governance Institute and is currently enacting the recommendations from this Review.

The Council appoints the Secretary to the Corporation, who is responsible for all charity, governance and administrative aspects of the Corporation's and Council's affairs and for company secretarial duties. Susan Gent has been the Secretary to the Corporation since December 2018.

Council members' Induction and Training

The Secretary to the Corporation provides all new members of Council, the Hall's subsidiary trading companies and the RAH Trust with an induction programme which includes a full briefing on the purposes of the Charity and its provision of public benefit, the Corporation's constitutional structure, their obligations as Trustees under charity law and the Corporation's Scheme of Delegation and decision making processes. This is supplemented by a structured induction session with senior members of the Corporation's management team covering all key aspects of the Corporation's activities.

Statement of Council's responsibilities

The Council is responsible for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Corporation and the group and of their incoming resources and application of resources for that period. In preparing these accounts, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP;
- ◆ make judgements and estimates that are reasonable and prudent;

¹ Royal Albert Hall Act 1966 Schedule 2(8): Power for Council to fill up casual vacancies

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- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in operation.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Corporation's constitution. It is also responsible for safeguarding the assets of the Corporation and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Organisation

The direction and control of the Corporation is determined by Council, which meets at least five times a year. The role of Council is to oversee the Corporation's strategy in pursuit of its charitable objectives, to set policies and to ensure that the Charity is properly and effectively managed.

The following committees of Council have been established to deal with specific aspects of the work of the Corporation as defined in their terms of reference, which are set out in abridged form below. Meetings of the Council and of various Committees are attended by the Hall's Chief Executive, the Secretary to the Corporation, and variously by other members of the Executive team.

Since 2016, Mrs Lin Craig has been the Trustee with safeguarding responsibility and through the Chief Executive, Nigel Wilson (Director of People and Culture) is responsible for the implementation of the procedures and policy as Child Protection Officer.

The Safeguarding Committee acts as a forum for the Safeguarding Officers and other key personnel to ensure the Hall's Safeguarding Policy is up to date and operational activities are effective and in line with best practice. It reports at least annually to Council via the Chief Executive's report to Council. The Safeguarding Committee and the Trustee with safeguarding responsibility receive training on the policy and their roles and responsibilities. Training for other key personnel is ongoing.

Since 2021, Lauren Ekon has been the Trustee with responsibility for equality, diversity and inclusion and Stuart Newey has been the Trustee with specific oversight for matters of security.

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◆ *Conflicts Committee*

The Committee considers and responds to any decision of Council which involves a Designated Collective Conflict as referred to it under paragraph 19 of the Conflicts Policy (published on the Hall's website), to determine whether such decisions have been made in the best interests of the charity. The Committee also considers and responds to any decision referred to it by the President or Secretary to the Corporation.

At the request of the President, it also advises individual Trustees, the Council, all committees, the boards of subsidiary companies, and, where appropriate, staff, generally, on conflicts of interest. The Committee also monitors the implementation of the Conflicts Policy; recommends appropriate systems for promoting and monitoring compliance with this policy; reviews annual and other declarations of interest and briefs the Council or the President on any difficult individual cases referred to it. The minutes of the Committee are provided to the Auditors throughout the year and the Secretary to the Corporation prepares an annual report of the working of the Conflict Committee for the Committee and the auditors.

The Committee was chaired by a non-voting Seatholder, Lucinda Case, throughout 2023. Voting members of the Committee during the year have been Sir Michael Dixon, Kevin Porter and Monica Bloch, none of whom have personal seatholdings.

◆ *Finance, Audit and Risk Committee*

The Committee considers and makes recommendations to the Council on: the annual income and expenditure budget; longer term business plans and capital expenditure programmes; and the Auditors' Annual Report. It is responsible for monitoring the financial performance of the Corporation against budget and business plans; ensuring proper financial and accounting controls; compliance with statutory requirements and risk management. It is also responsible for making recommendations to Council with respect to the appointed Auditors, the approval of external and internal audit plans and the consideration of any matters raised by the auditors. The Committee is also responsible for the oversight of the Hall's security. The Finance, Audit and Risk Committee has a delegated authority of up to £500,000.

The Honorary Treasurer, Stuart Newey, chairs this Committee, which meets at least four times a year. Other members during the year were Leon Baroukh, Peter Lim, John Cooper and Nigel Hamway.

◆ *Seat Rate Committee*

The Seat Rate Committee has two purposes:

1. to review the purpose of the Seatholders' seat rate, as set out in the 1966 Act, and the consequent principles upon which it should be calculated, and to advise Council accordingly; and

2. annually, to recommend to Council the level of the seat rate that the Seatholders will be invited to approve at the next Annual General Meeting.

The Committee's members during the year have been the Honorary Treasurer, Stuart Newey (non-voting Chairman) and the current independent Appointed Members of Council: Richard Harrington, Sir Michael Dixon, Jim Eyre and Kevin Porter.

◆ *Fabric Committee*

The Committee advises Council on all matters relating to the preservation, maintenance and further improvement of the Hall and its setting. It also oversees the Hall's sustainability work and its Carbon Management Plan. During 2023, Anthony Ratcliffe chaired this Committee. The Committee meets at four times a year. Other members during the year were Harry Handelsman, Jim Eyre, Stephen Brandon and the Hon Alice Walpole OBE. Nigel George, Martin Williams and Tanvir Hassan serve as co-opted non-voting members on this Committee.

◆ *Development Committee*

This Committee oversees all aspects of the Hall's philanthropy and fundraising, including the outcomes of fundraising events and on the resources expended, giving a broad overview of the Hall's fundraising. The Committee also reviews and reports on the Hall's sponsorships and partnerships. The Committee is chaired by Nigel Hamway. Other members during the year were Robert Lipson, James Max, Richard Harrington, Stephen Brandon and Thomas Borwick.

◆ *Programming, Archives and Marketing Committee*

Council appoints a Chief Executive who, together with the Executive Team, is responsible for all aspects of the day-to-day running of the Hall, including programming the annual calendar of performances. The Programming Committee advises Council and monitors on its behalf the Hall's Programming strategy (including its Engagement Work and performances on and off the main stage), the extent to which they meet the Hall's charitable objects and financial objectives and to ensure they comply with the Hall's constitution and the Hall's Programming Policy. Section 14 of the 1966 Act specifies the number of occasions on which Seatholders may be excluded from the Hall (Exclusives as explained above) – each year at the AGM, the Members of the Corporation agree to more or different Exclusives than the 1966 Act allows, enabling the Hall to operate with more latitude than the Act would otherwise allow, to the benefit of the charity. The Programming Committee oversees the allocation of Exclusive and Ordinary performances and the shows promoted by the Hall itself. Stuart Newey initially chaired this Committee at the start of 2023 and subsequently James Max took over the chair. The Committee meets at least four times a year.

During the year the Committee also took on responsibility for the Hall's Archives and Marketing and is now known as the Programming, Archives and Marketing Committee. Other members during the year were Leon Baroukh, Robert Lipson, James Max, Thomas Borwick, Iain McNay, Monica Bloch and James Murphy.

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◆ *Governance, Ethics and Reputation Committee*

The Committee advises Council on the conduct of the affairs of the Corporation, in compliance with:

- Its constitutional documents which include its Royal Charters, Acts of Parliament and Byelaws, in combination colloquially referred to as 'The Blue Book', having particular regard to the consolidated constitution of the Corporation as set out at Schedule 2 of the Royal Albert Hall Act 1966;
- Legislation, regulation and guidance on best practice in relation to registered charities.
- Best practice on corporate and charity governance.

It also advises Council on due diligence on major donors and sponsors, the structure and membership of Council Committees, reviews nominations for membership of Council (for casual vacancies) and makes recommendations accordingly, and reputational issues generally. The Committee is chaired by the President and meets at least 4 times per year, and as necessary to consider appointments and due diligence. Members during the year were Leon Baroukh, Mrs Lin Craig, Sir Michael Dixon, James Max, Kevin Porter, Mark Schnebli and the Hon Alice Walpole OBE.

◆ *Members' Liaison Committee*

The Committee advises the Council on all matters relating to the role of the Members in the conduct of the affairs of the Corporation. It also provides a means of communication between the Members and the Hall, promotes Member support for Hall activities and oversees communications to the Members. Mrs Lin Craig chairs this Committee which meets at least four times a year. Other members during the year were Monica Bloch, Stephen Brandon, John Cooper and Mark Schnebli. Larry Viner and Ed Milner (who are also seatholders) served as co-opted members.

◆ *Marketing and PR Committee*

During 2023 the Marketing and PR Committee was disbanded and its responsibilities moved either to the Programming, Archives and Marketing Committee, or the Governance, Ethics and Reputation Committee.

◆ *HR and Remuneration Committee*

The Committee is chaired by the President and deals with HR matters together with the salary and performance of direct reports to the President (the Chief Executive and the Secretary to the Corporation), the salary and performance of the Directors and succession planning. Members during the year were Mrs Lin Craig, Sir Michael Dixon, Ian McCulloch and Lauren Ekon.

◆ *Sustainability Working Group*

The Council has recently set up a Sustainability Working Group to oversee the production of the Hall's Carbon Management Plan. This Working Group is chaired by Stephen Brandon. The Carbon Management Plan was presented to Council in February 2024.

Hall Staff

♦ *The Executive Team*

The day-to-day management of the Corporation is the responsibility of the Chief Executive, James Ainscough OBE.

The Chief Executive is supported by the Executive Team who throughout 2023 were:

Chief Operating Officer	Dan Freeman
Director of Programming and Engagement	Matthew Todd
Director of Building & Operations	Neal Hockley
Director of Audiences	Louise Halliday
Director of People and Culture	Nigel Wilson
Director of Philanthropy	Darranda Rowsell

The Chief Executive, supported by the Executive Team, is responsible for the development and implementation of strategy and business plans for the Corporation, for policy recommendations to Council, for the development and implementation of appropriate controls and procedures and for the day-to-day management of its operations. The Directors and the Secretary to the Corporation meet at least twice a month to monitor operational and financial progress against plans approved by Council and to discuss strategic objectives. A wider group comprising Heads of Department and Senior Managers meets on a weekly basis with the Executive to exchange information on operational issues.

♦ *Employees*

The Corporation strives to be an equal opportunities employer. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, trained, promoted and treated on the basis of their relevant merits and abilities.

Remuneration Policy

The Hall's approach to remuneration is designed to ensure it can attract and retain the talented and motivated people needed to achieve its vision and values. The policy is applied consistently across the organisation, with the aim of paying competitively in the not-for-profit sector within the context of affordability. Each year the Hall's Executive team (with approval from the HR & Remuneration Committee and Council) set a rate of increase for Hall-wide salaries and hourly pay to take account of the impact of general inflation. Above-inflation pay increases are only awarded to individuals for changes in role/responsibility, exceptional performance or with regard to changes in industry norms for comparable roles. These are determined on a case-by-case basis, within the constraints of the annual budget. The remuneration of the Executive team is set annually by the HR & Remuneration Committee.

The Hall does not use volunteers.

Connected charities and related parties

The accounts consolidate financial information of the Corporation of the Hall of Arts and Sciences and its wholly owned trading subsidiaries, Royal Albert Hall Developments Ltd (company number 01539294) and RAH Concerts Ltd (company number: 10664172) and a related charity, the Royal Albert Hall Trust (charity number: 285111). This requires the line-by-line consolidation of the operating results of these subsidiary undertakings in the statement of financial activities.

Royal Albert Hall Developments Limited (RAHDL) is responsible for the Hall's trading activities, namely catering, merchandising, tours, retail, licensing boxes for corporate use and selling hospitality packages. Its subsidiary RAH Concerts Ltd (RAHCL) is used for promotions that are not subject to UK law. For further details of RAHDL and RAHCL please see note 15.

The Board of RAHDL meets at least four times per year. RAHDL is chaired by Leon Baroukh and other Directors during 2023 were James Ainscough, Peter Lim, Stuart Newey, John Cooper, Nigel Hamway, Mark Schnebli and Dan Freeman. The independent Director on the Board of RAHDL and RAHCL is Charles Gilkes. The Secretary to the Corporation is the Company Secretary of RAHDL and RAHCL.

The Royal Albert Hall Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have reviewed procedures in place to ensure that all funds received, are properly utilised by the Corporation in line with donors' restrictions or wishes, on projects which are efficiently managed and fully completed. The Trustees of the Royal Albert Hall Trust, (Registered Charity No: 285111), a connected charity, are the President and additional trustees appointed to the Trust following the amendment of the Trust Deed for the RAH Trust in 2019/2020. The Trust donated £2.1m to the Corporation in 2023 (2022: £2.1m). Prior to 2023, the Trustees of the Trust also included the Vice-President of the Corporation, but the Trust Deed was further amended in 2023 so that this requirement was removed.

Fundraising

The Corporation does not engage any third parties in our fundraising efforts and all approaches and relationships are managed by our internal Philanthropy team with introductions or referrals being affected by our Philanthropy Advisory Board and other close contacts or through our database and legitimate online research.

Report of the Council Year to 31 December 2023

The Philanthropy Advisory Board performs an introductory function, allowing the team to meet more potential supporters with an interest in the Royal Albert Hall. The efforts of the Philanthropy Advisory Board are monitored by the Development Committee which is the conduit between the Philanthropy Advisory Board and the Hall's Council.

During the year the Corporation did not receive any complaints regarding Fundraising. The Hall is a member of the Fundraising Regulator and adheres to the Fundraising Code and all good standards of practice.

As set out in our Philanthropy Policy, the Hall's fundraising team adheres to Section 1.2 of the Code of Fundraising Practice and is committed to protecting vulnerable donors. We comply with all legal requirements relating to data protection, under the Data Protection Act 2018 and the UK GDPR and do not share any data for the purposes of fundraising with third parties or data sharing schemes. We regularly carry out data protection impact assessments to ensure that we comply with the UK GDPR and we do not engage in intrusive practices.

Risk management

The Council has established a process for identifying and reviewing the major strategic and operational risks (including financial, reputational, health and safety, and security risks) to which the Corporation is exposed. The Council is satisfied that systems and controls have been established and are functioning to mitigate and manage those risks. The current Risk Management Policy Framework was approved by Council in 2018. The framework ensures that major risks are identified on a regular basis, and progress is monitored against mitigating actions.

The Executive review the strategic risks every quarter and the divisional risk registers are reviewed by the senior management team and the respective Heads of departments. The risk registers score risks according to probability of occurrence and the impact on the organisation (the "gross risk"). The registers also note the "net risks" and "residual risks" after taking into account existing controls and further mitigating actions respectively. The Executive's risk appetite to strategic risks is generally low.

The Hall ensures a multi-year programme of regular internal audits is maintained. Internal Audit reports are presented to the Finance, Audit and Risk Committee.

The principal risks and uncertainties to the Hall are detailed below.

Risk	Management
Major Systems or Equipment Failure Cyber attack Website or email failure Server Room fire or flood Utility supply failure Data Breach	◆ Immutable daily backups stored on and offsite (Azure) ◆ Continual replication of key systems to ◆ Cyber insurance policy ◆ Regular server and data back ◆ Ability to take manual bookings ◆ Disaster recovery plan in place ◆ Show stop, pause and delay procedure ◆ Managed Egress procedure ◆ Staff in key locations during performance ◆ Incident Management procedure ◆ Gold, Silver, Bronze command and control structure ◆ Standalone/manually deployed CO2 extinguisher ◆ Daily backups to offsite location (Azure)
Structural damage or collapse Major internal or external impact Lack of funds or income for maintenance or repair Staging, flooring or set collapse Fire, flood or extreme weather impact or damage	◆ Improved mitigation of vehicular impact to the building ◆ Increased deterrent for any malicious attack on the building ◆ A robust funding model in place to ensure profits are put back into maintaining the building ◆ Focus from Executive and Council to ensure funds are allocated to maintaining the Grade I listed building ◆ Only trained operators used ◆ Trained professional staff engaged ◆ Equipment stored and locked in safe locations ◆ Controls locked via key and access code system ◆ Good level of fire protection in place ◆ Emergency and evacuation procedures in place
Significant Loss of Revenue or Funding Major projects overspend Sustained low ticket sales and audience attendance Major financial fraud/theft Sudden loss of major partner or contractor, e.g. caterer, promoter, building contractor	◆ Robust internal controls and processes to mitigate major overspends ◆ Focused approach to resourcing for under performance sales of shows ◆ Robust payment and cost controls in place ◆ Continually monitoring and analysis of payments and costs ◆ Limited access to Halls systems ◆ Well established and effective relationship with current partners, contractors and key service providers ◆ Knowledge of and some relationships with other providers ◆ Key third party contracts identified and extended to ensure business continuity, i.e. Catering and Security contract.

Risk	Management
Significant Staff Shortages turnover of staff due to short supply and wage inflation Inability or delay in recruiting key positions Inability of contractors and agencies to provide staff Low availability given from casual and part time staff to cover shifts	◆ New Working From Home policy implemented ◆ Review of contracts in certain ◆ Existing flexible working request procedure in place. ◆ Recruitment being prioritised by People and Culture and specific teams with high vacancies. ◆ Resource being allocated accordingly to support the completion of this process ◆ Key partners have contingency plans and enhanced initiatives to secure the quantity and calibre of temporary staff required to work at the Hall. ◆ Effective scheduling, as far in advance as possible ◆ Constant reviewing of teams resources ◆ Relationship with multiple agencies ◆ Hiring of experienced and versatile staff with potential to step in to multiple roles
Major Safeguarding Breach	◆ Robust Code white procedure for reported incidents or missing children and adults at risk. ◆ Show stop, pause and delay procedure. ◆ Violence at work procedure ◆ Mental Health first aid programme. ◆ Working PA system ◆ In house events and programming teams to manage artist liaison. ◆ Director on duty function. ◆ On call safeguarding leads ◆ Local police contacts
Significant Reputational Damage Inappropriate behaviour or statement from an associated person, group or organisation Large scale negative press coverage about governance and the conflation of secondary ticketing Major accident or incident resulting in loss of life or life changing injuries	◆ Well developed and good relationships with major artists, their managers and promoters ◆ Ability to deal quickly and effectively with this type of behaviour ◆ Policies and procedures in place to deal quickly and effectively with any incidents of this nature ◆ Successful Partner and Donor schemes ◆ Procedures in place before contracts are signed or donations received ◆ Contractual clauses in place to resolve any related issues ◆ Documentation and statements have been prepared in response to queries. ◆ Robust Emergency Procedures in place and clear roles and responsibilities for key staff members to help mitigate the recover

Going Concern

This report sets out a review of financial performance and the charity's reserve position. We have adequate financial resources and are well placed to manage the business risks.

Our planning process, including financial projections, has taken into consideration the current economic climate of inflation, changing energy prices and the current cost of living challenges and its impact on the various sources of income and planned expenditure. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. The accounts have therefore been prepared on the basis that the charity is a going concern.

2023 was not hindered by any enforced closures and ticket sales were strong throughout the year, culminating in an excellent Christmas season. Expenditure continued to be tightly controlled and the year proved to be the Hall's strongest financial performance in its history. This has allowed some of its reserves to be replenished (See note 22) after the negative impact of Covid-19.

On 24 February 2021, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund as security against future losses and, if necessary, to fund essential maintenance works (although our plan is to do so out of operating surpluses). The loan is repayable over 20 years and carries an interest rate of 2%, repayment starting March 2025.

Our planning processes, including financial projections, have taken into consideration current uncertainties. The directors have reviewed the current financial position of the Hall for the foreseeable future and have taken action as necessary to manage risks arising from different scenarios.

It is reasonable to expect the Company to generate adequate income to continue in operation for the foreseeable future, being the period of at least 12 months from the date of approval of these financial statements. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Related Parties

Subject to the items set out in this report, none of the Trustees receives remuneration or other benefit from their work with the charity. The relationship between Seatholders, Council members and the Hall is described in full on pages 27 to 39.

Any connection between a Trustee or senior manager of the charity with a promoter, contracted performer or exhibitor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party and recorded in the Hall's register of related party transactions.

Approved by the Council on 28 March 2024 and signed on its behalf by



Ian McCulloch

President

Independent Auditor's Report to the Members of the Corporation of the Hall of Arts and Sciences

Opinion

We have audited the financial statements of The Corporation of the Hall of Arts and Sciences (the parent charity) and its subsidiaries (the group) for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the parent charity and the group as at 31 December 2023, and of the group's incoming resources and application of resources, 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 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 32, the Trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Independent auditor's report Year to 31 December 2023

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond

Independent auditor's report Year to 31 December 2023

appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's 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 any party other than the charity and charity's Trustees as a body, for our audit work, for this report, or for the opinion we have formed.



Moore Kingston Smith LLP

Statutory auditor
9 Appold Street
London
EC2A 2AP

24 April 2024

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

The Corporation of the Hall of Arts and Sciences

Consolidated statement of financial activities Year to 31 December 2023

	Notes	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
Income:					
Donations and legacies	1	1,557	1,691	3,248	2,874
Income from charitable activities:					
Operation of Hall	2	32,480	-	32,480	24,052
Investment income and interest		1,976	-	1,976	133
Income from other activities:		-	-	-	-
Commercial trading operations	3	16,659	-	16,659	16,199
Total income		52,672	1,691	54,363	43,258
Expenditure:					
Costs of raising funds		553	-	553	565
Expenditure on charitable activities:					
Maintaining and developing the Hall	4	9,563	18	9,581	8,023
Promoting the arts and sciences	4	31,599	544	32,143	27,646
Interest repayable		415	-	415	415
Total expenditure		42,130	562	42,692	36,649
Net income/(expenditure)		10,542	1,129	11,671	6,609
Other recognised gains – theatre tax relief	10	-	-	-	361
Transfer between funds	21/22	1,020	(1,020)	-	-
Net movement in funds		11,562	109	11,671	6,970
Reconciliation of funds:					
Fund balances brought forward at 1 January		48,160	2,597	50,757	43,787
Fund balances carried forward at 31 December		59,722	2,706	62,428	50,757

All of the group's activities derived from continuing operations during the two financial periods above.

For the parent charity alone, total income for the year were £47.2m (2022: £31.2m) and net income was £12.1m (2022: £5.8m).

The notes on pages 50 to 79 form an integral part of these financial statements.

The Corporation of the Hall of Arts and Sciences

Balance sheets 31 December 2023

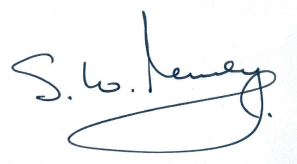
	Notes	Corporation 2023 £'000	Group 2023 £'000	Corporation 2022 £'000	Group 2022 £'000
Fixed assets					
Tangible assets	11	51,069	51,069	48,059	48,059
Intangible assets	12	453	453	587	587
Investment in subsidiary	15	25	-	25	-
		51,547	51,522	48,671	48,646
Current assets					
Stock	16	-	154	-	110
Debtors	17	15,431	6,935	11,162	5,560
Short term investments		15,000	25,000		
Cash at bank and in hand		31,678	38,132	33,931	47,525
		62,109	70,221	45,093	53,195
Current liabilities					
Creditors: amounts falling due within one year	18	31,876	37,401	24,465	29,585
		31,876	37,401	24,465	29,585
Net current assets		30,233	32,820	20,628	23,610
Total assets less current liabilities		81,780	84,342	69,299	72,256
Creditors: amounts falling due after one year	20	21,914	21,914	21,499	21,499
Total net assets		59,866	62,428	47,800	50,757
Represented by					
Funds and reserves					
Restricted funds	21	144	2,706	-	2,597
Unrestricted funds	22	59,722	59,722	47,800	48,160
		59,866	62,428	47,800	50,757

The notes on pages 50-79 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 28 March 2024 and signed on their behalf by:



Ian McCulloch
President



Stuart Newey
Honorary Treasurer

The Corporation of the Hall of Arts and Sciences

Consolidated cash flow statement Year to 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities	A	19,668	13,594
Cash flows from investing activities	B	(29,061)	(1,995)
Cash flows from financing activities	C	-	-
Changes in cash and cash equivalents in the reporting period		(9,393)	11,599
Cash and cash equivalents at the beginning of the reporting period		47,525	35,926
Cash and cash equivalents at the end of the reporting period		38,132	47,525
Comprising			
Cash at bank and in hand		38,132	47,525
Total cash and cash equivalents at the end of the reporting period		38,132	47,525

Notes to the cash flow statement for the year to 31 December 2023

A Reconciliation of cash flows from operating activities	2023 £'000	2022 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	11,671	6,609
Adjustments for:		
Depreciation charges	2,559	2,725
Amortisation	150	-
Reversal of impairment of tangible assets	-	(4)
Disposal of tangible assets	34	-
Dividends, interest and rents from investments	(1,976)	(133)
Decrease/(Increase) in stock	(44)	58
Decrease/(increase) in debtors	(957)	(46)
(Increase)/decrease in creditors	8,231	4,385
Net cash provided by (used in) operating activities	19,668	13,594

B Cash flows from investing activities	2023 £'000	2022 £'000
Dividends, interest and rents from investments	1,558	133
Purchase of property, plant and equipment	(5,599)	(2,128)
Purchase of intangible assets	(20)	-
(Increase) in current asset investments	(25,000)	-
Net cash provided by (used in) investing activities	(29,061)	(1,995)

C Cash flows from financing activities	2023 £'000	2022 £'000
Proceeds from new loans	-	-
Repayments on borrowings	-	-
Net cash provided by (used in) financing activities	-	-

D Net funds reconciliation	1 January 2023 £'000	Cashflow £'000	Other non- cash changes £'000	31 December 2023 £'000
Cash at bank and in hand	47,525	(9,393)	-	38,132
Borrowings	(21,499)	-	(415)	(21,914)
	26,026	(9,393)	(415)	16,218

Principal accounting policies Year to 31 December 2023

Company information

The Corporation of the Hall of Arts and Sciences (“the Corporation”), its wholly-owned subsidiary, Royal Albert Hall Developments Limited (RAHDL) and subsequent wholly owned subsidiary RAH Concerts Limited, and its related charity, Royal Albert Hall Trust (RAHT) all serve to promote the Arts and Sciences and the preservation and enhancement of the Grade I listed building which is held in trust for the nation. The Royal Albert Hall constitutes a public benefit entity as defined by FRS 102.

The Corporation is a registered charity (registered number: 254543) which is incorporated and domiciled in the UK. The address of the registered office is Royal Albert Hall, Kensington Gore, London, SW7 2AP, UK.

Basis of accounting

These financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practise. The accounts (financial statements) have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The group accounts consolidate on a line by line basis the accounts of The Corporation of the Hall of the Arts and Sciences (“the Corporation”), its wholly-owned subsidiary Royal Albert Hall Developments Limited (RAHDL) and its wholly owned subsidiary RAH Concerts Limited (RAHCL), and its connected charity Royal Albert Hall Trust (RAHT).

The individual entity accounts of Royal Albert Hall have taken advantage of the disclosure exemption under FRS 102 from preparing its own cash flow statement and to separately disclosure categories of financial instruments and items of income, expenses, gains or losses relating to instruments as these have been presented on a group basis in the notes to the accounts.

Going concern

The Hall derives its surpluses primarily from performances and commercial activity directly related to performances, as well as bank interest and philanthropic support, and relies on its own reserves for working capital requirements.

Principal accounting policies Year to 31 December 2023

Going concern (continued)

2023 was not hindered by any enforced closures and ticket sales were strong throughout the year, culminating in an excellent Christmas season. Expenditure continued to be tightly controlled and 2023 proved to be the Hall's strongest financial performance in its history. This has to some extent replenished the designated and general reserves (See note 22) after the negative impact of Covid-19.

On 24 February 2022, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund as security against future losses and, if necessary, to fund essential maintenance works (although our plan is to do so out of operating surpluses). The loan is repayable over 20 years and carries an interest rate of 2% with repayments starting March 2025.

Whilst the Hall was financially weakened over the pandemic, we have returned to full time business and financial surplus in 2023. Our planning process, including financial projections, has taken into consideration the current economic climate of inflation, high energy prices and the current cost of living crisis and its impact on the various sources of income and planned expenditure.

The Trustees have reviewed the current financial position of the Hall for the foreseeable future and have taken action as necessary to manage risks arising from different scenarios. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. It is reasonable to expect the Charity to generate adequate income to continue in operation for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described below, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 24.

Principal accounting policies Year to 31 December 2023

Critical accounting judgements and key sources of estimation uncertainty (continued)

Fixed assets – decisions are taken by the charity in determining whether expenditure meets the criteria for being capitalised and also in determining the useful life of assets as set out in the applicable accounting policy notes and notes 11 – 13 in the accounts.

Financial instruments

If the Corporation has any basic financial instruments, they are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors. Investments in subsidiary undertakings are held at cost less impairment.

Cash and cash equivalents include cash in hand, deposits at call with banks, other short-term liquid investments with original maturities of 3 months or less. Short term liquid investments with original maturities of 3 months or more are included in short term investments.

Stock is included at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Accounting for income

Income is recognised in the period in which the charity is entitled to receipt of the funds if performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Accordingly, rental income, ticket sales and commission, income from trading activities and other show-related income is recognised as income on the day that each show takes place. Income from licensing of boxes and Members' annual contributions is recognised over the period to which it relates.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Legacies are recognised on the earlier of the receipt of funds or the receipt of final agreed estate accounts which shows that the income is probable, and the amount can be measured reliably.

Income which is derived in exchange for donated goods and services is recognised as income in the period in which the charity is entitled to receipt of the funds, a matching expense is recognised at the same point in time. The income is recognised at the cost to the Hall of providing those services.

Principal accounting policies Year to 31 December 2023

Accounting for income (continued)

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received.

Expenditure

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

- a. Costs of raising funds comprise the direct costs and overheads associated with generating donated income and holding fundraising events.
- b. Expenditure on charitable activities includes the Corporation's primary charitable purposes of maintaining the Royal Albert Hall and, through its use, promoting the arts and sciences.

Allocation of support costs

- a. Support costs are for those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include personnel development, financial procedures and management, provision of office services and equipment and a suitable working environment. The bases on which support costs have been allocated are set out below in note 5.
- b. Governance costs comprise: 100% of the cost of the Secretary to the Corporation and their assistant; 12.5% of the cost of the Chief Executive and their assistant, audit fees; and the annual general meeting, legal and council meeting expenses.

Termination Payments

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy or (iii) the employee's contract is terminated and payment has been made in full.

Pension costs

The Corporation has two pension schemes, the Royal Albert Hall Stakeholder Pension Plan and the Royal Albert Hall Pension Scheme. It also uses The Peoples' Pension to fulfil its auto-enrolment obligations.

All staff are entitled to join the Royal Albert Hall Stakeholder Pension Plan, which with effect from 1 September 2006 is the only scheme open to new entrants.

Principal accounting policies Year to 31 December 2023

Pension costs (continued)

The Royal Albert Hall Pension Scheme has both a defined contribution section and a defined benefit section. The defined benefit section was closed to new entrants in 1997 and ceasing of accrual on 31 December 2014; the defined contribution section was closed to new entrants on 31 August 2006.

◆ *Stakeholder Pension Plan and The Peoples' Pension*

Pension costs for the Royal Albert Hall Stakeholder Pension Plan and The Peoples' Pension are charged to the statement of financial activities as they become payable.

◆ *Defined contribution section*

Pension costs for the defined contribution section of the Royal Albert Hall Pension Scheme are charged to the statement of financial activities as they become payable. The cost is split by department depending on the role of the individual. In 2020, the Scheme's trustees transferred responsibility for the defined contribution section funds from the Scheme into the Legal & General (L&G) Mastertrust, which is run by a board of professional trustees independent of L&G.

◆ *Defined benefit section*

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the Corporation's defined benefit section of the Scheme expected to arise from employee service in the period is allocated to the respective expense category (as outlined above) in respect to staff costs.

Tangible fixed assets

All assets costing more than £10,000 (other than heritage assets – see below) which have an expected useful life exceeding one year are capitalised.

Freehold land comprising car parking spaces and those assets included in the art collection are included in the accounts at their deemed cost having taken advantage of the transitional rules of the previous accounting standard, FRS15: Tangible Assets (see note 11 for details). All other assets are included at cost.

Tangible fixed assets are depreciated at the following annual rates in order to write them off over their estimated useful lives (see note 5):

◆ Property costs	5% - 10% per annum based on cost
◆ Basement	1% per annum based on cost
◆ Plant, fixtures, fittings and equipment	6.7% - 20% per annum based on cost
◆ Computers and office equipment	20 - 33.3% per annum based on cost

Principal accounting policies Year to 31 December 2023

Tangible fixed assets (continued)

Expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed. Expenditure on the building is capitalised if it fits within the criteria for capitalisation highlighted within FRS102 which refers generally to the recognition of an "asset" if and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably.

Assets under construction are not depreciated until complete and operational.

No depreciation is charged on freehold land.

No depreciation is provided on the Hall's Art Collection as its expected useful life is indefinite. Annual impairment reviews are undertaken and provision is made accordingly.

Intangible fixed assets

In accordance with FRS 102 website and digital costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Intangible fixed assets are amortised at the following annual rates in order to write them off over their estimated useful lives (see Depreciation and amortisation in note 5):

- ◆ Website / Software 20-33% per annum based on cost
- ◆ Property rights 10% per annum based on cost

Heritage assets

The land and buildings comprising the Royal Albert Hall have been classified as heritage assets. The Hall is an asset of acknowledged historic importance and must be held indefinitely in direct furtherance of the Corporation's charitable objects i.e. to maintain the Hall and, through its use, to promote the arts and sciences.

Following the creation of the Archive room in 2023, Council has reviewed the classification of the Archival collection in the financial statements and has determined that it should be regarded as a Heritage asset given its unique status documenting the history and development of the Hall.

Principal accounting policies Year to 31 December 2023

Heritage assets (continued)

The collection is held primarily for its contribution to knowledge and culture and is now accessible to the public and for academic research. Where valuations have been easily ascertainable, items in the collection have been recognised in the financial statements at their estimated value on adoption of FRS102 which has been treated as deemed cost. Other items in the Archival collection have not been accorded a value in these financial statements as their original cost or value on accession occurred many years ago and is therefore no longer available, and in many cases would not be material to the financial statements.

As reliable cost information is not available and conventional valuation approaches lack sufficient meaning given that certain aspects of the building and its historic significance are irreplaceable, no value is included on the balance sheet in respect of the Hall.

As explained more fully within note 13 of the accounts, all subsequent expenditure incurred on the land and buildings of the Royal Albert Hall is reviewed to determine whether it meets the criteria set out in FRS 102 for capitalising subsequent expenditure on an asset. Where the criteria is not met the expenditure is accounted for through the statement of financial activities.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose or contributions, subject to donor-imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects – based on decisions made by Trustees

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Corporation's charitable objects.

Government loan

The £20.7m loan from Arts Council England and the Department of Culture, Media and Sport is considered to be a public benefit entity concessionary loan as the interest rate of the loan is below the prevailing market rate.

The loan is valued at amortised cost using the effective interest method. Interest is accrued annually at 2% and is repayable over 20 years, with a repayment holiday for the first four years. The interest is accrued and added to the initial £20.7m loan and included in creditors over one year.

As at 31 December 2023, the loan remained fully drawn down.

Taxation – subsidiary

Theatre tax relief credits payable to the trading subsidiary in relation of eligible expenditure on theatrical productions are recognised as a credit within the tax charge in the company and as a gain in the consolidated financial statements.

Notes to the accounts 31 December 2023

1 Donations and legacies

	2023	2023	2022	2022
	Restricted	Unrestricted	Restricted	Unrestricted
	funds	funds	funds	funds
	£'000	£'000	£'000	£'000
Donations	1,691	1,532	1,178	1,610
Legacies	-	25	86	-
	1,691	1,557	1,264	1,610

2 Income from charitable activities

	2023	2023	2022	2022
	Restricted	Unrestricted	Restricted	Unrestricted
	funds	funds	funds	funds
	£'000	£'000	£'000	£'000
Rentals	-	3,764	-	3,336
Ticket commission	-	23,870	-	16,382
Members' contribution	-	2,476	-	2,300
Restoration / Recovery levy	-	1,494	-	1,276
Other	-	876	-	758
	-	32,480	-	24,052

3 Income from other activities

	2023	2023	2022	2022
	Restricted	Unrestricted	Restricted	Unrestricted
	funds	funds	funds	funds
	£'000	£'000	£'000	£'000
Rental	-	718	-	552
Ticket sales and commission	-	3,909	-	6,396
Concessions and licences granted	-	7,836	-	5,722
Other show-related income	-	2,766	-	2,492
Other income	-	1,430	-	1,037
	-	16,659	-	16,199

Please see note 15 for information on the Corporation's wholly owned trading subsidiary, Royal Albert Hall Developments Limited, and its respective wholly owned subsidiary RAH Concerts Ltd for more information on these activities.

4 Analysis of expenditure on charitable activities

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2023 Total £'000	2022 Total £'000
Building maintenance	2,167	-	2,167	2,014
Building refurbishment and improvements	1,955	-	1,955	1,358
Security and housekeeping	2,294	1,746	4,040	3,426
Archives	110	-	110	113
Ticketing	-	2,551	2,551	1,945
Show management and production	-	12,266	12,266	10,866
Front of house services	-	4,084	4,084	3,543
Programming, marketing and PR	-	1,954	1,954	1,655
Engagement activities	-	398	398	319
Miscellaneous	-	1,564	1,564	1,082
Support costs (see note 5)	3,055	7,580	10,635	9,348
	9,581	32,143	41,724	35,669

5 Support costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2023 Total £'000	2022 Total £'000
Finance and information systems	524	1,767	2,291	1,990
Administration and human resources	320	1,339	1,659	1,656
Overheads and insurance	511	508	1,019	965
Utilities	337	1,726	2,063	1,337
Depreciation and amortisation	555	2,154	2,709	2,725
General Office	25	86	111	98
Governance costs (note 6)	783	-	783	577
	3,055	7,580	10,635	9,348

Support costs that can be directly attributed to an activity have been allocated to that activity. Where support costs relate to more than one activity the cost has been allocated on a head count basis, with the exception of depreciation costs which have been allocated on an analysis of usage.

6 Governance costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2023 Total £'000	2022 Total £'000
Salaries, wages and related costs	257	-	257	210
General office	237	-	237	121
Audit fees	69	-	69	61
Legal and other professional fees	220	-	220	185
	783	-	783	577

7 Auditor's remuneration

	2023 £'000	2022 £'000
Group audit	69	61
Taxation services	10	11
Other services	2	1

8 Staff costs

	2023 £'000	2022 £'000
Salaries	12,688	10,987
Social security costs	1,099	1,082
Pension costs	590	545
Staff benefits	159	148
	14,536	12,762

The Council Members were not paid and did not receive any other benefits from employment with the Corporation or its subsidiaries in the year (2022: £nil). One member of Council received out of pocket expenses in the year of £53 (2022: Two members of £354). Additional expenses were incurred by Council in the sum of £2,041 for meals with Council members or the Hall's Members. No Council Member received payment for professional or other services supplied to the Corporation (2022: £nil).

Ex gratia and termination payments in the year totalled £12k (2022: £48k). Of this amount, at the year-end £nil (2022: £nil) was still to be paid.

The key management personnel of the Corporation comprise the Council Members and members of the Executive. During the year the definition of Key Management Personnel was reviewed and revised to no longer include Heads of department, this was due to confirmation of the executive team structure and permanent appointments to the team in 2023. The total employee benefits of the key management personnel of the Corporation were £1,154k (2022: £1,243k restated).

8 Staff costs (continued)

The average number of employees during the year, analysed by function, was as follows:

	2023 Number	Full-time equivalent 2023 Number	2022 Number	Full-time equivalent 2022 Number
Generating funds	7	7	8	8
Maintaining the Hall	53	44	50	41
Promoting arts and sciences	320	238	282	204
Administration and support	37	37	35	35
Governance	2	2	2	2
	419	328	377	290

The number of employees whose total emoluments were £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2023 Number	2022 Number
£60,001 - £70,000	9	11
£70,001 - £80,000	8	3
£80,001 - £90,000	1	2
£90,001 - £100,000	3	2
£100,001 - £110,000	2	2
£110,001 - £120,000	1	1
£120,001 - £130,000	1	-
£140,001 - £150,000	-	1
£170,001 - £180,000	1	-
£190,001 - £200,000	-	1
	26	23

Emoluments include remuneration, benefits-in-kind and (where relevant) redundancy payments. There are no employees accruing benefits under the Corporation's defined benefit scheme whose emoluments exceeded £60,000 (2022: none). Total employer's pension contributions for the provision of money purchase benefits for employees whose emoluments exceeded £60,000 were £170k (2022: £144k).

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the directors, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £19k (2022: £17k) and the cover provided totalled £5m (2022: £5m).

9 Related party transactions

During the year the Royal Albert Hall Trust, a related charity, made a donation to the Corporation of £2.1m (2022: £2.1m). As summarised in note 17, at the year-end there was an intercompany creditor between the Corporation and Royal Albert Hall Developments Limited of £14.1m (2022: £10.7m debtor) an intercompany debtor between the Corporation and RAH Concerts Limited of £0.2m (2022: £0.1m creditor) and an intercompany debtor between the Corporation and Royal Albert Hall Trust of £2.5m (2022: £2.3m creditor).

In accordance with the Corporation's Charter, elected Council members (which exclude appointed Council Members) are required to be seatholders. For a detailed explanation of the relationship and transactions between Council members and the Corporation, please see under 'Council members', within "Structure, governance and management" section, on pages 23 to 42.

At the year-end there was a total of £25k (2022: £25k) due to Council Members in respect of rebate income collected during 2023 which will be paid across in 2023. At the year-end there was a total of £nil (2022: £nil) due from Council Members in respect of annual contributions and supplementary seat rate charged during 2023.

The key matters are summarised in the table below:

	2023 Number	2022 Number
Number of seats owned by Council members	43	43
Number of seats owned by parties related to Council members	126	112
Number of tickets returned by Council members and related parties through ticket return scheme	25,112	21,132
Number of complimentary tickets requested by Council members under the GT29 policy	81	76
	2023 £	2022 £
Total seat rate amount paid by Council members and related parties	330,057	281,170
Total rebate amount received by Council members and related parties	98,020	40,610
Amount distributed to Council members & related parties for returned Tickets	770,229	496,982
Face value of complimentary tickets requested by Council members under the GT29 policy	10,364	13,881
Value of discount received on food and beverage available at the Hall (<i>*Prior year value unavailable</i>)	3,762	*
Donations from Council members	21,471	1,854

10 Taxation

The Corporation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

In the prior year Theatre Tax Relief of £0.4m was claimed for eligible costs associated with 14 performances of Matthew Bourne's *Car Man* in June. There were no such claims in 2023.

11 Tangible fixed assets - Group and charity

	Freehold land £'000	Leasehold land £'000	Art & Archival Collections £'000	Property Costs £'000	Plant, fixtures, fittings & equipment £'000	Computers & office equipment £'000	Assets under construction £'000	TOTAL £'000
Cost or valuation								
As at 1 January 2023	1,575	629	1,496	27,946	27,402	1,537	3,092	63,677
Reclassification of opening balance	-	-	-	967	241	255	4,136	5,599
Additions	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	(387)	-	-	(663)
Disposals	-	-	-	174	572	(276)	(746)	-
Transfers	-	-	-	-	-	-	-	-
As at 31 December 2023	1,575	629	1,496	29,087	27,828	1,516	6,482	68,613
Valuation 2001	1,575	629	1,496	-	-	-	-	3,700
Cost	-	-	-	29,087	27,828	1,515	6,482	64,912
	1,575	629	1,496	29,087	27,828	1,515	6,482	68,612
Depreciation								
As at 1 January 2023	-	-	606	2,009	11,618	1,385	-	15,618
Reclass bfwd balances	-	-	-	-	-	-	-	-
Depreciation charge for year	-	-	-	555	1,944	60	-	2,559
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(359)	(274)	-	(633)
As at 31 December 2023	-	-	606	2,564	13,203	1,171	-	17,544
Net book values								
As at 31 December 2023	1,575	629	890	26,523	14,625	345	6,482	51,069
As at 1 January 2023	1,575	629	890	25,937	15,784	152	3,092	48,059

As permitted under FRS 102, the Corporation has continued a policy of not revaluing its tangible fixed assets. The book values of tangible fixed assets held are derived as follows:

- ◆ Freehold land comprising car parking spaces situated below the Royal Albert Hall, London, SW7 are being carried at a deemed cost of £1.6m. This is based on advice received from Messrs Stile Harold Williams, Surveyors and Valuers during 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Similarly, the Corporation's art collections are included in the accounts at a deemed cost. This was following a valuation made by Messrs King Sturge, Chartered Surveyors in 2001, the Corporation having taken advantage of the transitional accounting rules available at the time. A subsequent valuation by Christie's took place in March 2022 and net book value for the art collection as at 31 December 2023 is now £537k.
- ◆ Included in the Art and Archival Collections is £353k attributable to assets which form part of the Hall's Archive material. These are now classified as heritage assets and further information is provided in note 13. Leasehold land comprising the purchase of additional land in 2016, valued at cost, to enable the basement development work to the southwest of the building.

11 Tangible fixed assets - Group and charity (continued)

- ♦ Fixtures and fittings, equipment, computers and office equipment are all included in the accounts at cost less depreciation and impairment changes.
- ♦ Subsequent expenditure on the building that meets the criteria for capitalisation under FRS102 is capitalised at cost.

The historical cost of assets included above at a valuation is not available. Many of the assets were acquired a significant number of years ago and the expense associated with researching their original cost outweighs any benefit derived from having such information.

At 31 December 2023 the Corporation had capital commitments of £0.6m (2022: £3.1m).

12 Intangible fixed assets (Group and Charity)

	Property rights £'000	Computer & Office Equipment £'000	TOTAL £'000
Cost or valuation			
As at 1 January 2023	890	2,172	3,062
Additions	-	20	20
Disposals	-	(799)	(799)
Transfers	-	-	-
As at 31 December 2023	890	1,393	2,283
Depreciation			
As at 1 January 2023	458	2,017	2,475
Charge for year	89	61	150
Disposals	-	(795)	(795)
As at 31 December 2023	547	1,283	1,830
Net book values			
As at 31 December 2023	343	110	453
As at 1 January 2023	432	155	587

Property rights consist of seats which the Corporation has purchased from Members and receives income in respect of. The property rights from the purchase of the RNIB second tier box also entitle the seller to a right to five hundred complimentary tickets, for 10 years from August 2017, which are currently based at an estimated value of £nil.

All intangible fixed asset additions were acquired, and none were internally developed.

13 Heritage assets

The land and buildings comprising the Royal Albert Hall are defined as heritage assets for the purposes of these accounts. Under the Corporation's Royal Charter the Hall, which is an asset of acknowledged historic importance, must be held indefinitely so as to fulfil the Corporation's primary charitable objectives of maintaining the Hall and, through its use, promoting the arts and sciences.

The nature of the land and buildings means that any meaningful and/or conventional valuation of the Royal Albert Hall is not possible. The historic importance of the Hall means that certain aspects of the building and its historic significance are irreplaceable. The land and buildings, therefore, appear at nil value on the Corporation's balance sheet.

The assets comprise the land and buildings known as the Royal Albert Hall, situated at Kensington Gore, London SW7 and demised under a 999 year lease dated 25 March 1872.

The Hall is valued for insurance purposes only at a gross reinstatement cost of £459m, (2022: £434m) based on a surveyor's valuation as at October 2023 by Ecclesiastical.

While not shown in the accounts, the operating expenditure includes the ground rent of one shilling (5p) a year payable to the owners of the Hall's freehold, The Royal Commission for the Exhibition of 1851.

The Hall capitalises expenditure on removable fittings, computers and equipment. Expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed.

Fixed asset additions to heritage assets in 2023 totalled £5.2m (2022: £1.1m). This included a new space that will showcase the Hall's archive material with the aim of making this available to the public and researchers. Project expenditure overall in 2023 increased on previous years due to a reduction on supply and resource issues experienced in 2022.

In addition to the Hall itself, the Corporation owns an Archival Collection of over 100,000 items which provide a unique insight into the history and development of the Hall. During 2023 a new Archive room was created in order to make the collection more accessible to the public and for research. Certain items have been recognised at a valuation (total £353k) where this can be easily established. However the majority of items (documents, paintings, memorabilia etc) are unique to the Hall and therefore cannot be valued according to conventional valuation techniques. The collection has been built up since the Hall's inception and is continually added to in order to provide a permanent record of the Hall's activities. In many cases the items have little or no intrinsic value and their original cost would not be material to the financial statements.

13 Heritage Assets (continued)

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Expenditure on heritage assets					
Capital expenditure					
Facilities for performers and the public	4,956	1,067	1,001	1,903	368
Other building works and fees	219	58	4,082	3,121	4,682
	5,175	1,125	5,083	5,024	5,050
Revenue expenditure					
Facilities for performers and the public	1,278	576	7	575	1,554
The building's structure	-	29	247	2,677	3,081
The auditorium	-	64	-	-	-
Other building works and fees	36	64	406	2,139	-
	1,314	733	660	5,391	4,635
	6,489	1,858	5,743	10,415	9,685

14 Leases

The Corporation holds the following operating leases in respect to office equipment.

	Corporation 2023 £'000	Group 2023 £'000	Corporation 2022 £'000	Group 2022 £'000
Not later than one year	12	12	7	7
Between one and five years	35	35	22	22
Later than five years	2	2	-	-
	49	49	29	29

15 Investment in subsidiary undertakings

Royal Albert Hall Developments Limited

The Corporation's subsidiary is Royal Albert Hall Developments Limited which is incorporated in England (company number 1539294) and its wholly owned subsidiary RAH Concerts Limited which is incorporated in England (company number 10664172). The principal activities of Royal Albert Hall Developments Limited are the licensing of the Royal Albert Hall to third parties, the licensing of boxes to corporate clients, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the company, tours, a shop, merchandise sales, a car parking concession, and events which are outside of the Hall's charitable objectives. The Corporation's investment in Royal Albert Hall Developments Limited comprises 25,000 ordinary shares of £1 each, being the entire issued share capital of that company.

A summary of the financial results of the company is shown below.

Statement of Comprehensive Income	2023 £'000	2022 £'000
Turnover	16,432	15,242
Cost of sales	(9,159)	(11,955)
Operating profit	7,273	3,287
Net interest receivable	650	74
Profit on ordinary activities before taxation	7,923	3,361
Tax on ordinary activities	-	369
Profit on ordinary activities after taxation	7,923	3,730
Retained earnings at the start of the period	361	-
Deed of Covenant payable to the Corporation	(8,284)	(3,369)
Retained earnings at the end of the period	-	361
Summarised balance sheet	2023 £'000	2022 £'000
Current assets	19,324	16,007
Creditors: amounts falling due within one year	(19,299)	(15,621)
Net assets	25	386
Called up share capital	25	25
Profit and loss account	-	361
	25	386

15 Investment in subsidiary undertakings (continued)

RAH Concerts Limited

The principal activities of RAH Concerts Limited are the licensing of the Royal Albert Hall to third parties which are not subject to UK law. Royal Albert Hall Developments Limited's investment in RAH Concerts Limited comprises one ordinary share of £1 each, being the entire issued share capital of that company.

A summary of the financial results of the company is shown below.

Statement of comprehensive income	2023 £'000	2022 £'000
Turnover	226	957
Cost of sales	(192)	(709)
Operating profit	34	248
Net interest receivable	-	-
Profit on ordinary activities before taxation	34	248
Tax on ordinary activities	-	3
Profit on ordinary activities after taxation	34	251
Retained earnings at the start of the period	-	-
Deed of Covenant payable to the Corporation	(34)	(251)
Retained earnings at the end of the period	-	-
Summarised balance sheet	2023 £'000	2022 £'000
Current assets	12	277
Creditors: amounts falling due within one year	(12)	(277)
Net assets	-	-
Called up share capital	-	-
Profit and loss account	-	-
	-	-

16 Stock

	Corporation 2023 £'000	Group 2023 £'000	Corporation 2022 £'000	Group 2022 £'000
Stock	-	154	-	110
	-	154	-	110

17 Debtors

	Corporation 2023 £'000	Group 2023 £'000	Corporation 2022 £'000	Group 2022 £'000
Rentals and concession income receivable	1,732	4,367	1,414	3,425
Other debtors	149	182	108	135
Tax credit receivable	-	-	-	361
Amounts due from subsidiary	11,413	-	8,366	-
Prepayments and accrued income	2,137	2,386	1,274	1,639
	15,431	6,935	11,162	5,560

18 Creditors: amounts falling due within one year

	Corporation 2023 £'000	Group 2023 £'000	Corporation 2022 £'000	Group 2022 £'000
Trade creditors	2,822	3,579	2,937	2,941
Other creditors	16,473	17,339	12,948	14,346
Social security and other payroll taxes	368	368	324	324
Accruals	3,847	4,762	3,168	3,825
Amount due to subsidiary	-	-	-	-
VAT	560	1,225	790	1,443
Deferred Income (see note 19)	7,806	10,128	4,298	6,706
	31,876	37,401	24,465	29,585

Included within other creditors are amounts of £13.9m (2022: £11.0m) held in respect to ticket sales for future performances hosted by third parties which is held on their behalf and will be passed on to promoters in due course as part of the show settlement process. Included in other creditors is £34k of unpaid pension contributions (2022: £102k).

19 Deferred Income

	Corporation 2023 £'000	Group 2023 £'000
Balance as at 1 January	4,298	6,706
Amount released to incoming resources	(4,193)	(6,566)
Amount deferred in year	7,701	9,988
Balance as at 31 December	7,806	10,128

Deferred income for the Corporation comprises deposits on future lettings of £3.3m (2022: £2.9m) and advance ticket sales on RAH presents performances of £4.5m (2022: £1.4m) relating to performances after the balance sheet date. Deferred income for the Group comprises deposits on future lettings of £3.3m (2022: £2.9m), advance ticket sales on RAH presents performances of £5.7m (2022: £2.6m) and other advance income £1.1m (2022: £1.2m) relating to performances after the balance sheet date.

20 Government loan

	2023 £'000	2022 £'000
Amounts payable:		
Under 1 year	-	-
1 – 5 years	6,335	4,751
Over 5 years	15,579	16,748
	21,914	21,499

In March 2022, the Hall received a loan of £20.7m from Arts Council England and the Department of Culture, Media and Sport as part of the Culture Recovery Fund. The loan incurs an annual interest charge of 2%, which has been accrued and added to the total amount payable, and is repayable over 20 years, with a repayment holiday for the first four years. Repayments of the loan commence March 2025.

21 Restricted funds

	Balance at 1 January 2023 £'000	Income £'000	Expenditure* £'000	Transfers £'000	Balance at 31 December 2023 £'000
Engagement Fund:					
Engagement	111	471	(476)		106
Total Engagement Fund	111	471	(476)	-	106
Production Fund:					
Associated Artists	424	-	(68)	-	356
Total Production Fund	424	-	(68)	-	356
Building Fund:					
Artists Bar	1,000	-	-	-	1,000
Creator Space	500	-	-	-	500
Door 6 restoration	450	150	-	-	600
150th Statues	112	-	-	(112)	-
Archive Project	-	908	-	(908)	-
Total Building Fund:	2,062	1,058	-	(1,020)	2,100
Royal Albert Hall Trust	2,597	1,529	(544)	(1,020)	2,562
Public Realm Grant	-	162	(18)	-	144
Corporation	-	162	(18)	-	144
Group	2,597	1,691	(562)	(1,020)	2,706

* Please note: donations are received by the Royal Albert Trust and then granted to the Corporation to fund the delivery of each initiative.

21 Restricted Funds (Continued)

	Balance at 1 January 2022 £'000	Income £'000	Expenditure* £'000	Transfers £'000	Balance at 31 December 2022 £'000
Engagement Fund:					
Engagement	95	232	(216)		111
Total Engagement Fund	95	232	(216)	-	111
Production Fund:					
Associated Artists	-	500	(76)	-	424
Total Production Fund	-	500	(76)	-	424
Building Fund:					
Artists Bar	1,000	-	-	-	1,000
Capital Projects	100	3	-	(103)	-
Door 6 restoration	300	150	-	-	450
150th Statues	43	250	-	(181)	112
Public Realm Grant	251	(25)	(226)	-	-
Creator Space	-	500	-	-	500
Total Building Fund:	1,694	878	(226)	(284)	2,062
Royal Albert Hall Trust	1,789	1,610	(518)	(284)	2,597
Corporation	-	-	-	-	-
Group	1,789	1,610	(518)	(284)	2,597

Restricted funds comprise the Building Fund, Engagement Fund (formerly known as the Education Fund) and Production Fund.

The Engagement Fund represents donations received in respect of specific education projects to be delivered by The Corporation of the Hall of Arts and Sciences. The Engagement fund is a programme helping change lives through music and is divided into three main strands of activity through supporting communities, engaging with music and discovering careers in music.

The Production fund's associated artist scheme is committed to developing talent and diversifying our artists and audiences. The introduction of this scheme allows us to put the forefront of artistic innovation, and positively challenge people's perception of the Royal Albert Hall.

21 Restricted Funds (Continued)

The Building fund contains a number of projects including a plan to create a modern Artist bar and backstage space. This project was delayed due to the pandemic but work is set to start again in 2024. The Creator space is no longer a proposed project and funds have been transferred to the Artists Bar fund subsequent to the year end by agreement of the donor. Also included is a fund to complete the restoration of Door 6. This is the door that faces the Prince Albert memorial. Completed in the year were the additions of four new statues at the front and back of the Hall and a new space to showcase the Royal Albert Hall's archive material.

The Royal Albert Hall Trust is a separately constituted Trust with charitable status whose Trustees include the current President and Vice-Presidents of the Corporation. Its purpose is to raise funds for future maintenance and preservation of the fabric and facilities of the Royal Albert Hall and to help fund its Engagement Programme. It periodically makes donations to the Corporation.

During the year the Trust made a grant of £0.5m to the Corporation's Engagement Programme (2022: £0.2m). It also made a grant of £1.0m (2022: £0.5m), to the restricted Building Fund (which comprises grants and donations raised from companies and individuals), in order to fund improvements to the building, and £0.1m (2022: £0.1m) from the Production Fund to fund the Hall's Artistic Development programme. These funds were received by the Corporation and spent in the year.

During the year a transfer of £1.0m (2022: £0.3m) was made from the Building Fund to unrestricted reserves. This represents the transfer of assets as the money has been used for the purpose for which it was given.

Notes to the accounts 31 December 2023

22 Unrestricted funds

Corporation	Tangible & intangible fixed assets fund	Engagement fund	Pension Buyout fund	Business Interruption fund	Total designated funds	General fund	Total unrestricted funds
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	48,646	-	-	-	48,646	(846)	47,800
Income	-	-	-	-	-	45,513	45,513
New Designations	4,599	600	1,500	5,400	12,099	(12,099)	-
Transfer	1,020	-	-	-	1,020	-	1,020
Utilisation/expenditure	(2,743)	-	-	-	(2,743)	(31,868)	(34,611)
Balance at 31 December 2023	51,522	600	1,500	5,400	59,022	700	59,722

Group	Tangible & intangible fixed assets fund	Engagement fund	Pension Buyout fund	Business Interruption fund	Total designated funds	General fund	Total unrestricted funds
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	48,646	-	-	-	48,646	(486)	48,160
Income	-	-	-	-	-	52,672	52,672
Other gain/(losses)	-	-	-	-	-	-	-
New Designations	4,599	600	1,500	5,400	12,099	(12,099)	-
Transfer	1,020	-	-	-	1,020	-	1,020
Utilisation/expenditure	(2,743)	-	-	-	(2,743)	(39,387)	(42,130)
Balance at 31 December 2023	51,522	600	1,500	5,400	59,022	700	59,722

Corporation	Tangible & intangible fixed assets fund	Engagement fund	Pension Buyout fund	Business Interruption fund	Total designated funds	General fund	Total unrestricted funds
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	49,238	400	-	-	49,638	(7,640)	41,998
Income	-	-	-	-	-	30,388	30,388
Transfer	284	(400)	-	-	(116)	400	284
Utilisation/expenditure	(876)	-	-	-	(876)	(23,994)	(24,870)
Balance at 31 December 2022	48,646	-	-	-	48,646	(846)	47,800

Group	Tangible & intangible fixed assets fund	Engagement fund	Pension Buyout fund	Business Interruption fund	Total designated funds	General fund	Total unrestricted funds
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	49,238	400	-	-	49,638	(7,640)	41,998
Income	-	-	-	-	-	41,648	41,648
Other gain/(losses)	-	-	-	-	-	361	361
Transfer	284	(400)	-	-	(116)	400	284
Utilisation/expenditure	(876)	-	-	-	(876)	(35,255)	(36,131)
Balance at 31 December 2022	48,646	-	-	-	48,646	(486)	48,160

22 Unrestricted funds (continued)

The Tangible and Intangible Fixed Asset Funds represent the net book value of the Corporation's fixed assets. A decision was made to separate this fund from the general fund in recognition that the tangible and intangible fixed assets are essential to the day-to-day work of the Corporation and as such their value should not be regarded as funds that are realisable to meet future contingencies. The net increase in the fund of £2.9m represents the level of capital additions during the year (net of depreciation).

The Education & Outreach Fund has been renamed as The Engagement Fund to align the description more closely to its impact and type of activity. The fund exists to protect initiatives from any adverse short term financial performance issues the Corporation may encounter. A value of £0.6m (2022: £nil) has been allocated to this fund to cover expenditure included in the 2024 budget.

The Plant and Fabric Sinking Fund existed in 2022 to meet the cost of major non-capital expenditure required to maintain the fabric of the building and to replace its plant and equipment over the long term. There was no movement on this reserve in 2022 and 2023. This fund will be merged with the fund below and renamed The Estate Plan Fund.

The Major Building Development Fund existed in 2022 to help meet the cost of future major building developments. There was no movement on this reserve in 2022 and 2023. This fund will be merged with the fund above and renamed The Estate Plan Fund. The Estate Plan Fund currently has a balance of £0.

Pension Fund of £1.5m (2022: £nil) has been established in 2023 as the trustees continue to explore the opportunity of a buy out of the defined benefits pension (See note 24). This has been set aside to cover the cost and any associated fees within the next few years.

Business Interruption Contingency Fund – when the Hall was required to close at the start of the Covid pandemic, our income was decimated but many of our costs remained. The building still needed to be maintained. And keeping the workforce together, where affordable, was vital to our ability to bounce back successfully when restrictions ended. Therefore, the Trustees believe it is prudent for the charity to hold a Business Interruption Contingency Fund, equivalent to 6 months of operating expenditure, to ensure the Hall can react proactively should a future scenario have a similar impact on the Hall's operations. In 2023 we were able to set aside £5.4m into this fund, which represents approximately 2.3 months of operating expenditure. We aim for this fund to be at full capacity within the next 3 years.

Furthermore, due to £1.6m of project spend being rolled over from the previous financial year, an additional £0.7m has been allocated as a general/free reserve to cover the revised budgeted deficit in 2024.

23 Analysis of net assets between funds

Corporation	Unrestricted fund			2023 Total £'000
	Designated funds £'000	General fund £'000	Restricted funds £'000	
Tangible & Intangible fixed assets	51,522	-	-	51,522
Investments	-	25	-	25
Net current assets	7,500	22,589	144	30,233
Creditors over 1 year	-	(21,914)	-	(21,914)
Total net assets	59,022	700	144	59,866

Group	Unrestricted fund			2023 Total £'000
	Designated fund £'000	General fund £'000	Restricted Funds £'000	
Tangible & Intangible fixed assets	51,522	-	-	51,522
Investments	-	-	-	-
Net current assets	7,500	22,614	2,706	32,820
Creditors over 1 year	-	(21,914)	-	(21,914)
Total net assets	59,022	700	2,706	62,428

Corporation	Unrestricted fund			2022 Total £'000
	Designated funds £'000	General fund £'000	Restricted funds £'000	
Tangible & Intangible fixed assets	48,646	-	-	48,646
Investments	-	25	-	25
Net current assets	-	20,628	-	20,628
Creditors over 1 year	-	(21,499)	-	(21,499)
Total net assets	48,646	(846)	-	47,800

Group	Unrestricted fund			2022 Total £'000
	Designated fund £'000	General fund £'000	Restricted Funds £'000	
Tangible & Intangible fixed assets	48,646	-	-	48,646
Investments	-	-	-	-
Net current assets	-	21,013	2,597	23,610
Creditors over 1 year	-	(21,499)	-	(21,499)
Total net assets	48,646	(486)	2,597	50,757

24 Pension commitments

The Royal Albert Hall offers a Stakeholder Pension Plan which comprises a series of individually owned personal pension accounts, arranged on a group basis, the provider of which is Aviva. Each member and, in respect of eligible members, the Corporation contribute amounts determined by either an age related or a matching scale into a personal account for each member, which is held and invested by Aviva.

For staff who choose not to join the Stakeholder Pension Plan, or are not eligible to join, the Hall uses “The People’s Pension” scheme to comply with the requirements of automatic enrolment.

The Royal Albert Hall Pension Scheme has two sections. The defined benefit section was closed to new members on 30 September 1997 and ceased accruals on 31 December 2014. A defined contributions section commenced on 1 October 1997, and was closed to new entrants and future contributions on 31 August 2006. Both sections are externally funded and contracted out of the State Second Pension. In 2020, the Scheme’s trustees transferred responsibility for the defined contributions section into the Legal & General Mastertrust. The defined benefit section remains held in a separate trustee administered fund.

The defined benefit section is valued every three years by a professionally qualified actuary using the attained age method, the rates of contribution payable being recommended by the Scheme’s Trustees and agreed by the Corporation on the advice of the actuary. In the intervening years, the actuary reviews the progress of this section. Under the projected unit method, current service costs for the defined benefit section will increase as members of the scheme approach retirement.

A full actuarial valuation of the defined benefit section was carried out as at 31 March 2021. The valuation findings indicated a market value of the defined benefit section assets of £15.3m, sufficient to cover 105.8% of the benefits which had accrued to Scheme Members; and a past service surplus of £0.8m.

The unrestricted surplus, as calculated under the accounting standard FRS 102, was £0.7m as at 31 December 2023, down from £1.3m as at 31 December 2022. The main reason for the decrease in the surplus over the period is the Scheme’s assets performing worse than expected and negative inflation experience. This has been partially offset by increases in corporate bond yields leading to a higher discount rate and a lower value being placed on the liabilities.

However, the surplus in the disclosures below has been restricted to £nil. This is because the Corporation is only allowed to recognise a surplus in its balance sheet to the extent that it can generate a future economic benefit for itself. As regards the Stakeholder Scheme, the Corporation and each member contribute amounts determined by an age related or a matching scale into a personal account for each member, which is invested by investment managers appointed by the Scheme’s Trustees.

24 Pension commitments (continued)

Pension expenses have been split between maintaining and developing the Hall and promoting the arts and sciences based on allocation of staff within unrestricted funds.

The contributions made by the Corporation over the financial year in respect of each section of the scheme were as follows:

	2023 £'000	2022 £'000
Defined benefit section	-	-
Defined contribution section / Stakeholder Scheme	579	545

The Hall expects to pay no contributions in the year to 31 December 2023 as there was a surplus in the Scheme at the last actuarial valuation. The Hall will meet directly any administrative costs and other expenses incurred by the Scheme.

FRS 102 requires the surplus or deficit on the Scheme as at 31 December 2023, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation):

	2023 %	2022 %
Inflation	3.3%	3.4%
Salary increases	n/a	n/a
Rate of discount	4.6%	4.9%
Pension increases	3.0%	3.1%

Assumed life expectancy in years at age 65:	2023	2022
Retiring today – Males	22.2	22.1
Retiring today – Females	24.7	24.6
Retiring in 20 years' time – Males	23.9	23.8
Retiring in 20 years' time – Females	26.4	26.3

24 Pension commitments (continued)

The assets in the scheme were:	Value at 31 December 2023 £'000	Value at 31 December 2022 £'000
Assets		
Equities	-	-
Gilt Fund	2,306	-
Index-Linked Gilts	3,565	-
Cash	81	73
LDI	-	9,973
Multi Asset Credit	3,903	-
Insured assets	629	635
Insured liabilities	-	-
Total market value of assets	10,484	10,681
Actuarial value of liability	(9,799)	(9,407)
Surplus in Scheme	685	1,274
Unrecognised asset	(685)	(1,274)
Recoverable surplus	-	-

The Scheme has in the past secured annuities with an insurance company for members on their retirement. An allowance has been made for these members in both the asset and liability figures at 31 December 2023.

In total, the movement in the Scheme's assets during the year is made up as follows:

	2023 £'000	2022 £'000
Fair value of assets at 1 January	10,681	17,528
Interest on assets	516	312
Benefits paid	(316)	(352)
Return on plan assets less interest	(397)	(6,807)
Fair value of assets at 31 December	10,484	10,681

In total, the movement in the Scheme's liabilities during the year is made up as follows:

	2023 £'000	2022 £'000
Actuarial value of liabilities at 1 January	9,407	14,290
Current service cost	-	-
Contributions by Scheme participants	-	-
Past service cost	-	-
Interest cost	453	254
Benefits paid	(316)	(352)
Experience (gain) on defined benefit obligation	300	828
Changes to demographic assumptions	(396)	-
Changes to financial assumptions	351	(5,613)
Actuarial value of liabilities at 31 December	9,799	9,407

24 Pension commitments (continued)

In accordance with FRS 102 the following components of pension charge have been recognised in the statement of financial activities for the year ended 31 December 2023.

	2023 £'000	2022 £'000
Analysis of the amount charged within resources expended		
Current service cost	-	-
Past service cost	-	-
Total amount included within resources expended	-	-
Analysis of net return on scheme		
Interest assets	516	312
Interest on liabilities	(453)	(254)
Interest on effect of asset ceiling	(63)	(58)
Net return	-	-
Analysis of amount recognised as an actuarial loss within the statement of financial activities		
Gain/(loss) on scheme assets in excess of interest	(397)	(6,807)
Experience losses on liabilities	(300)	(828)
(Losses)/gains from changes to demographic assumptions	396	-
(Losses)/gains from changes to financial assumptions	(351)	5,613
Adjustment in respect of restriction of surplus	652	2,022
Actuarial gain recognised within statement of financial activities	-	-

25 Prior year consolidated statement of financial activities

The statement of financial activities for 2022 is shown here for comparison purposes. The 2023 statement of financial activities is shown on page 47.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000
Income:				
Donations and legacies	1	1,264	1,610	2,874
Income from charitable activities:				
Operation of Hall	2	24,052	-	24,052
Investment income and interest		133	-	133
Income from other activities:				
Commercial trading operations	3	16,199	-	16,199
Total income		41,648	1,610	43,258
Expenditure:				
Costs of raising funds		565	-	565
Expenditure on charitable activities:				
Maintaining and developing the Hall	4	7,797	226	8,023
Promoting the arts and sciences	4	27,354	292	27,646
Interest repayable		415	-	415
Total expenditure		36,131	518	36,649
Net income/(expenditure)		5,517	1,092	6,609
Other recognised gains – theatre tax relief	10	361	-	361
Transfer between funds	21/22	284	(284)	-
Net movement in funds		6,162	808	6,970
Reconciliation of funds:				
Fund balances brought forward at 1 January		41,998	1,789	43,787
Fund balances carried forward at 31 December		48,160	2,597	50,757

THE CORPORATION OF THE HALL OF ARTS AND SCIENCES

England & Wales - Charity number 254543

Accounts

**The Corporation
of the Hall of
Arts and Sciences**

**Annual Report and
Consolidated Accounts**

31 December 2022
Charity Registration Number 254543

Patron

Her Majesty The Queen (to 8 September 2022)

Elected Council members*President*

Ian McCulloch

Honorary Treasurer & Vice-President

Michael Jackson MA FCA (resigned as Treasurer 19 May 2022, resigned from Council 17 January 2023)

Stuart Newey MBA FCBI (elected 19 May 2022)

Honorary Treasurer

Leon Baroukh MA CFA

Vice-President

Mrs Lin Craig

Vice-President

Mark T Schnebli FInstD FBIM

Vice-President

James Max BSc Hons MRICS (appointed 7 July 2022)

Vice-President

Dr Monica Bloch PhD

Peter B M Lim FCA MBA

Stephen Brandon MA MBA CEng

Robert Lipson

Lucinda Case

Iain McNay

John Cooper FCA CTA

Lauren Ekon

Nigel Hamway

Anthony Ratcliffe FRICS FRSA

Harry Handelsman

Thomas Borwick (elected 19 May 2022)

Appointed Council members

Richard Harrington

(Appointed by the Secretary of State for Digital, Culture, Media and Sport)

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA

(Appointed by the Royal Commission for the Exhibition of 1851)

Sir Michael Dixon BSc ARCS DPhil FCGI

(Appointed by the Trustees of the Natural History Museum)

Kevin Porter

(Appointed by the Council of the Royal College of Music)

Sir Jonathan Michael

(Appointed by the Governors of the Imperial College of Science, Technology and Medicine – resigned 31 December 2022)

Secretary to the Corporation

Susan Gent

Honorary Vice Presidents

C G Clive BSc MBA (deceased March 2022)

The Lady Grade (deceased January 2022)

C P Fairweather FCA

Mrs Anthony Travis BA (Hons)

H Gould OBE JP BA DL FCA

Executive

Chief Executive

Craig Hassall (until 8 January 2023)

Chief Operating Officer (and acting Chief Executive)

Dan Freeman (COO from 13 June 2022 and acting CE from 16 December 2022)

Director of Finance and Administration

Anupam Ganguli (until 31 March 2022)

Interim Director of Finance

Joanna Knowles (16 November 2022)

Artistic and Commercial Director

Lucy Noble (until 13 October 2022)

Director of External Affairs

Louise Halliday

Director of Visitor Experience

Anthony Winter-Brown (until 6 December 2022)

Acting Director of Buildings and Facilities

Neal Hockley (from 18 October 2022)

Acting Director of Programming and Engagement

Matthew Todd (from 16 December 2022)

Acting Director of People and Culture

Nigel Wilson (from 16 December 2022)

Director of Philanthropy

Darranda Rowswell (from 8 November 2022)

None of the members of the Executive Team are Directors of the Corporation under the Companies Act 2006

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London

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Auditors

Moore Kingston Smith

9 Appold Street

London

EC2A 2AP

Solicitors

Bates Wells Braithwaite LLP

10 Queen Street Place

London

EC4R 1BE

Charity registration number 254543

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Report of the Council Year to 31 December 2022

The Council presents its statutory report together with the consolidated accounts of the Corporation of the Hall of Arts and Sciences (“the Corporation” or “the Hall”) for the year ended 31 December 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 47 to 53 of the attached accounts and the provisions of the Corporation’s Constitution, namely its Royal Charters and the Royal Albert Hall Act 1966, applicable laws and the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Information on structure, governance and management, including details of the constitution, Members (or Seatholders) and training, Council responsibilities, organisational structure and risk management are provided under Structure, Governance and Management on pages 20 to 39.

Charitable Objectives

Since 1871, the Royal Albert Hall’s purpose has been to promote the Arts and Sciences as well as to maintain our Grade I listed building, held in trust for the nation.

The charity achieves these charitable objectives by:

- hosting up to 400 performances each year in the main auditorium and hundreds more performances, events, exhibitions and workshops elsewhere inside and outside the building which, together with guided tours, attract around 1.7 million visitors a year; and
- utilising the financial surpluses generated by these charitable activities and associated trading activities, plus financial support from philanthropists and the Hall’s Members or Seatholders, to support:
 - an Engagement programme which aims to change lives through music of people of all ages and backgrounds who wouldn’t otherwise get the opportunity; and
 - a multi-million pound rolling programme of planned maintenance and building projects to preserve and enhance the Grade I listed building.

The report of the Council sets out how these charitable objectives have been met in the year, the financial results and implications for the charity from this activity and what the charity expects to achieve in the following year. This structure has been retained for 2022.

Our Vision

Our vision is ***to bring people together for inspirational events on the world’s most eclectic stage.***

Accessibility is at the heart of this vision – bringing people, whatever their age or background, together.

Business Plan 2022-2026

The Royal Albert Hall marked its 150th anniversary in 2021. It is a unique and highly successful charity. Originally the brainchild of Prince Albert as part of his master plan for the entire Albertopolis site, and set up by Royal Charter, it is one of the world's best-loved and busiest performance venues. The impact of the COVID-19 pandemic was profound, with the Hall closing on 17 March 2020 and not reopening at full capacity until 19 July 2021, causing the Hall to spend its reserves and take out a £20.74m loan from government.

2022 is the first year of a new five-year Business Plan for 2022-2026 for which the Hall's vision, values and behaviours have been refreshed. At the heart of the new Business Plan are ambitious plans for the Hall as it emerges from the shock of the pandemic, using the question "What would Albert do?" to build on Prince Albert's vision and the extraordinary custodians of the Hall who have preceded us in the 150 years since the building's opening.

The Hall is held in trust for the nation, with its purpose being to promote the Arts and Sciences and to preserve and enhance our Grade I listed building. Unlike many other venues, the Hall operates without any recurrent government funding and generates revenue from three key sources: revenue from its operational activities, the Members' annual contribution, and funds raised through philanthropy. In recent years, and up until 2020, the Hall has produced an annual surplus, all of which is reinvested in our charitable purposes.

The Hall's programme of public benefit work is significant and wide ranging. It allows as many people as possible to access the building through a varied programme of events along with a growing Engagement programme which has continually evolved since its inception in 2004.

The period of this plan, 2022-2026, sees the Hall emerging from the impact of the COVID-19 pandemic, welcoming back audiences, coping with significant cost increases, and re-establishing its financial stability. This year, as last, despite serious financial constraints from the closure of the Hall during the COVID-19 pandemic, we continued to invest in critical maintenance work on the building.

We have identified five pillars of focus to ensure that the Hall remains focused on fulfilling its charitable purpose for the duration of this Business Plan.

- Innovation
- Sustainability
- Wellbeing
- Efficiency
- Diversity

In line with the terms of the DCMS Culture Recovery Fund loan, we have been continuing to focus on our Engagement work, changing lives through music.

The direction and control of the Corporation is determined by its Council who ensure that the charity continues to develop plans to meet its charitable objects. Members of Council, as the charity Trustees, confirm that they have complied with the requirements set out in the Charities Act 2011 having due regard to the Charity Commission's published general guidance on public benefit. The Hall's charitable objectives, and the manner in which these are pursued, are set out in summary form on page 4. A detailed explanation of how these objectives have been achieved in 2022 is set out in the following section.

REVIEW OF 2022

The Royal Albert Hall's achievements for 2022 are set out below and correspond to our charitable objectives outlined above.

PROMOTING THE ARTS AND SCIENCES

Performances and events

In 2022, we had 371 events in the auditorium, with an average attendance of 76%. Overall, we issued 1.3 million tickets in 2022.

We had committed to increase the number of events presented by the Royal Albert Hall by 4% to 75 in 2022. In fact, we presented 84 events ourselves, with the remainder being brought to the hall by external promoters. We had 221 events in spaces beyond the main stage and 440 workshops and other engagement activities.

The Christmas season during final month of 2021 was severely impacted by the Omicron variant of COVID-19. By the beginning of 2022, cases remained high but audiences started to return for Cirque du Soleil's *Luzia* from January to March. Ticket sales were challenging in the first part of the year – a combination of consumer confidence, cost of living, inflation, the war in Ukraine and COVID-caution.

The regular programme included Mountbatten Festival of Music, the BAFTAs and Olivier Awards, Royal British Legion's Festival of Remembrance and the Royal Variety Show. We welcomed Teenage Cancer Trust back to the Hall for their week of fundraising concerts including Yungblud, Madness, Liam Gallagher and Ed Sheeran. Matthew Bourne's *The Car Man* in June was artistically well received, although tickets sales ended at 57% of capacity.

The BBC Proms season, including a performance from the Ukrainian Freedom Orchestra, saw audiences return slowly to pre-pandemic levels, but the final three concerts were cancelled following the death of Her Majesty The Queen, who was also the Hall's Patron.

Highlights of the Autumn season included a celebration of 60 years of James Bond, featuring Shirley Bassey, P-Square, Robbie Williams, Sam Smith and 5 Seconds of Summer. Spoken word was represented by two performances from *Letters Live*, and a one-off live show from hit podcast *The Rest is Politics* featuring Rory Stewart and Alastair Campbell.

The Christmas season was a heart-warming celebration of carols, gospel, ballet, drag, film, soul and choral music, featuring Trevor Nelson, Birmingham Royal Ballet, Rick Astley, the London Community Gospel Choir and, of course, Father Christmas. Audience numbers – and enthusiasm – far exceeded our expectations, and Carols and Nutcracker took us beyond 100% of potential ticket income, thanks to dynamic pricing. It was also the most successful month ever in terms of revenue for food and drink at the Hall.

Beyond the Main Stage

In the Elgar Room, Late Night Jazz and Classical Coffee Mornings returned. Our partnership with Steinway continued, presenting a series of contemporary and classical piano concerts performed on the limited edition Royal Albert Hall inspired Steinway piano.

Family events in the Elgar included Shlomo's Beatbox Adventure, and a new adaptation of the classic story Mr Benn and Live Music Brunch in Verdi returned.

The focus of 2022 for the tours team was the continuing recovery of the department and the team following staff changes and long-term sickness. In 2022, we integrated the new handheld multimedia devices into our core tour product. Stage One of the Porch 3 'Tours Hub' is complete and we have forged a partnership with our preferred green screen photography supplier. As tourism started to return, we saw international visitors from Europe and the US in particular.

Engagement

Engagement at the Royal Albert Hall creates memories, changes lives and provides inspiration through music for all, regardless of age or background. Through our access and outreach projects we are proud to enable a wide range of people to experience the Royal Albert Hall who may not otherwise be able to do so.

Highlights of the year included a songwriting workshop led by John Legend for students from Ormiston Academies Trust, an organisation that supports young people who have been excluded from mainstream education. ITV London came to interview John Legend and the workshop was featured on the news.

For school groups, cross-curricular workshops Discover Music and Maths and Discover Music and Science returned in 2022. The Classical Spectacular Schools' Matinee in March was complemented by free music workshops in local primary schools and 40 participating children were offered free instrumental tuition for a year through our partners at the Tri-borough Music Hub.

The Community Tea Dance in September embodies the spirit of the Royal Albert Hall – an event for people of every age, all financial means and backgrounds, coming together to be inspired by our magical building. *"One of the most enjoyable and purely delightful afternoons I've ever spent in the name of 'work'", Guardian.*

Future Makers, a new annual schools concert which showcases talented young musicians from across London, saw young performers aged 14-18 who had made it through months of auditions, perform their own original music and songs on the Royal Albert Hall stage. We also continued our Young Producers and Careers Masterclass strands of work.

The Friendship matinee carols for people of all ages who engage with a charity or community group, where all tickets are £5, was the best event of the whole year in terms of audience feedback: *"It was such a wonderful event and is always one of the highlights of Christmas for our family. Thank you for making it affordable to so many families who would never be able to attend an event at the Royal Albert Hall under normal pricing. It is a massive help knowing there is a mobiloo on site too if my son needs it."*

Our weekly Nordoff Robbins music therapy sessions improved the lives of people living with a range of conditions such as autism, dementia, mental health problems, learning disabilities, social, emotional and behavioural difficulties. Albert's Band gave half term concerts and our regular series of Classical, Jazz and Opera for Kids and Storytelling and Music sessions for 0-4s continued, as did Dance for Parkinson's sessions, Songbook concerts and a regular Afternoon Coffee Club with live music.

Digital and Physical Audiences

There were 9.9 million visits to royalalberthall.com in the year, and our Christmas video, in conjunction with Aardman and Shaun the Sheep, *Fleece Navidad* had 10m views across platforms.

YouTuber Tom Scott made a [video about the Hall's roof](#) which has had 3m views.

Associate Artist Anna Lapwood (the 'TikTok organist') is reaching millions on social media through her posts featuring the Hall's organ, and collaborations with artists included Benedict Cumberbatch, Ludovico Einaudi and Bonobo, with whom she performed on the final night of a five-night residency, reaching 5.8m people on [TikTok](#) and millions more across other channels.

YouTubers [Sidemen played Hide and Seek](#) in the Hall, reaching 9m people and introducing a young, diverse global audience to the work of the Royal Albert Hall.

We are working with the Advisory Board for the Arts on an audience development plan to enable departments across the organisation to achieve our 2022–26 Business Plan diversity objective.

The archive of the Hall remains a vital resource and must be preserved and maintained. During 2022, plans to amalgamate the collection in a single, climate-controlled, accredited space were developed and costed.

PRESERVING AND ENHANCING THE BUILDING

In 2022, we commenced the roof glazing project which will ensure that the dome roof remains watertight for years to come and no longer impacts our plaster ceilings below. We also completed the conversion of our box house lighting from halogen to LED, which will reduce our electricity consumption and further efforts towards our net zero objectives.

Works also started on our latest plant replacement phase of works which will see aged and critical equipment replaced around the building, it will also see the further installation of LED lighting around the ground floor corridor and four staircases.

Further to this our capital strategy ambitions were focussed around feasibility studies for our three major plans:

- Back of house improvements for artists and ancillary activities including the Archive Rescue Project
- Remodelling of the Elgar Room for greater performance capability
- Addition of food and beverage spaces within the Hall

Report of the Council Year to 31 December 2022

Each of these projects were assessed on their viability, fundability and ongoing financial and artistic benefit to the Hall.

In 2022, following the completion of the chillers in the auditorium, the hottest days ever recorded in July put them to the test. One of the customer reviews we got was “5 stars. Blissfully cool. Almost didn’t need the music but that was also great.”

In addition to the projects identified above, the Hall remains committed to a programme of planned maintenance within a conservation management plan as well as a commitment to sustainable practices and the introduction of a carbon management plan.

The Business Plan contains a measured and informed maintenance plan which is informed by both our Conservation Management Plan and an estate management plan that spans 20 years. Though financially compromised coming out of the pandemic, the Hall continues to be maintained and looked after to ensure compliance and rigorous maintenance of essential works with a heightened attention to sustainability and best practice.

2022 was Her Majesty The Queen’s Platinum Jubilee year and we had hoped to unveil the sculptures the Hall had commissioned of our Patron, The Queen, and the Duke of Edinburgh and Queen Victoria and Prince Albert. However, sadly this was not to be and we now hope that His Majesty The King will unveil the sculptures.

LOOKING AFTER OUR FINANCES

2022 saw ongoing challenges in our objective to care for our finances. Philanthropy remains at the heart of all that we do at the Royal Albert Hall. Our supporters and audiences have responded incredibly generously to help ensure the financial future of the Hall and to this end we raised £2.9m in donations across the year. We are very grateful to our Members, Honorary Fellows, Major Donors, Trusts, Patrons, Friends and Philanthropy Board who supported us through 2022.

Some of the notable achievements include launching Royal Albert Hall America, which is a new fundraising initiative for the Hall; growing our Friends & Patrons Scheme which generated £597k during the year, an increase of £100k on pre-pandemic figures; the receipt of a significant donation from the Anglo Asia Foundation to Future Makers which is an annual concert to support young musicians and inspire new generations to pursue a career in the arts; and generous donations from The David Brownlow Charitable Foundation and Exilarch’s Foundation towards our 150th Sculptures which will be unveiled on the building in 2023. These works of art were created by graduates from the Queen Elizabeth Scholarship Trust.

After rental, ticket commission, and show related income, commercial income is the next biggest contributor to operating income. Catering commission in 2022 was £3.1m and other commercial income (including merchandise and retail) contributed almost £1m. The Recovery Levy of £2 per ticket contributed £1.3m and the Members of the Charity, or Seatholders, contributed £2.3m through the seat rate (before their rebate on Exclusive performances).

Government support through the Energy Bill Relief Scheme in the year has been vital, as even with this support our energy costs increased fourfold towards the end of the year. Similarly, the rate on VAT for tickets (which had run at 5% from 15 July 2020 to 30 September 2021 for the period of closure and as we emerged from the pandemic) of 12.5% from 1 October 2021 to 31 March 2022 was a welcome support measure, as was the reduction in business rates. From 1 April 2022 VAT rates returned to 20% for tickets, but Gift Aid continued to bolster income from donations.

LOOKING AFTER OUR PEOPLE

During the year, the Hall saw major change in its Executive team. The Hall's Director of Building and Operations had left in December 2021, the Director of Finance and Administration left in April, the Artistic Director in October, the Director of Visitor Experience in December and the CEO in January 2023, having announced his departure in August 2022. COO Dan Freeman, who had joined the Hall in June 2022, stepped up as acting CEO and developed an interim structure while the new CEO was being recruited.

Despite these changes, the depth of quality in the staff team was demonstrated as the charity continued to achieve its objectives, and many of the team were able to take the opportunity to step up.

Our renewed commitment to inclusivity saw us running webinars on inclusion, menopause awareness and being anti-racist. We also shared with staff a report on the Hall's historic links to slavery, colonialism and racism, and ran a series of listening forums with staff to discuss our response to what is sometimes an uncomfortable history.

Our Equality, Diversity and Inclusion (EDI) committee, set up in 2018, has representation from staff across all levels. It underpins our business plan and gives staff a voice. The EDI committee, our Staff Forum and our staff surveys led to meaningful change for our staff in 2022 including flexible working, increased headcount, a 2% in-year pay increase, London Living Wage commitment, long service award recognition, the appointment of new staff forum reps and ED&I champions and training courses.

The Hall's active Wellbeing Committee and Wellbeing Network continued to run a full programme of events and communications throughout the year and trained and supported Mental Health First Aiders from the staff body.

ENERGY AND EMISSIONS REPORT

The data in this document shows the Royal Albert Hall's energy usage from 1 January 2022 to 31 December 2022. This is the first full year the Hall has been open at full capacity since 2019. The Hall was reopened to reduced capacity 29 May 2021 and to full capacity on 19 July 2021 following the lifting of government restrictions. The impact of closure and subsequent reopening is reflected within the 2021 data in this report and is reflected in the increase in electricity consumption in 2022.

Electricity consumption data for the reporting year has been collated from IMSERV, the appointed data collector (DC) of the Hall's electricity meters.

Gas consumption data from January to September was from invoicing data from Brook Green and from October to December has been provided from manual meter reads for the main plant meter. Invoicing data from Brook Green has been used for the meter serving the restaurants.

Summary

	2022	2021
Energy consumption used to calculate emissions/ kWh	Electricity 5,498,290 kWh	Electricity 4,186,296 kWh
	Gas 4,719,574 kWh	Gas 4,729,671 kWh
i) Emissions from combustion of gas tCO ₂ e (Scope 1)	862	866
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	1,063	889
Total gross CO ₂ e based on above (tCO ₂ e)	1,925	1,755
iii) Intensity ratio: tCO ₂ e gross figure based from mandatory fields (tCO ₂ e/m ²)	0.064	0.058

Methodology

i) Emissions from combustion of gas tCO ₂ e (Scope 1)	tCO ₂ e calculated from the product of the gas consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2022 for 'Natural Gas'
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	tCO ₂ e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2022 for 'Electricity Generated/Electricity: UK'
iii) Intensity ratio: tCO ₂ e gross figure based from mandatory fields	The intensity ratio stated above has been calculated as Tonnes of CO ₂ e per total square metres of property owned (30,077m ²)

Energy efficiency

During 2022, the Hall has engaged in a number of energy efficiency measures and investigations in order reduce consumption and subsequent carbon emissions, including:

- Engaging with external consultants to produce a long term carbon management strategy
- Replaced over 400 x 50W box lights with 9W LEDs
- Budgeted the replacement of belt driven fans with EC fans, with works to take place in 2023
- Budgetted the replacement of ground floor corridor and lobby lighting along with 4 staircases, with works to take place in 2023.
- Initiated a number of investigations into the feasibility of installing renewable energy generation onsite

Financial review

The Royal Albert Hall recovered during 2022 from the impact of the COVID-19 pandemic and subsequent lockdowns and closures over the previous two years, culminating in a highly financially positive Christmas season. Whilst audiences remained 15% down on the last comparable year of 2019, The Hall is up and running again, with a full programme of events on the stage in 2022 and a full programme of events booked for 2023.

£43.3m of income was generated in 2022 (2021: £24.4m) from performances, commercial activity, bank interest and philanthropic support. With total expenditure of £36.7m (2021: £27.2m), this resulted in a return to surplus of £6.6m for the year. This compares favourably against the £2.9m reduction in reserves posted for 2021, which arose due to the prolonged closure and cancellation of performances in that year.

During Covid, the Hall exhausted all of the reserves it had built up over many years as income was severely impacted, but costs still needed to be incurred to maintain the Hall for the long-term. We are grateful to the DCMS and the Arts Council for their support in 2021 in providing a £20.7m loan, without which we would have had insufficient operating cash flow to re-open the Hall and progress the backlog of essential maintenance projects required to preserve and maintain our Grade 1 listed building.

Whilst 2022 saw a welcome return to generating an operating surplus, our general funds remain in deficit (£0.4m). Our priority now is to generate annual surpluses over the coming years which are sufficient to both rebuild reserves and enable repayment of the loan.

Event income and expenditure

Event income in 2022 was £38.0m, an increase of £23.1m on the £14.9m achieved in 2021. There were 163 performances in the Hall in 2021, following its reopening to socially distanced audiences in May and to full capacity in July. In 2022, the Hall was open all year, closing only as a mark of respect for the death of Her Majesty the Queen in September. In all, there were 371 performances in the Hall, with average attendance of 76% and this is reflected in the much improved financial results for the year.

Rental and ticket commission was £26.7m, an increase of 150% over 2021 (2021: £10.7m).

Other event income was up too at £5.6m for the year (2021: £2.3m): catering income by 194%, income from corporate partnerships by 197% and other income, which includes items such as ticket booking fees and merchandise sales, by 140%.

At £27.7m event expenditure was up £9.4m, an increase of 51% (2021: £18.3m). Direct show costs include show management, production, programming, ticketing and visitor services, and accounted for £18.8m of total expenditure this year (2021: £11.1m), up £7.7m or 69% on the prior year. Support costs were £8.9m (2021: £7.2m), up 24% on 2021.

Event financial results therefore returned to surplus, with event income running £10.2m ahead of event expenditure – the comparable deficit in 2021 was £3.4m.

Other income and expenditure

At £5.3m, other income was 44% down from 2021 (£9.5m) mainly owing to a reduction in donations. Philanthropy remains at the heart of all that we do at the Royal Albert Hall. It represents a major source of income, generating £2.9m inclusive of gift aid (2021: £4.8m) in 2022 and with plans for a significant uplift in this area in the coming years. Members' contribution through the seat rate plus other miscellaneous items added £2.4m to income (2021: £2.3m). 2021 also included £2.4m of Coronavirus Job Retention Scheme income.

At £9.0m, other expenditure increased slightly on the prior year (2021: £8.9m). £3.4m (2021: £4.6m) was spent on building maintenance, refurbishment and improvements. A further £5.6m (2021: £4.3m) of other costs, including support costs, security, housekeeping, fundraising and other overheads, were incurred during the year. This includes a significant increase in gas and electricity bills from October 2022 – we are pleased to receive government support with these bills and for our inclusion in the scheme extension from April 2023.

Staff costs

Total costs for the year were £36.6m (2021: £27.2m). Staff costs, at £12.8m, made up 35% of this total, an increase of £1.1m or 9% over 2021.

Loan

In March 2021, DCMS and Arts Council England funded the Hall with a £20.7m loan on a 20-year repayment term. The loan accrues interest at 2% over the life of the term which is added to the loan on the balance sheet, with an initial four-year repayment holiday. This loan and associated accrued interest remains on the Hall's balance sheet at its carrying value of £21.5m.

Reserves

Total reserves held at 31 December 2022 were £50.8m (2021: £43.8m) of which £2.6m were restricted funds (note 21). The remaining £48.2m forms the Hall's unrestricted funds (note 22). After setting aside £48.6m in designated funds (2021: £49.6m), general funds improved over the year from a negative £7.6m at the end of 2021 to a still negative £0.4m.

The Hall's reserves are essential to fund ongoing operations, provide a contingency for unforeseen events, and to ensure that we adequately provide for long-term maintenance and improvement. In determining the appropriate level of funding for both designated funds and free reserves, the Council has adopted the reserves policy set out below:

- ◆ To retain a Fixed Asset Fund, comprising funds invested in fixed assets which allow the organisation to carry out its work. At 31 December 2022 the level of this reserve was £48.6m (2021: £49.2m).
- ◆ The Education & Outreach Fund at £0.4m as at the end of 2021 was undesignated in 2022 and transferred to the general reserves.

- ◆ To provide for a Plant and Fabric Sinking Fund, so that the Hall has sufficient funds to meet the cost of major expenditure (to the extent that it is not capitalised under the Hall's tangible fixed asset policy) necessary to maintain the fabric of the building and to replace plant and equipment over the long term. There was no movement on this fund during the year.
- ◆ To provide for a Major Building Development Fund to fund the Hall's Major Building Development programme. There was no movement on this fund during the year.
- ◆ General funds: To maintain a Contingency Fund to enable the Corporation to continue to meet its immediate running costs if the auditorium has to temporarily close due to unforeseen circumstances. This reserve showed a deficit of £7.6m at the beginning of the year. As a result of the surplus in 2022, the Hall was able to add £7.2m to this fund in 2022, resulting in an improved £0.4m deficit by the end of the year.

In 2021, the Trustees amended the reserves policy to set aside £6.2m of cash (being approximately eight weeks' turnover based on 2019 figures) from the £20.7m loan to cover any future risks until such time as the Hall is able to build up its own reserves.

Investment policy

The Hall's policy is to hold cash rather than investments to protect the Hall's assets from any losses that might otherwise arise. Cash investments are held to fund the Hall's long-term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long-term view when planning activities, including the Engagement programme.

At the balance sheet date, £47.5m of cash (2021: £29.7m) was held in current assets. This includes the £20.7m loan described above, and an approximate £11.0m (2021: £11.2m) of cash held in respect to ticket sales for future performances hosted by third-parties which is held on their behalf and will be passed on to promoters in due course as part of the show settlement process. A further £2.6m of cash (2021: £1.8m) is held in restricted funds for spending on future projects as agreed with the donor. Investment income in the year of £133k (2021: £4k) was in line with Trustees' expectations. The Trustees have approved the movement in early 2023 of additional cash into longer dated cash investments to take advantage of the improved interest rates available.

Pension fund

The Corporation has previously taken steps to limit future pension funding risk. The final salary section of the Scheme was closed to new entrants in 1997, and rates of contribution by the Corporation and its employees had been increased. To further alleviate funding difficulties, the benefits accruing to members of this section of the Scheme in respect of future service were reduced at the beginning of 2003, following consultation with active members of the Scheme, the Trustees and actuaries. Then, during 2014 the Corporation consulted with the 10 remaining active members of the Scheme, as a result of which they voluntarily transferred out of the Scheme into the Hall's Stakeholder scheme. Therefore as at 31 December 2014 the Scheme became a frozen scheme, meaning that from 2015 onwards no further benefits accrued to any of the members. For more information, please see note 24 of the accounts.

MAJOR OBJECTIVES FOR 2023

The Hall's major objectives for 2023 are set out below.

2023 is our opportunity for a reset. The recruitment for our new CEO is complete, and we have an interim Executive structure which will give us the six factors that lead to optimal team performance: trust, social cohesion, information sharing, supervisory support, goal clarity and external communication, as well as a common sense of purpose.

We will take the opportunity to revise the Business Plan and strategic direction, including looking again at the Programming and Engagement Plan, Estate Management Plan, Financial Plan, coordinated Support Activities and Operational Strategies. We will set principles and have a long term view, articulating what we are aiming for. All of this will be built on the Business Plan pillars of innovation, diversity, sustainability, efficiency and wellbeing. On top of these pillars, we will focus on clarity and structure as the Hall faces the challenges of emerging from the pandemic and a substantial increase in running costs.

Looking forward, the Hall's Strategic Objectives will be:

1. To strengthen our financial position
2. To diversify Programming and promote engagement
3. To create a modern venue in a Victorian Building
4. To build a new and more diverse audience
5. To build operational resilience
6. To nurture a talented and engaged workforce

PROMOTING THE ARTS AND SCIENCES

Performances and events

The foundations of the year will be Cirque du Soleil (for which the building has been reinforced for their show, Kurios), the BBC Proms and the Christmas season. Regularly returning events including the Teenage Cancer Trust week, Olivier Awards, Royal Variety Performance, Festival of Remembrance and films in concert series will be joined by the return of English National Ballet's *Cinderella* and concerts from stars including John Legend, Tori Amos, Gregory Porter, De La Soul and Paloma Faith.

The Hall's Love Classical series will in 2023 feature an organ gala with our Associate Artist Anna Lapwood, as well as additional Beyond the Main Stage events. The Vamps, Asa, James Bay, Sparks, RuPaul's Drag Race and eSports with Mason Mount will bring a younger, more diverse audience to the Hall.

By continuing to present more than 80 events ourselves each year, we aim to influence artists and audiences that come to the Hall, diversifying and fulfilling our charitable aims to reach as wide an audience as possible, especially focusing on ethnic, age and accessibility diversity. Meanwhile, we will be investing in the talent pipeline to ensure the future health of the programme in the auditorium and will be increasing spoken word events with a dedicated poetry evening as well as programming more podcasts.

Beyond the Main Stage

Our core activity beyond the main stage will continue, including Late Night Jazz, Classical Coffee Mornings, the Steinway series and music and storytelling sessions.

We are also working on bringing together the Elgar Room with the long term plans for programming the auditorium, with the aspiration of having the Elgar Room being a place for discovering and incubating talent that eventually performs on the main stage. We will be bringing back the developmental programme *Unstoppable Voices*.

For Tours, we will integrate translation options for our handheld multimedia devices by June 2023 and the green screen equipment installation is operational from March 2023.

Engagement

Music Makes Me is a major project for June 2023 that will see 1,000 pupils from Hammersmith & Fulham, Kensington & Chelsea, and Westminster performing on the stage in a new large-scale work created for them. A collaboration with the Tri-Borough Music Hub and the Royal College of Music, *Music Makes Me* follows in the footsteps of award-winning productions, Seven Seeds and Convo.

Engagement activity in 2023 will continue to build on activity such as Future Makers, Young Producers, Nordoff Robbins music therapy, Dance for Parkinson's and Careers Masterclasses.

We aim to create a ticket subsidy scheme to reach new audiences. The impact of our Engagement projects is not only the number of people they reach, but on the difference they make, and we are shifting our focus onto meaningful outcomes rather than simply counting participants.

Digital and Physical Audiences

In 2023, we will continue to rebuild attendances and aim to be back to pre-pandemic levels of 1.7m tickets issued.

Our audience development plan will continue to focus on attracting younger and more ethnically diverse audiences. To achieve this, we will run campaigns targeting these segments including a 'Better #IRL' campaign, campaigns with social media influencers, and campaigns on third party ticketing platforms which is where those audiences usually find their tickets.

Our social media focus will be on growing TikTok followers to 50k in 2023 and we will migrate to a new Content Management System for the website, following a complete content audit.

PRESERVING AND ENHANCING THE BUILDING

Project spend will in 2023 continue to be limited to absolutely essential projects. The Estate Management Plan is critical as we plan how to use the building most effectively, including the basement extension. After the completion of our Carbon Management Plan we shall commence prioritising carbon reduction projects that can be taken forward as part of our

Estate Management Plan. We also plan to recruit a Carbon and Environment Manager to continue our commitment developing a clear path towards net zero. We will continue to work with our neighbours in the Exhibition Road Cultural Group to reduce our emissions, including on the South Ken ZEN (Zero Emissions Neighbourhood) plans.

Works happening and currently planned include roof glazing; main arena lift refurbishment; critical plant replacement; plaster repairs; CCTV replacement; main arena lift and control system replacement; and house lights LED upgrade.

The plans to relocate the archive will proceed subject to achieving the fundraising targets.

LOOKING AFTER OUR FINANCES

When we were setting the 2023 budget, it was clear that costs would be significantly higher than in previous years. Costs have risen more than income and the budget shows a £0.1m operating deficit in 2023 owing to increased energy costs, high inflation and increased staff costs. This is despite the fact that we have budgeted to generate almost £2m more income than we budgeted in 2022.

We will work hard to improve on this position, building on stronger than forecast performance in 2022 (particularly the Christmas season), on-going government support for energy prices and a refocus of activities.

Focus is being given to projects which could attract sponsorship or philanthropic funding, predominantly Engagement and building-related projects.

Our booking fee increased from 7.5% to 10%, we will retain the Recovery Levy of £2 per ticket and are reducing costs by reducing box office opening hours.

The first repayment on the £20.74m loan is due in March 2025. The loan gives us much needed resource to put the Hall back onto a secure financial footing, to rebuild our reserves and to undertake essential work in order to safeguard the Hall's future.

LOOKING AFTER OUR PEOPLE

With a new Chief Executive Officer, James Ainscough, joining from Help Musicians in late Spring, the Hall will have new leadership and the interim changes in the Executive will be refined and/or confirmed.

The focus for our people is ensuring that we are resourced for the activity that we are planning; that we are remunerating our people appropriately; that they understand the Hall's mission, vision and values; and that everyone has a common sense of purpose.

We have developed a behavioural framework that we will be introducing in 2023, using the values of Responsible, Ambitious and Human to give autonomy and a clear decision-making framework for all our staff.

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We have been looking to develop a better mechanism for celebrating successes, and the employee engagement survey reinforced the need for this. Managers have told us of the challenges they experienced when providing constructive feedback in a meaningful way. The behavioural framework we believe addresses this.

We continue to invest in our organisational culture through activities such as Games Nights; staff gatherings and events run by the Wellbeing Committee.

A 5% pay increase from January 2023 and a commitment to paying London Living Wage is a demonstration of the value we put on our staff. We have begun a project to benchmark our pay to ensure that we are competitive within our sector.

The listening sessions around the report on the Hall's historic links to slavery, colonialism and racism will lead to the development of a series of actions to improve our commitment to Equality, Diversity and Inclusion, which will be shared, along with the report, in the first quarter of the year.

Training is another area of focus for 2023; we have delivered training around ED&I mental health and menopause, data protection, cyber security and modern slavery, but we need to create an environment where employees are freed up to attend training activities for their own personal development.

It is hoped that the measures taken by our People and Culture team will slow the rate of 'churn' which has added pressure to all teams due to the loss of organisational knowledge.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Corporation of the Hall of Arts and Sciences was incorporated under a Royal Charter dated 8 April 1867. Its governing documents now consist of two further supplemental Charters and four Acts of Parliament. The Corporation is also a registered charity (Charity Registration No. 254543). The Members of the Corporation are the Hall's Seatholders. There are currently 319 Seatholders who have access to 1,268 seats in the Hall. The consolidated constitution of the Hall is set out in Schedule 2 of the Royal Albert Hall Act 1966.

Background

The Hall's history and its legal position are unique. The Royal Albert Hall was the brainchild of Prince Albert, part of his master plan for the entire Albertopolis site. It is a Grade I listed building and receives no recurrent public funding for its running costs.

The Hall has always had charitable objectives and was registered as a charity in 1967. Funding for the building of the Hall in the 1860s was contributed to by a group of private individuals and by the Royal Commission for the Exhibition of 1851 (on land which is leased by the Corporation from the Royal Commission for the Exhibition of 1851 at a peppercorn rent for 999 years). These original founders or Members not only had access to seats for the term of the Corporation's lease, but also took on the obligation to govern the Hall for the nation's benefit and these arrangements continue to this day.

The Hall's Council, which is its governing body, is made up of a maximum of 24 members which include 18 Seatholders and the President (who is also a Seatholder), 6 of whom are elected by the Members annually at the Corporation's AGM. The remaining members of Council are appointed members from the Natural History Museum, the Royal College of Music, Imperial College, the 1851 Commission and the Department for Digital, Culture, Media and Sport.

By acquiring the right to use permanent seats at the Hall, the Seatholders have private property rights (personal estate, not real estate) which can be given or sold by one party to another and which are distinct from the charity. The charity exists subject to these permanent private property rights. In other words, the Corporation was only ever entitled to its 999 year leasehold interest subject to the property rights of the Seatholders and pursues its charitable objectives only with the assets it has at its disposal.

Understanding the correct legal basis underpinning the Hall is vital to understanding the true nature of the relationship between the charity and its Members or Seatholders. The implications of this legal basis include:

- When the Corporation hires the Hall as an "Ordinary letting" (explained below) to a promoter, it is not hiring out the entire Hall. It is instead letting the Hall less the 1,268 Seatholders' seats. The Seatholders can use or sell their tickets for such performances.

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- When the Corporation hires the Hall as an “Exclusive letting” (explained below) to a promoter, it hires the entire Hall. Exclusive lettings are governed by s14 of the Royal Albert Hall Act 1966.
- Seatholders do not pay for their tickets. There is no transaction between the charity and Seatholders when they receive their tickets and no money changes hands. The Hall is meeting the pre-existing obligations and enabling Seatholders to take up their personal rights.
- Given that the charity has never had a right to the Seatholders’ tickets, Seatholders are not depriving the charity by exercising their rights to use their tickets. Therefore, the Hall and the promoters of events have not forgone any income by virtue of the Seatholders’ attendance at certain performances.
- Neither the Hall nor the promoter can determine a face value price for Seatholders’ tickets, nor restrict their use (other than as provided for in the Hall’s constitution), given that Seatholders’ seats are not a subset of the Hall’s or the promoter’s.
- By virtue of their private legal rights over their assets (i.e. access to seats), the Seatholders have the right to use their tickets (their own private property) as they choose for Ordinary performances subject to the Hall’s constitution. These rights include the right to attend the performance, give the ticket to someone else to attend the show (whether a friend, relative, charity etc.), sell the ticket through the Hall’s box office via the Ticket Return Scheme (see below), or sell the ticket through any other channel (whether open market or not) other than ‘in the Hall or in the vicinity thereof’, (according to a 1967 byelaw) at any price they wish.
- The sale of the tickets by a Seatholder is not a ‘secondary sale’ but in fact the disposal of primary rights (even if that sale is made via a website which is better known for enabling secondary ticket sales).

Seat Rate

Initially, the Seatholders had no obligation to make any financial contribution towards the annual costs of the Hall. However, from the Royal Albert Hall Act 1876 onwards and as the Hall has evolved over the decades, the Seatholders have volunteered financially to support the Hall’s charitable objectives by agreeing at each year’s Annual General Meeting to pay an Annual Contribution, or “seat rate”, per seat to the Hall.

The current form of the seat rate, as set out in the 1966 Act, is a minimum annual £10-per-seat compulsory payment, plus an additional amount which is binding on the Seatholders if approved by a two-thirds majority at the AGM. Council determines the total amount of the seat rate to be proposed at the AGM each year, based on a recommendation by the Seat Rate Committee. This Committee comprises the five appointed Council members plus the Treasurer as non-voting chairman (please see page 31 for the terms of reference and membership).

At the 2022 AGM, the Seatholders voted for a seat rate of £1,399 per seat plus VAT (£1,335 plus VAT in 2021), plus a supplementary seat rate of £415 per seat plus VAT, totalling £1,814 plus VAT per seat towards the Hall's annual costs. In total the Seat Rate generated an annual contribution to the Hall of £2.3m in 2022.

Ordinary and Exclusive Lets

Over time, the Seatholders have also assisted the Hall by giving up their right to attend many performances (both by approving s14 of the 1966 Act and by allowing the Hall to go beyond the Act's requirements).

Seatholders now exclude themselves from performances on up to 110 days during the year, which amount to approximately 130 performances each year. The performances from which the Seatholders are excluded are called "Exclusive" performances and are, in the main, the more popular and (for the charity) profitable events in the annual calendar.

The Hall is able to hire a greater number of seats to a promoter for an Exclusive performance and can therefore attract more performers and charge a higher rental fee. The difference in the rental fee is then paid to the Seatholders by means of a reduction in their seat rate, known as the "rebate". The rebate is defined in the 1966 Act as "any additional rent received in respect of the letting of the hall on any occasion on which the Seatholders are excluded from the hall".

In 2022 the rebate paid to Seatholders was £332,216 plus VAT, totalling £398,659.20, this value relates to shows from the prior year, the effect of which was to reduce the annual contribution by £262 per seat (£153 in 2021).

The performances that the Seatholders have access to, known as "Ordinary" lets, accounted for 214 of the 371 lettings in 2022. In total, the Seatholders received 271,352 tickets.

Other ways in which the Seatholders support the charity

Donations

In 2022, 27 Seatholders made donations to the Hall totalling £13,983 comprising gift with ticket, online donations and Friends and Patrons memberships.

The Hall also enables the promoters of charity events to write to the Seatholders to ask if they would like to donate their tickets to these charities. There were 13 letters of appeal to Members in 2022, from which 3,480 tickets were donated to the respected charities. Members also donated 1,566 tickets to the Hall out of which 568 seats were sold.

Community Ordinaries

A Community Ordinary is a type of Ordinary Let only available to promoters of community events. In the case of Community Ordinaries, Seatholders are asked in advance whether they would like to give up their seats for that performance, thus allowing increased access for more participants to take part in the event. The vast majority of Seatholders give up their seats in support of the Hall and these community events. In 2022, there were 27 such performances.

The Hall's Ticket Return Scheme (TRS)

The TRS was launched in 1983. Its purpose is to provide a means through which Seatholders can sell the tickets they do not want to use and give the public the best possible opportunity to purchase all available Seatholders' tickets for each "Ordinary let" performance from the Hall's own box office and in particular to avoid as much as possible the sight of empty seats in an otherwise packed house, at sold-out concerts. All tickets returned to the TRS are sold to the public at the same price as the Hall sells equivalent promoter tickets.

Today the TRS is used by most of the Membership, with around 67% of tickets issued to Seatholders returned to the Hall's box office each year, greatly increasing public access to events staged in the main auditorium. The features of the Ticket Return Scheme are set by Council and the Scheme is entirely voluntary for Seatholders. The Hall operates as an agent for any Seatholders who choose to use the TRS (administering the Scheme through the ticketing system that the Hall already operates for Promoters' ticket sales). The Hall does not charge any fee to the Seatholders for this service and is only an intermediary between the Seatholders and the public who are purchasing their tickets. But the Hall does generate a direct income by charging the standard booking fee and levy to the public who purchase tickets. If the TRS did not exist, it is likely that there would be more empty seats in the auditorium and a higher portion of Seatholders' tickets would be put up for sale on third party websites, in some instances at prices greater than the equivalent promoter face value and in many cases at prices lower than the equivalent promoter face value.

The TRS is advantageous to the charity not only because it enables the charity to generate a direct income via the standard booking fee levied on the ticket sales, but also because the TRS can improve the risk profile that promoters face when hiring the Hall which, in turn, enables the Hall to maximise its rental revenue. It also allows the Hall to communicate directly with the customers who buy these Members' tickets through the Hall's box office.

We estimate that the operation of the TRS, from the direct booking fee income and the indirect impact on rental revenue, was worth £842k to the charity in 2022 (£281k in 2021). A Seatholder who returned all of their tickets to the TRS would have received a financial return of £5,950 per seat in 2022.

Seatholders' rights and obligations

Being a Seatholder of the Corporation carries with it certain collective obligations. These include:

- voting annually (usually at the AGM) to elect a President, the Treasurer and individual Council Members;
- approval (or otherwise) of the Annual Report and Accounts;
- the appointment of the Hall's auditors;
- the approval of the Annual Contribution (the 'seat rate'); and
- voting (as and when) to alter the constitution.

Seatholders and the Hall's financial surplus

All of the Hall's financial surplus is retained by the Hall (there are no provisions for payment of this surplus to the Seatholders) and is re-invested by the charity into delivering its charitable objectives, including growing a vibrant, varied and diverse programme, as well as preserving and developing a world-renowned listed building, and providing arts and education initiatives within the local London community and beyond.

The Hall estimates that its annual income benefitted by some £3.6m in 2022 (£2.7m in 2021) due to the ongoing support of the Seatholders and as a result of the various initiatives discussed previously in relation to seat rate, exclusive lettings, and operation of the Ticket Return Scheme etc. This contribution enables the charity, which receives no regular financial support from the Arts Council or government, to fulfil its public benefit obligations to a greater degree than would otherwise be the case.

The Hall has benefited over its first 150 years from its distinctive model whereby capital from Seatholders was used to contribute to the building of the Hall and their continued support has enabled the Hall to continue to flourish. The confluence of interest, whereby private individuals have an in-built incentive to support the charity, is unique, visionary and in the Hall's case has proven over time to be highly successful.

Charity Governance Code and governance measures enacted in 2022

The Council of the Royal Albert Hall has considered the Charity Governance Code in detail and continues to review its compliance with it. The Council and Hall abide by and support the Code's seven principles of organisational purpose: leadership, integrity, decision-making, risk and control, board effectiveness, diversity and openness and accountability. The Trustees have debated how to apply the Code's recommendations and note that the intention is that the Code is aspirational, and a tool for continuous improvement towards the highest standards. In particular, diversity, equality and inclusion are central pillars of the Hall's 2022-2026 Business Plan.

The Hall's constitution, in several Royal Charters and Acts of Parliament, prescribes the majority of the processes which the Council and the Hall's Executive Team must follow, including the election and membership of the Council of the Hall, giving a governance structure for the Hall which is already of the highest standard. The Council applies the Code's recommendations where appropriate, and where they do not contradict or affect the Hall's constitution itself.

There are some recommendations in the Code that cannot be applied, because the charity's constitution specifies otherwise. These include the size of the Hall's Council, and its composition – the Hall's constitution requires up to 24 Council members, not the 'maximum of 12' recommended by the Code; and specific terms for Trustee appointments. The charity already goes further than some recommendations – for example, it has a Conflicts Committee and a published Conflicts Policy, as well as applying the recommendations for identifying, dealing with and recording conflicts of interest.

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During 2022, the Hall's Conflicts Policy was further reviewed and amended by Council so that the Chair of this Committee was no longer a Council member who is an individual seatholder.

The Corporation's AGM held in July 2022 was again held virtually, following the byelaw introduced in 2020 to enable virtual General Meetings, electronic voting and the service of formal notices electronically. This also enabled the Hall to hold three Special General Meetings of the Members in 2022 by the same means, to appoint the Auditors and to approve the Private Bill to be lodged in Parliament to amend the Hall's constitution.

The Good Governance Institute conducted an extensive Board Effectiveness Review for the Hall. The draft report was produced in summer 2022 and a Working Group of Council then worked with the Good Governance Institute to produce the final report in December 2022. The Hall's Council will now review this report in early 2023 before enacting the measures in it.

The Hall's wholly owned trading subsidiary appointed an independent Director to its Board.

The Hall is currently in the process of amending its constitution by means of a private Bill which was lodged in Parliament at the end of November 2022. The contents of the Bill are:

Seat Rate Proposal

1. To drop the six-year cap on increases in the seat rate.
2. Increase the voting threshold for the annual approval of the seat rate to a 75% majority.

Exclusives Proposal

3. Provide for the Hall to seek the agreement of the Members to a variation of the provisions of section 14 of the Royal Albert Hall Act 1966 for any of the three calendar years following the year in which such a resolution may be passed.
4. Provide for such a variation to require consent by a 75% majority.

Proposal for a power to sell additional seats in Grand Tier boxes and to extend Membership/voting rights in connection with these seats

5. Council to have the power to offer for sale two more seats, with voting rights, in each of the Grand Tier boxes where there are still only 10 seats, provided there is unanimous consent of the seatholders in the relevant box.
6. Provide for the owners of 12 existing seats in 6 GT boxes currently enjoying 'quasi Membership' with no voting rights to be able to purchase full Membership/voting rights in respect of those 12 seats.

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Council members

Members of Council constitute the Trustees of the Corporation for the purposes of the Charities Act 2011. The following Council members served during 2022:

Council members

President of the Corporation:

Ian McCulloch

Other elected members:

Leon Baroukh MA CFA

Dr Monica Bloch PhD

Stephen Brandon MA MBA CEng

Lucinda Case

John Cooper FCA CTA

Linda Craig

Lauren Ekon

Nigel Hamway

Harry Handelsman

Michael Jackson MA FCA (*resigned as Treasurer 19 May 2022, resigned from Council 17 January 2023*)

Peter B M Lim FCA MBA

Robert Lipson

James Max BSc Hons SFDR MRICS

Iain McNay

Stuart Newey MBA FCBI

Anthony Ratcliffe FRICS FRSA

Mark T Schnebli FInstD FBIM

Thomas Borwick (elected 19 May 2022)

Appointed members:

Sir Michael Dixon BSc ARCS DPhil FCGI (*appointed by the Trustees of the Natural History Museum*)

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA (*appointed by the Royal Commission for the Exhibition of 1851*)

Lord Harrington (*appointed by the Secretary of State for Digital, Culture, Media and Sport*)

Kevin Porter (*appointed by the Council of the Royal College of Music*)

Sir Jonathan Michael (*appointed by the Governors of the Imperial College of Science, Technology and Medicine – resigned 31 December 2022*)

Secretary to the Corporation:

Susan Gent

Seatholders as Council members

The majority of Council members are also Members of the Corporation who own seats in the Hall. As such they pay the Members' Annual Contribution (or seat rate), receive the rebate for Exclusive performances where they return their tickets to the Hall, receive tickets for Ordinary lets and generally enjoy Seatholders' rights on exactly the same terms as the other Members of the Corporation.

The total number of seats directly or jointly owned by the 15 individual Council members is 43, with a further 70 owned by their related parties. There are four representatives of Corporate seatholders on the Hall's Council and these Corporate seatholders own 36 seats. Two of the appointing bodies own 6 seats. In total the number of seats owned by Council members is therefore 43, with a further 112 owned by their related parties, out of the total number of seats owned by Members of 1,268.

During 2022 the Annual Contribution payable to the Hall by each Seatholder was £1,399 per seat plus VAT (2021: £1,335 plus VAT). The 'rebate' that Seatholders were entitled to during 2022, relating to prior year lettings where Seatholders were excluded, was £262 per seat plus VAT (2021: £153). During 2022 the supplementary seat rate payable to the Hall by each Seatholder was £415 per seat plus VAT. Therefore, in total in 2022 Council members and their related parties paid a seat rate to the Hall of £281,170 and, offset against this, a total rebate from the Hall of £40,610.

The Hall's Council members actively supported the operation of the Ticket Return Scheme (TRS - please see page 23 for a full explanation of how the TRS works). For the 155 seats owned by the Hall's Council Members and their related parties (see above), 21,132 tickets were returned to the TRS (being 67% of the total tickets they received). The Hall put these tickets on sale on behalf of the Seatholders and, in total, this generated a distribution of £496,982 (equivalent to approximately £3,206 per seat) for those Seatholders (paid to them during 2022, relating to the performance period November 2021 to October 2022), equivalent to £23.52 per ticket returned to the TRS (which is approximately 37% of the face value of Promoter tickets for seats in equivalent sections of the Hall). The Hall received a commission from the purchasers of the tickets estimated to be approximately £54,668.

No member of Council received any remuneration from the Corporation during the year (2021 - £nil). Two members of Council received £354.41 of out of pocket expenses in 2022 (2021 - £23). Other than the transactions noted above, no member of Council had any beneficial interest in any contract with the Corporation or its subsidiary undertakings during the year.

During the year five Trustees provided donations to the charity to carry out its charitable objectives during 2022 totalling £1,854 (2021: £1,530).

As well as giving their time freely to serve on the Hall's Council and its committees, Council members assist the Hall by hosting guests who are supportive of, or in other ways helpful in promoting the work of the Hall. In these circumstances those who entertain on the Hall's behalf will have access to seats in the Kirby Laing Box (Grand Tier 29) for themselves, for Hall guests and for one personal guest.

Council members are also encouraged to attend a variety of performances at the Hall in order to experience the range of charitable activities undertaken by the Hall and the policy for the use of the Kirby Laing Box in the Grand Tier and the provision of tickets to Council members generally (known as the GT29 policy) was amended in October 2021 to facilitate this. For this purpose, all Council members can request complimentary tickets in the Kirby Laing Box (or stalls if the Kirby Laing Box is full) for themselves and a guest on up to ten occasions throughout the year. If Council members wish to buy additional seats in the Kirby Laing box for such performances and there are tickets available, they are able to do so. When using the Box for an Ordinary performance, Council members who are seatholders, are invited to swap a number of their own tickets for the same number in the Kirby Laing Box or the stalls, returning their tickets to the Hall (for its own use and sale), but are not obliged to do so. During the year 76 complimentary tickets were requested by Council members under the approved policy. Council members are also eligible to receive a discount on food and beverage available at the Hall.

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the Hall's officers, Trustees and officers of the subsidiary company and related Royal Albert Hall Trust. The total premium charged to the Corporation was £17k (2021 - £17k) and the cover provided totalled £5 million (2021 - £5 million).

Election and appointment of members of Council

In accordance with the Hall's constitution, the Council, which is the Hall's governing trustee body, comprises the President and up to 18 Members of the Corporation (i.e. they are all Seatholders) and five independent members, one being appointed by each of the Secretary of State for Digital, Culture, Media and Sport; the Trustees of the Natural History Museum; the Governors of the Imperial College of Science, Technology and Medicine; the Council of the Royal College of Music and the Royal Commission for the Exhibition of 1851.

Six out of the 18 members of Council who are also Seatholders are elected annually by rotation at the Hall's Annual General Meeting. The Members of the Corporation, also at the AGM, appoint the President who is eligible to stand for re-election every year for a maximum term of six years, at which point the President retires from office. The Treasurer (who is one of the 18 seatholding members) is also elected annually at the AGM.

The Hall's Governance and Ethics Committee considers how the Council should fill any casual vacancies on Council¹, having regard to the need to achieve a balance of skills, experience and specialist knowledge within the Council. The Members of this Committee then meet potential candidates before putting their recommendations to Council for approval.

¹ Royal Albert Hall Act 1966 Schedule 2(8): Power for Council to fill up casual vacancies

Historically the Council undertakes an annual Board Effectiveness Review which is either carried out by the Hall's auditors, or internally by the President meeting with each Committee Chair to review that Committee. As described above, in 2022, the Council carried out an in depth external Board Effectiveness Review using the Good Governance Institute.

The Council appoints the Secretary to the Corporation, who is responsible for all charity, governance and administrative aspects of the Corporation's and Council's affairs and for company secretarial duties. Susan Gent has been the Secretary to the Corporation since December 2018.

Council members' Induction and Training

The Secretary to the Corporation provides all new members of Council, the Hall's subsidiary trading companies and the RAH Trust with an induction programme which includes a full briefing on the purposes of the Charity and its provision of public benefit, the Corporation's constitutional structure, their obligations as Trustees under charity law and the Corporation's Scheme of Delegation and decision making processes. This is supplemented by a structured induction session with senior members of the Corporation's management team covering all key aspects of the Corporation's activities.

Statement of Council's responsibilities

The Council is responsible for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Corporation and the group and of their incoming resources and application of resources for that period. In preparing these accounts, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in operation.

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The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Corporation's constitution. It is also responsible for safeguarding the assets of the Corporation and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Organisation

The direction and control of the Corporation is determined by Council, which meets at least five times a year. The role of Council is to oversee the Corporation's strategy in pursuit of its charitable objectives, to set policies and to ensure that the Charity is properly and effectively managed.

The following committees of Council have been established to deal with specific aspects of the work of the Corporation as defined in their terms of reference, which are set out in abridged form below. Meetings of the Council and of various Committees are attended by the Hall's Chief Executive, the Secretary to the Corporation, and variously by other members of the Executive team.

Since 2016, Mrs Lin Craig has been the Trustee with safeguarding responsibility and through the Chief Executive, Nigel Wilson (Acting Director of People and Culture) is responsible for the implementation of the procedures and policy as Child Protection Officer.

The Safeguarding Committee acts as a forum for the Safeguarding Officers and other key personnel to ensure the Hall's Safeguarding Policy is up to date and operational activities are effective and in line with best practice. It reports annually to Council via the Chief Executive's report to Council. The Safeguarding Committee and the Trustee with safeguarding responsibility receive training on the policy and their roles and responsibilities. Training for other key personnel is ongoing.

Since 2021, Lauren Ekon has been the Trustee with responsibility for equality, diversity and inclusion and Stuart Newey has been the Trustee with specific oversight for matters of security.

◆ *Conflicts Committee*

The Committee considers and responds to any decision of Council which involves a Designated Collective Conflict as referred to it under paragraph 19 of the Conflicts Policy (published on the Hall's website), to determine whether such decisions have been made in the best interests of the charity. The Committee also considers and responds to any decision referred to it by the President or Secretary to the Corporation.

At the request of the President, it also advises individual Trustees, the Council, all committees, the boards of subsidiary companies, and, where appropriate, staff, generally, on conflicts of interest. The Committee also monitors the implementation of the Conflicts Policy; recommends appropriate systems for promoting and monitoring compliance with this policy; reviews annual and other declarations of interest and briefs the Council or the President on any difficult individual cases referred to it. The minutes of the Committee are provided to the Auditors throughout the year and the Secretary to the Corporation prepares an annual report of the working of the Conflict Committee for the Committee and the auditors.

The Committee was chaired by a non-voting Seatholder, Lucinda Case, throughout 2022. Voting members of the Committee during the year have been Sir Michael Dixon, Sir Jonathan Michael, Kevin Porter and Monica Bloch. The Conflicts Policy and Terms of Reference for this Committee have been amended during 2022 so that the Chair of the Committee is no longer a Council member who is an individual Seatholder.

◆ *Finance, Audit and Risk Committee*

The Committee considers and makes recommendations to the Council on: the annual income and expenditure budget; longer term business plans and capital expenditure programmes; and the Auditors' Annual Report. It is responsible for monitoring the financial performance of the Corporation against budget and business plans; ensuring proper financial and accounting controls; compliance with statutory requirements and risk management. It is also responsible for making recommendations to Council with respect to the appointed Auditors, the approval of external and internal audit plans and the consideration of any matters raised by the auditors. The Committee is also responsible for the oversight of the Hall's security. The Finance, Audit and Risk Committee has a delegated authority of up to £500,000.

The Honorary Treasurer, Stuart Newey, chairs this Committee, which meets at least four times a year. Other members during the year were Leon Baroukh, Peter Lim, John Cooper and Nigel Hamway.

◆ *Seat Rate Committee*

The Seat Rate Committee has two purposes:

1. to review the purpose of the Seatholders' seat rate, as set out in the 1966 Act, and the consequent principles upon which it should be calculated, and to advise Council accordingly; and
2. annually, to recommend to Council the level of the seat rate that the Seatholders will be invited to approve at the next Annual General Meeting.

The Committee's members during the year have been the Honorary Treasurer, Michael Jackson (non-voting Chairman) who has been succeeded by the current Honorary Treasurer, Stuart Newey, and the five independent Appointed Members of Council: Richard Harrington, Sir Michael Dixon, Jim Eyre, Kevin Porter and Sir Jonathan Michael.

◆ *Fabric Committee*

The Committee advises Council on all matters relating to the preservation, maintenance and further improvement of the Hall and its setting. It also oversees the Hall's sustainability work and its Carbon Management Plan. During 2022, Anthony Ratcliffe chaired this Committee. The Committee meets at least five times a year. Other members during the year were Stuart Newey (now retired from the Committee), Harry Handelsman, Jim Eyre and Stephen Brandon. Nigel George, Martin Williams and Tanvir Hassan serve as co-opted non-voting members.

◆ *Development Committee*

This Committee oversees all aspects of the Hall's philanthropy and fundraising, including the outcomes of fundraising events and on the resources expended, giving a broad overview of the Hall's fundraising. The Committee also reviews and reports on the Hall's sponsorships and partnerships. The Committee is chaired by Nigel Hamway. Other members during the year were Robert Lipson, James Max, Stuart Newey, Lauren Ekon, Richard Harrington and Stephen Brandon.

◆ *Programming Committee*

Council appoints a Chief Executive who, together with the Executive Team, is responsible for all aspects of the day-to-day running of the Hall, including programming the annual calendar of performances. The Programming Committee advises Council and monitors on its behalf the Hall's Programming strategy (including its Engagement Work and performances on and off the main stage), the extent to which they meet the Hall's charitable objects and financial objectives and to ensure they comply with the Hall's constitution and the Hall's Programming Policy. Section 14 of the 1966 Act specifies the number of occasions on which Seatholders may be excluded from the Hall (Exclusives as explained above) – each year at the AGM, the Members of the Corporation agree to more or different Exclusives than the 1966 Act allows, enabling the Hall to operate with more latitude than the Act would otherwise allow, to the benefit of the charity. The Programming Committee oversees the allocation of Exclusive and Ordinary performances and the shows promoted by the Hall itself. Stuart Newey chairs this Committee which meets at least four times a year. Other members during the year were Leon Baroukh, Robert Lipson, James Max, Thomas Borwick and Iain McNay.

◆ *Governance and Ethics Committee*

The Committee advises Council on the conduct of the affairs of the Corporation, in compliance with:

- Its constitutional documents which include its Royal Charters, Acts of Parliament and Byelaws, in combination colloquially referred to as 'The Blue Book', having particular regard to the consolidated constitution of the Corporation as set out at Schedule 2 of the Royal Albert Hall Act 1966;
- Legislation, regulation and guidance on best practice in relation to registered charities.
- Best practice on corporate and charity governance.

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It also advises Council on due diligence on major donors and sponsors, the structure and membership of Council Committees, reviews nominations for membership of Council (for casual vacancies) and makes recommendations accordingly. The Committee is chaired by the President and meets at least 4 times per year, and as necessary to consider appointments and due diligence. Members during the year were Leon Baroukh, Mrs Lin Craig, Sir Michael Dixon, James Max, Kevin Porter and Mark Schnebli.

◆ *Members' Liaison Committee*

The Committee advises the Council on all matters relating to the role of the Members in the conduct of the affairs of the Corporation. It also provides a means of communication between the Members and the Hall, promotes Member support for Hall activities and oversees communications to the Members. Mrs Lin Craig chairs this Committee which meets at least four times a year. Other members during the year were Monica Bloch, Stephen Brandon, John Cooper and Mark Schnebli. Larry Viner and Ed Milner (who are also seatholders) served as co-opted members.

◆ *Marketing and PR Committee*

The Committee reports to Council on, and approves the scope of, the Hall's media handling strategy and its implementation and any related communications. It appoints, with Council's approval, any PR company to advise the Council and the Executive; and at least annually, reviews the performance of any appointed PR company. The Committee is chaired by James Max. Members during the year were Leon Baroukh, Monica Bloch, Mrs Lin Craig, Ian McCulloch, Robert Lipson and Richard Harrington. James Murphy is a co-opted member of this Committee.

In addition to the above, the Committee advises Council and monitors on its behalf the Hall's marketing, overall brand objectives and activities and the extent to which they meet the Hall's purposes and financial objectives. This Committee also monitors the Hall's archival programme of activities and keeps Council informed of activities undertaken as well as ensuring that the Hall has appropriate processes in place to safeguard these assets. The Committee also advises Council on any reputational issues associated with the acceptance of donations or third party sponsorship.

◆ *Remuneration and HR Committee*

The Committee is chaired by the President and deals with HR matters together with the salary and performance of direct reports to the President (the Chief Executive and the Secretary to the Corporation), the salary and performance of the Directors and succession planning. Members during the year were Mrs Lin Craig, Sir Michael Dixon, Michael Jackson, Ian McCulloch and Lauren Ekon.

◆ *Sustainability Working Group*

The Council has recently set up a Sustainability Working Group to oversee the production of the Hall's Carbon Management Plan. This Working Group is chaired by Stephen Brandon and is in the process of appointing its members.

Hall Staff

◆ *The Executive Team*

The day-to-day management of the Corporation is the responsibility of the Chief Executive. Until 8 January 2023 the Hall's Chief Executive was Craig Hassall. Dan Freeman, the Hall's Chief Operating Officer, is currently also acting Chief Executive.

The Chief Executive is supported by the Executive Team who throughout 2022 were:

Chief Operating Officer	Dan Freeman (from 13 June 2022)
Director of Finance & Administration	Anupam Ganguli (until 31 March 2022)
Interim Director of Finance	Joanna Knowles (from 16 November 2022)
Artistic and Commercial Director	Lucy Noble (until 13 October 2022)
Acting Director of Programming & Engagement	Matthew Todd (from 16 December 2022)
Acting Director of Building & Operations	Neal Hockley (from 18 October 2022)
Director of External Affairs	Louise Halliday
Director of Visitor Experience	Anthony Winter-Brown (until 6 December 2022)
Acting Director of People and Culture	Nigel Wilson (from 16 December 2022)
Director of Philanthropy	Darranda Rowsell (from 8 November 2022)

The Chief Executive, supported by the Executive Team, is responsible for the development and implementation of strategy and business plans for the Corporation, for policy recommendations to Council, for the development and implementation of appropriate controls and procedures and for the day-to-day management of its operations. The Directors and the Secretary to the Corporation meet at least twice a month to monitor operational and financial progress against plans approved by Council and to discuss strategic objectives. A wider group comprising Heads of Department and Senior Managers meets on a weekly basis with the Executive to exchange information on operational issues.

◆ *Employees*

The Corporation strives to be an equal opportunities employer. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, trained, promoted and treated on the basis of their relevant merits and abilities.

Remuneration Policy

The Hall's approach to remuneration is designed to ensure it can attract and retain the talented and motivated people needed to achieve its vision and values. The policy is applied consistently across the organisation, with the aim of paying competitively in the not-for-profit sector within the context of affordability. Each year the Hall's Executive team (with approval from the HR & Remuneration Committee and Council) set a rate of increase for Hall-wide salaries and hourly pay to take account of the impact of general inflation. Above-inflation pay increases are only awarded to individuals for changes in role/responsibility,

exceptional performance or with regard to changes in industry norms for comparable roles. These are determined on a case-by-case basis, within the constraints of the annual budget. The remuneration of the Executive team is set annually by the HR & Remuneration Committee.

The Hall does not use volunteers.

Connected charities and related parties

The accounts consolidate financial information of the Corporation of the Hall of Arts and Sciences and its wholly owned trading subsidiaries, Royal Albert Hall Developments Ltd (company number 01539294) and RAH Concerts Ltd (company number: 10664172) and a related charity, the Royal Albert Hall Trust (charity number: 285111). This requires the line-by-line consolidation of the operating results of these subsidiary undertakings in the statement of financial activities.

Royal Albert Hall Developments Limited (RAHDL) is responsible for the Hall's trading activities, namely catering, merchandising, tours, retail, licensing boxes for corporate use and selling hospitality packages. Its subsidiary RAH Concerts Ltd (RAHCL) is used for promotions that are not subject to UK law. For further details of RAHDL and RAHCL please see note 15.

The Board of RAHDL meets at least 4 times per year. RAHDL is chaired by Leon Baroukh and other Directors during 2022 were Craig Hassall, Michael Jackson, Peter Lim, Stuart Newey, John Cooper, Nigel Hamway, Mark Schnebli and Dan Freeman. The independent Director on the Board of RAHDL and RAHCL is Charles Gilkes. The Secretary to the Corporation is the Company Secretary of RAHDL and RAHCL.

The Royal Albert Hall Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have reviewed procedures in place to ensure that all funds received, are properly utilised by the Corporation in line with donors' restrictions or wishes, on projects which are efficiently managed and fully completed. The Trustees of the Royal Albert Hall Trust, (Registered Charity No: 285111), a connected charity, are the President and Vice Presidents of the Corporation together with additional trustees appointed to the Trust following the amendment of the Trust Deed for the RAH Trust in 2019/2020. The Trust donated £2.1m to the Corporation in 2022 (2021 - £3.5m).

Fundraising

The Corporation does not engage any third parties in our fundraising efforts and all approaches and relationships are managed by our internal Philanthropy team with introductions or referrals being affected by our Philanthropy Advisory Board and other close contacts or through our database and legitimate online research.

Report of the Council Year to 31 December 2022

The Philanthropy Board performs an introductory function, allowing the team to meet more potential supporters with an interest in the Royal Albert Hall. The efforts of the Philanthropy Board are monitored by the Development Committee which is the conduit between the Philanthropy Board and the Hall's Council.

During the year the Corporation did not receive any complaints regarding Fundraising. The Hall is a member of the Fundraising Regulator and adheres to the Fundraising Code and all good standards of practice.

As set out in our Philanthropy Policy, the Hall's fundraising team adheres to Section 1.2 of the Code of Fundraising Practice and is committed to protecting vulnerable donors. We comply with all legal requirements relating to data protection, under the Data Protection Act 2018 and the UK GDPR and do not share any data for the purposes of fundraising with third parties or data sharing schemes. We regularly carry out data protection impact assessments to ensure that we comply with the UK GDPR and we do not engage in intrusive practices.

Risk management

The Council has established a process for identifying and reviewing the major strategic and operational risks (including financial, reputational, health and safety, and security risks) to which the Corporation is exposed. The Council is satisfied that systems and controls have been established and are functioning to mitigate and manage those risks. The current Risk Management Policy Framework was approved by Council in 2018. The framework ensures that major risks are identified on a regular basis, and progress is monitored against mitigating actions.

The Executive review the strategic risks every quarter and the divisional risk registers are reviewed by the senior management team and the respective Heads of departments. The risk registers score risks according to probability of occurrence and the impact on the organisation (the "gross risk"). The registers also note the "net risks" and "residual risks" after taking into account existing controls and further mitigating actions respectively. The Executive's risk appetite to strategic risks is generally low.

The principal risks and uncertainties to the Hall are detailed below.

Risk	Mitigation
Further lockdowns in the event of a major disease outbreak threatening the NHS in the coming months • The further closure of the Hall for an extended period of time with the consequent impact on the Hall's reserves. • Uncertainty around the loss of public confidence to attend public gatherings or travel to London, which could impact income • The impact of sickness on the supply chain and operational teams. • Delays to large capital projects resulting in deterioration of the building and cost increases. • Staff wellbeing and morale being affected adversely due to work pressures.	• Detailed cash flow forecasts of different closure scenarios; review and cutting back of all expenditure • Pre-existing COVID-safe site arrangements, procedures and risk assessments in place. Plans fully scalable for any size capacity and to include pandemic-safe procedures for managing staff, contractors, performers and the public.
Incidents that prevent use of the building and therefore require cancellation of events (including terrorist action, fire, loss of utilities, incidents causing serious injury, and disruption caused by building/ engineering works).	• Strict adherence/enforcement of procedures, codes of practice etc. • Built-in resilience / dual capacity / back-up systems and processes. • Organisation-wide staff induction, awareness, and training • Detailed contingency / disaster recovery planning. • Comprehensive insurance.
Significant loss of revenue or funding / significant increase to cost base (including increased energy costs)	• Robust business model with diverse content on stage • Long term affordable debt finance in place • Strategic approach to energy purchasing to insulate against further price increases

Risk	Management
Cyber attack / IT system failure	• Cyber insurance in place • Continual offsite system backups • Regular staff training • Disaster recovery plans in place
Damage to the Hall's reputation, impacting long-term operational and financial resilience arising from: • failure to comply with statute or safeguarding requirements • negative publicity arising from a misunderstanding of the Hall's unique governance structure which may lead to a reduction in public support thereby impacting the Halls ability to generate income • adverse reviews • failing service standards • data protection breaches • security-related incidents	• Comprehensive procedures and staff awareness of them and training • Disclosure and explanation of the Hall's governance structure in the annual report and accounts, other statutory documents, and the website. • Conflicts Committee • Ongoing dialogue with the Charity Commission • Long-term contracts and strong relationships with major promoters and corporate partners. • Proactive and reactive media strategies. • Implementation of GDPR action plan.
Deterioration to the fabric of our Grade 1 listed building due to lack of preventative maintenance, non-compliance with buildings regulations, and building projects not managed properly.	• Project approval process (approved by Council) in place. • Regular project reviews and oversight by the Fabric and Finance Committees. • Long-term condition survey carried out. • Robust building surveys, audits, and planned maintenance reviews are being undertaken.

The Hall ensures a multi-year programme of regular internal audits is maintained. Internal Audit reports are presented to the Finance, Audit and Risk Committee. The Internal Audit programme for 2021 had to be curtailed as a consequence of COVID and re-commenced in 2022.

Going Concern

This report sets out a review of financial performance and the charity's reserve position. We have adequate financial resources and are well placed to manage the business risks.

Report of the Council Year to 31 December 2022

Our planning process, including financial projections, has taken into consideration the current economic climate of inflation, high energy prices and the current cost of living crisis and its impact on the various sources of income and planned expenditure. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. The accounts have therefore been prepared on the basis that the charity is a going concern.

After a period of extensive closure due to the pandemic, the Hall was open to audiences all year, closing only once as a mark of respect following the death of Her Majesty The Queen. Whilst 2022 began slowly and overall audiences were 15% down on the last comparable year of 2019, ticket bookings were strong culminating in an excellent Christmas season. The Hall, with the help of the energy bill relief scheme, is also absorbing the financial impact of high energy prices and inflation on its cost base.

On 24 February 2021, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund as security against future losses and, if necessary, to fund essential maintenance works (although our plan is to do so out of operating surpluses). The loan is repayable over 20 years and carries an interest rate of 2%.

Our planning processes, including financial projections, have taken into consideration current uncertainties. The directors have reviewed the current financial position of the Hall for the foreseeable future and have taken action as necessary to manage risks arising from different scenarios.

It is reasonable to expect the Company to generate adequate income to continue in operation for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Related Parties

Subject to the items set out in this report, none of the Trustees receives remuneration or other benefit from their work with the charity. The relationship between Seatholders, Council members and the Hall is described in full on pages 27 to 33.

Any connection between a Trustee or senior manager of the charity with a promoter, contracted performer or exhibitor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party and recorded in the Hall's register of related party transactions.



Approved by the Council on 19 April 2023
and signed on its behalf by
Ian McCulloch, President

Independent Auditor's Report to the Members of the Corporation of the Hall of Arts and Sciences

Opinion

We have audited the financial statements of The Corporation of the Hall of Arts and Sciences for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charity and the group as at 31 December 2022, and of the group's incoming resources and application of resources, 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 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144² of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

² If a charity which is below the thresholds where a charity audit is required decides to have its accounts audited voluntarily, the auditor is appointed under section 145 of the Charities Act 2011.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.



Moore Kingston Smith LLP

Statutory auditor

9 Appold Street

London

EC2A 2AP

21 April 2023

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

The Corporation of the Hall of Arts and Sciences

Consolidated statement of financial activities Year to 31 December 2022

	Notes	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Income:					
Donations and legacies	1	1,264	1,610	2,874	7,218
Income from charitable activities:					
Operation of Hall	2	24,052	-	24,052	11,131
Investment income and interest		133	-	133	4
Income from other activities:					
Commercial trading operations	3	16,199	-	16,199	6,032
Total income		41,648	1,610	43,258	24,385
Expenditure:					
Costs of raising funds		565	-	565	472
Expenditure on charitable activities:					
Maintaining and developing the Hall	4	7,797	226	8,023	8,120
Promoting the arts and sciences	4	27,354	292	27,646	18,302
Interest repayable		415	-	415	344
Total expenditure		36,131	518	36,649	27,238
Net income/(expenditure)		5,517	1,092	6,609	(2,853)
Other recognised gains – theatre tax relief	10	361	-	361	-
Transfer between funds	21/22	284	(284)	-	-
Net movement in funds		6,162	808	6,970	(2,853)
Reconciliation of funds:					
Fund balances brought forward at 1 January		41,998	1,789	43,787	46,640
Fund balances carried forward at 31 December		48,160	2,597	50,757	43,787

All of the group's activities derived from continuing operations during the two financial periods above.

For the parent charity alone, total incoming resources for the year were £31.2m (2021 - £19.5m) and net outgoing resources were £25.4m (2021 – £4.2m).

The notes on pages 47 to 71 form an integral part of these financial statements.

The Corporation of the Hall of Arts and Sciences

Balance sheets 31 December 2022

	Notes	Corporation 2022 £'000	Group 2022 £'000	Corporation 2021 £'000	Group 2021 £'000
Fixed assets					
Tangible assets	11	48,059	48,059	48,472	48,472
Intangible assets	12	587	587	767	767
Investments	14	-	-	6,200	6,200
Investment in subsidiary	15	25	-	25	-
		48,671	48,646	55,464	55,439
Current assets					
Stock	16	-	110	-	167
Debtors	17	11,162	5,560	2,375	5,153
Cash at bank and in hand		33,931	47,525	20,937	29,726
		45,093	53,195	23,312	35,046
Current liabilities					
Creditors: amounts falling due within one year	18	24,465	29,585	16,038	25,958
		24,465	29,585	16,038	25,958
Net current assets		20,628	23,610	7,274	9,088
Total assets less current liabilities		69,299	72,256	62,738	64,527
Creditors: amounts falling due after one year	20	21,499	21,499	20,740	20,740
Total net assets		47,800	50,757	41,998	43,787
Represented by					
Funds and reserves					
Income funds:					
Restricted funds	21	-	2,597	-	1,789
Unrestricted funds	22	47,800	48,160	41,998	41,998
		47,800	50,757	41,998	43,787

The notes on pages 47-71 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 19 April 2023 and signed on their behalf by:

Ian McCulloch
President

Stuart Newey
Honorary Treasurer

The Corporation of the Hall of Arts and Sciences

Consolidated cash flow statement Year to 31 December 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities	A	13,594	6,257
Cash flows from investing activities	B	(1,995)	(5,538)
Cash flows from financing activities	C	-	15,740
Changes in cash and cash equivalents in the reporting period		11,599	16,459
Cash and cash equivalents at the beginning of the reporting period		35,926	19,467
Cash and cash equivalents at the end of the reporting period		47,525	35,926
Comprising			
Cash at bank and in hand		47,525	35,926
Total cash and cash equivalents at the end of the reporting period		47,525	35,926

Notes to the cash flow statement for the year to 31 December 2022

A Reconciliation of cash flows from operating activities	2022 £'000	2021 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	6,609	(2,853)
Adjustments for:		
Depreciation charges	2,725	2,581
Reversal of impairment of tangible assets	(4)	-
Impairment of tangible assets	-	1,848
Dividends, interest and rents from investments	(133)	(4)
Decrease/(Increase) in stock	58	17
Decrease/(increase) in debtors	(46)	(1,474)
(Increase)/decrease in creditors	4,385	6,142
Net cash provided by (used in) operating activities	13,594	6,257
B Cash flows from investing activities	2022 £'000	2021 £'000
Dividends, interest and rents from investments	133	4
Purchase of property, plant and equipment	(2,128)	(5,553)
Purchase of intangible assets	-	(16)
Sale of investments	-	27
Net cash provided by (used in) investing activities	(1,995)	(5,538)
C Cash flows from financing activities	2022 £'000	2021 £'000
Proceeds from new loans	-	20,740
Repayments on borrowings	-	(5,000)
Net cash provided by (used in) financing activities	-	15,740

Principal accounting policies Year to 31 December 2022

Company information

The Corporation of the Hall of Arts and Sciences (“the Corporation”), its wholly-owned subsidiary, Royal Albert Hall Developments Limited (RAHDL) and subsequent wholly owned subsidiary RAH Concerts Limited, and its related charity, Royal Albert Hall Trust (RAHT) all serve to promote the Arts and Sciences and the preservation and enhancement of the Grade I listed building which is held in trust for the nation. The Royal Albert Hall constitutes a public benefit entity as defined by FRS 102.

The Corporation is a registered charity (registered number: 254543) which is incorporated and domiciled in the UK. The address of the registered office is Royal Albert Hall, Kensington Gore, London, SW7 2AP, UK.

Basis of accounting

These financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practise. The accounts (financial statements) have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The group accounts consolidate on a line by line basis the accounts of The Corporation of the Hall of the Arts and Sciences (“the Corporation”), its wholly-owned subsidiary Royal Albert Hall Developments Limited (RAHDL) and its wholly owned subsidiary RAH Concerts Limited (RAHCL), and its connected charity Royal Albert Hall Trust (RAHT).

The individual entity accounts of Royal Albert Hall have taken advantage of the disclosure exemption under FRS 102 from preparing its own cash flow statement and to separately disclosure categories of financial instruments and items of income, expenses, gains or losses relating to instruments as these have been presented on a group basis in the notes to the accounts.

Going concern

The Hall derives its surpluses primarily from performances and commercial activity directly related to performances, as well as bank interest and philanthropic support, and relies on its own reserves for working capital requirements.

Principal accounting policies Year to 31 December 2022

Going concern (continued)

After a period of extensive closure due to the pandemic, the Hall was open to audiences all year, closing only once as a mark of respect following the death of Her Majesty the Queen. Whilst 2022 began slowly and overall audiences were 15% down on the last comparable year of 2019, ticket bookings were strong culminating in an excellent Christmas season. The Hall is also successfully absorbing the financial impact of high energy prices and inflation on its cost base.

On 24 February 2021, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund as security against future losses and, if necessary, to fund essential maintenance works (although our plan is to do so out of operating surpluses). The loan is repayable over 20 years and carries an interest rate of 2% with repayments starting March 2025.

Whilst the Hall was financially weakened over the pandemic, we have returned to full time business and financial surplus in 2022. Our planning process, including financial projections, has taken into consideration the current economic climate of inflation, high energy prices and the current cost of living crisis and its impact on the various sources of income and planned expenditure.

The Trustees have reviewed the current financial position of the Hall for the foreseeable future and have taken action as necessary to manage risks arising from different scenarios. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. It is reasonable to expect the Charity to generate adequate income to continue in operation for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described below, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 24.

Principal accounting policies Year to 31 December 2022

Critical accounting judgements and key sources of estimation uncertainty (continued)

Fixed assets – decisions are taken by the charity in determining whether expenditure meets the criteria for being capitalised and also in determining the useful life of assets as set out in the applicable accounting policy notes and notes 11 – 13 in the accounts.

Financial instruments

If the Corporation has any basic financial instruments, they are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors. Investments in subsidiary undertakings are held at cost less impairment.

Cash investments are held in order to fund the Hall's long term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long term view when planning and investing in the operations of the venue, including the Education & Outreach programme. Cash investments are held at amortised cost.

Stock is included at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Accounting for income

Income is recognised in the period in which the charity is entitled to receipt of the funds if performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Accordingly, rental income, ticket sales and commission, income from trading activities and other show-related income is recognised as income on the day that each show takes place. Income from licensing of boxes and Members' annual contributions is recognised over the period to which it relates.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Legacies are recognised on the earlier of the receipt of funds or the receipt of final agreed estate accounts which shows that the income is probable, and the amount can be measured reliably.

Income which is derived in exchange for donated goods and services is recognised as income in the period in which the charity is entitled to receipt of the funds, a matching expense is recognised at the same point in time. The income is recognised at the cost to the Hall of providing those services.

Principal accounting policies Year to 31 December 2022

Accounting for income (continued)

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received.

Expenditure

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

- a. Costs of raising funds comprise the direct costs and overheads associated with generating donated income and holding fundraising events.
- b. Expenditure on charitable activities includes the Corporation's primary charitable purposes of maintaining the Royal Albert Hall and, through its use, promoting the arts and sciences.

Allocation of support costs

- a. Support costs are for those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include personnel development, financial procedures and management, provision of office services and equipment and a suitable working environment. The bases on which support costs have been allocated are set out below in note 5.
- b. Governance costs comprise: 100% of the cost of the Secretary to the Corporation and their assistant; 12.5% of the cost of the Chief Executive and their assistant, audit fees; and the annual general meeting, legal and council meeting expenses.

Termination Payments

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy or (iii) the employee's contract is terminated and payment has been made in full.

Pension costs

The Corporation has two pension schemes, the Royal Albert Hall Stakeholder Pension Plan and the Royal Albert Hall Pension Scheme. It also uses The Peoples' Pension to fulfil its auto-enrolment obligations.

All staff are entitled to join the Royal Albert Hall Stakeholder Pension Plan, which with effect from 1 September 2006 is the only scheme open to new entrants.

Principal accounting policies Year to 31 December 2022

Pension costs (continued)

The Royal Albert Hall Pension Scheme has both a defined contribution section and a defined benefit section. The defined benefit section was closed to new entrants in 1997 and ceasing of accrual on 31 December 2014; the defined contribution section was closed to new entrants on 31 August 2006.

- ◆ *Stakeholder Pension Plan and The Peoples' Pension*
Pension costs for the Royal Albert Hall Stakeholder Pension Plan and The Peoples' Pension are charged to the statement of financial activities as they become payable.
- ◆ *Defined contribution section*
Pension costs for the defined contribution section of the Royal Albert Hall Pension Scheme are charged to the statement of financial activities as they become payable. The cost is split by department depending on the role of the individual. In 2020, the Scheme's trustees transferred responsibility for the defined contribution section funds from the Scheme into the Legal & General (L&G) Mastertrust, which is run by a board of professional trustees independent of L&G.
- ◆ *Defined benefit section*
Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the Corporation's defined benefit section of the Scheme expected to arise from employee service in the period is allocated to the respective expense category (as outlined above) in respect to staff costs.

Tangible fixed assets

All assets costing more than £10,000 (other than heritage assets – see below) which have an expected useful life exceeding one year are capitalised.

Freehold land comprising car parking spaces and those assets included in the archival collection are included in the accounts at their deemed cost having taken advantage of the transitional rules of the previous accounting standard, FRS15: Tangible Assets (see note 11 for details). All other assets are included at cost.

Tangible fixed assets are depreciated at the following annual rates in order to write them off over their estimated useful lives (see note 5):

◆ Property costs	5% - 10% per annum based on cost
◆ Basement	1% per annum based on cost
◆ Plant, fixtures, fittings and equipment	6.7% - 20% per annum based on cost
◆ Computers and office equipment	20 - 33.3% per annum based on cost

Principal accounting policies Year to 31 December 2022

Tangible fixed assets (continued)

Expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed. Expenditure on the building is capitalised if it fits within the criteria for capitalisation highlighted within FRS102 which refers generally to the recognition of an "asset" if and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably.

Assets under construction are not depreciated until complete and operational.

No depreciation is charged on freehold land.

No depreciation is charged on assets comprising the archival collection. The nature of these assets (including paintings, manuscripts and artefacts) means that their expected useful lives are extremely long and their residual values high. Any depreciation, therefore, would be immaterial.

Intangible fixed assets

In accordance with FRS 102 website and digital costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Intangible fixed assets are amortised at the following annual rates in order to write them off over their estimated useful lives (see Depreciation and amortisation in note 5):

- ◆ Website / Software 20-33% per annum based on cost
- ◆ Property rights 10% per annum based on cost

Heritage assets

The land and buildings comprising the Royal Albert Hall have been classified as heritage assets. The Hall is an asset of acknowledged historic importance and must be held indefinitely in direct furtherance of the Corporation's charitable objects i.e. to maintain the Hall and, through its use, to promote the arts and sciences.

As reliable cost information is not available and conventional valuation approaches lack sufficient meaning given that certain aspects of the building and its historic significance are irreplaceable, no value is included on the balance sheet in respect of the Hall.

Principal accounting policies Year to 31 December 2022

Heritage assets (continued)

As explained more fully within note 13 of the accounts, all subsequent expenditure incurred on the land and buildings of the Royal Albert Hall is reviewed to determine whether it meets the criteria set out in FRS 102 for capitalising subsequent expenditure on an asset. Where the criteria is not met the expenditure is accounted for through the statement of financial activities.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose or contributions, subject to donor-imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects – based on decisions made by Trustees

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Corporation's charitable objects.

Government loan

The £20.7m loan from Arts Council England and the Department of Culture, Media and Sport is considered to be a public benefit entity concessionary loan as the interest rate of the loan is below the prevailing market rate.

The loan is valued at amortised cost using the effective interest method. Interest is accrued annually at 2% and is repayable over 20 years, with a repayment holiday for the first four years. The interest is accrued and added to the initial £20.7m loan and included in other creditors.

As at 31 December 2022, the loan remained fully drawn down.

Taxation – subsidiary

Theatre tax relief credits payable to the trading subsidiary in relation of eligible expenditure on theatrical productions are recognised as a credit within the tax charge in the company and as a gain in the consolidated financial statements

1 Donations and legacies

	2022 Restricted funds £'000	2022 Unrestricted funds £'000	2021 Restricted funds £'000	2021 Unrestricted funds £'000
Donations	1,178	1,610	3,065	1,519
Legacies	86		248	
Government Grants - CJRS	-	-	-	2,386
	1,264	1,610	3,313	3,905

Government Grant balance in 2021 related to the Coronavirus Job Retention Scheme (CJRS), this scheme ended in 2021.

2 Income from charitable activities

	2022 Restricted funds £'000	2022 Unrestricted funds £'000	2021 Restricted funds £'000	2021 Unrestricted funds £'000
Rentals	-	3,336	-	1,741
Ticket commission	-	16,382	-	6,307
Members' contribution	-	2,300	-	2,219
Other	-	2,034	19	845
	-	24,052	19	11,112

3 Income from other activities

	2022 Restricted funds £'000	2022 Unrestricted funds £'000	2021 Restricted funds £'000	2021 Unrestricted funds £'000
Rental	-	552	-	310
Ticket sales and commission	-	6,396	-	2,312
Concessions and licences granted	-	5,722	-	1,937
Other show-related income	-	2,492	-	1,156
Other income	-	1,037	-	317
	-	16,199	-	6,032

Please see note 15 for information on the Corporation's wholly owned trading subsidiary, Royal Albert Hall Developments Limited, and its respective wholly owned subsidiary RAH Concerts Ltd for more information on these activities.

4 Analysis of expenditure on charitable activities

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2022 Total £'000	2021 Total £'000
Building maintenance	2,014	-	2,014	1,663
Building refurbishment and improvements	1,358	-	1,358	2,982
Security and housekeeping	1,944	1,482	3,426	2,165
Archives	113	-	113	99
Ticketing	-	1,945	1,945	1,591
Show management and production	-	10,866	10,866	4,941
Front of house services	-	3,543	3,543	2,652
Programming, marketing and PR	-	1,655	1,655	1,472
Education activities	-	319	319	338
Miscellaneous	-	1,082	1,082	592
Support costs (see note 5)	2,594	6,754	9,348	7,927
	8,023	27,646	35,669	26,422

5 Support costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2022 Total £'000	2021 Total £'000
Finance and information systems	455	1,535	1,990	1,758
Administration and human resources	333	1,323	1,656	1,792
Overheads and insurance	446	519	965	680
Utilities	218	1,119	1,337	670
Depreciation and amortisation	542	2,183	2,725	2,580
General Office	23	75	98	-
Governance costs (note 6)	577	-	577	447
	2,594	6,754	9,348	7,927

Support costs that can be directly attributed to an activity have been allocated to that activity. Where support costs relate to more than one activity the cost has been allocated on a head count basis, with the exception of depreciation costs which have been allocated on an analysis of usage.

6 Governance costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2022 Total £'000	2021 Total £'000
Salaries, wages and related costs	210	-	210	152
General office	121	-	121	26
Audit fees	61	-	61	60
Legal and other professional fees	185	-	185	209
	577	-	577	447

7 Auditor's remuneration

	2022 £'000	2021 £'000
Group audit	61	60
Taxation services	11	11
Other services – predecessor auditor	1	16

8 Staff costs

	2022 £'000	2021 £'000
Salaries	10,987	10,143
Social security costs	1,082	885
Pension costs	545	518
Staff benefits	148	157
	12,762	11,703

The Council Members were not paid and did not receive any other benefits from employment with the Corporation or its subsidiaries in the year (2021: £nil). Two members of Council received out of pocket expenses in the year of £354 (2021: One member £23). No Council Member received payment for professional or other services supplied to the Corporation (2021: £nil).

Ex gratia and termination payments in the year totalled £48k (2021: £179k). Of this amount, at the year-end £nil (2021: £113k) was still to be paid.

The key management personnel of the Corporation comprise the Council Members, the Executive Board and the Heads of Departments. The total employee benefits of the key management personnel of the Corporation were £2,092,027 (2021: £1,693,380).

8 Staff costs (continued)

The average number of employees during the year, analysed by function, was as follows:

	2022 Number	Full-time equivalent 2022 Number	2021 Number	Full-time equivalent 2021 Number
Generating funds	8	8	8	8
Maintaining the Hall	50	41	49	38
Promoting arts and sciences	282	204	278	197
Administration and support	35	35	34	34
Governance	2	2	2	2
	377	290	371	279

The number of employees whose total emoluments were £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2022 Number	2021 Number
£60,001 - £70,000	11	6
£70,001 - £80,000	3	2
£80,001 - £90,000	2	1
£90,001 - £100,000	2	5
£100,001 - £110,000	2	1
£110,001 - £120,000	1	-
£140,001 - £150,000	1	2
£180,001 - £190,000	-	1
£190,001 - £200,000	1	-
	23	18

Emoluments include remuneration, benefits-in-kind and (where relevant) redundancy payments. There are no employees accruing benefits under the Corporation's defined benefit scheme whose emoluments exceeded £60,000 (2021: none). Total employer's pension contributions for the provision of money purchase benefits for employees whose emoluments exceeded £60,000 were £196,630 (2021: £204,503).

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the directors, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £17k (2021: £17k) and the cover provided totalled £5m (2021: £5m).

9 Related party transactions

During the year the Royal Albert Hall Trust, a related charity, made a donation to the Corporation of £2.1m (2021: £3.5m). As summarised in note 17, at the year-end there was an intercompany debtor between the Corporation and Royal Albert Hall Developments Limited of £10.7m (2021: £0.6m creditor) an intercompany creditor between the Corporation and RAH Concerts Limited of £0.1m (2021: £0.7m) and an intercompany creditor between the Corporation and Royal Albert Hall Trust of £2.3m (2021: £0.6m).

In accordance with the Corporation's Charter, elected Council members (which exclude appointed Council Members) are required to be seatholders. For a detailed explanation of the relationship and transactions between Council members and the Corporation, please see under 'Council members', within "Structure, governance and management" section, on pages 20 to 39.

At the year-end there was a total of £25k (2021: £9k) due to Council Members in respect of rebate income collected during 2022 which will be paid across in 2023. At the year-end there was a total of £nil (2021: £1k) due from Council Members in respect of annual contributions and supplementary seat rate charged during 2022.

The key matters are summarised in the table below:

	2022 Number	2021 Number
Number of seats owned by Council members	43	34
Number of seats owned by parties related to Council members	112	117
Number of tickets returned by Council members and related parties through ticket return scheme	21,132	8,294
Number of complimentary tickets requested by Council members under the GT29 policy	76	90
	2022 £	2021 £
Total seat rate amount paid by Council members and related parties	281,170	264,250
Total rebate amount received by Council members and related parties	40,610	23,103
Amount distributed to Council members & related parties for returned Tickets	496,982	102,645
Value of complimentary tickets requested by Council members under the GT29 policy	13,881	12,282
Donations from Council members	1,854	1,530

10 Taxation

The Corporation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Theatre Tax Relief of £0.4m was claimed in 2022 for eligible costs associated with 14 performances of Matthew Bourne's *Car Man* in June.

11 Tangible fixed assets - Group and charity

	Freehold land £'000	Leasehold land £'000	Archival collections £'000	Property Costs £'000	Plant, fixtures, fittings & equipment £'000	Computers & office equipment £'000	Assets under construction £'000	TOTAL £'000
Cost or valuation								
As at 1 January 2022	1,575	629	1,496	16,297	26,954	1,537	14,300	62,788
Additions	-	-	-	59	425	-	1,644	2,128
Transfers	-	-	-	11,591	23	-	(11,614)	-
As at 31 December 2022	1,575	629	1,496	27,947	27,402	1,537	4,330	64,916
Valuation 2001	1,575	629	1,496	-	-	-	-	3,700
Cost	-	-	-	27,947	27,402	1,537	4,330	61,216
	1,575	629	1,496	27,947	27,402	1,537	4,330	64,916
Depreciation & impairment								
As at 1 January 2022	-	-	610	1,468	9,698	1,303	1,238	14,317
Reclass bfw d balances	-	-	-	-	-	-	-	-
Depreciation charge for year	-	-	-	542	1,920	82	-	2,544
Impairment/(reversal)	-	-	(4)	-	-	-	-	(4)
As at 31 December 2022	-	-	606	2,010	11,618	1,385	1,238	16,857
Net book values								
As at 31 December 2022	1,575	629	890	25,937	15,784	152	3,092	48,059
As at 1 January 2022	1,575	629	886	14,829	17,256	234	13,062	48,471

As permitted under FRS 102, the Corporation has continued a policy of not revaluing its tangible fixed assets. The book values of tangible fixed assets held are derived as follows:

- ◆ Freehold land comprising car parking spaces situated below the Royal Albert Hall, London, SW7 are being carried at a deemed cost of £1.6m. This is based on advice received from Messrs Stile Harold Williams, Surveyors and Valuers during 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Similarly, the Corporation's archival collections are included in the accounts at a deemed cost. This was following a valuation made by Messrs King Sturge, Chartered Surveyors in 2001, the Corporation having taken advantage of the transitional accounting rules available at the time. Following valuation by an independent expert of certain elements of the archival collection in March 2022, the impairment has been reduced by £4k. The net book value for the archival collection as at 31 December 2022 is £0.9m.
- ◆ Leasehold land comprising the purchase of additional land in 2016, valued at cost, to enable the basement development work to the southwest of the building.

11 Tangible fixed assets - Group and charity (continued)

- ♦ Fixtures and fittings, equipment, computers and office equipment are all included in the accounts at cost less depreciation and impairment changes.
- ♦ Subsequent expenditure on the building that meets the criteria for capitalisation under FRS102 is capitalised at cost.

The historical cost of assets included above at a valuation is not available. Many of the assets were acquired a significant number of years ago and the expense associated with researching their original cost outweighs any benefit derived from having such information.

At 31 December 2022 the Corporation had capital commitments of £3.1m (2021 - £0.1m).

12 Intangible fixed assets (Group and Charity)

	Property rights £'000	Computer & Office Equipment £'000	TOTAL £'000
Cost or valuation			
As at 1 January 2022	890	2,172	3,062
Additions	-	-	-
As at 31 December 2022	890	2,172	3,062
Cost	890	2,172	3,062
	890	2,172	3,062
Depreciation			
As at 1 January 2022	369	1,926	2,295
Charge for year	89	91	180
As at 31 December 2022	458	2,017	2,475
Net book values			
As at 31 December 2022	432	155	587
<i>As at 1 January 2022</i>	<i>521</i>	<i>246</i>	<i>767</i>

Property rights consist of seats which the Corporation has purchased from Members and receives income in respect of. The property rights from the purchase of the RNIB second tier box also entitle the seller to a right to five hundred complimentary tickets, for 10 years from August 2017, which are currently based at an estimated value of £nil.

All intangible fixed asset additions were acquired, and none were internally developed.

13 Heritage assets

The land and buildings comprising the Royal Albert Hall are defined as heritage assets for the purposes of these accounts. Under the Corporation's Royal Charter the Hall, which is an asset of acknowledged historic importance, must be held indefinitely so as to fulfil the Corporation's primary charitable objectives of maintaining the Hall and, through its use, promoting the arts and sciences.

The nature of the land and buildings means that any meaningful and/or conventional valuation of the Royal Albert Hall is not possible. The historic importance of the Hall means that certain aspects of the building and its historic significance are irreplaceable. The land and buildings, therefore, appear at nil value on the Corporation's balance sheet.

The assets comprise the land and buildings known as the Royal Albert Hall, situated at Kensington Gore, London SW7 and demised under a 999 year lease dated 25 March 1872.

The Hall is valued for insurance purposes only at a gross reinstatement cost of £434m, based on a surveyor's valuation as at August 2022 by Ecclesiastical.

While not shown in the accounts, the operating expenditure includes the ground rent of one shilling (5p) a year payable to the owners of the Hall's freehold, The Royal Commission for the Exhibition of 1851.

The Hall capitalises expenditure on removable fittings, computers and equipment. Expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed.

Fixed asset additions to heritage assets in 2022 totalled £1.1m (2021: £5.1m). Project expenditure overall in 2022 was less than in previous years due to supply and resource issues with significant expenditure slipping in to Q1 2023.

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Expenditure on heritage assets					
Capital expenditure					
Facilities for performers and the public	1,067	1,001	1,903	368	-
Other building works and fees	58	4,082	3,121	4,682	8,265
	1,125	5,083	5,024	5,050	8,265
Revenue expenditure					
Facilities for performers and the public	576	7	575	1,554	398
The building's structure	29	247	2,677	3,081	3,224
The auditorium	64	-	-	-	-
Other building works and fees	64	406	2,139	-	-
	733	660	5,391	4,635	3,622
	1,858	5,743	10,415	9,685	11,887

14 Investments - Group

Any investments held on the balance sheet are held to fulfil long term objectives. Investments held for short term use within current assets were nil (2021: nil). Cash held for long term use within Fixed Assets was £nil (2021: £6.2m). Further details on the Investment Policy are on page 15.

There were no listed investments held at 31 December 2022 (2021: nil).

15 Investment in subsidiary undertakings

Royal Albert Hall Developments Limited

The Corporation's subsidiary is Royal Albert Hall Developments Limited which is incorporated in England (company number 1539294) and its wholly owned subsidiary RAH Concerts Limited which is incorporated in England (company number 10664172). The principal activities of Royal Albert Hall Developments Limited are the licensing of the Royal Albert Hall to third parties, the licensing of boxes to corporate clients, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the company, tours, a shop, merchandise sales, a car parking concession, and events which are outside of the Hall's charitable objectives. The Corporation's investment in Royal Albert Hall Developments Limited comprises 25,000 ordinary shares of £1 each, being the entire issued share capital of that company.

A summary of the financial results of the company is shown below.

Statement of Comprehensive Income	2022 £'000	2021 £'000
Turnover	15,242	5,720
Cost of sales	(11,955)	(3,819)
Operating (loss)/profit	3,287	1,901
Net interest receivable	74	1
Profit on ordinary activities before taxation	3,361	1,902
Tax on ordinary activities	369	(5)
Profit on ordinary activities after taxation	3,730	1,897
Retained earnings at the start of the period	-	(13)
Deed of Covenant payable to the Corporation	(3,369)	(1,884)
Retained earnings at the end of the period	361	-

Summarised balance sheet	2022 £'000	2021 £'000
Current assets	16,007	11,069
Creditors: amounts falling due within one year	(15,621)	(11,044)
Net assets	386	25
Called up share capital	25	25
Profit and loss account	361	-
	386	25

15 Investment in subsidiary undertakings (continued)**RAH Concerts Limited**

The principal activities of RAH Concerts Limited are the licensing of the Royal Albert Hall to third parties which are not subject to UK law. Royal Albert Hall Developments Limited's investment in RAH Concerts Limited comprises 1 ordinary share of £1 each, being the entire issued share capital of that company.

A summary of the financial results of the company is shown below.

Statement of comprehensive income	2022 £'000	2021 £'000
Turnover	957	322
Cost of sales	(709)	(171)
Operating (loss)/profit	248	151
Net interest receivable	-	-
Profit on ordinary activities before taxation	248	151
Tax on ordinary activities	3	(1)
Profit on ordinary activities after taxation	251	150
Retained earnings at the start of the period	-	(2)
Deed of Covenant payable to the Corporation	(251)	(148)
Retained earnings at the end of the period	-	-

Summarised balance sheet	2022 £'000	2021 £'000
Current assets	277	747
Creditors: amounts falling due within one year	(277)	(747)
Net assets	-	-
Called up share capital	-	-
Profit and loss account	-	-
	-	-

16 Stock

	Corporation 2022 £'000	Group 2022 £'000	Corporation 2021 £'000	Group 2021 £'000
Stock	-	110	-	167
	-	110	-	167

17 Debtors

	Corporation 2022 £'000	Group 2022 £'000	Corporation 2021 £'000	Group 2021 £'000
Rentals and concession income receivable	1,414	3,425	844	2,047
Other debtors	108	135	380	1,184
Tax credit receivable	-	361	-	-
Amounts due from subsidiary	8,366	-	-	-
Prepayments and accrued income	1,274	1,639	1,151	1,922
	11,162	5,560	2,375	5,153

18 Creditors: amounts falling due within one year

	Corporation 2022 £'000	Group 2022 £'000	Corporation 2021 £'000	Group 2021 £'000
Trade creditors	2,937	2,941	1,698	2,477
Other creditors	12,948	14,346	8,681	12,863
Social security and other payroll taxes	324	324	263	263
Accruals	3,168	3,825	1,951	2,190
Amount due to subsidiary	-	-	1,883	-
VAT	790	1,443	271	962
Deferred Income (see note 19)	4,298	6,706	1,291	7,203
	24,465	29,585	16,038	25,958

Included within other creditors are amounts of £11.0m (2021: £11.2m) held in respect to ticket sales for future performances hosted by third-parties which is held on their behalf and will be passed on to promoters in due course as part of the show settlement process. Included in other creditors is £102k of unpaid pension contributions (2021: £93k).

19 Deferred Income

	Corporation 2022 £'000	Group 2022 £'000
Balance as at 1 January 2022	1,291	7,203
Amount released to incoming resources	(1,213)	(6,788)
Amount deferred in year	4,220	6,291
Balance as at 31 December 2022	4,298	6,706

Deferred income for the Corporation comprises deposits on future lettings of £2.9m (2021: £1.0m) and advance ticket sales on RAH presents performances of £1.4m (2021: £0.3m) relating to performances after the balance sheet date. Deferred income for the Group comprises deposits on future lettings of £2.9m (2021: £1.8m), advance ticket sales on RAH presents performances of £2.6m (2021: £4.3m) and other advance income £1.2m (2021: £1.1m) relating to performances after the balance sheet date.

20 Government loan

	2022 £'000	2021 £'000
Amounts payable:		
Under 1 year	-	-
1 – 5 years	4,751	3,168
Over 5 years	16,748	17,572
	21,499	20,740

In March 2021, the Hall received a loan of £20.7m from Arts Council England and the Department of Culture, Media and Sport as part of the Culture Recovery Fund. The loan incurs an annual interest charge of 2%, which has been accrued and added to the total amount payable, and is repayable over 20 years, with a repayment holiday for the first four years. Repayments of the loan commence March 2025.

21 Restricted funds

	Education & Outreach Fund £'000	Building Fund £'000	Production Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2022	-	-	-	1,789	1,789
Income	-	-	-	1,610	1,610
Expenditure	(216)	(226)	(76)	-	(518)
Transfers	-	(284)	-	-	(284)
Donation from Royal Albert Hall Trust	216	510	76	(802)	-
Balance at 31 December 2022	-	-	-	2,597	2,597

	Education & Outreach Fund £'000	Building Fund £'000	Production Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2021	-	-	-	418	418
Income	-	-	-	3,332	3,332
Expenditure	(125)	-	-	-	(125)
Transfers	-	(1,836)	-	-	(1,836)
Donation from Royal Albert Hall Trust	125	1,836	-	(1,961)	-
Balance at 31 December 2021	-	-	-	1,789	1,789

The Education & Outreach Fund comprises funds donated to the Corporation by the Royal Albert Hall Trust specifically for education purposes.

The Royal Albert Hall Trust is a separately constituted Trust with charitable status whose Trustees include the current President and Vice-Presidents of the Corporation. Its purpose is to raise funds for future maintenance and preservation of the fabric and facilities of the Royal Albert Hall and to help fund its Engagement Programme. It periodically makes donations to the Corporation.

During the year the Trust made a grant of £0.2m to the Corporation's Engagement Programme (2021: £0.1m). It also made a grant of £0.5m (2021: £1.8m), to the restricted Building Fund (which comprises grants and donations raised from companies and individuals), in order to fund improvements to the building, and £0.1m (2021: nil) from the Production Fund to fund the Hall's Artistic Development programme. These funds were received by the Corporation and spent in the year.

During the year a transfer of £0.3m (2021: £1.8m) was made from the Building Fund to unrestricted reserves. This represents the transfer of assets as the money has been used for the purpose for which it was given.

Notes to the accounts 31 December 2022

22 Unrestricted funds

Corporation	Tangible & intangible fixed assets fund	Education & Outreach fund	Plant and fabric sinking fund	Major building development fund	Total designated funds	General fund	Total unrestricted funds
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	49,238	400	-	-	49,638	(7,640)	41,998
Income	-	-	-	-	-	30,388	30,388
Transfer	284	(400)	-	-	(116)	400	284
Utilisation/expenditure	(876)	-	-	-	(876)	(23,994)	(24,870)
Balance at 31 December 2022	48,646	-	-	-	48,646	(846)	47,800

Group	Tangible & intangible fixed assets fund	Education & Outreach fund	Plant and fabric sinking fund	Major building development fund	Total designated funds	General fund	Total unrestricted funds
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	49,238	400	-	-	49,638	(7,640)	41,998
Income	-	-	-	-	-	41,648	41,648
Other gain/(losses)	-	-	-	-	-	361	361
Transfer	284	(400)	-	-	(116)	400	284
Utilisation/expenditure	(876)	-	-	-	(876)	(35,255)	(36,131)
Balance at 31 December 2022	48,646	-	-	-	48,646	(486)	48,160

Corporation	Tangible & intangible fixed assets fund	Education & Outreach fund	Plant and fabric sinking fund	Major building development fund	Total designated funds	General fund	Total unrestricted funds
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	48,099	400	-	1,620	50,119	(3,882)	46,237
Income	-	-	-	-	-	17,487	17,487
New designations	1,139	-	603	1,217	2,959	(2,959)	-
Transfer	-	-	-	1,836	1,836	-	1,836
Utilisation/expenditure	-	-	(603)	(4,673)	(5,276)	(18,286)	(23,562)
Balance at 31 December 2021	49,238	400	-	-	49,638	(7,640)	41,998

Group	Tangible & intangible fixed assets fund	Education & Outreach fund	Plant and fabric sinking fund	Major building development fund	Total designated funds	General fund	Total unrestricted funds
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	48,099	400	-	1,620	50,119	(3,897)	46,237
Income	-	-	-	-	-	21,052	21,052
New designations	1,139	-	603	1,217	2,959	(2,959)	-
Transfer	-	-	-	1,836	1,836	-	1,836
Utilisation/expenditure	-	-	(603)	(4,673)	(5,276)	(21,836)	(27,112)
Balance at 31 December 2021	49,238	400	-	-	49,638	(7,640)	41,998

22 Unrestricted funds (continued)

The Tangible and Intangible Fixed Asset Funds represent the net book value of the Corporation's fixed assets. A decision was made to separate this fund from the general fund in recognition that the tangible and intangible fixed assets are essential to the day-to-day work of the Corporation and as such their value should not be regarded as funds that are realisable in order to meet future contingencies. The net decrease in the fund of £0.6m represents the level of capital additions during the year (net of depreciation).

The Education & Outreach Fund existed to protect initiatives from any adverse short term financial performance issue the Corporation may encounter. In 2022 this was released to general funds to support these reserves.

The Plant and Fabric Sinking Fund existed in 2021 to meet the cost of major non-capital expenditure required to maintain the fabric of the building and to replace its plant and equipment over the long term. There was no movement on this reserve in 2022.

The Major Building Development Fund existed in 2021 to help meet the cost of future major building developments. There was no movement on this reserve in 2022.

23 Analysis of net assets between funds

Corporation	Unrestricted fund		2022 Total £'000
	Fixed asset fund £'000	General fund £'000	
Tangible & Intangible fixed assets	48,646	-	48,646
Investments	-	25	25
Net current assets	-	20,628	20,628
Creditors over 1 year	-	(21,499)	(21,499)
Total net assets	48,646	(846)	47,800

Group	Unrestricted fund			2022 Total £'000
	Fixed asset fund £'000	General fund £'000	Royal Albert Hall Trust £'000	
Tangible & Intangible fixed assets	48,646	-	-	48,646
Investments	-	-	-	-
Net current assets	-	21,013	2,597	23,610
Creditors over 1 year	-	(21,499)	-	(21,499)
Total net assets	48,646	(486)	2,597	50,757

23 Analysis of net assets between funds (continued)

	Unrestricted fund			2021 Total £'000
	Fixed asset fund £'000	Education & Outreach fund £'000	General fund £'000	
Corporation				
Tangible & Intangible fixed assets	49,238	-	-	49,238
Investments	-	-	25	25
Net current assets	-	400	(7,665)	(7,265)
Total net assets	49,238	400	(7,640)	41,998

	Unrestricted fund				2021 Total £'000
	Fixed asset fund £'000	Education & Outreach fund £'000	General fund £'000	Royal Albert Hall Trust £'000	
Group					
Tangible & Intangible fixed assets	49,238	-	-	-	49,238
Investments	-	-	-	-	-
Net current assets	-	400	(7,640)	1,789	(5,451)
Total net assets	49,238	400	(7,640)	1,789	43,787

24 Pension commitments

The Royal Albert Hall offers a Stakeholder Pension Plan which comprises a series of individually owned personal pension accounts, arranged on a group basis, the provider of which is Aviva. Each member and, in respect of eligible members, the Corporation contribute amounts determined by either an age related or a matching scale into a personal account for each member, which is held and invested by Aviva.

For staff who choose not to join the Stakeholder Pension Plan, or are not eligible to join, the Hall uses "The People's Pension" scheme to comply with the requirements of automatic enrolment.

The Royal Albert Hall Pension Scheme has two sections. The defined benefit section was closed to new members on 30 September 1997 and ceased accruals on 31 December 2014. A defined contributions section commenced on 1 October 1997, and was closed to new entrants and future contributions on 31 August 2006. Both sections are externally funded and contracted out of the State Second Pension. In 2020, the Scheme's trustees transferred responsibility for the defined contributions section into the Legal & General Mastertrust. The defined benefit section remains held in a separate trustee administered fund.

The defined benefit section is valued every three years by a professionally qualified actuary using the attained age method, the rates of contribution payable being recommended by the Scheme's Trustees and agreed by the Corporation on the advice of the actuary. In the intervening years, the actuary reviews the progress of this section. Under the projected unit method, current service costs for the defined benefit section will increase as members of the scheme approach retirement.

24 Pension commitments (continued)

A full actuarial valuation of the defined benefit section was carried out as at 31 March 2021. The valuation findings indicated a market value of the defined benefit section assets of £15.3m, sufficient to cover 105.8% of the benefits which had accrued to Scheme Members; and a past service surplus of £0.8m.

The unrestricted surplus, as calculated under the accounting standard FRS 102, was £1.3m as at 31 December 2022, down from £3.2m as at 31 December 2021. The main reason for the decrease in the surplus over the period is the Scheme's assets performing worse than expected and negative inflation experience. This has been partially offset by increases in corporate bond yields leading to a higher discount rate and a lower value being placed on the liabilities.

However, the surplus in the disclosures below has been restricted to £nil. This is because the Corporation is only allowed to recognise a surplus in its balance sheet to the extent that it can generate a future economic benefit for itself. As regards the Stakeholder Scheme, the Corporation and each member contribute amounts determined by an age related or a matching scale into a personal account for each member, which is invested by investment managers appointed by the Scheme's Trustees.

Pension expenses have been split between maintaining and developing the Hall and promoting the arts and sciences based on allocation of staff within unrestricted funds.

The contributions made by the Corporation over the financial year in respect of each section of the scheme were as follows:

	2022 £'000	2021 £'000
Defined benefit section	-	-
Defined contribution section / Stakeholder Scheme	545	516

The Hall expects to pay no contributions in the year to 31 December 2023 as there was a surplus in the Scheme at the last actuarial valuation. The Hall will meet directly any administrative costs and other expenses incurred by the Scheme.

24 Pension commitments (continued)

FRS 102 requires the surplus or deficit on the Scheme as at 31 December 2022, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation):

	2022 %	2021 %
Inflation	3.4%	3.6%
Salary increases	n/a	n/a
Rate of discount	4.9%	1.8%
Pension increases	3.1%	3.3%

Assumed life expectancy in years at age 65:	2022	2021
Retiring today – Males	22.1	22.1
Retiring today – Females	24.6	24.5
Retiring in 20 years' time – Males	23.8	23.7
Retiring in 20 years' time – Females	26.3	26.2

The assets in the scheme were:	Value at 31 December 2022 £'000	Value at 31 December 2021 £'000
Assets		
Equities	-	4,049
Cash	73	88
LDI	9,973	9,460
Multi Asset Credit	-	3,220
Insured assets	635	711
Insured liabilities	-	-
Total market value of assets	10,681	17,528
Actuarial value of liability	(9,407)	(14,290)
Surplus in Scheme	1,274	3,238
Unrecognised asset	(1,274)	(3,238)
Recoverable surplus	-	-

The Scheme has in the past secured annuities with an insurance company for members on their retirement. An allowance has been made for these members in both the asset and liability figures at 31 December 2022.

24 Pension commitments (continued)

In total, the movement in the Scheme's assets during the year is made up as follows:

	2022 £'000	2021 £'000
Fair value of assets at 1 January	17,528	17,579
Interest on assets	312	226
Benefits paid	(352)	(378)
Return on plan assets less interest	(6,807)	101
Fair value of assets at 31 December	10,681	17,528

In total, the movement in the Scheme's liabilities during the year is made up as follows:

	2022 £'000	2021 £'000
Actuarial value of liabilities at 1 January	14,290	15,433
Current service cost	-	-
Contributions by Scheme participants	-	-
Past service cost	-	-
Interest cost	254	198
Benefits paid	(352)	(378)
Experience (gain) on defined benefit obligation	828	300
Changes to demographic assumptions	-	(241)
Changes to financial assumptions	(5,613)	(1,022)
Actuarial value of liabilities at 31 December	9,407	14,290

In accordance with FRS 102 the following components of pension charge have been recognised in the statement of financial activities for the year ended 31 December 2022.

	2022 £'000	2021 £'000
Analysis of the amount charged within resources expended		
Current service cost	-	-
Past service cost	-	-
Total amount included within resources expended	-	-

Analysis of net return on scheme

Interest assets	515	226
Interest on liabilities	(452)	(198)
Interest on effect of asset ceiling	(63)	(28)
Net return	-	-

Analysis of amount recognised as an actuarial loss within the statement of financial activities

Gain/(loss) on scheme assets in excess of interest	(6,807)	101
Experience losses on liabilities	(828)	(300)
(Losses)/gains from changes to demographic assumptions	-	241
(Losses)/gains from changes to financial assumptions	5,613	1,022
Adjustment in respect of restriction of surplus	2,022	(1,064)
Actuarial gain recognised within statement of financial activities	-	-

25 Prior year consolidated statement of financial activities

The statement of financial activities for 2021 is shown here for comparison purposes. The 2022 statement of financial activities is shown on page 44.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
Income:				
Donations and legacies	1	3,905	3,313	7,218
<i>Income from charitable activities:</i>				
Operation of Hall	2	11,112	19	11,131
Investment income and interest		4	-	4
<i>Income from other activities:</i>				
Commercial trading operations	3	6,032	-	6,032
Total income		21,053	3,332	24,385
Expenditure:				
<i>Costs of raising funds:</i>				
		472	-	472
<i>Expenditure on charitable activities:</i>				
Maintaining and developing the Hall	4	8,120	-	8,120
Promoting the arts and sciences	4	18,177	125	18,302
Interest repayable		344		344
Total expenditure		27,113	125	27,238
Net income/(expenditure)		(6,060)	3,207	(2,853)
Transfer between restricted and unrestricted funds	21/22	1,836	(1,836)	-
Net income/(expenditure) after transfers between restricted and unrestricted funds		(4,224)	1,371	(2,853)
Actuarial gains/(losses) on defined benefit pension scheme	23	-	-	-
Net movement in funds		(4,224)	1,371	(2,853)
Fund balances brought forward at 1 January		46,222	418	46,640
Fund balances carried forward at 31 December		41,998	1,789	43,787

THE CORPORATION OF THE HALL OF ARTS AND SCIENCES

England & Wales - Charity number 254543

Accounts

**The Corporation
of the Hall of
Arts and Sciences**

**Annual Report and
Consolidated Accounts**

31 December 2021
Charity Registration Number 254543

Patron

Her Majesty The Queen

Elected Council members

President

Ian McCulloch

Honorary Treasurer and Vice-President

Michael Jackson MA FCA

Vice-President

Leon Baroukh MA CFA

Vice-President

Mrs Lin Craig

Vice-President

Mark T Schnebli FInstD FBIM

Dr Monica Bloch PhD

Peter B M Lim FCA MBA

Stephen Brandon MA MBA CEng

Robert Lipson

Lucinda Case

Rebecca Matthews (resigned February 2021)

John Cooper FCA CTA

James Max BSc Hons MRICS

Lauren Ekon

Iain McNay

Nigel Hamway

Stuart Newey

Harry Handelsman

Anthony Ratcliffe FRICS FRSA

Appointed Council members

Richard Harrington (appointed February 2021)

(Appointed by the Secretary of State for Digital, Culture, Media and Sport)

Stuart Corbyn FRICS

(Appointed by the Royal Commission for the Exhibition of 1851 until July 2021)

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA

(Appointed by the Royal Commission for the Exhibition of 1851 in July 2021)

Sir Michael Dixon BSc ARCS DPhil FCGI

(Appointed by the Trustees of the Natural History Museum)

Kevin Porter

(Appointed by the Council of the Royal College of Music)

Sir Jonathan Michael

(Appointed by the Governors of the Imperial College of Science, Technology and Medicine)

Secretary to the Corporation

Susan Gent

Honorary Vice Presidents

C G Clive BSc MBA

The Lady Grade

C P Fairweather FCA

Mrs Anthony Travis BA (Hons)

H Gould OBE JP BA DL FCA

Executive

Chief Executive

Craig Hassall

Director of Finance and Administration

Anupam Ganguli

Artistic and Commercial Director

Lucy Noble

Director of External Affairs

Louise Halliday

Director of Visitor Experience

Anthony Winter-Brown

Director of Buildings and Facilities

Sara Crema

None of the members of the Executive Team are Directors of the Corporation under the Companies Act 2006

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440 Strand

London

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Auditors

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London

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Solicitors

Bates Wells Braithwaite LLP

10 Queen Street Place

London

EC4R 1BE

Charity registration number 254543

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Report of the Council Year to 31 December 2021

The Council presents its statutory report together with the consolidated accounts of the Corporation of the Hall of Arts and Sciences (“the Corporation” or “the Hall”) for the year ended 31 December 2021.

The accounts have been prepared in accordance with the accounting policies set out on pages 56 to 62 of the attached accounts and the provisions of the Corporation’s Constitution, namely its Royal Charter and the Royal Albert Hall Act 1966, applicable laws and the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Information on structure, governance and management, including details on the constitution, Members and training, Council responsibilities, organisational structure and risk management are provided under Structure, Governance and Management on pages 29 to 48.

Charitable Objectives

Since 1871, the Royal Albert Hall’s purpose has been to promote the Arts and Sciences as well as to preserve and enhance our Grade I listed building, which is held in trust for the nation.

The charity achieves these charitable objectives by:

- hosting up to 400 performances each year in the main auditorium and more than 1,000 other performances, events, exhibitions and workshops elsewhere inside and outside the building which, alongside guided tours, attracts 1.7 million visitors a year; and
- utilising the financial surpluses generated by these charitable activities, and our trading activities, plus financial support from philanthropists and the Hall’s Seatholders, to support:
 - an Engagement programme which aims to reach around 200,000 people of all ages and backgrounds who wouldn’t otherwise get the opportunity; and
 - a multi-million pound rolling programme of planned maintenance and building projects to preserve and enhance the Grade I listed building.

The report of the Council sets out how these charitable objectives have been met in the year, the financial results and implications for the charity from this activity and what the charity expects to achieve in the following year. This structure has been retained for 2021. However, the charity’s activities, finances and ability to fulfil its objectives were severely impacted by the Covid-19 pandemic, as the Hall remained closed until it was permitted to reopen at 1,000 capacity at the end of May 2021, and at full capacity from 19 July.

Our Vision

Our vision is to inspire artists and audiences worldwide with the magic of the iconic Royal Albert Hall, creating life-enriching, unforgettable experiences for everyone.

Business Plan 2017-2021

The Royal Albert Hall marked its 150th anniversary in 2021. It is a unique and highly successful charity. Originally the brainchild of Prince Albert as part of his master plan for the entire Albertopolis site, and set up by Royal Charter, it is one of the world's best-loved and busiest performance venues. Our Grade I listed building, supported by significant investment, has been maintained and enhanced to enable the wide programme of public benefit work which is seen today.

The Hall is held in trust for the nation, with its purpose being to promote the Arts and Sciences and to preserve and enhance our Grade I listed building. Unlike many other venues, the Hall operates without any recurrent government funding and generates revenue from three key sources: revenue from its operational activities, the Members' annual contribution, and funds raised through philanthropy. In recent years, and up until 2020, the Hall has produced an annual surplus, every penny of which is reinvested in our charitable purposes.

The Hall's programme of public benefit work is significant and wide ranging. It allows as many people as possible to access the building through a varied programme of events along with a growing Engagement programme which has continually evolved since its inception in 2004.

The period of this plan, 2017-2021, covers a crucial period for the Royal Albert Hall – the lead up to, and execution of, our 150th anniversary. The impact of Covid-19 has significantly compromised these plans.

Our charitable purposes are to promote the Arts and Sciences and preserve and enhance our Grade I listed building. This year, as last, despite serious financial constraints owing to the decimation of our income, we continued to invest in critical maintenance work on the building in order to ensure that when we were permitted to open again, the building was safe and secure for artists, staff and audiences.

We have also marked our 150th anniversary as best we could, in the circumstances.

In order to fulfil our charitable purposes, for the duration of this Business Plan there have been four main themes under which we focused our activity:

1. Creating unforgettable experiences at the Hall
2. Inspiring artists and audiences worldwide
3. Celebrating 150 years and beyond
4. Caring for our staff, our building and our finances

Report of the Council Year to 31 December 2021

During the period of the plan we continued to develop a diverse programme of events which appeal to the widest possible audience and make the best possible use of the building.

We had been expanding our Engagement work, changing lives through music, and raising the profile of our building as a visitor attraction by opening it up to more people, bringing to life our value of 'Open to All.' Sadly, the majority of our Engagement work had to be paused for the duration of the pandemic, although we were able to move some online.

In 2009 we had 1.1m visitors, in 2012 we had 1.5m and by 2019 we had 1.7m visitors. In 2020, physical visitors were reduced to 291,764 (with 7,296 taking a tour), and in 2021 we issued 523,785 tickets to the 163 events with audiences in the auditorium. The 24 events behind closed doors reached a digital audience across multiple platforms, and our 150th anniversary film *Your Room Will Be Ready* was viewed by more than 3 million people, with more than 6 million visiting our website.

We have seen huge demand for events for which we have been able to welcome audiences, and during closure took the opportunity to undertake critical compliance and safety work on the building. Our programme of building projects to further improve the visitor experience had to be curtailed in-year, owing to financial pressures. However, we continue our programme of planned maintenance, and will be delivering the newly created Conservation Management Plan which provides guidance to ensure that we continue to care for our building. We have developed and revised our Fire Strategy in the light of recently completed and planned works which ensures we protect the building and look after our staff, artists, visitors and customers.

The direction and control of the Corporation is determined by Council who ensure that the charity continues to develop plans to meet its charitable objects. Members of Council, as the charity Trustees, confirm that they have complied with the requirements set out in the Charities Act 2011 having due regard to the Charity Commission's published general guidance on public benefit. The Hall's charitable objectives, and the manner in which these are pursued, are set out in summary form on page 4. A detailed explanation of how these objectives have been achieved in 2021 is set out in the following section.

REVIEW OF 2021

The Royal Albert Hall's achievements for 2021 are set out below and correspond to the main Business Plan themes outlined above. The charity's objectives for this year continued to be severely impacted by Covid-19, which meant that the Hall was closed for the first five months of its 150th anniversary year and was only permitted to re-open, at 1,000 capacity, at the end of May. The Hall was permitted to return to 'full capacity' from 19 July 2021 but in reality the ongoing impact of Covid-19 was felt in audience, artist and staff confidence for the entire year. The year started with a national lockdown and ended with the Hall closed, owing to the impact of the Omicron variant of Covid-19, the country moving to 'Plan B' and the Mayor of London declaring a major incident.

Creating unforgettable experiences at the Hall

The first months of the year should have seen Cirque du Soleil returning to the Hall, but Cirque had filed for bankruptcy protection in June 2020 and, while it had emerged from creditor protection by November 2020, the performances had already been cancelled. By the time the Prime Minister announced a national lockdown on 4 January, it was already clear that 2021 would be another year of disruption.

In the place of the extraordinary year of celebration that had been planned, welcoming almost 2 million people to the building and events including 150th birthday commissions, projection mapping celebrations and many highlights, the Hall remained totally closed to audiences until 29 May, and was not at full capacity and starting to rebuild audience confidence until 19 July. The ambition for 400 events in the auditorium became 163 events with audiences, and 24 behind closed doors.

The four guiding principles we had developed to take us through the crisis remained:

1. Remaining financially secure into 2021 and beyond
2. Looking after our Grade I listed building
3. Being the best employer we can be, both now and into the future
4. Preparing for the 150th anniversary – from programming to capital projects

Inspiring artists and audiences worldwide

In 2021 we had 187 events in the auditorium, 163 of which had audiences (9 of these capped at 1,000 attendees) and 24 behind closed doors. 203 events in the auditorium were cancelled.

Behind closed doors concerts started on Sunday 10 January with Passenger; Glitterbox transformed the auditorium into a club stage; resident orchestra, the RPO, streamed concerts featuring resident conductor Vasily Petrenko, Jess Gillam, Nicola Benedetti and Paul Lewis; and Fabric brought dubstep to the Hall for the first time as part of the London Unlocked series in London's most iconic cultural spaces.

The *Women of the World* event planned for March was rescheduled, but the Hall was part of their digital festival around International Women's Day. Hrvy performed his 'Behind Closed Doors' debut broadcast live show on 25 April and *Silent Spaces* - a six-part video series led by musician Soumik Datta and a diverse community of musicians, dancers and artists – premiered on 4 May 2021.

Global Stages - a collaboration between the Royal Albert Hall and Sydney Opera House, Shanghai Concert Hall, Royal Theatre Carré in Amsterdam, and the LA Philharmonic - featured Ballet Black's Cira Robinson, singer-songwriter Tom Odell, opera star Sir Bryn Terfel and Spice Girl Melanie C. It was premiered online on 21 May and reached a global audience.

The Hall was officially allowed to reopen with a total audience capacity of 1,000 after 17 May and Step Four (no social distancing) was expected from 21 June. The Hall reopened to audiences on 29 May with Albert's Band – limited to a maximum capacity of 1,000 in accordance with the government roadmap. We also had the Royal Choral Society singing Messiah, A Country Night in Nashville and Darcey Bussell's British Ballet Charity Gala, raising money for the ballet companies which have been so damaged by the pandemic.

The Hall's 150th anniversary concert on 19 July, 'Freedom Day', was an extraordinary and moving event. More on this concert is in the 150th anniversary section below.

The BBC Proms 2021 season was announced on 27 May and the first half of the season went on sale on 26 June at 1,000 maximum capacity. On 15 June, the increase to full capacity was delayed from 21 June until at least 19 July and the BBC Proms finally opened up to full capacity just days before the First Night on 30 July. The season ran through to 11 September with small but enthusiastic audiences as confidence began to rebuild.

"The BBC Proms... are on their way to achieving the near impossible: an almost complete season, with live audiences...In fact, the 2021 BBC Proms could be seen as a legitimate excuse for a modicum of national pride" *The Guardian*

"Atmosphere. That's what I've been missing. The sense of an entire audience almost holding its breath to hear the softest phrase of Chopin on the piano; the surge of adrenaline as an orchestra unleashes Stravinsky's primal force; the near unanimous wave of energy as people get to their feet to give a standing ovation. Yes, even the cheer from the prommers in the arena when an A is played on the piano for the orchestra to tune. I've missed it all." *Times*

Report of the Council Year to 31 December 2021

On 28 September, we hosted the long-delayed Royal World Premiere of the new James Bond movie, *No Time to Die*, attended by the Prince of Wales, Duchess of Cornwall, Duke and Duchess of Cambridge and all the stars of the film. In October we had the Godmother of Punk Patti Smith for “an astonishingly moving gig that was something between punk rave and shamanic ritual” (*Telegraph*) and Nick Cave and Warren Ellis in a gig that was “equal parts fire, brimstone and heart, and framed by a complexity that continues to grow.” We also hosted concerts from artists including Cliff Richard, Michael Bolton, Level 42, Billy Ocean and Gregory Porter.

Letters Live brought Thom Yorke, Daisy Ridley, Benedict Cumberbatch, Gillian Anderson, Cynthia Erivo, Laura Mvula, Emma Corrin, Meera Syal, Sanjeev Bhaskar to the Hall’s stage for an unforgettable night of remarkable letters written over the centuries and from around the world.

Through November, we had events including the Music for Youth Proms, Richard Ashcroft, Jools Holland, 3 Shots of Tequila and Jon Hopkins, alongside the final year of Champions Tennis at the Hall featuring Emma Raducanu, the Festival of Remembrance and the Royal Variety Performance, attended by the Duke and Duchess of Cambridge. The Fashion Awards brought the red carpet back, and the Hall also premiered in the metaverse with a Roblox metaverse space for the first virtual fashion award.

The Hall’s Christmas season featured Guy Barker’s Big Band, *A Muppet Christmas Carol* in Concert, Professor Brian Cox and Robin Ince’s *Christmas Compendium of Reason*, Handel’s Messiah and of course Carols. Jonas Kauffman’s concert was cancelled owing to Covid travel restrictions, and Trevor Nelson’s *Soul Christmas* was cancelled because he tested positive days before the concert. *The Nutcracker* was cancelled just before Christmas as the Omicron variant swept London, the Mayor declared a ‘major incident’ and the level of positive cases hit staff and performers alike. It was a sad end to the anniversary year.

At the beginning of the year, our Engagement programme remained online, with digital careers workshops, archive talks and family workshops. In May, we welcomed socially distanced audiences back to the Hall for the first time since December 2020 with Albert’s Band, our in-house Engagement ensemble, presenting two family concerts, *Back with a Bang!*

In June we took advantage of the empty Hall to welcome Special Educational Needs school groups to experience a specially created sensory tour of the Hall.

Over the summer we hosted socially distanced Storytelling and Music sessions for 0-4 year olds, which were hugely popular with parents who hadn’t been able to access in-person provision for such a long time, and Albert’s Band took the Hall’s brand to Big Festival in the Cotswolds.

In the Autumn we saw a return to many of our normal programmes, including Songbook concerts going into care homes and community settings, Discover Music and Maths and

Science workshops and music therapy with Nordoff Robbins taking place on-site at the Hall, and our regular community and family events in the Elgar Room.

As part of the Christmas season, we welcomed more diverse audiences to the Hall through our Friendship Matinee concert, which offers £5 tickets to anyone supported by a charity or community group, and our Relaxed Performance, which had facilities in place to support adults and children with additional needs such as Autism.

We had 170 events Beyond the Main Stage compared with more than 1,000 in a normal year. These events included talks, concerts for children, classical coffee mornings, late night jazz and of course, Father Christmas.

Celebrating 150 years and beyond

In February we released *Your Room Will Be Ready*, a short film directed by BAFTA-nominee Tom Harper with Mick Jagger reading from Auden's poem *For Friends Only*. The film has had 3m online views since it was premiered, in addition to TV views from BBC Breakfast, Sky News, ITV News, Bloomberg and BBC London.

In March, we marked the Hall's 150th anniversary online and in the press while the Hall itself remained closed to the public. Imogen Heap recorded an exclusive one-off performance in our empty auditorium to mark the occasion. Featuring improvised movements from Sir Michael Costa's Biblical Cantata, the first-ever musical work performed at the Hall in 1871, the concert was streamed online.

The first full capacity event in 16 months, the special birthday concert *A Circle of Sound* originally planned for the Hall's 150th birthday on 29 March was finally performed on 'Freedom Day', 19 July.

We started working on this event in 2019, with composer David Arnold and musical facilitator and composer James Moriarty. They picked ten themes inspired by the Hall's rich history, then went out into the community to conduct workshops with primary school and secondary school children as well as music college groups, sheltered housing groups and Chelsea pensioners. *A Circle of Sound*, a musical history of the Hall, was performed for the first time on 19 July. Local choirs, schools, and other community groups took to the stage to show the importance of our community after the year of turmoil, supported by Albert's Orchestra and the National Youth Choir of Great Britain.

For those lucky enough to be in the Hall on that night, whether working or watching, it will be an unforgettable evening. Guests included the Secretary of State for DCMS, Oliver Dowden, the Leaders of Kensington & Chelsea and Westminster Councils, Sir Cameron Mackintosh, Sir Michael Grade, donors, Members, promoters, music industry leaders and friends of the Hall.

Nitin Sawhney's *Journeys Festival*, which celebrated 150 years of immigrants to coincide with the Hall's 150th anniversary in the auditorium and Elgar. The main event was a concert in the auditorium that included a commission created specifically for the festival and a film by the FT which has been viewed 30k times.

Postponed 150th anniversary events include Matthew Bourne's *The Car Man*; headline shows from musical icons and major contemporary artists; a new mentorship programme for young female artists led by KT Tunstall; a pop anthem for the anniversary composed by Nile Rodgers; a composition for the organ by Michael Giacchino; and anniversary concerts by the Royal Philharmonic Orchestra, the Hall's associate orchestra.

The Royal Mint issued a £5 coin to mark the milestone, while Royal Crown Derby has produced a commemorative tea set in a design inspired by the Hall's architecture. The Hall's anniversary book, with a foreword from Her Majesty The Queen, is titled *A Celebration in 150 Unforgettable Moments*, and is a collaboration with Penguin Random House.

Caring for our staff, our building and our finances

The majority of staff were furloughed when the Hall was closed to the public. Some remained on furlough through to the end of the scheme on 30 September, some jobs were lost, and almost everyone was flexibly furloughed at some point. Every member of staff took a pay cut at some point during the closure.

We did not want to make wholesale redundancies. We felt that we needed to look after our staff, to retain our talented and committed people, and to be agile enough to reopen quickly as soon as we were allowed to. Many of the Hall's staff remained furloughed, or flexi furloughed for the first months of 2021 with the majority returning for the full capacity shows from 19 July and all staff back in the building in September.

Staffing issues were exacerbated by the Test and Trace app, which instructed people to isolate when they had come into contact with someone who subsequently tested positive. When we opened in May one member of staff tested positive and 15 others were instructed to isolate. This risk was mitigated by the use of fixed working groups and asking people to work from home where possible. The 'pingdemic' of Summer 2021 caused additional staffing pressures as the BBC Proms got underway.

Plan B measures, introduced in December, and Covid absences as the Omicron variant swept London, had a considerable impact. Through the Christmas season we had 20% staff absences for Front of House and 30% for security, leading to extra pressure on those who were working and agency staff (at additional cost) to fill the gaps. Audience expectation was that we should check the Covid status of everyone who attended, which added additional staffing pressure and cost. Through the Christmas season, we lost dozens of performers, crew, catering and front of house Visitor Services staff.

In order to look after our staff whether they were in the building, working from home or furloughed, the Wellbeing Network introduced a Book Club, reinstated the RAH choir, ran 300 stretch sessions, 10 webinars, three quizzes, two step challenges and trained or re-trained Mental Health First Aiders, of which we now have 21. We engaged an external specialist wellbeing consultancy to conduct a short survey to understand staff thoughts and perspective on wellbeing. The Hall were Finalists of the Best Support for Furloughed workers from Inside Out Awards.

Diversity training has been undertaken for trustees and directors and this will be rolled out across the organisation. Our Ethnicity, Diversity and Inclusion committee has representation from staff across all departments, levels and represents the nine protected characteristics. It underpins our business plan and gives staff a voice. We are committing to making our platforms available for the voices of people from all nine protected characteristics – both on the stage and on digital channels, we are reviewing our recruitment strategies to appeal more widely.

Wholesale changes were made to the Executive structure in 2021. In November, the Royal Albert Hall's first ever Artistic Director was appointed, a statement of the Hall's artistic ambitions with a renewed focus on the number of own-produced and co-promoted shows, curating the hires and shaping the artistic direction of the Hall.

With the departure of Director of Visitor Experience in July 2022, the Artistic Director will take on the commercial portfolio including catering, tours, merchandise, retail and visitor services, including security which now reports to the Head of Visitor Services. The creation of this role also allows the Artistic Director to take a holistic artistic view of the brand and focus of the Hall and ensure that we continue to succeed as one of the most famous venues in the world.

To balance this heightened artistic focus, the role of Chief Operating Officer has been created. This role will oversee all the financial and operational elements of the Hall, including building and facilities.

Director of Building and Facilities left at the end of 2021. However, she leaves the building in the best shape it has been for many decades. The scaffolding has been taken down and the public realm work was completed in the autumn. The public realm work, funded by Westminster, TFL and the Royal Commission for 1851, includes:

- A widened footway, protected by a row of security bollards;
- An extended fully accessible pedestrian crossing, improving the connection between the Hall and Kensington Gardens;
- A raised table for the road and
- Upgraded road drainage and street lighting.

Report of the Council Year to 31 December 2021

While our constrained finances have meant that we have had to cut back on all but essential work, the projects team have still managed to carry out some important projects. While the Hall was closed to the public, we carried out a £0.7m major ventilation project to enhance air quality inside the Hall. As the virus transmits more easily indoors, the importance of good ventilation has never been more acute. And we have also finished the work on the chillers, the dome roof glazing, the South Steps clean and balustrade repairs and opened 1851 Place. The Terrace at the top of the Queen Elizabeth II Diamond Jubilee Steps is now an outdoor dining area, thanks to Westminster granting us a licence.

The Great British Landmark Fixers television series, first aired in December, showcased the work being done to care for the building during the past 18 months.

2021 saw ongoing challenges in our objective to care for our finances. Philanthropy remains at the heart of all that we do at the Royal Albert Hall, and 2021 has again brought into sharp focus the importance of philanthropic funding. Our supporters and audiences have responded incredibly generously to help ensure the financial future of the Hall and to this end we raised £4.8m in donations across the year.

In our efforts to expand our Philanthropic family we have, this year, set up Royal Albert Hall America which is a 501(c)(3) organisation, so all donations made by US taxpayers are tax-deductible to the full extent provided by the IRS. We look forward to establishing a presence in the US and are honoured that Henry R. Silverman has graciously agreed to be the inaugural Chair of Royal Albert Hall America.

We are very grateful to our Members, Honorary Fellows, Major Donors, Trusts, Patrons, Friends and Philanthropy Board who supported us through 2021.

We received a £20.74m loan from government through the Culture Recovery Fund in March 2021, which enabled us to repay the £5m CBILS loan we had taken in November 2020. The loan is repayable over 20 years, and a condition of the loan is that the directors take a pay freeze for 18 months, beginning January 2021.

Energy and emissions report

The data in this document shows the Royal Albert Hall's energy usage from 1 January 2021 to 31 December 2021. The Hall was reopened to reduced capacity 29 May 2021 and to full capacity on 19 July 2021 following the lifting of government restrictions. The impact of closure and subsequent reopening is reflected within the data provided on this report.

Electricity consumption data for the reporting year has been collated from IMSERV, the appointed data collector (DC) of the Hall's electricity meters.

Gas consumption data for the same period was collected from gas supplier invoices issued by Brook Green.

Summary

	2021	2020
Energy consumption used to calculate emissions/ kWh	Electricity 4,186,296 kWh	Electricity 3,654,105 kWh
	Gas 4,729,671 kWh	Gas 3,912,888 kWh
i) Emissions from combustion of gas tCO ₂ e (Scope 1)	866	719
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	889	852
Total gross CO ₂ e based on above (tCO ₂ e)	1,755	1,571
iii) Intensity ratio: tCO ₂ e gross figure based from mandatory fields (tCO ₂ e/m ²)	0.058	0.052

Methodology

i) Emissions from combustion of gas tCO ₂ e (Scope 1)	tCO ₂ e calculated from the product of the invoiced gas consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas'
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	tCO ₂ e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'
iii) Intensity ratio: tCO ₂ e gross figure based from mandatory fields	The intensity ratio stated above has been calculated as Tonnes of CO ₂ e per total square metres of property owned (30,077m ²)

Energy efficiency

During the first quarter of the reporting year, the Hall made further investment in energy efficiency measures to reduce energy usage and to benefit from the cost saving associated with these measures. It should be noted that due to the COVID forced closure of the Hall this has affected the roll out of further projects. The projects/works that have been carried out to achieve reductions are as follows:

- Roll out of the installation of new LED lighting systems with PIR control within the building.
- Installation of new LED lighting and PIR sensors within the carpark.
- Installation of lighting control within newly refurbished Catering WCs
- Installation of PIR sensor control on Catering WC equipment.
- Installation of EC fans within the Halls main air handling equipment, replacing aged belt driven fans.
- Installation of new CO2 controlled Variable Air Volume system within the Hall accommodation spaces and Back Stage areas.
- Progressed with the design to replace the Auditorium House Light system from Halogen to LED lamps.

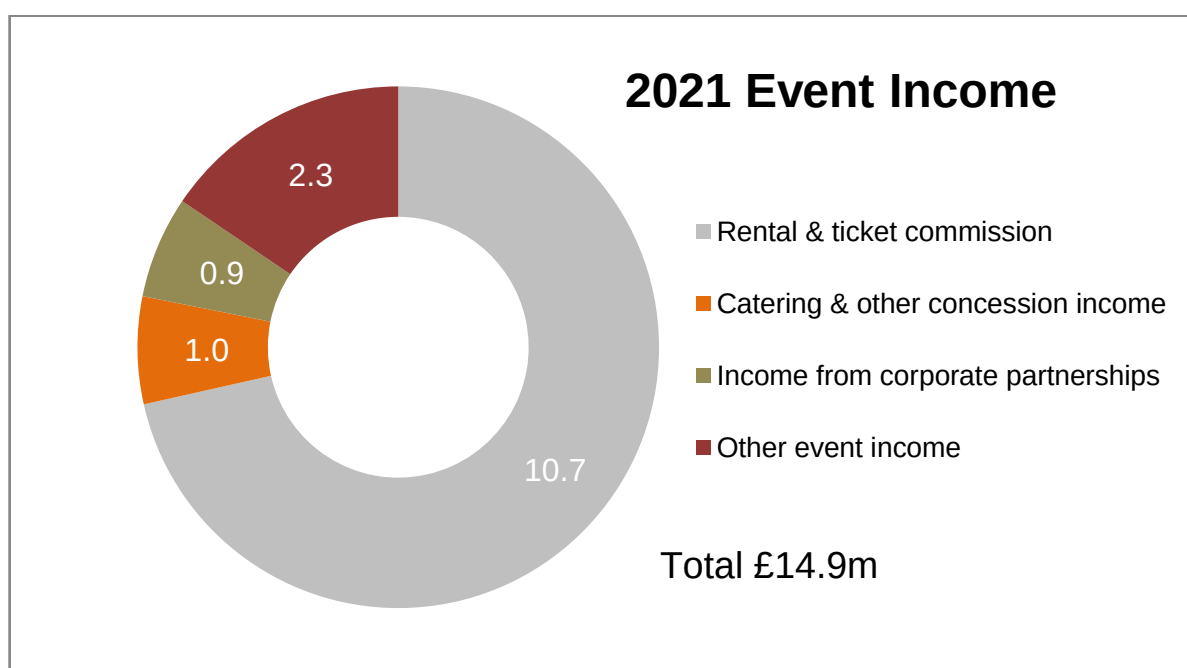
Financial review

In a typical year the Royal Albert Hall generates financial surpluses from performance activity, commercial activity, bank interest and philanthropic support. These funds are used to support our general charitable aims, including our education and outreach programme, as well as preserving and enhancing our Grade I listed building.

In 2021, as in the prior year, prolonged closure of the Hall and cancellation of performances meant that income was lower than expenditure, with a £2.9m reduction to reserves. However, income was £8.4m higher than 2020, and with costs increasing only £0.5m year on year, this was an improvement compared to the 2020 deficit of £10.7m.

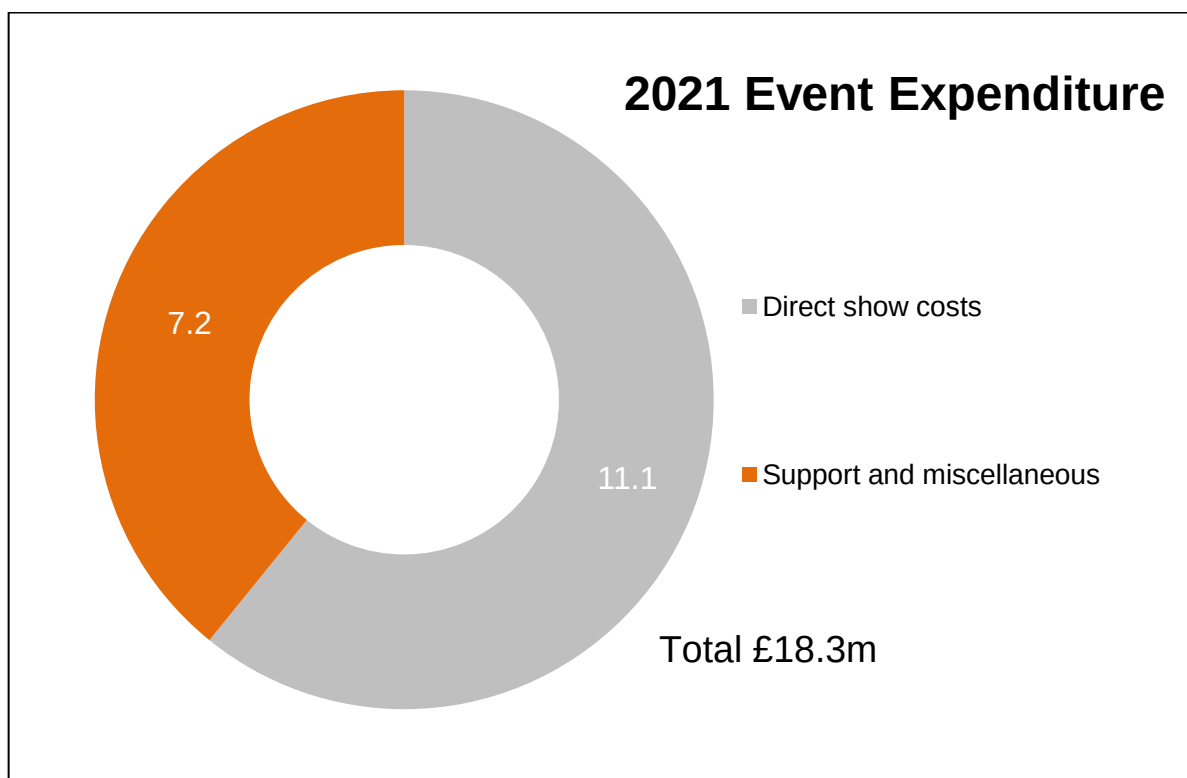
Event income and expenditure

Event income in 2021 was £14.9m, an increase of £8.4m on the £6.5m achieved in 2020. There were 163 performances in the Hall in 2021, following its reopening to socially distanced audiences in May and to full capacity in July. In 2020 there were just 80, and the increase in events is reflected in the financial takings.



- Rental and ticket commission was £10.7m in 2021, a 174% increase on the previous year. The comparable increases in auditorium performances was 108%. The increase in income is proportionately higher than performances because 2021 contained a higher number of own and co-promoted events than 2020.
- Other event income is up too: catering income by 57%, income from corporate partnerships by 22% and other income, which includes items such as ticket booking fees and merchandise sales, by 97%.

At £18.3m event expenditure was up £2.4m compared to 2020.



- Direct show costs include show management, production, programming, ticketing and visitor services, and accounted for £11.1m of the total event expenditure this year, up £1.9m (21%) from 2020.
- Support and miscellaneous costs were £7.2m in 2021, up 7% on the prior year.

Event income was therefore £3.4m behind event expenditure in the year. The comparable deficit in 2020 was £9.4m.

Other income and expenditure

At £9.5m, other income was level with 2020.

- Philanthropy remains at the heart of all that we do at the Royal Albert Hall. It represents a major source of income, generating £4.8m in 2021, up by over a third on the year before.
- The extension of the government's Coronavirus Job Retention Scheme to September 2021 meant the Hall was able to claim £2.4m to help cover the costs of continuing to employ staff while they were either part or wholly furloughed. This was £1.1m lower

than in 2020, but was a very welcome addition to the Hall's income and helped offset operating losses.

- Members' contribution, which is the annual seat rate that members pay, plus other miscellaneous items added £2.3m to income, unchanged from the prior year.

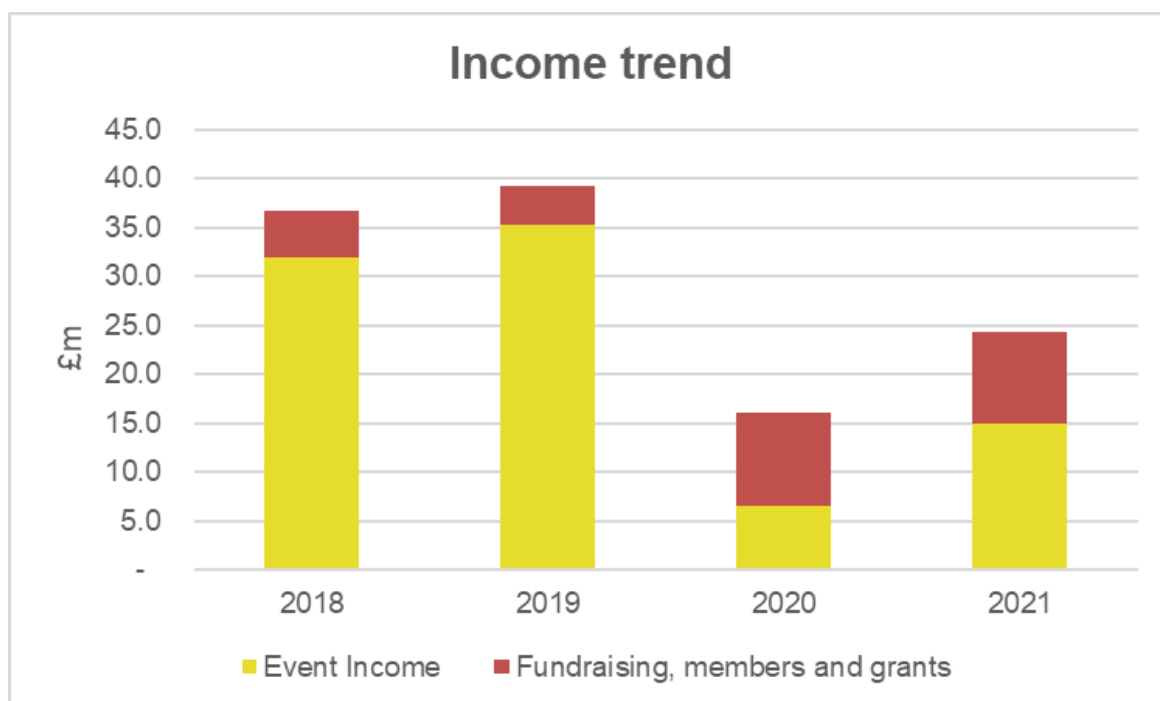
Other expenditure was £8.9m, which was £1.9m lower than 2020.

- £4.6m was spent on building maintenance, refurbishment and improvements, a reduction of £2.7m compared to the prior year. 2020 included substantial spend on external cleaning work and the water ring main replacement, work largely completed that year.
- A further £4.3m of other costs, including support costs, security, housekeeping, fundraising and other overheads, were incurred during the year. This was £0.8m higher than 2020, with higher security and utility costs contributing to the increase.

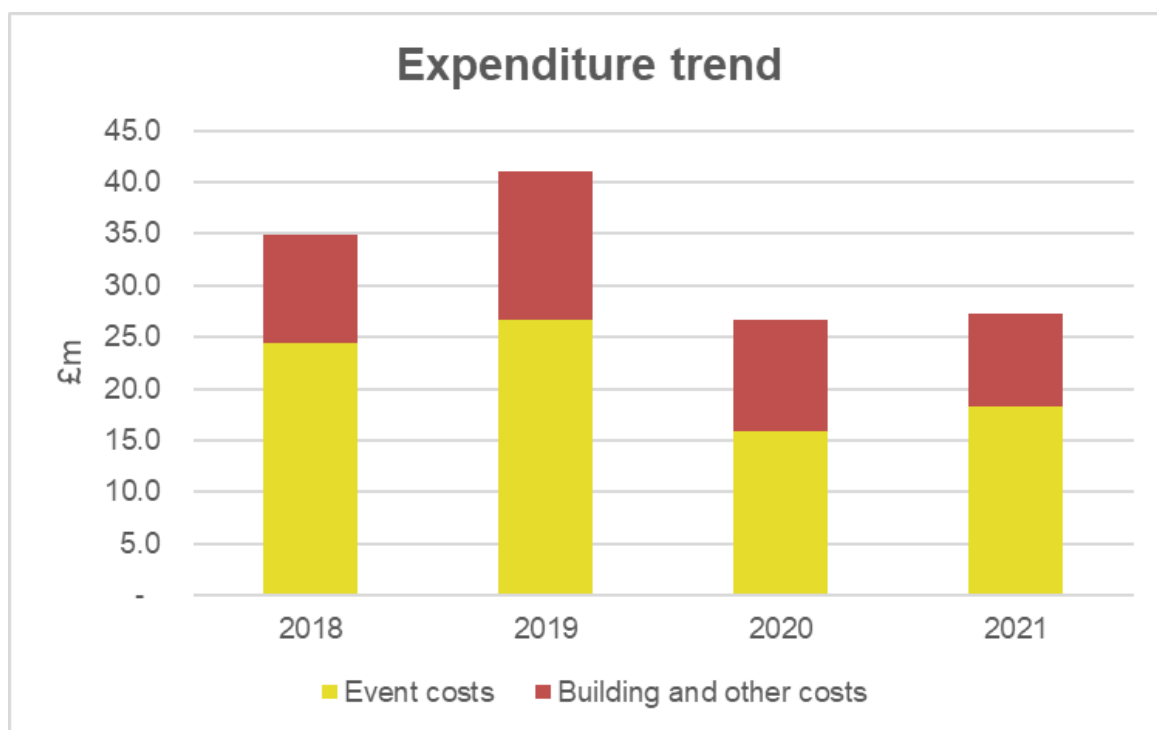
Trends in financial performance

The impact of the pandemic can be seen when looking at the four-year trends in income and expenditure

Event income fell from £35.3m in 2019 to £6.5m in 2020 due to the Hall closure in March of that year. Reopening to full capacity audiences was only possible in July 2021, and event income picked up to £14.9m as a result. Fundraising, the CJRS and the contribution from members helped close the gap in both years, but total income has remained well short of a typical year.



While expenditure dropped in 2020 with the Hall being closed, it didn't fall to the same degree as income, due to the Hall's fixed and semi-variable costs. 2021 expenditure at £27.2m, however, has been held broadly in line with 2020, being only £0.5m higher, despite the increased activity in the Hall.



Staff costs

Total cost, as analysed above by event and other expenditure, was £27.2m in 2021, up £0.5m from 2020. Staff costs, at £12.5m, made up 46% of this total and was a reduction of 4% compared to the prior year.

Loan

In July 2020, the Secretary of State for Digital, Culture, Media and Sport (DCMS) announced a £1.57bn Culture Recovery Fund (CRF) to save the creative sector, especially the country's 'crown jewels' such as the Royal Albert Hall. As part of that package, in March 2021 DCMS and Arts Council England funded the Hall a £20.7m loan on a twenty year repayment term. The loan accrues interest at 2% over the life of the term, with an initial four year repayment holiday.

Reserves Policy and Financial Position

The Hall's reserves are essential to fund ongoing operations, provide a contingency for unforeseen events, and to ensure that we adequately provide for long-term maintenance and improvement.

Total reserves held at 31 December 2021 were £43.8m of which £1.8m were restricted funds (note 20). The remaining £42.0m forms the Hall's unrestricted funds (note 21). There are designated funds of £49.6m, discussed below, which leaves negative general reserves of £7.6m.

In determining the appropriate level of funding for both designated funds and free reserves, the Council has adopted the reserves policy set out below, which is designed to ensure that funds are available to meet both foreseeable demands and unexpected occurrences in the years ahead:

- ◆ To retain a Fixed Asset Fund, comprising the funds invested in fixed assets which allow the organisation to carry out its work effectively. At 31 December 2021 the level of this reserve was £49.2m.
- ◆ To maintain the Education and Outreach Fund at £0.4m to ensure that such initiatives, which often have long lead-times, can definitely be completed despite any adverse short term financial setbacks the Corporation may encounter.
- ◆ To adhere to the long-term resourcing plan for the Plant and Fabric Sinking Fund, so that it has sufficient funds to meet the cost of major expenditure (to the extent that it is not capitalised under the Hall's tangible fixed asset policy) necessary to maintain the fabric of the building and to replace its plant and equipment over the long term. Transfers to the Plant and Fabric Sinking Fund are based on the results of a condition survey developed for the Hall by a firm of consulting surveyors and implemented in 2019. The estimated costs from the condition survey are £50m over the next 10 years, averaging £5m of expenditure per annum.

The Plant and Fabric Sinking Fund was fully depleted in 2020. In 2021, £0.6m was spent primarily on roof dome glazing renewals and other condition survey activity, with £0.6m transferred from unrestricted funds to meet the cost. A zero balance remains at the end of 2021.

- ◆ To designate a Major Building Development Fund (MBDF) to hold and control all financial resources for the Hall's Major Building Development programme. The balance at the start of 2021 was £1.6m. In the year £4.7m was invested, mostly on the chillers, ventilation and public realm projects. The balance of £3.1m was transferred from unrestricted funds, leaving a zero balance on MBDF at the end of the year.
- ◆ Free reserves: To maintain a Contingency Fund to enable the Corporation to continue to meet its immediate running costs if the auditorium has to temporarily close due to unforeseen circumstances. During 2020 the Hall needed to use this fund to cover operating costs. Therefore, at the beginning of 2021 the fund balance was already £3.9m in deficit. Continued closure of the Hall in 2021 led to a further depletion of free reserves, with a deficit of £7.6m at the end of the year.

The Trustees have agreed to amend the reserves policy in the year to set aside £6.2m (being approximately eight weeks turnover based on 2019 figures) from the £20.7m loan from the Government's CRF, which was drawn down in March 2021, to cover any future risks until such time as the Hall is able to build up its own reserves.

Investment policy

The Hall currently has no investments other than cash. In the year the investment income of £4k (2020: £78k) was in line with Trustees' expectations given the impact of the pandemic and negligible interest rates being offered by banks during the year.

Cash investments are held in order to fund the Hall's long-term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long term view when planning and investing in the operations of the venue, including the Education and Outreach programme.

In defining whether cash should be classified as a fixed asset investment or a current asset, consideration is given to the intention for the monies rather than the nature of its liquidity. Even if cash can be withdrawn immediately, monies held for the longer term, i.e. more than one year, are reclassified and held as fixed asset investments. As at 31 December 2021, £6.2m of the Hall's £35.9m is held as a long-term investment, with the residual £29.7m classified as part of current assets.

The Royal Albert Hall Trust invests funds which it does not expect to pass to the Corporation within the next 12 months. As such, it has an investment policy in place to safeguard the funds of the charity by making secure investments and, within the limits that this implies, to generate the best return possible from these funds in order to assist the Trust to carry out its purposes. The Trustees have wide powers conferred on them enabling them to invest in stocks, shares, land and buildings of whatsoever nature at their absolute discretion as they deem appropriate.

Pension fund

The final salary section of the scheme had its triennial valuation at the end of March 2021, the results for which indicated an improvement in the funding level to 105.8% (compared to 102.8% at the previous triennial valuation) with a surplus of £842,000 (compared to £397,000 previously), due mainly to asset portfolio growth over the 3 year period. The Hall and Trustees of the pension scheme are committed to ensuring that the Scheme receives the funding it needs to meet all its current and future liabilities.

The Corporation has previously taken steps to limit future pension funding risk. The final salary section of the Scheme was closed to new entrants in 1997, and rates of contribution by the Corporation and its employees had been increased. To further alleviate funding difficulties, the benefits accruing to members of this section of the Scheme in respect of future service were reduced at the beginning of 2003, following consultation with active members of the Scheme, the Trustees and actuaries. Then, during 2014 the Corporation consulted with the 10 remaining active members of the Scheme, as a result of which they voluntarily transferred out of the Scheme into the Hall's Stakeholder scheme. Therefore as at 31 December 2014 the Scheme became a frozen scheme, meaning that from 2015 onwards no further benefits accrued to any of the members.

MAJOR OBJECTIVES FOR 2022

The Hall's major objectives for 2022 are set out below. 2022 is the first year of a new five year Business Plan for 2022-2026 for which the Hall's vision, values and behaviour have been refreshed. At the heart of the new Business Plan are ambitious plans for the Hall as it emerges from the shock of the pandemic, using the question "What would Albert do?" to build on Prince Albert's vision and the extraordinary custodians of the Hall who have preceded us in the 150 years since the building's opening.

The refreshed vision is:

"To bring people together for inspirational events on the world's most eclectic stage."

Accessibility is at the heart of this vision – bringing people, whatever their age or background, together.

The five strategic aims for the Hall during the period of this Plan are innovation, diversity, sustainability, efficiency and wellbeing. These strategic aims underpin our work, supporting our efforts to rebuild our audiences, our financial security and our artistic aspirations.

The new structure of the executive of the Hall reflects two key strategic directions that will complement each other and bring the Hall out of the pandemic – artistic and operational.

The Major Objectives for 2022 evolve from the main Business Plan aims. The impact of Covid-19 means that the main focus for 2022 is to rebuild reserves and to put the Hall back onto a strong financial footing from which in 2025 it can start to repay the £20.74m loan from the Culture Recovery Fund.

ARTISTIC OBJECTIVES

Industry Pipeline

In 2022, the Artistic Director will focus on the presentation of events of the highest quality as well as positioning the Hall as a pipeline for the next generation of talent. We are introducing an Associate Artists Scheme which will put us at the forefront of artistic innovation, and positively challenge people's perception of the Royal Albert Hall. Associate artists will be at the forefront of creative innovation within their field and will act as ambassadors for the Hall and an extension of our team, appearing in performances and leading Engagement activity.

Investment in artistic projects

As our artistic profile grows, we will support and grow this profile through greater investment in projects, an increased number of own promoted and co-promoted events and a stronger curation of external hires to ensure that the brand of the Hall is properly represented by the events on our stage.

We will also be creating more events that will have a life both within the Hall and around the UK and around the world. These will often be collaborations with partners such as the Royal Philharmonic Orchestra, as well as with partner venues internationally such as Lincoln Center and Sydney Opera House.

We will increase the number of own promotes we present by 4% to 75 in 2022. The 150th anniversary will continue to be celebrated through 2022 and even into 2023, with some of the flagship 150th anniversary projects having been deferred. These include Matthew Bourne's *The Car Man*, Tinie, Eric Clapton, Grayson Perry's *Show for Normal People*, concerts by Bryn Terfel and Milos, the *Lord of the Rings* in concert and our associate orchestra the RPO.

In March 2022, we will host the Teenage Cancer Trust week of concerts, which had been one of the first casualties of Covid in 2020. Through the year we will also host Grammy-nominated musician, producer and DJ Bonobo for four performances, Eric Clapton, Joe Bonnamassa, Bryan Adams, Jeff Beck, The Beach Boys, Gladys Knight, George Benson and many other heritage acts. We also have two Albert Sessions concerts, This is the Kit and Declan McKenna, where ticket prices are lower and the artists run workshops with young people, and stalwarts the BBC Proms, Royal British Legion Festival of Remembrance and films in concert which in 2022 feature *Brassed Off*, *The Lord of the Rings: The Fellowship of the Ring*, *Superman* and *Star Wars: Return of the Jedi*.

The end of the year will see the fourth Christmas at the Royal Albert Hall produced, promoted and managed entirely in-house, with carols, gospel choirs, films, big bands, *Nutcracker* and more.

Beyond the Main Stage

In the Elgar Room we will see a welcome return of our popular Late Night Jazz and Classical Coffee Mornings series. Our partnership with Steinway will continue, presenting a series of contemporary and classical piano concerts performed on the limited edition Royal Albert Hall inspired Steinway piano.

Family favourites in the Elgar will include Shlomo's Beatbox Adventure, and a new adaptation of the classic story Mr Benn. Live Music Brunch in Verdi returns with new and improved staging and audio set-up.

In 2022, a mentorship scheme for female singer songwriters will be a flagship 150th project to support artist development.

In September 2022, subject to permission from Westminster City Council, '1851 Place' will play host to the ANAM Quartetthaus, a structure specifically designed for the experience of performing and listening to chamber music. This collaboration will be part of a UK/Australia season of culture and exchange, and will feature UK and Australian string quartets performing multiple concerts per day over a week and a half.

Engagement

For school groups, our popular cross-curricular workshops Discover Music and Maths and Discover Music and Science return in 2022. Classical Spectacular Schools' Matinee is back at the Hall in March, complemented by free music workshops in local primary schools. Up to 40 participating children will be offered free instrumental tuition for a year through our partners at the Tri-borough Music Hub.

For a family audience, Albert's Band will give half term concerts in the Elgar Room and our regular series of Classical, Jazz and Opera for Kids and Storytelling and Music sessions for 0-4s continue. For adults and community groups we will offer Dementia-friendly film screenings, music therapy sessions, Dance for Parkinson's sessions, Songbook concerts and a regular Afternoon Coffee Club with live music.

Our Young Producers Scheme will restart, giving 18-25 year olds the opportunity to organise and curate an evening of events at the Hall in some of our spaces beyond the main stage. We will also be running Careers Master Classes for 16-25-year-olds, and the Albert Sessions with Declan McKenna and This is the Kit will give the opportunity for young people to take part in a workshop with the artists.

As part of our commitment to increase the diversity of our audiences, we will consolidate plans for a new Youth Forum that will act as an advisory committee to the Hall on topics of Programming and Marketing, with a particular focus on Equality, Diversity and Inclusion.

A new venture for 2022 *Future Makers* will focus on artist development, with 10 original works written and performed by young people in front of an industry panel. A winning act will receive a package of support to continue their development as an artist.

The year will be rounded off with another Christmas at the Hall season including *My Christmas Orchestral Adventure*, and a Friendship matinee and a relaxed performance as part of our Engagement work.

External Partnerships

The Hall benefits from a number of key commercial relationships largely through supply agreements from food and beverage partners, as well as industry suppliers. During the period of the plan, we will strengthen these and grow the number of partners. We will also be seeking partnerships with corporate partners for naming rights, commercial opportunity and corporate social responsibility fulfilment. In 2022 we will add another four new partners to our portfolio.

Visitor Experience

A key ambition for 2022 is a focus on the Hall as a destination. Many people visit the Hall each year for a performance however in 2022 we will develop range of daytime opportunities to drive visitor numbers and revenue. Tours will become and even bigger part of the Hall's daytime offering. New handheld multimedia devices will help to cross language barriers as tourists come back to London. We have plans to revamp Door 3 into a pop-up 'Tours Hub' with a photo station and a VR experience.

With the new management structure, we will also bring the merchandise and retail range closer to our core purposes and make ranges more relevant to our audiences and increase sales.

In 2022 we will increase the net contribution in this area from £3.3m to £3.5m.

Digital Engagement

The Hall was a leader during lockdown in digital engagement, and while the digital world may never either replace the live experience or the box office receipts of a concert season, the profile and artistic breadth afforded through the medium is immense. In 2022, we will develop wraparound digital content for the Hall's own promoted events and continue to grow audiences through email, website and social media channels.

Access

A recurring aspiration for the Hall has been to constantly make the Hall more accessible, both physically and reputationally to as many people as possible. In 2022 we will be creating an audience development plan, and putting a greater focus on diversity and inclusion.

The archive of the Hall remains a vital resource and must be preserved and maintained. Through the period of the plan, we will conglomerate our archive to create more efficient processes and reduce conservation costs with improved environmental conditions. We will also increase public access to the archive and ensure the long term preservation of our important collection.

OPERATIONAL OBJECTIVES

Looking after our finances

We commence 2022 with negative reserves and a government debt of £20.74m. We will start to build our rebuild our reserves and consider long term strategies to manage our debt level. This will be the focus for the new Chief Operating Officer who is currently being recruited.

The new organisation structure will also help us better manage the risk profiles for both staged events and capital projects.

We will start to build on the new structures recently established to support the fundraising initiatives, namely Royal Albert Hall Trust and Royal Albert Hall America. Each will have strong Trustee representation and clear targets in each year of the plan. The established philanthropic channels of Patrons, Friends and Major Gifts will all seek to grow their revenue as a percentage of the Hall's total income and we will introduce new initiatives to encourage Members to further support the Hall. We will investigate new fundraising initiatives including a debenture model and a syndicate funding model for artistic projects.

Building Maintenance and Capital Projects

The pandemic led to a cessation of all but essential capital projects in 2020 and 2021. This is not to say that there is no longer an ambition to grow and improve the infrastructure of the Hall over the period of the plan though. Key projects remain relevant and will proceed subject to funding either from philanthropic sources or from a cost benefit analysis from improved functionality.

In 2022, our capital strategy ambitions will be focussed around feasibility studies for our three major plans:

- Back of house improvements for artists and ancillary activities
- Remodelling of the Elgar Room for greater performance capability
- Addition of food and beverage spaces within the Hall

Each of these projects will be assessed on their viability, fundability and ongoing financial and artistic benefit to the Hall. Council will make the final decision on the future of each project. Around this there will be supporting strategies such as Carbon Management, Facilities and Maintenance, H&S and Security.

In addition to the projects identified above, the Hall remains committed to a programme of planned maintenance within a conservation management plan as well as a commitment to sustainable practices and the introduction of a carbon management plan.

The Business Plan contains a measured and informed maintenance plan which is informed by both our Conservation Management Plan and an estate management plan that spans 20 years. Though financially compromised coming out of the pandemic, the Hall will be maintained and looked after to ensure compliance and rigorous maintenance of essential works.

Threaded through the ongoing maintenance and potential capital projects will be a heightened attention to sustainability and best practice.

2022 is Her Majesty The Queen's Platinum Jubilee year and the summer will see the unveiling of the sculptures the Hall has commissioned of our Patron, The Queen and the Duke of Edinburgh and Queen Victoria and Prince Albert. These sculptures have been entirely funded by a generous donation from one of the Hall's supporters and will finally fill the empty niches of the North Porch (the original royal entrance) and the South Porch, which was constructed in 2003.

The commissions were awarded following a competition process which involved a shortlist of seven sculptors supported by the Queen Elizabeth Scholarship Trust (QUEST), a charity dedicated to supporting excellence in British craftsmanship.

People and Culture

An important outcome of the management restructure has been an increased focus on perhaps the most important resource of the Hall - our people. During a very challenging period when the Hall remained closed, we recognised the dedication and unique commitment of our staff. The lockdown enabled the senior team to prioritise elements of the Hall's recovery. A commitment to staff is a key priority. We have a renewed commitment to inclusivity. We are keen to attract a diverse workforce and make the Hall attractive to all as a place to work.

Linked to this commitment is a renewed support for our Staff Forum, a remodelled staff bonus scheme and a greater emphasis on the wellbeing of our staff.

The increased commitment to our staff over the period of the plan will be demonstrated by a more structured and pervasive attitude to diversity and inclusion, being led by Council and supported across all levels of staff at the Hall. Diversity must pervade all that we do - whether for artists, audiences, staff or visitors. The Hall has always welcomed a diverse range of people and this must be backed up now by actions.

In addition, we will remodel the staff bonus scheme to complement the plan's aspirations and ensure that other models of staff engagement, such as the Staff Forum, are well supported and recognised.

On 26 January Inclusive Employers will be running a webinar on inclusion and on 28 February, they will be running webinars on menopause awareness which is an initiative from the Staff Forum.

Structure, governance and management

Constitution

The Corporation was incorporated under a Royal Charter dated 8 April 1867, two further supplemental Charters and four Acts of Parliament. The Corporation is also a registered charity (Charity Registration No. 254543). The Members of the Corporation are the Hall's Seatholders. There are currently 326 Seatholders who have access to 1268 seats in the Hall. The consolidated constitution of the Hall is set out in Schedule 2 of the Royal Albert Hall Act 1966.

Background

The Hall's history and its legal position are unique. The Royal Albert Hall was the brainchild of Prince Albert, part of his master plan for the entire Albertopolis site. It is a Grade I listed building, and receives no recurrent public funding for its running costs.

The Hall has always had charitable objectives and was registered as a charity in 1967. Funding for the building of the Hall in the 1860s was contributed by a group of private individuals and by the Royal Commission for the Exhibition of 1851 (on land which is leased by the Corporation from the Royal Commission for the Exhibition of 1851 at a peppercorn rent for 999 years). These original founders or Members not only had access to seats, but also took on the obligation to govern the Hall for the nation's benefit and these arrangements continue to this day. The Hall's Council, which is its governing body, is made up of a maximum of 24 members which include 18 Seatholders and the President (who is also a Seatholder) elected by the Members annually at the Corporation's AGM.

By acquiring the right to use permanent seats at the Hall, the Seatholders have private property rights (personal estate, not real estate) which can be given or sold by one party to another and which are distinct from the charity. The charity exists subject to these permanent private property rights. In other words, the Corporation was only ever entitled to its 999 year leasehold interest "shorn of" the property rights of the Seatholders and pursues its charitable objectives only with the assets it has at its disposal.

Understanding the correct legal basis underpinning the Hall is vital to understanding the true nature of the relationship between the charity and the Seatholders. The implications of this legal basis include:

- When the Corporation hires the Hall as an "Ordinary letting" (explained below) to a promoter, it is not hiring out the entire Hall. It is instead letting the Hall less the 1,268 Seatholders' seats. The Seatholders can use or sell their tickets for such performances.
- Seatholders do not pay for their tickets. There is no transaction between the charity and Seatholders when they receive their tickets and no money changes hands. The Hall is meeting the pre-existing obligations and enabling Seatholders to take up their personal rights.

- Given that the charity has never had a right to the Seatholders' tickets, Seatholders are not depriving the charity by exercising their rights to use their tickets. Therefore, the Hall and the promoters of events have not forgone any income by virtue of the Seatholders' attendance at certain performances.
- Neither the Hall nor the promoter can determine a face value price for Seatholders' tickets, nor restrict their use, given that Seatholders' seats are not a subset of the Hall's or the promoter's.
- By virtue of their private legal rights over their assets (i.e. their seats), the Seatholders have the right to use their tickets (their own private property) as they choose for Ordinary performances subject to the Hall's constitution. These rights include the right to attend the performance, give the ticket to someone else to attend the show (whether a friend, relative, charity etc.), sell the ticket through the Hall's box office via the Ticket Return Scheme (see below) or sell the ticket through any other channel (whether open market or not) at any price they wish.
- The sale of the tickets by a Seatholder is not a 'secondary sale' but in fact the disposal of primary rights (even if that sale is made via a website which is better known for enabling secondary ticket sales).

Seat Rate

Initially, the Seatholders had no obligation to make any financial contribution towards the annual costs of the Hall. However, as the Hall has evolved over the decades, the Seatholders have volunteered to financially support the Hall's charitable objectives by agreeing to pay an Annual Contribution, or "seat rate", per seat to the Hall.

The current form of the seat rate, as set out in the 1966 Act, is a minimum annual £10-per-seat compulsory payment, plus a voluntary additional amount which is binding on the Seatholders if approved by a special majority at the AGM. Council determines the total amount of the seat rate to be proposed at the AGM each year, based on a recommendation by the Seat Rate Committee. This Committee comprises the five appointed Council members plus the Treasurer as non-voting chairman (please see page 35 for the terms of reference and membership).

At the 2021 AGM, the Seatholders voted for a seat rate of £1,335 per seat plus VAT (£1,452 in 2020), plus a supplementary seat rate of £415 per seat plus VAT. This comprised the £10 compulsory element plus an additional £1,740 towards the Hall's annual costs. In total the Seat Rate generated an annual contribution to the Hall of £2.2m in 2021.

Ordinary and Exclusive Lets

Over time, the Seatholders have also assisted the Hall by giving up their right to attend many performances (both by approving the 1966 Act and by allowing the Hall to go beyond the Act's requirements).

Seatholders now exclude themselves from performances on up to 110 days during the year, which amount to some 130+ performances each year (52 in 2021 due to the reduced calendar). The performances from which the Seatholders are excluded are called “Exclusive” performances and are, in the main, the more popular and (for the charity) profitable events in the annual calendar.

The Hall is able to hire a greater number of seats to a promoter for an Exclusive performance and can therefore charge a higher rental fee. The difference in the rental fee is then paid to the Seatholders by means of a reduction in their seat rate, known as the “rebate”. The rebate is defined in the 1966 Act as “any additional rent received in respect of the letting of the hall on any occasion on which the Seatholders are excluded from the hall”.

In 2021 the rebate paid to Seatholders was £0.2m, the effect of which was to reduce the annual contribution by £153 per seat (£550 in 2020).

The performances that the Seatholders have access to, known as “Ordinary” lets, accounted for 96 of the 187 lettings in 2021. In total, the 326 Seatholders received over 121,000 tickets.

Other ways in which the Seatholders support the charity

Donations

As well as money, Seatholders can donate tickets to the Hall. The Hall enables the promoters of charity events to write to the Seatholders to ask if they would like to donate their tickets to these charities. During a normal year with a full calendar of performances, thousands of tickets are typically donated by Seatholders.

Community Ordinaries

A Community Ordinary is a type of Ordinary Let only available to promoters of community events. In the case of Community Ordinaries, Seatholders are asked in advance whether they would like to give up their seats for that performance, thus allowing increased access for more participants to take part in the event. The vast majority of Seatholders give up their seats in support of the Hall and these community events. In 2021, there were 6 such performances.

Ticket Return Scheme (TRS)

The TRS was launched in 1983. Its purpose is to provide a means through which Seatholders can sell the tickets they do not want to use and give the public the best possible opportunity to purchase all available Seatholders tickets for each “Ordinary let” performance from the Hall’s own box office and in particular to avoid as much as possible the sight of empty seats in an otherwise packed house, at sold-out concerts. All tickets returned to the TRS are sold to the public at the same price as equivalent promoter tickets.

Today the TRS is used by almost all of the Membership, with 60% of tickets issued to Seatholders returned to the Hall's box office in 2021, greatly increasing public access to events staged in the main auditorium. The features of the Ticket Return Scheme are set by Council and the scheme is entirely voluntary for Seatholders. The Hall operates as an agent for any Seatholders who choose to use the TRS (administering the scheme through the ticketing system that the Hall already operates for Promoters' ticket sales). The Hall does not pay any fee to the Seatholders and is only an intermediary between the Seatholders and the public who are purchasing their tickets. But the Hall does generate a direct income by charging the standard handling fee to the public who purchase tickets. If the TRS did not exist, it is likely that a higher portion of Seatholders' tickets would be put up for sale on third party websites, in some instances at prices greater than the equivalent promoter face value and in many cases at prices lower than the equivalent promoter face value.

The TRS is advantageous to the charity not only because it enables the charity to generate a direct income via the standard booking fee levied on the ticket sales, but also because the TRS can improve the risk profile that promoters face when hiring the Hall which, in turn, enables the Hall to maximise its rental revenue.

We estimate that the operation of the TRS, from the direct booking fee income and the indirect impact on rental revenue, was worth approximately £281k to the charity in 2021 (£111k in 2020). On average a Seatholder who returned all their tickets to the TRS received a financial return of 40% of the total face value of equivalent promoter tickets (60% in 2020).

Seatholders' rights and obligations

Being a Seatholder of the Corporation carries with it certain collective obligations. These include:

- voting annually (usually at the AGM) to elect a President; the Treasurer; and individual Council Members;
- approval (or otherwise) of the Annual Report and Accounts;
- the appointment of the Hall's auditors;
- the approval of the Annual Contribution (the 'seat rate'); and
- voting (as and when) to alter the constitution.

Seatholders and the Hall's financial surplus

All of the Hall's financial surplus is retained by the Hall (there are no provisions for payment of this surplus to the Seatholders) and is re-invested by the charity into delivering its charitable objectives, including growing a vibrant and varied programme, as well as preserving and developing a world-renowned listed building, and providing arts and education initiatives within the local London community and beyond.

The Hall estimates that its annual income benefitted by some £2.7m in 2021 (£2.6m in 2020) due to the ongoing support of the Seatholders and as a result of the various initiatives discussed previously in relation to seat rate, exclusive lettings, and operation of the Ticket Return Scheme etc. This contribution enables the charity, which receives no regular financial support from the Arts Council or government, to fulfil its public benefit obligations to a greater degree than would otherwise be the case.

The Hall has benefited over its first 150 years from its distinctive model whereby capital from Seatholders was used to build the Hall and their continued support has enabled the Hall to continue to flourish. The confluence of interest, whereby private individuals have an in-built incentive to support the charity, is unique, visionary and in the Hall's case has proven over time to be highly successful.

Charity Governance Code and governance measures enacted in 2021

The Council of the Royal Albert Hall has considered the Charity Governance Code in detail and continues to review its compliance with it. The Council and Hall abide by and support the Code's seven principles of organisational purpose: leadership, integrity, decision-making, risk and control; board effectiveness, diversity and openness and accountability. The Trustees have debated how to apply the Code's recommendations and note that the intention is that the Code is aspirational, and a tool for continuous improvement towards the highest standards. In particular, diversity, equality and inclusion are going to be central pillars of the Hall's 2022-2026 Business Plan.

The Hall's constitution, in several Royal Charters and Acts of Parliament, prescribes the majority of the processes which the Council and the Hall's Executive Team must follow, including the election and membership of the Council of the Hall, giving a governance structure for the Hall which is already of the highest standard. The Council applies the Code's recommendations where appropriate, and where they do not contradict or affect the Hall's constitution itself.

There are some recommendations in the Code that cannot be applied, because the charity's constitution specifies otherwise. These include the size of the Hall's Council, and its composition – the Hall's constitution requires up to 24 Council members, not the 'maximum of 12' recommended by the Code; and specific terms for Trustee appointments. The charity already goes further than some recommendations – for example, it has a Conflicts Committee and a published Conflicts Policy, as well as applying the recommendations for identifying, dealing with and recording conflicts of interest.

During 2021 the following actions have been taken: the Hall's declarations of interest and related party transactions were reviewed and updated and a formal register of interests introduced; the Hall's Gift Acceptance Policy was further reviewed having been introduced in 2019, to ensure that in considering due diligence on prospective major donors, reputational issues for the Hall were fully considered and the Policy and procedure was amended as a result. The Hall's Bribery and Entertainment Policy was reviewed and updated. The Hall's Conflicts Policy was further reviewed and amended by Council to allow for additional members to join the Conflicts Committee to ensure that the Committee could

Report of the Council Year to 31 December 2021

always be quorate. The Hall's auditors reviewed the annual report on the activities of the Conflicts Committee and carried out their triennial external review of the operation of the Hall's Conflicts Policy. The Corporation's AGM held in July this year was again held virtually, following the byelaw introduced in 2020 to enable virtual General Meetings, electronic voting and the service of formal notices electronically. Going forward the Hall has just appointed an external agency to conduct a Board Effectiveness Review, which should report in the second quarter of the year. The Hall's wholly owned trading subsidiary is considering the appointment of an independent Director to its Board and the Hall is now preparing to amend its constitution by means of a private Bill in Parliament.

The Committees of Council have undertaken their roles in accordance with the revised and refreshed terms of reference put in place in 2019 and the Scheme of Delegation. An additional working group of Council was formally set up to oversee the drafting of the Hall's new Business Plan for 2022-2026.

As a charity, the Hall is regulated by the Charity Commission. The Trustees are currently in discussion with the Commission about the Hall's governance and have been actively engaging with the Charity Commission over the last year, including in relation to bringing a private Bill to Parliament to amend certain aspects of the Hall's constitution that can only be amended in this manner. Independent of that, the Trustees are conducting a review of the Hall's constitution. The Trustees strongly believe in the value of the charity's unique operating structure, and remain committed to building on the success that its governance arrangements have provided over the past 150 years, in giving the public – in the UK and beyond – access to the world's most iconic Hall and to the great performances that take place there, almost every night of the year.

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Council members

Members of Council constitute the Trustees of the Corporation for the purposes of the Charities Act 2011. The following Council members served during 2021:

Council members

President of the Corporation:

Ian McCulloch

Other elected members:

Leon Baroukh MA CFA

Dr Monica Bloch PhD

Stephen Brandon MA MBA CEng

Lucinda Case

John Cooper FCA CTA

Linda Craig

Lauren Ekon

Nigel Hamway

Harry Handelsman

Michael Jackson MA FCA

Peter B M Lim FCA MBA

Robert Lipson

Rebecca Matthews (resigned 28 February 2021)

James Max BSc Hons SFDR MRICS

Iain McNay

Stuart Newey

Anthony Ratcliffe FRICS FRSA

Mark T Schnebli FInstD FBIM

Appointed members:

Stuart Corbyn FRICS (resigned July 2021)

Sir Michael Dixon KBE BSc ARCS DPhil FCGI

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA

Richard Harrington (appointed February 2021)

Kevin Porter

Sir Jonathan Michael

Secretary to the Corporation:

Susan Gent

Seatholders as Council members

The majority of Council members are also Members of the Corporation who own seats in the Hall. As such they pay the Members' Annual Contribution (or seat rate), receive the rebate, receive tickets for Ordinary lets and generally enjoy Seatholders' rights on exactly the same terms as the other Members of the Corporation. The total number of seats directly or jointly owned by Council members is 34, with a further 117 owned by related parties (the total number of seats owned by Members is 1,268). During 2021 the Annual Contribution payable to the Hall by each Seatholder was £1,335 per seat plus VAT (2020: £1,452). The 'rebate' that Seatholders were entitled to during 2021, relating to prior year lettings where Seatholders were excluded, was £153 per seat plus VAT (2020: £550). During 2021 the supplementary seat rate payable to the Hall by each Seatholder was £415 per seat plus VAT. Therefore in total in 2021 Council members and their related parties paid a seat rate to the Hall of £264,250 and, offset against this, a total rebate from the Hall of £23,103. Therefore the net contribution in the year was £241,147.

The Hall's Council members actively supported the operation of the Ticket Return Scheme (TRS - please see page 31 for a full explanation of how the TRS works). For the 151 seats owned by the Hall's Council Members and their related parties (see above), 8,294 tickets were returned to the TRS (being 80% of the total tickets they received). The Hall put these tickets on sale on behalf of the Seatholders and, in total, this generated a distribution of £102,645 (equivalent to approximately £680 per seat) for those Seatholders (paid to them during 2021, relating to the performance period November 2020 to October 2021), equivalent to £12.38 per ticket returned to the TRS (which is approximately 30% of the face value of Promoter tickets for seats in equivalent sections of the Hall). The Hall received a commission from the purchasers of the tickets estimated to be approximately £10,000.

No member of Council received any remuneration from the Corporation during the year (2020 - £nil). One member received out of pocket expenses of £23 in 2021 (£76 in 2020). Other than the transactions noted above, no member of Council had any beneficial interest in any contract with the Corporation or its subsidiary undertaking during the year. A number of Trustees provided donations to the charity to carry out its charitable objectives during 2021 totalling £1,530 (2020: £23,180). During the year the Hall's Council Members and their related parties purchased 23 tickets (total value of £3,010) for events in 2021 from the Hall's box office, at the same prices and on the same terms as the general public.

As well as giving their time freely to serve on the Hall's Council and its committees, Council members assist the Hall by entertaining individuals who are supportive of, or in other ways helpful in promoting the work of the Hall. In these circumstances those who entertain on the Hall's behalf will have access to seats in the Kirby Laing Box (Grand Tier 29) for themselves and for Hall guests.

Council members are also encouraged to attend a variety of performances at the Hall in order to experience the range of charitable activities undertaken by the Hall and the policy for the Kirby Laing Box in the Grand Tier was amended in October 2021 to facilitate this. For this purpose all Council members can request complimentary seats in the Kirby Laing Box (or stalls if the Kirby Laing Box is full) for themselves and a guest on up to ten occasions throughout the year. If Council members wish to buy additional seats in the Kirby Laing box for such performances and there are tickets available, they are able to do so. When using the Box, Council members who are seatholders, are invited to swap a number of their own tickets for the same number in the Kirby Laing Box or the stalls, returning theirs to the Hall (for its own use and sale), but are not obliged to do so. The total value of such complimentary tickets provided to Council members in 2021, following the amendment to the policy for the Kirby Laing Box in October 2021, was £2,561.

If there is a difference in the face-value of their own tickets, and those in the Kirby Laing Box, Council members are also invited to donate the difference to the charity, particularly if the Council member is taking more than two seats in the Kirby Laing Box. During 2021 Council Members and their related parties used 66 tickets in the year in the Kirby Laing Box and 128 tickets other than in the Kirby Laing Box.

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the Hall's officers, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £17,220 (2020: £15,000) and the cover provided totalled £10m (2020: £10m).

Election and appointment of members of Council

In accordance with the Corporation's governing constitution, the Council, which is the Corporation's governing body, comprises the President and up to 18 Members of the Corporation (i.e. Seatholders) and five independent members, one being appointed by each of the Secretary of State for Digital, Culture, Media and Sport; the Trustees of the Natural History Museum; the Governors of the Imperial College of Science, Technology and Medicine; the Council of the Royal College of Music and the Royal Commission of the Exhibition of 1851. The 18 members of Council who are also Seatholders are elected at Annual General Meetings. The Members of the Corporation, also at the AGM, appoint the President who is eligible to stand for re-election every year for a maximum term of six years, at which point the President retires from office. The Treasurer (who is one of the 18 Members) is also elected annually at the AGM.

The Governance and Ethics Committee considers how the Council should fill any casual vacancies on Council¹, having regard to the need to achieve a balance of skills, experience and specialist knowledge within the Council. The Members of the Committee then meet potential candidates before putting their recommendations to Council for approval.

¹ Royal Albert Hall Act 1966 Schedule 2(8): Power for Council to fill up casual vacancies

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Historically the Council undertakes an annual Board Effectiveness Review which is either carried out by the Hall's auditors, or internally by the President meeting with each Committee Chair to review that Committee. In 2022, the Council will be carrying out an in depth external Board Effectiveness Review using a third party consultancy, which should report its findings in the second or third quarter of the year.

The Council appoints the Secretary to the Corporation, who is responsible for all charity, governance and administrative aspects of the Corporation's and Council's affairs and for company secretarial duties. Susan Gent has been the Secretary to the Corporation since December 2018.

Council members' Induction and Training

The Secretary to the Corporation provides all new members of Council and the RAH Trust with an induction programme which includes a full briefing on the purposes of the Charity and its provision of public benefit, the Corporation's constitutional structure, their obligations as Trustees under charity law and the Corporation's organisational structure and decision making processes. This is supplemented by a structured induction session with senior members of the Corporation's management team covering all key aspects of the Corporation's activities.

Statement of Council's responsibilities

The Council is responsible for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Corporation and the group and of their incoming resources and application of resources for that period. In preparing these accounts, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any 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 Corporation will continue in operation.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Corporation's constitution. It is also responsible for safeguarding the assets of the Corporation and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Organisation

The direction and control of the Corporation is determined by Council, which meets at least five times a year. The role of Council is to direct the Corporation's strategy in pursuit of its charitable objectives, to set policies and to ensure that the Charity is properly and effectively managed.

The following committees of Council have been established to deal with specific aspects of the work of the Corporation as defined in their terms of reference, which are set out in abridged form below. Meetings of the Council and of various Committees are attended by the Hall's Chief Executive, the Secretary to the Corporation, and variously by other members of the Executive team.

Since 2016, Mrs Lin Craig has been the Trustee with safeguarding responsibility and through the Chief Executive, Mr Nigel Wilson (Head of Human Resources) is responsible for the implementation of the procedures and policy as Child Protection Officer.

The Safeguarding Committee acts as a forum for the Safeguarding Officers and other key personnel to ensure the Hall's Safeguarding Policy is up to date and operational activities are effective and in line with best practice. It reports annually to Council via the Chief Executive's report to Council. The Safeguarding Committee and the Trustee with safeguarding responsibility receive training on the policy and their roles and responsibilities. Training for other key personnel is ongoing.

Since 2021, Lauren Ekon has been the Trustee with responsibility for equality, diversity and inclusion and Stuart Newey has been the Trustee with specific oversight for matters of security.

◆ *Conflicts Committee*

The Committee considers and responds to any decision of Council which involves a Designated Collective Conflict as referred to it under paragraph 19 of the Conflicts Policy (published on the Hall's website), to determine whether such decisions have been made in the best interests of the charity. The Committee also considers and responds to any decision referred to it by the President or Secretary to the Corporation.

At the request of the President, it also advises individual Trustees, the Council, all committees, the boards of subsidiary companies, and, where appropriate, staff, generally, on conflicts of interest. The Committee also monitors the implementation of the Conflicts Policy; recommends appropriate systems for promoting and monitoring compliance with this policy; reviews annual and other declarations of interest and briefs the Council or the President on any difficult individual cases referred to it. The minutes of the Committee are provided to the Auditors throughout the year. The Committee was chaired by a non-voting Seatholder, Lucinda Case, throughout 2021. Voting members of the Committee during the year have been Sir Michael Dixon and Sir Jonathan Michael. Monica Bloch and Kevin Porter have recently been appointed to this Committee.

◆ *Finance, Audit and Risk Committee*

The Committee considers and makes recommendations to the Council on: the annual income and expenditure budget; longer term business plans and capital expenditure programmes; and the Auditors' Annual Report. It is responsible for: monitoring the financial performance of the Corporation against budget and business plans; ensuring proper financial and accounting controls; compliance with statutory requirements and risk management. It is also responsible for making recommendations to Council with respect to the appointed Auditors, the approval of external and internal audit plans and the consideration of any matters raised by the auditors. The Finance, Audit and Risk Committee has a delegated authority of up to £500,000.

The Honorary Treasurer, Michael Jackson, chairs this Committee, which meets at least four times a year. Other members during the year were Leon Baroukh, Peter Lim, Stuart Newey, John Cooper and Nigel Hamway.

◆ *Seat Rate Committee*

The Seat Rate Committee has two purposes:

1. to review the purpose of the Seatholders' seat rate, as set out in the 1966 Act, and the consequent principles upon which it should be calculated, and to advise Council accordingly; and
2. annually, to recommend to Council the level of the seat rate that the Seatholders will be invited to approve at the next Annual General Meeting.

The Committee's members during the year have been the Honorary Treasurer, Michael Jackson (non-voting Chairman) and the five independent Appointed Members of Council: Richard Harrington, Sir Michael Dixon, Stuart Corbyn (until July 2021) Jim Eyre (from July 2021), Kevin Porter and Sir Jonathan Michael.

◆ *Fabric Committee*

The Committee advises Council on all matters relating to the preservation, maintenance and further improvement of the Hall and its setting. Stuart Corbyn chaired this Committee until July 2021 and was succeeded by Anthony Ratcliffe. The Committee meets at least five times a year. Other members during the year were Michael Jackson, Stuart Newey, Stephen Brandon and Harry Handelsman, with Nigel George, Tim Jones (now retired) and Martin Williams serving as co-opted non-voting members. Recently Tanvir Hassan has been appointed as an additional co-opted non-voting member of the Committee.

◆ *Development Committee*

This Committee reports on the programme and outcomes of fundraising events and on the resources expended, giving a broad overview of fundraising, its success level and indicated actions. The Committee also reviews and reports on sponsorships and partnerships that it is proposed that the Corporation enter into. Chaired by Nigel Hamway, other members during the year were Robert Lipson, James Max, Stuart Newey, Lauren Ekon, Richard Harrington and Stephen Brandon.

◆ *Programming Committee*

Council appoints a Chief Executive who, together with the Executive Team, is responsible for all aspects of the day-to-day running of the Hall, including programming the annual calendar of performances. The Programming Committee advises Council and monitors on its behalf the Hall's Programming activities (including its Educational and Outreach Work and performances at the Hall but not on its main stage), the extent to which they meet the Hall's purposes and financial objectives and to ensure they comply with the Hall's constitution and the Hall's Programming Policy. Section 14 of the 1966 Act specifies the number of occasions on which Seatholders may be excluded from the Hall ("Exclusives") – each year at the AGM, the Members of the Corporation agree to more Exclusives than the 1996 Act allows, enabling the Hall to operate with more latitude than the Act would otherwise allow, to the benefit of the charity. The Programming Committee oversees the allocation of Exclusive and Ordinary performances and the shows promoted by the Hall itself. Stuart Newey chairs this Committee which meets at least four times a year. Other members during the year were Leon Baroukh, Robert Lipson, James Max, and Iain McNay.

◆ *Governance and Ethics Committee*

The Committee advises Council on the conduct of the affairs of the Corporation, in compliance with:

- Successive extant, Royal Charters, Acts of Parliament and Byelaws, in combination colloquially referred to as 'The Blue Book', having particular regard to the Constitution of the Corporation as set out at Schedule 2 of the Royal Albert Hall Act 1966;
- Legislation, regulation and guidance on best practice in relation to registered charities.
- Best practice on corporate and charity governance.

It also advises Council on due diligence on major donors and sponsors, the structure and membership of Council Committees, reviews nominations for membership of Council (for casual vacancies) and makes recommendations accordingly. The Committee is chaired by the President and meets at least 5 times per year, and as necessary to consider appointments. Members during the year were Leon Baroukh, Stuart Corbyn, Mrs Lin Craig, Sir Michael Dixon, Michael Jackson, Ian McCulloch, Stuart Newey and Mark Schnebli.

◆ *Members' Liaison Committee*

The Committee advises the Council on all matters relating to the role of the Members in the conduct of the affairs of the Corporation. It also provides a means of communication between the Members and the Hall, and promotes Member support for Hall activities. Mrs Lin Craig chairs this Committee which meets at least four times a year. Other members during the year were Monica Bloch, Stephen Brandon, John Cooper and Mark Schnebli. Larry Viner and Ed Milner served as co-opted members.

◆ *Marketing and PR Committee*

The Committee reports to Council on, and approves the scope of, the Hall's media handling strategy and its implementation and any related communications. It appoints, with

Council's approval, any PR company to advise the Council and the Executive; and at least annually, reviews the performance of any appointed PR company. The Committee is chaired by James Max. Members during the year were Leon Baroukh, Monica Bloch, Mrs Lin Craig; Ian McCulloch and Robert Lipson. James Murphy is a co-opted non-voting member of this Committee.

In addition to the above, the Committee advises Council and monitors on its behalf the Hall's marketing, overall brand objectives and activities and the extent to which they meet the Hall's purposes and financial objectives. This Committee also monitors the Hall's archival programme of activities and keeps Council informed of activities undertaken as well as ensuring that the Hall has appropriate processes in place to safeguard these assets. The Committee also advises Council on any reputational issues associated with the acceptance of donations or third party sponsorship.

◆ *Remuneration and HR Committee*

The Committee is chaired by the President, and deals with HR matters together with the salary and performance of direct reports to the President (the Chief Executive and the Secretary to the Corporation), the salary and performance of the Directors and succession planning. Members during the year were Mrs Lin Craig, Sir Michael Dixon, Michael Jackson, Ian McCulloch and Lauren Ekon.

Hall Staff

◆ *Executive Team*

The day-to-day management of the Corporation is the responsibility of the Chief Executive, Craig Hassall.

The Chief Executive is supported by the Executive Team who throughout 2021 were:

Director of Finance & Administration	Anupam Ganguli
Artistic and Commercial Director	Lucy Noble
Director of Building & Operations	Sara Crema
Director of External Affairs	Louise Halliday
Director of Visitor Experience	Anthony Winter-Brown

The Chief Executive, supported by the Directors, is responsible for the development and implementation of strategy and business plans for the Corporation, for policy recommendations to Council, for the development and implementation of appropriate controls and procedures and for the day-to-day management of its operations. The Directors and the Secretary to the Corporation meet at least twice a month to monitor operational and financial progress against plans approved by Council and to discuss strategic objectives. A wider group comprising Heads of Department and Senior Managers meets on a weekly basis with the Executive to exchange information on operational issues.

◆ *Employees*

The Corporation strives to be an equal opportunities employer. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, trained, promoted and treated on the basis of their relevant merits and abilities.

Remuneration Policy

The Hall's approach to remuneration is designed to ensure it can attract and retain the talented and motivated people needed to achieve its vision and values. The policy is applied consistently across the organisation, with the aim of paying competitively in the not-for-profit sector within the context of affordability. Each year the Hall's Executive team (with approval from the HR and Remuneration Committee and Council) set a rate of increase for Hall-wide salaries and hourly pay to take account of the impact of general inflation. Above-inflation pay increases are only awarded to individuals for changes in role/responsibility, exceptional performance or with regard to changes in industry norms for comparable roles. These are determined on a case-by-case basis, within the constraints of the annual budget. The remuneration of the Executive team is set annually by the HR & Remuneration Committee (see above).

The Hall does not use volunteers.

Connected charities and related parties

The accounts consolidate financial information of the Corporation of the Hall of Arts and Sciences and also include the financial information of subsidiary RAH Concerts Ltd (company number: 10664172) which is wholly owned by subsidiary Royal Albert Hall Developments Limited (company number: 01539294) which itself is wholly owned by the Corporation of the Hall of Arts and Sciences; and a related charity, the Royal Albert Hall Trust (charity number: 285111). This requires the line-by-line consolidation of the operating results of these subsidiary undertakings in the statement of financial activities.

Royal Albert Hall Developments Limited (RAHDL) is responsible for income generating activities which are outside the Corporation's charitable purposes as set out in the Corporation's original Charter, namely catering, merchandising, tours, retail, licensing boxes for corporate use and selling hospitality packages. Its subsidiary RAH Concerts Ltd (RAHCL) is used for promotions that are not subject to UK law. For further details of RAHDL and RAHCL please see note 15.

The Board of RAHDL meets at least 4 times per year. RAHDL is chaired by Leon Baroukh and other Directors during 2020 were Craig Hassall, Michael Jackson, Peter Lim, Stuart Newey, John Cooper and Nigel Hamway. The Secretary to the Corporation is the Company Secretary of RAHDL and RAHCL.

The Royal Albert Hall Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have review procedures in place to ensure that all funds received are properly utilised by the Corporation in line with donors' restrictions or wishes, on projects which are efficiently managed and fully completed. The Trustees of the Royal Albert Hall Trust, (Registered Charity No: 285111), a connected charity, are the President and Vice Presidents of the Corporation together with additional trustees appointed to the Trust following the amendment of the Trust Deed for the RAH Trust in 2019/2020. The Trust donated £3.5m to the Corporation in 2021 (2020 - £3.9m). For further details of the Royal Albert Hall Trust please see note 15.

Fundraising

The Corporation does not engage any third parties in our fundraising efforts and all approaches and relationships are managed by our internal Philanthropy team with introductions or referrals being affected by our Philanthropy Board and other close contacts or through our database and legitimate online research.

The Philanthropy Board performs an introductory function, allowing the team to meet more potential supporters with an interest in the Royal Albert Hall. The efforts of the Philanthropy Board are monitored by the Development Committee which is the conduit between the Philanthropy Board and the Hall's Council.

During the year the Corporation did not receive any complaints regarding Fundraising. The Hall is a member of the Fundraising Regulator and adheres to the Fundraising Code and all good standards of practice.

As set out in our Philanthropy Policy, the Hall's fundraising team adheres to Section 1.2 of the Code of Fundraising Practice and is committed to protecting vulnerable donors. We comply with all legal requirements relating to data protection, under the Data Protection Act 2018 and the General Data Protection Regulations 2018 (GDPR) (now the UK GDPR) and do not share any data for the purposes of fundraising with third parties or data sharing schemes. We regularly carry out data protection impact assessments to ensure that we comply with the UK GDPR and we do not engage in intrusive practices.

The team raised donations of £4.8m in 2021, including significant new support from members of the public and our audiences in response to a direct campaign marking six months of the Hall being closed and ongoing and high profile media interest in the impact of the pandemic of the Hall.

Despite the scheme seeing a drop in numbers of 27% since pre-pandemic levels, we finished the year with nearly 6,200 Friends and Patrons. This demonstrates the generosity and understanding that we have received from our supporters despite the much reduced calendar of events, for which we are truly grateful.

Risk management

The Council has established a process for identifying and reviewing the major strategic and operational risks (including financial, reputational, health and safety, and security risks) to which the Corporation is exposed. The Council is satisfied that systems and controls have been established and are functioning to mitigate and manage those risks. The current Risk Management Policy Framework was approved by Council in 2018. The framework ensures that major risks are identified on a regular basis, and progress is monitored against mitigating actions.

The Executive review the strategic risks every quarter and the divisional risk registers are reviewed by the senior management team and the respective Heads of departments. The risk registers score risks according to probability of occurrence and the impact on the organisation (the “gross risk”). The registers also note the “net risks” and “residual risks” after taking into account existing controls and further mitigating actions respectively. The Executive’s risk appetite to strategic risks is generally low.

The principal risks and uncertainties to the Hall are detailed below. In 2022, the main risks are again related to COVID 19.

Risk	Mitigation
Further lockdowns in the event of increases in COVID-19 and influenza cases threatening the NHS in the coming months • The further closure of the Hall for an extended period of time with the consequent impact on the Hall’s reserves. • Uncertainty round the loss of public confidence to attend public gatherings or travel to London, which could impact income • The impact of sickness on the supply chain and operational teams. • Delays to large capital projects resulting in deterioration of the building and cost increases. • Staff wellbeing and morale being affected adversely due to work pressures, social distancing, and as a result of being furloughed	• Detailed cash flow forecasts of different closure scenarios; review and cutting back of all expenditure • Furloughing as many staff as possible, availing of any government schemes • Discussions with capital projects’ contractors to renegotiate timings and agree costs • Regular formal and informal communication with and between staff through digital means. Coordinated wellbeing approach to support staff • Development and implementation of COVID-safe site arrangements, procedures and risk assessments in line with emerging government guidance and in consultation with and with the approval and support of Westminster Licensing authorities. Plans fully scalable for any size capacity and to include pandemic-safe procedures for managing staff, contractors, performers and the public.

The other strategic risks are:

Risk	Management
Incidents that prevent use of the building and therefore require cancellation of events (including terrorist action, fire, loss of utilities, incidents causing serious injury, and disruption caused by building/ engineering works).	• Strict adherence/enforcement of procedures, codes of practice etc. • Built-in resilience / dual capacity / back-up systems and processes. • Organisation-wide staff induction, awareness, and training • Detailed contingency / disaster recovery planning. • Comprehensive insurance.
Damage to the Hall's reputation, impacting long-term operational and financial resilience arising from: • failure to comply with statute or safeguarding requirements • negative publicity arising from a misunderstanding of the Hall's unique governance structure which may lead to a reduction in public support thereby impacting the Halls ability to generate income • adverse reviews • failing service standards • data protection breaches • security-related incidents	• Comprehensive procedures and staff awareness of them and training • Disclosure and explanation of the Hall's governance structure in the annual report and accounts, other statutory documents, and the website. • Conflicts Committee • Ongoing dialogue with the Charity Commission • Long-term contracts and strong relationships with major promoters and corporate partners. • Proactive and reactive media strategies. • Implementation of GDPR action plan.
Deterioration to the fabric of our Grade 1 listed building due to lack of preventative maintenance, non-compliance with buildings regulations, and building projects not managed properly.	• Project approval process (approved by Council) in place. • Regular project reviews and oversight by the Fabric and Finance Committees. • Long-term condition survey carried out. • Robust building surveys, audits, and planned maintenance reviews are being undertaken.

Report of the Council Year to 31 December 2021

The Hall usually ensures a multi-year programme of regular internal audits is maintained. Internal Audit reports are presented to Finance, Audit and Risk Committee. The Internal Audit programme for 2021 had to be curtailed as a consequence of COVID and will commence in 2022.

Going Concern

The Hall remained closed until 17 May 2021 and was only able to fully reopen without any social distancing from 21 June. As in 2020, the Hall had to refund a large number of promoter rental fees and tickets purchased by the public, and all commercial activity such as catering, tours and retail had to cease during the period of closure.

Although social distancing measures have now been lifted by government it is still unclear what long term impact the general confidence of the public to come to venues such as ours will have on bookings and visitor numbers.

As the Hall derives its surpluses primarily from performances and commercial activity directly related to performances, as well as bank interest and philanthropic support, and relies on its own reserves for working capital requirements, the closure has had a significant financial impact on the Hall's reserves. The loss of revenues means that the Hall's reserves, built up over a number of years and earmarked for strategic capital projects, have had to be used to meet working capital requirements during the closure period.

On 24 February 2021, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund. The loan is repayable over 20 years and carries an interest rate of 2%. £5m of the loan was used to repay the £5m loan taken from the Hall's bankers under the government's 2020 Coronavirus Business Interruption Loan Scheme (CBILS).

Since reopening, income from performance and commercial activity has resumed

In 2021:

- We rescheduled cancelled shows where possible to 2022 and beyond
- The Hall refunded a large number of promoter rental fees and tickets purchased by the public, and all commercial activity such as catering, tours and retail ceased.
- We successfully subscribed to the Government's Coronavirus Job Retention Scheme and the majority of the Hall's staff were furloughed through to September when the Scheme ceased
- No major building projects were undertaken other than Chillers and Ventilation.
- Operating budgets were reviewed and reduced to minimum levels of essential expenditure
- We solicited donations from customers when refunding tickets, and from a series of streamed concerts through the initiative Royal Albert Home

The 2022 budget has been prepared assuming pre-COVID assumptions namely the Hall will be open without social distancing throughout the year and attendance levels will be at pre-COVID levels from the very start of the year.

The potential financial risks are being mitigated by the following actions:

- The £20.74m loan from the government's Cultural Recovery Fund. £5m of this loan was used to repay the CBILS loan taken out with Coutts in 2020 and, if necessary, the balance will be used for working capital purposes, to carry out essential maintenance works, and to provide a buffer for further contingencies.
- We continue to monitor cash flow, and control costs in all areas of the organisation.
- Council will continue to assess the risks and return on investment of any proposed capital projects before approval

Conclusion

Council has considered the current financial position of the Hall for the foreseeable future and has taken action as necessary to manage risks arising from different scenarios. To this end the remainder of the government loan will support our short term cash flow needs if necessary. It is reasonable to expect the Hall to generate adequate income to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Related Parties

None of the Trustees receive remuneration or other benefit from their work with the charity. The relationship between Seatholders, Council members and the Hall is described in full on pages 36 to 42.

Any connection between a Trustee or senior manager of the charity with a promoter, contracted performer or exhibitor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.



Approved by the Council on 29 April 2022
and signed on its behalf by
Ian McCulloch
President

Independent Auditor's Report to the Members of the Corporation of the Hall of Arts and Sciences

Opinion

We have audited the financial statements of the Corporation of the Hall of Arts and Sciences ('the charity') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of 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 the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report.

Independent auditor's report Year to 31 December 2021

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, set out on page 31, the trustees 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 and the parent charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Health and safety legislation

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of box office income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance, Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence including that with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For

Independent auditor's report Year to 31 December 2021

example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity'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 charity's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

London

29 April 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

The Corporation of the Hall of Arts and Sciences

Consolidated statement of financial activities Year to 31 December 2021

	Notes	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Income:					
Donations and legacies	1	3,905	3,313	7,218	6,854
<i>Income from charitable activities:</i>					
Operation of Hall	2	11,112	19	11,131	4,334
Investment income and interest		4	-	4	78
<i>Income from other activities:</i>					
Commercial trading operations	3	6,032	-	6,032	4,756
Total income		21,053	3,332	24,385	16,022
Expenditure:					
<i>Costs of raising funds:</i>		472	-	472	504
<i>Expenditure on charitable activities:</i>					
Maintaining and developing the Hall	4	8,120	-	8,120	10,315
Promoting the arts and sciences	4	18,177	125	18,302	15,880
Interest repayable		344	-	344	-
Total expenditure		27,113	125	27,238	26,699
Net income/(expenditure)		(6,060)	3,207	(2,853)	(10,677)
Transfer between restricted and unrestricted funds	21/22	1,836	(1,836)	-	-
Net income/(expenditure) after transfers between restricted and unrestricted funds		(4,224)	1,371	(2,853)	(10,677)
Actuarial gains/(losses) on defined benefit pension scheme	23	-	-	-	5
Net movement in funds		(4,224)	1,371	(2,853)	(10,672)
Fund balances brought forward at 1 January		46,222	418	46,640	57,312
Fund balances carried forward at 31 December		41,998	1,789	43,787	46,640

All of the group's activities derived from continuing operations during the two financial periods above.

For the parent charity alone, total incoming resources for the year were £19.5m (2020 - £11.9m) and net outgoing resources were £4.2m (2020 - £15.4m).

The notes on pages 56 to 83 form an integral part of these financial statements.

The Corporation of the Hall of Arts and Sciences

Balance sheets 31 December 2021

	Notes	Corporation 2021 £'000	Group 2021 £'000	Corporation 2020 £'000	Group 2020 £'000
Fixed assets					
Tangible assets	11	48,472	48,472	47,119	47,119
Intangible assets	12	767	767	980	980
Investments	14	6,200	6,200	-	-
Investment in subsidiary	15	25	-	25	-
		55,464	55,439	48,124	48,099
Current assets					
Stock	16	-	167	-	184
Debtors	17	2,375	5,153	2,755	3,679
Investments	14	-	-	1	27
Cash at bank and in hand		20,937	29,726	18,570	19,467
		23,312	35,046	21,326	23,357
Current liabilities					
Bank loan	20	-	-	5,000	5,000
Creditors: amounts falling due within one year	18	16,038	25,958	18,213	19,816
		16,038	25,958	23,213	24,816
Net current assets		7,274	9,088	(1,887)	(1,459)
Total assets less current liabilities		62,738	64,527	46,237	46,640
Creditors: amounts falling due after one year	20	20,740	20,740	-	-
Total net assets		41,998	43,787	46,237	46,640
Represented by					
Funds and reserves					
Income funds:					
Restricted funds	21	-	1,789	-	418
Unrestricted funds					
Designated funds	22	49,638	49,638	50,119	50,119
General funds					
Free reserves	22	(7,640)	(7,640)	(3,882)	(3,897)
Pension reserves	23	-	-	-	-
		41,998	43,787	46,237	46,640

The notes on pages 56-83 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 29 April 2022 and signed on their behalf by:



Ian McCulloch
President



Michael Jackson MA FCA
Honorary Treasurer

The Corporation of the Hall of Arts and Sciences

Consolidated cash flow statement Year to 31 December 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities	A	6,257	(16,877)
Cash flows from investing activities	B	(5,538)	15,699
Cash flows from financing activities	C	15,740	5,000
Changes in cash and cash equivalents in the reporting period		16,459	3,822
Cash and cash equivalents at the beginning of the reporting period		19,467	15,645
Cash and cash equivalents at the end of the reporting period		35,926	19,467
Comprising			
Short term deposit		-	27
Cash at bank and in hand		35,926	19,467
Total cash and cash equivalents at the end of the reporting period		35,926	19,494

Notes to the cash flow statement for the year to 31 December 2021

A Reconciliation of cash flows from operating activities	2021 £'000	2020 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(2,853)	(10,677)
Adjustments for:		
FRS 102 pension adjustment	-	5
Depreciation charges	2,581	2,041
Impairment of tangible assets	1,848	-
Dividends, interest and rents from investments	(4)	(78)
(Increase) in stock	17	(108)
Decrease/(increase) in debtors	(1,474)	1,997
Decrease in creditors	6,142	(10,057)
Net cash provided by (used in) operating activities	6,257	(16,877)
B Cash flows from investing activities	2021 £'000	2020 £'000
Dividends, interest and rents from investments	4	78
Purchase of property, plant and equipment	(5,553)	(5,240)
Purchase of intangible assets	(16)	(112)
Sale of investments	27	20,973
Net cash provided by (used in) investing activities	(5,538)	15,699
C Cash flows from financing activities	2021 £'000	2020 £'000
Proceeds from new loans	20,740	5,000
Repayments on borrowings	(5,000)	-
Net cash provided by (used in) financing activities	15,740	5,000

Principal accounting policies Year to 31 December 2021

Company information

The Corporation of the Hall of Arts and Sciences (“the Corporation”), its wholly-owned subsidiary, Royal Albert Hall Developments Limited (RAHDL) and subsequent wholly owned subsidiary RAH Concerts Limited, and its related charity, Royal Albert Hall Trust (RAHT) all serve to promote the Arts and Sciences and the preservation and enhancement of the Grade I listed building which is held in trust for the nation. The Royal Albert Hall constitutes a public benefit entity as defined by FRS 102.

The Corporation is a registered charity (registered number: 254543) which is incorporated and domiciled in the UK. The address of the registered office is Royal Albert Hall, Kensington Gore, London, SW7 2AP, UK.

Basis of accounting

These financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practise. The accounts (financial statements) have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The group accounts consolidate on a line by line basis the accounts of The Corporation of the Hall of the Arts and Sciences (“the Corporation”), its wholly-owned subsidiary Royal Albert Hall Developments Limited (RAHDL) and its wholly owned subsidiary RAH Concerts Limited, and its connected charity Royal Albert Hall Trust (RAHT).

The individual entity accounts of Royal Albert Hall have taken advantage of the disclosure exemption under FRS 102 from preparing its own cash flow statement and to separately disclosure categories of financial instruments and items of income, expenses, gains or losses relating to instruments as these have been presented on a group basis in the notes to the accounts.

Going concern

The Hall derives its surpluses primarily from performances and commercial activity directly related to performances, as well as bank interest and philanthropic support, and relies on its own reserves for working capital requirements. The closure of the Hall over the recent pandemic has therefore had a significant financial impact on reserves. The loss of revenues means that the Hall’s reserves, built up over a number of years and earmarked for strategic capital projects, have had to be used to meet working capital requirements during the closure period.

Principal accounting policies Year to 31 December 2021

In February 2021, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund. The loan is repayable over 20 years and carries an interest rate of 2%. £5m of the loan was used to repay the £5m loan taken from the Hall's bankers under the government's 2020 Coronavirus Business Interruption Loan Scheme (CBILS).

Since reopening of the Hall in 2021, income from performance and commercial activity has resumed. Cancelled shows were rescheduled where possible and new performances have been booked.

The 2022 budget has been prepared assuming pre-COVID assumptions namely the Hall will be open without social distancing throughout the year and attendance levels will be at pre-COVID levels from the start of the year.

Council has considered the current financial position of the Hall for the foreseeable future. Given the uncertainties around the nature and length of the social distancing measures, the board has taken action to manage risks arising from different scenarios. The loan from the Cultural Recovery Fund will support short term cash flow needs. Council has a reasonable expectation that the Hall has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described below, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 21.

Fixed assets – certain decisions are taken by the charity in determining whether expenditure meets the criteria for being capitalised and also in determining the useful life of assets as set out in the applicable accounting policy notes and notes 11 – 13 in the accounts.

Principal accounting policies Year to 31 December 2021

Financial instruments

If the Corporation has any basic financial instruments, they are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

Investments in subsidiary undertakings are held at cost less impairment.

Cash investments are held in order to fund the Hall's long term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long term view when planning and investing in the operations of the venue, including the Education and Outreach programme. Cash investments are held at amortised cost.

Stock is included at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Accounting for income

Income is recognised in the period in which the charity is entitled to receipt of the funds if performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Accordingly, rental income, ticket sales and commission, income from trading activities and other show-related income is recognised as income on the day that each show takes place. Income from licensing of boxes and Members' annual contributions is recognised over the period to which it relates.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Legacies are recognised on the earlier of the receipt of funds and the receipt of final agreed estate accounts.

Income which is derived in exchange for donated goods and services is recognised as income in the period in which the charity is entitled to receipt of the funds, a matching expense is recognised at the same point in time. The income is recognised at the cost to the Hall of providing those services.

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received. The grant in connection to the Coronavirus Job Retentions Scheme (CJRS) has been recognised in the period to which the underlying furloughed staff costs relate to. Included in income is an amount of £2.4m in respect of the CJRS.

Principal accounting policies Year to 31 December 2021

Expenditure

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

- a. Costs of raising funds comprise the direct costs and overheads associated with generating donated income and holding fundraising events.
- b. Expenditure on charitable activities includes the Corporation's primary charitable purposes of maintaining the Royal Albert Hall and, through its use, promoting the arts and sciences.

Allocation of support costs

- a. Support costs are for those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include personnel development, financial procedures and management, provision of office services and equipment and a suitable working environment. The bases on which support costs have been allocated are set out below in note 5.
- b. Governance costs comprise: 100% of the cost of the Secretary to the Corporation and their assistant; 12.5% of the cost of the Chief Executive and their assistant, audit fees; and the annual general meeting, legal and council meeting expenses.

Termination Payments

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy or (iii) the employee's contract is terminated and payment has been made in full.

Pension costs

The Corporation has two pension schemes, the Royal Albert Hall Stakeholder Pension Plan and the Royal Albert Hall Pension Scheme. It also uses The Peoples' Pension to fulfil its auto-enrolment obligations.

All staff are entitled to join the Royal Albert Hall Stakeholder Pension Plan, which with effect from 1 September 2006 is the only scheme open to new entrants.

The Royal Albert Hall Pension Scheme has both a defined contribution section and a defined benefit section. The defined benefit section was closed to new entrants in 1997 and ceasing of accrual on 31 December 2014; the defined contribution section was closed to new entrants on 31 August 2006.

Principal accounting policies Year to 31 December 2021

- ◆ *Stakeholder Pension Plan and The Peoples' Pension*
Pension costs for the Royal Albert Hall Stakeholder Pension Plan and The Peoples' Pension are charged to the statement of financial activities as they become payable.
- ◆ *Defined contribution section*
Pension costs for the defined contribution section of the Royal Albert Hall Pension Scheme are charged to the statement of financial activities as they become payable. The cost is split by department depending on the role of the individual. In 2020, the Scheme's trustees transferred responsibility for the defined contribution section funds from the Scheme into the Legal & General (L&G) Mastertrust, which is run by a board of professional trustees independent of L&G.
- ◆ *Defined benefit section*
Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the Corporation's defined benefit section of the Scheme expected to arise from employee service in the period is allocated to the respective expense category (as outlined above) in respect to staff costs.

Tangible fixed assets

All assets costing more than £10,000 (other than heritage assets – see below) which have an expected useful life exceeding one year are capitalised.

Freehold land comprising car parking spaces and those assets included in the archival collection are included in the accounts at their deemed cost having taken advantage of the transitional rules of the previous accounting standard, FRS15: Tangible Assets (see note 11 for details). All other assets are included at cost.

Tangible fixed assets are depreciated at the following annual rates in order to write them off over their estimated useful lives (see note 5):

◆ Property costs	10% per annum based on cost
◆ Basement	1% per annum based on cost
◆ Plant, fixtures, fittings and equipment	6.7% - 20% per annum based on cost
◆ Computers and office equipment	20 - 33.3% per annum based on cost

Expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed. Expenditure on the building is capitalised if it fits within the criteria for capitalisation highlighted within FRS102 which refers generally to the recognition of an "asset" if and only if:

Principal accounting policies Year to 31 December 2021

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) the cost of the item can be measured reliably.

Assets under construction are not depreciated until complete and operational.

No depreciation is charged on freehold land.

No depreciation is charged on assets comprising the archival collection. The nature of these assets (including paintings, manuscripts and artefacts) means that their expected useful lives are extremely long and their residual values high. Any depreciation, therefore, would be immaterial.

Intangible fixed assets

In accordance with FRS 102 website and digital costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

The property rights from the purchase of the RNLi second tier box also entitle the seller to a right to five hundred complimentary tickets for the next 7 years which are currently based at an estimated value of £0.

Intangible fixed assets are amortised at the following annual rates in order to write them off over their estimated useful lives (see Depreciation and amortisation in note 5):

- ◆ Website / Software 20-33% per annum based on cost
- ◆ Property rights 10% per annum based on cost

Heritage assets

The land and buildings comprising the Royal Albert Hall have been classified as heritage assets. The Hall is an asset of acknowledged historic importance and must be held indefinitely in direct furtherance of the Corporation's charitable objects i.e. to maintain the Hall and, through its use, to promote the arts and sciences.

As reliable cost information is not available and conventional valuation approaches lack sufficient meaning given that certain aspects of the building and its historic significance are irreplaceable, no value is included on the balance sheet in respect of the Hall.

As explained more fully within note 13 of the accounts, all subsequent expenditure incurred on the land and buildings of the Royal Albert Hall is reviewed to determine whether it meets the criteria set out in FRS 102 for capitalising subsequent expenditure on an asset. Where the criteria is not met the expenditure is accounted for through the statement of financial activities.

Principal accounting policies Year to 31 December 2021

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Corporation's charitable objects.

Government loan

The £20.7m loan from Arts Council England and the Department of Culture, Media and Sport is considered to be a public benefit entity concessionary loan as the interest rate of the loan is below the prevailing market rate.

The loan is valued at amortised cost using the effective interest method. Interest is accrued annually at 2% and is repayable over 20 years, with a repayment holiday for the first four years.

As at 31 December 2021, the loan had been fully drawn down.

1 Donations and legacies

	2021 £'000	2020 £'000
Donations	4,832	3,255
Government Grants	2,386	3,599
	7,218	6,854

2 Income from charitable activities

	2021 Restricted funds £'000	2021 Unrestricted funds £'000	2020 Restricted funds £'000	2020 Unrestricted funds £'000
Rentals	-	1,741	-	616
Ticket commission	-	6,307	-	665
Members' contribution	-	2,219	-	2,272
Other	19	845	347	434
	19	11,112	347	3,987

3 Income from other activities

The Corporation's wholly owned trading subsidiary, Royal Albert Hall Developments Limited, is incorporated in the United Kingdom (company number 01539294). The principal activities of the company are the licensing of boxes to corporate clients, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the Hall, tours, a shop, merchandise sales and a car parking concession, in addition to events which do not form part of the Hall's charitable objectives. A summary of the trading results of the company is shown in note 15.

Royal Albert Hall Developments Ltd has a wholly owned subsidiary RAH Concerts Ltd which is incorporated in the United Kingdom (company number 10664172). The principal activity of the company is the licensing of the Royal Albert Hall to third parties which are not subject to UK law.

4 Analysis of expenditure on charitable activities

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2021 Total £'000	2020 Total £'000
Building maintenance	1,663	-	1,663	1,428
Building refurbishment and improvements	2,982	-	2,982	5,888
Security and housekeeping	1,228	937	2,165	1,731
Archives	99	-	99	127
Ticketing	-	1,591	1,591	1,773
Show management and production	-	4,941	4,941	2,657
Front of house services	-	2,652	2,652	2,987
Programming, marketing and PR	-	1,472	1,472	1,352
Education activities	-	338	338	122
Miscellaneous	-	592	592	625
Support costs (see note 5)	2,148	5,779	7,927	7,505
	8,120	18,302	26,422	26,195

5 Support costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2021 Total £'000	2020 Total £'000
Finance and information systems	402	1,356	1,758	1,760
Administration and human resources	370	1,422	1,792	1,542
Overheads and insurance	400	280	680	1,115
Utilities	109	561	670	655
Depreciation and amortisation	420	2,160	2,580	2,041
Governance costs (note 6)	447	-	447	392
	2,148	5,779	7,927	7,505

Support costs that can be directly attributed to an activity have been allocated to that activity. Where support costs relate to more than one activity the cost has been allocated on a head count basis, with the exception of depreciation costs which have been allocated on an analysis of usage.

6 Governance costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2021 Total £'000	2020 Total £'000
Salaries, wages and related costs	152	-	152	141
General office	26	-	26	27
Audit fees	60	-	60	37
Legal and other professional fees	209	-	209	187
	447	-	447	392

7 Auditor's remuneration

	2021 £'000	2020 £'000
Group audit	60	37
Pension audit	7	7
Taxation services	11	7
Other services	16	1

8 Staff costs

	2021 £'000	2020 £'000
Salaries	10,980	11,482
Social security costs	855	895
Pension costs	658	694
	12,493	13,071

The Council Members were not paid and did not receive any other benefits from employment with the Corporation or its subsidiaries in the year (2020: £nil). One member of Council received out of pocket expenses in the year of £23 (2020: One member £76). No Council Member received payment for professional or other services supplied to the Corporation (2020: £nil).

Ex gratia and termination payments in the year totalled £178,881 (2020: £146,794). Of this amount, at the year-end £113,374 (2020: £nil) was still to be paid.

The key management personnel of the Corporation comprise the Council Members, the Executive Board and the Heads of Departments. The total employee benefits of the key management personnel of the Corporation were £2,023,783 (2020: £1,806,186).

The average number of employees during the year, analysed by function, was as follows:

	2021 Number	Full-time equivalent 2021 Number	2020 Number	Full-time equivalent 2020 Number
Generating funds	8	8	9	9
Maintaining the Hall	49	38	49	39
Promoting arts and sciences	278	197	312	223
Administration and support	34	34	36	36
Governance	2	2	2	2
	371	279	408	309

8 Staff costs (continued)

The number of employees whose total emoluments were £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2021 Number	2020 Number
£60,001 - £70,000	9	2
£70,001 - £80,000	1	2
£80,001 - £90,000	2	4
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
£120,001 - £130,000	-	-
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-
	18	12

Emoluments include remuneration, benefits-in-kind and (where relevant) redundancy payments. There are no employees accruing benefits under the Corporation's defined benefit scheme whose emoluments exceeded £60,000 (2020: none). Total employer's pension contributions for the provision of money purchase benefits for employees whose emoluments exceeded £60,000 were £204,503 (2020: £135,345). This includes amounts where employees have sacrificed an element of their salary in exchange for increased pension contributions.

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the directors, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £17,220 (2020: £15,000) and the cover provided totalled £10m (2020: £10m).

9 Related party transactions

For a detailed explanation of the relationship and transactions between Council members and the Corporation, please see under 'Council members', within "Structure, governance and management" section, on pages 29 to 48.

As highlighted in note 15, during the year the Royal Albert Hall Trust, a related charity, made a donation to the Corporation of £3.5m (2020: £3.9m). As summarised in note 18, at the year-end there was an intercompany creditor between the Corporation and Royal Albert Hall Developments Limited of £0.6m (2020: £5.1m) an intercompany creditor between the Corporation and RAH Concerts Limited of £0.7m (2020: £0.4m) and an intercompany creditor between the Corporation and Royal Albert Hall Trust of £0.6m (2020: £0.1m).

A number of Trustees made donations to the charity to carry out its charitable objectives during 2021 totalling £2k (2020: £23k).

9 Related party transactions (continued)

At the year-end there was a total of £9k (2020: £5k) due to Council Members in respect of rebate income collected during 2021 which will be paid across in 2022. At the year-end there was a total of £1k (2020: £6k) due from Council Members in respect of annual contributions and supplementary seat rate charged during 2021.

The key matters are summarised in the table below

	2021 Number	2020 Number
Number of seats owned by Seatholders	1,268	1,268
Number of seats owned by Council members	34	34
Number of seats owned by parties related to Council members	117	119
Number of tickets returned by Council members and related parties through ticket return scheme	8,294	5,567
Number of tickets purchased by Council members from box office	23	14
Hosting and dress rehearsal tickets used by Council members	194	49
	2021 £	2020 £
Seat rate contribution (mandatory) per seat	£10	£10
Seat rate contribution (voluntary) per seat	1,325	1,442
Supplementary seat rate contribution (voluntary) per seat	415	340
Total seat rate amount paid by Council members and related parties	264,250	274,176
Rebate per seat	153	550
Total rebate amount received by Council members and related parties	23,103	84,150
Amount distributed to Council members & related parties for returned tickets	102,645	171,442
Value of tickets purchased by Council members from box office	3,010	1,479
Donations from Council members	1,530	23,180

10 Taxation

The Corporation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

11 Tangible fixed assets (Group and charity)

	Freehold land	Leasehold land	Archival collections	Property Costs	Plant, fixtures, fittings & equipment	Computers & office equipment	Assets under construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
As at 1 January 2021	1,575	629	1,496	2,702	18,038	1,526	31,342	57,308
Additions	-	-	-	1,000	4,225	67	261	5,553
Disposals	-	-	-	-	(16)	(56)	-	(72)
Transfers	-	-	-	12,595	4,708	-	(17,303)	-
As at 31 December 2021	1,575	629	1,496	16,297	26,955	1,537	14,300	62,789
Valuation 2001	1,575	629	1,496	-	-	-	-	3,700
Cost	-	-	-	16,297	26,954	1,537	14,300	59,088
	1,575	629	1,496	16,297	26,954	1,537	14,300	62,788
Depreciation and impairment								
As at 1 January 2021	-	-	-	1,048	8,057	1,084	-	10,189
Depreciation charge for year	-	-	-	420	1,657	275	-	2,352
Impairment	-	-	610	-	-	-	1,238	1,848
Disposals	-	-	-	-	(16)	(56)	-	(72)
As at 31 December 2021	-	-	610	1,468	9,698	1,303	1,238	14,317
Net book values								
As at 31 December 2021	1,575	629	886	14,829	17,257	234	13,062	48,472
As at 1 January 2021	1,575	629	1,496	1,654	9,981	442	31,342	47,119

11 Tangible fixed assets (Group and charity) (continued)

As permitted under FRS 102, the Corporation has continued a policy of not revaluing its tangible fixed assets. The book values of tangible fixed assets held are derived as follows:

- ◆ Freehold land comprising car parking spaces situated below the Royal Albert Hall, London, SW7 are being carried at a deemed cost of £1.6m. This is based on advice received from Messrs Stile Harold Williams, Surveyors and Valuers during 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Similarly, the Corporation's archival collections are included in the accounts at a deemed cost. This was following a valuation made by Messrs King Sturge, Chartered Surveyors in 2001, the Corporation having taken advantage of the transitional accounting rules available at the time. Following valuation by an independent expert in February 2022, the value of the paintings in the collection has been reduced by £0.6m. The net book value for the archival collection as at 31 December 2021 is £0.9m.
- ◆ Leasehold land comprising the purchase of additional land to enable the basement development work to the south west of the building.
- ◆ Fixtures and fittings, equipment, computers and office equipment are all included in the accounts at cost less depreciation and impairment changes.
- ◆ Subsequent expenditure on the building that meets the criteria for capitalisation under FRS102 is capitalised at cost.

The historical cost of assets included above at a valuation is not available. Many of the assets were acquired a significant number of years ago and the expense associated with researching their original cost outweighs any benefit derived from having such information.

As well the £0.6m reduction in the net book value of the archival collection, as noted above, a further impairment charge of £1.2m has been recorded in 2021. This relates to work undertaken on the interior restoration in prior years, recorded as assets under construction. A review has concluded that it would be prudent to write off such costs. Accordingly a total £1.8m impairment charge has been taken for both categories of asset. This has been recorded as part of the cost of maintaining and developing the Hall in the consolidated statement of financial activities for the year ended 31 December 2021.

At 31 December 2021 the Corporation had capital commitments of £0.1m (2020 - £2.6m).

12 Intangible fixed assets (Group and Charity)

	Property rights	Computer & Office Equipment	Assets under construction	TOTAL
	£'000	£'000	£'000	£'000
Cost or valuation				
As at 1 January 2021	890	2,156	-	3,046
Additions	-	16	-	16
Disposals	-	-	-	-
Transfers	-	-	-	-
As at 31 December 2021	890	2,172	-	3,062
Cost	890	2,172	-	3,062
	890	2,172	-	3,062
Depreciation				
As at 1 January 2021	280	1,786	-	2,066
Charge for year	89	140	-	229
Disposals	-	-	-	-
As at 31 December 2021	369	1,926	-	2,295
Net book values				
As at 31 December 2021	521	246	-	767
As at 1 January 2021	610	370	-	980

All intangible fixed asset additions were acquired and none were internally developed.

13 Heritage assets

The land and buildings comprising the Royal Albert Hall are defined as heritage assets for the purposes of these accounts. Under the Corporation's Royal Charter the Hall, which is an asset of acknowledged historic importance, must be held indefinitely so as to fulfil the Corporation's primary charitable objectives of maintaining the Hall and, through its use, promoting the arts and sciences.

The nature of the land and buildings means that any meaningful and/or conventional valuation of the Royal Albert Hall is not possible, as any approach to such a valuation would lack relevance. The historic importance of the Hall means that certain aspects of the building and its historic significance are irreplaceable. The land and buildings, therefore, appear at nil value on the Corporation's balance sheet.

The following information regarding the heritage assets is given to provide an understanding of their nature:

- ◆ The assets comprise the land and buildings known as the Royal Albert Hall, situated at Kensington Gore, London SW7 and demised under a 999 year lease dated 25 March 1872.

13 Heritage assets (continued)

- ♦ The Royal Albert Hall is valued for insurance purposes only at a gross reinstatement cost of £386m, based on a surveyor's valuation as at July 2021 by Ecclesiastical.
- ♦ While not shown in the accounts, the operating expenditure includes the ground rent of one shilling (5p) a year payable to the owners of the Hall's freehold, The Royal Commission for the Exhibition of 1851.
- ♦ The Hall capitalises expenditure on removable fittings, computers and equipment. The Hall complies with FRS 102 when determining whether to capitalise subsequent expenditure on the fabric of the building, a Heritage Asset. Therefore expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed.
- ♦ Fixed asset additions to heritage assets in 2021 totalled £5.1m (2020: £5.0m). These costs primarily related to the roof top chillers and ventilation projects.

Other significant areas of expenditure within the last five years, expensed because in the main these projects did not fit within the criteria for capitalisation highlighted within both FRS 102 and old UK GAAP include the refurbishment of the Front of House WCs (£2.4m) and a quadrant by quadrant external repair and clean of the building fabric (£9.7m). Smaller projects undertaken include the refurbishment of bars and meeting rooms, the relocation and refurbishment of office space, backstage and stage door improvements, auditorium chair replacement, external maintenance such as window repairs and painting, internal door and flooring replacement, the removal of old cabling and the cost of professional services in order to bring these and other projects to fruition.

In compliance with the disclosure requirements of FRS 102, costs relating to the fabric of the building which have either been capitalised or expensed in the last five years are summarised below.

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Expenditure on heritage assets					
Capital expenditure					
Facilities for performers and the public	1,001	1,903	368	-	61
Other building works and fees	4,082	3,121	4,682	8,265	6,830
	5,083	5,024	5,050	8,265	6,891
Revenue expenditure					
Facilities for performers and the public	7	575	1,554	398	60
The building's structure	247	2,677	3,081	3,224	1,110
The auditorium	-	-	-	-	-
Other building works and fees	406	2,139	-	-	-
	660	5,391	4,635	3,622	1,170
	5,743	10,415	9,685	11,887	8,061

14 Investments - Group

Any investments held on the balance sheet are held to fulfil long term objectives. Investments held for short term use within current assets were nil (2020: £27k). Cash held for long term use within Fixed Assets was £6.2m (2020: nil). Further details on the Investment Policy are on page 21.

There were no listed investments held at 31 December 2021 (2020: nil).

15 Investment in subsidiary undertakings and related charity

The Corporation's subsidiary is Royal Albert Hall Developments Limited which is incorporated in England (company number 1539294) and its wholly owned subsidiary RAH Concerts Limited which is incorporated in England (company number 10664172). The principal activities of Royal Albert Hall Developments Limited are the licensing of the Royal Albert Hall to third parties, the licensing of boxes to corporate clients, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the company, tours, a shop, merchandise sales, a car parking concession, and events which are outside of the Hall's charitable objectives. The Corporation's investment in Royal Albert Hall Developments Limited comprises 25,000 ordinary shares of £1 each, being the entire issued share capital of that company. A summary of the financial results of the company is shown below.

Royal Albert Hall Developments Limited

	2021 £'000	2020 £'000
Statement of Comprehensive Income		
Turnover	5,720	4,777
Cost of sales	(3,819)	(4,812)
Operating (loss)/profit	1,901	(35)
Net interest receivable	1	17
(Loss)/profit on ordinary activities before taxation	1,902	(18)
Tax on ordinary activities	(5)	-
(Loss)/profit on ordinary activities after taxation	1,897	(18)
Retained earnings at the start of the period	(13)	5
Deed of Covenant payable to the Corporation	(1,884)	-
Retained earnings at the end of the period	-	(13)

	2021 £'000	2020 £'000
Summarised balance sheet		
Current assets	11,069	6,624
Creditors: amounts falling due within one year	(11,044)	(6,612)
Net assets	25	12
Called up share capital	25	25
Profit and loss account	-	(13)
	25	12

15 Investment in subsidiary undertakings and related charity (continued)

The principal activities of RAH Concerts Limited are the licensing of the Royal Albert Hall to third parties which are not subject to UK law. Royal Albert Hall Developments Limited's investment in RAH Concerts Limited comprises 1 ordinary share of £1 each, being the entire issued share capital of that company. A summary of the financial results of the company is shown below.

RAH Concerts Limited

Statement of comprehensive income	2021 £'000	2020 £'000
Turnover	322	-
Cost of sales	(171)	(4)
Operating (loss)/profit	151	(4)
Net interest receivable	-	-
(Loss)/profit on ordinary activities before taxation	151	(4)
Tax on ordinary activities	(1)	-
(loss)/profit on ordinary activities after taxation	150	(4)
Retained earnings at the start of the period	(2)	2
Deed of Covenant payable to the Corporation	(148)	-
Retained earnings at the end of the period	-	(2)

Summarised balance sheet	2021 £'000	2020 £'000
Current assets	747	493
Creditors: amounts falling due within one year	(747)	(495)
Net (liabilities)/assets	-	(2)
Called up share capital	-	-
Profit and loss account	-	(2)
	-	(2)

The Corporation has one connected charity, The Royal Albert Hall Trust (registered charity number: 285111), by virtue of the fact that the Trust's Trustees include the President and Vice Presidents of the Corporation. The Trust's objects are the maintenance and preservation of the Royal Albert Hall and the advancement of education for public benefit by the provision of such instructive activities that relate to the Royal Albert Hall as the Trustees shall from time to time determine.

The Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have review procedures in place to ensure that donations passed on to the Corporation are appropriately used, in line with donor expectations.

A summary of the financial results and balance sheet of the Trust is shown below:

15 Investment in subsidiary undertakings and related charity (continued)

Royal Albert Hall Trust

Summarised statement of financial activities	2021 £'000	2020 £'000
Incoming resources	4,851	3,613
Resources expended		
. Cost of generating funds		
. Donation to Corporation	3,477	3,944
. Governance costs	3	6
Total resources expended	3,480	3,950
Net movement in funds	1,371	(337)
Fund balances brought forward	418	755
Fund balances carried forward	1,789	418
Summarised balance sheet	2021 £'000	2020 £'000
Current assets	1,803	568
Creditors: amounts falling due within one year	(14)	(150)
Net assets	1,789	418
Unrestricted funds	-	-
Restricted funds	1,789	418
	1,789	418

16 Stock

	Corporation 2021 £'000	Group 2021 £'000	Corporation 2020 £'000	Group 2020 £'000
Stock	-	167	-	184
	-	167	-	184

17 Debtors

	Corporation 2021 £'000	Group 2021 £'000	Corporation 2020 £'000	Group 2020 £'000
Rentals and concession income receivable	844	2,047	503	750
Other debtors	380	1,184	393	925
VAT	-	-	543	551
Prepayments and accrued income	1,151	1,922	1,316	1,453
	2,375	5,153	2,755	3,679

18 Creditors: amounts falling due within one year

	Corporation 2021 £'000	Group 2021 £'000	Corporation 2020 £'000	Group 2020 £'000
Expense creditors	1,698	2,477	732	786
Other creditors	1,379	1,688	6,871	7,722
Social security and other payroll taxes	263	263	236	236
Accruals	1,951	2,190	894	958
Amount due to subsidiary	1,883	-	5,661	-
VAT	271	962	-	-
Deferred Income (see note 19)	8,593	18,378	3,819	10,114
	16,038	25,958	18,213	19,816

Included within other creditors and deferred income are amounts held on behalf of promoters.

19 Deferred Income

	Corporation 2021 £'000	Group 2021 £'000
Balance as at 1 January 2021	3,819	10,114
Amount transferred from other creditors	6,385	6,695
Amount released to incoming resources	(5,179)	(6,060)
Amount deferred in year	3,568	7,629
Balance as at 31 December 2021	8,593	18,378

Deferred income for the Corporation comprises deposits on future lettings of £1.0m (2020: £0.4m) and advance ticket sales of £7.6m (2020: £3.4m) relating to performances after the balance sheet date. Deferred income for the Group comprises deposits on future lettings of £1.8m (2020: £0.7m), advance ticket sales of £15.5m (2020: £8.0m) and other advance income £1.1m (2020: £1.4m) relating to performances after the balance sheet date.

20 Government loan

In March 2021, the Hall received a loan of £20.7m from Arts Council England and the Department of Culture, Media and Sport as part of the Culture Recovery Fund. The loan incurs an annual interest charge of 2% and is repayable over 20 years, with a repayment holiday for the first four years.

This new financing was in part used to repay the £5.0m Coronavirus Business Interruption Loan Scheme (CBILS) loan that was taken out in November 2020.

21 Restricted funds

	Education & Outreach Fund £'000	Building Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2021	-	-	418	418
Incoming resources	-	-	3,332	3,332
Resources expended	(125)	-	-	(125)
Transfers	-	(1,836)	-	(1,836)
Donation from Royal Albert Hall Trust	125	1,836	(1,961)	-
Balance at 31 December 2021	-	-	1,789	1,789

	Education & Outreach Fund £'000	Building Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2020	-	-	755	755
Incoming resources	-	-	3,613	3,613
Resources expended	(119)	-	(4)	(123)
Transfers	-	(823)	(3,004)	(3,827)
Donation from Royal Albert Hall Trust	119	823	(942)	-
Balance at 31 December 2020	-	-	418	418

The Education & Outreach Fund comprises funds donated to the Corporation by the Royal Albert Hall Trust specifically for education purposes.

The Royal Albert Hall Trust is a separately constituted Trust with charitable status whose Trustees include the current President and Vice-Presidents of the Corporation. Its purpose is to raise funds for future maintenance and preservation of the fabric and facilities of the Royal Albert Hall and to help fund its Education Programme. It periodically makes donations to the Corporation.

During the year the Trust made a grant of £0.1m to the Corporation's Education & Outreach Programme (2020: £0.1m). It also made a grant of £1.8m (2020: £0.8m), from the restricted Building Fund (which comprises grants and donations raised from companies and individuals), in order to fund improvements to the building in 2020. These funds were received by the Corporation into the Major Building Development fund and spent in the year.

22 Unrestricted funds

Corporation	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2021	48,099	400	-	1,620	50,119	(3,882)
Income	-	-	-	-	-	17,487
New designations	1,139	-	603	1,217	2,959	(2,959)
Transfer	-	-	-	1,836	1,836	-
Utilisation	-	-	(603)	(4,673)	(5,276)	(18,286)
Balance at 31 December 2021	49,238	400	-	-	49,638	(7,640)

Group	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2021	48,099	400	-	1,620	50,119	(3,897)
Income	-	-	-	-	-	21,052
New designations	1,139	-	603	1,217	2,959	(2,959)
Transfer	-	-	-	1,836	1,836	-
Utilisation	-	-	(603)	(4,673)	(5,276)	(21,836)
Balance at 31 December 2021	49,238	400	-	-	49,638	(7,640)

Corporation	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2020	44,789	400	2,000	5,500	52,689	3,861
Income	-	-	-	-	-	10,972
New designations	3,310	-	-	-	3,310	(3,310)
Transfer	-	-	-	823	823	-
Utilisation	-	-	(2,000)	(4,703)	(6,703)	(15,405)
Balance at 31 December 2020	48,099	400	-	1,620	50,119	(3,882)

Group	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2020	44,789	400	2,000	5,500	52,689	3,868
Income	-	-	-	-	-	12,410
New designations	3,310	-	-	-	3,310	(3,310)
Transfer	-	-	-	823	823	3,004
Utilisation	-	-	(2,000)	(4,703)	(6,703)	(19,869)
Balance at 31 December 2020	48,099	400	-	1,620	50,119	(3,897)

Notes to the accounts 31 December 2021

The Tangible and Intangible Fixed Asset Funds represent the net book value of the Corporation's fixed assets. A decision was made to separate this fund from the general fund in recognition that the tangible and intangible fixed assets are essential to the day-to-day work of the Corporation and as such their value should not be regarded as funds that are realisable in order to meet future contingencies. The net increase in the fund of £1.1m represents the level of capital additions during the year (net of depreciation), driven by the chillers and ventilation projects.

The Education & Outreach Fund exists to protect initiatives from any adverse short term financial performance issues the Corporation may encounter.

The Plant and Fabric Sinking Fund exists to meet the cost of major non-capital expenditure required to maintain the fabric of the building and to replace its plant and equipment over the long term. There was a zero balance at the beginning of 2021, and fund movements during the year comprised £0.6m, primarily on roof dome glazing renewals and other condition survey activity, with £0.6m transferred from unrestricted funds to meet the cost. This left a zero balance at the end of 2021.

The Major Building Development Fund exists to help meet the cost of future major building developments. The balance at the start of 2021 was £1.6m. In the year £4.7m was invested, primarily on the chillers, ventilation projects and public realm projects. The balance of £3.1m was transferred from unrestricted funds, leaving a zero balance as at 31 December 2021.

Analysis of net assets between funds

Corporation	Unrestricted fund				Unrestricted fund £'000	2021 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000		
Tangible & Intangible fixed assets	49,238	-	-	-	-	49,238
Investments	-	-	-	-	25	25
Net current assets	-	400	-	-	(7,665)	(7,265)
Total net assets	49,238	400	-	-	(7,640)	41,998

Group	Unrestricted fund				Unrestricted fund £'000	Royal Albert Hall Trust £'000	2021 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000			
Tangible & Intangible fixed assets	49,238	-	-	-	-	-	49,238
Investments	-	-	-	-	-	-	-
Net current assets	-	400	-	-	(7,640)	1,789	(5,451)
Total net assets	49,238	400	-	-	(7,640)	1,789	43,787

22 Unrestricted funds (continued)

Corporation	Unrestricted fund				Unrestricted fund £'000	2020 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000		
Tangible & Intangible fixed assets	48,099	-	-	-	-	48,099
Investments	-	-	-	-	25	25
Net current assets	-	400	-	1,620	(3,907)	(1,887)
Total net assets	48,099	400	-	1,620	(3,882)	46,237

Group	Unrestricted fund				Unrestricted fund £'000	Royal Albert Hall Trust £'000	2020 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000			
Tangible & Intangible fixed assets	48,099	-	-	-	-	-	48,099
Investments	-	-	-	-	-	-	-
Net current assets	-	400	-	1,620	(3,897)	418	(1,459)
Total net assets	48,099	400	-	1,620	(3,897)	418	46,640

23 Pension commitments

The Royal Albert Hall offers a Stakeholder Pension Plan which comprises a series of individually owned personal pension accounts, arranged on a group basis, the provider of which is Aviva. Each member and, in respect of eligible members, the Corporation contribute amounts determined by either an age related or a matching scale into a personal account for each member, which is held and invested by Aviva.

For staff who choose not to join the Stakeholder Pension Plan, or are not eligible to join, the Hall uses "The People's Pension" scheme to comply with the requirements of automatic enrolment.

The Royal Albert Hall Pension Scheme has two sections. The defined benefit section was closed to new members on 30 September 1997 and ceased accruals on 31 December 2014. A defined contributions section commenced on 1 October 1997, and was closed to new entrants and future contributions on 31 August 2006. Both sections are externally funded, and contracted out of the State Second Pension. In 2020, the Scheme's trustees transferred responsibility for the defined contributions section into the Legal & General Mastertrust. The defined benefit section remains held in a separate trustee administered fund.

23 Pension commitments (continued)

The defined benefit section is valued every three years by a professionally qualified actuary using the attained age method, the rates of contribution payable being recommended by the Scheme's Trustees and agreed by the Corporation on the advice of the actuary. In the intervening years, the actuary reviews the progress of this section. Under the projected unit method, current service costs for the defined benefit section will increase as members of the scheme approach retirement.

A full actuarial valuation of the defined benefit section was carried out as at 31 March 2021. The valuation findings indicated a market value of the defined benefit section assets of £15.3m, sufficient to cover 105.8% of the benefits which had accrued to Scheme Members; and a past service surplus of £0.8m.

The unrestricted surplus, as calculated under the accounting standard FRS 102, was £3.2m as at 31 December 2021, up from £2.1m as at 31 December 2020. The main reason for the increase in the surplus over the period is due to the change in actuarial assumptions, in particular, a higher discount rate and updated mortality assumptions have resulted in a lower value placed on the liabilities. This was partially offset by a higher inflation assumption

However, the surplus in the disclosures below has been restricted to £nil. This is because the Corporation is only allowed to recognise a surplus in its balance sheet to the extent that it can generate a future economic benefit for itself. As regards the Stakeholder Scheme, the Corporation and each member contribute amounts determined by an age related or a matching scale into a personal account for each member, which is invested by investment managers appointed by the Scheme's Trustees.

Pension expenses have been split between maintaining and developing the Hall and promoting the arts and sciences based on allocation of staff within unrestricted funds.

The contributions made by the Corporation over the financial year in respect of each section of the scheme were as follows:

	2021 £'000	2020 £'000
Defined benefit section	-	-
Defined contribution section / Stakeholder Scheme	516	546

The Hall expects to pay no contributions in the year to 31 December 2022 as there was a surplus in the Scheme at the last actuarial valuation. The Hall will meet directly any administrative costs and other expenses incurred by the Scheme.

23 Pension commitments (continued)

FRS 102 requires the surplus or deficit on the Scheme as at 31 December 2021, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation):

	2021 %	2020 %
Inflation	3.6%	3.4%
Salary increases	n/a	n/a
Rate of discount	1.8%	1.3%
Pension increases	3.3%	3.3%

Assumed life expectancy in years at age 65:

	2021	2020
Retiring today – Males	22.1	22.5
Retiring today – Females	24.5	24.6
Retiring in 20 years' time – Males	23.7	24.3
Retiring in 20 years' time – Females	26.2	26.4

The assets in the scheme were:

	Value at 31 December 2021 £'000	Value at 31 December 2020 £'000
Assets		
Equities	4,049	3,516
Gilts	-	-
Cash	88	-
LDI	9,460	10,020
Multi Asset Credit	3,220	3,164
Insured assets	711	879
Insured liabilities	-	-
Total market value of assets	17,528	17,579
Actuarial value of liability	(14,290)	(15,433)
Surplus in Scheme	3,238	2,146
Unrecognised asset	(3,238)	(2,146)
Recoverable surplus	-	-

The Scheme has in the past secured annuities with an insurance company for members on their retirement. An allowance has been made for these members in both the asset and liability figures at 31 December 2021.

23 Pension commitments (continued)

In total, the movement in the Scheme's assets during the year is made up as follows:

	2021 £'000	2020 £'000
Fair value of assets at 1 January	17,579	15,840
Interest on assets	226	329
Company contributions	-	-
Contributions by Scheme participants	-	-
Benefits paid	(378)	(389)
Return on plan assets less interest	101	1,799
Fair value of assets at 31 December	17,528	17,579

In total, the movement in the Scheme's liabilities during the year is made up as follows:

	2021 £'000	2020 £'000
Actuarial value of liabilities at 1 January	15,433	13,577
Current service cost	-	-
Contributions by Scheme participants	-	-
Past service cost	-	5
Interest cost	198	281
Benefits paid	(378)	(389)
Experience (gain) on defined benefit obligation	300	(191)
Changes to demographic assumptions	(241)	-
Changes to financial assumptions	(1,022)	2,150
Actuarial value of liabilities at 31 December	14,290	15,433

In accordance with FRS 102 the following components of pension charge have been recognised in the statement of financial activities for the year ended 31 December 2021.

	2021 £'000	2020 £'000
Analysis of the amount charged within resources expended		
Current service cost	-	-
Past service cost	-	5
Total amount included within resources expended	-	5

Analysis of net return on scheme

Interest assets	226	329
Interest on liabilities	(198)	(281)
Interest on effect of asset ceiling	(28)	(48)
Net return	-	-

Analysis of amount recognised as an actuarial loss within the statement of financial activities

Gain/(loss) on scheme assets in excess of interest	101	1,799
Experience gains on liabilities	(300)	191
(Losses)/gains from changes to demographic assumptions	241	-
(Losses)/gains from changes to financial assumptions	1,022	(2,150)
Adjustment in respect of restriction of surplus	(1,064)	165
Actuarial gain recognised within statement of financial activities	-	5

24 Finance leases

At 31 December 2021 the charity had no aggregate minimum finance payments commitments under non-cancellable finance leases with respect to the leasehold land (2020: £nil).

25 Financial instruments

At the balance sheet date the consolidated group held financial assets at amortised cost and short term deposits comprising cash classified as investments, cash and short term deposits, trade debtors, other debtors and accrued income of £39.6m (2020: £21.6m) and financial liabilities at amortised cost, comprising bank loan, expense, other creditors and accruals of £27.1m (2020: £14.5m). Total interest income received in respect of financial assets held at amortised cost totalled £4k (2020: £78k). Total interest paid in respect of financial liabilities held at amortised cost totalled £344k (2020: £27k).

26 Prior year consolidated statement of financial activities

The statement of financial activities for 2020 is shown here for comparison purposes. The 2021 statement of financial activities is shown on page 53.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
Income:				
Donations and legacies	1	3,599	3,255	6,854
<i>Income from charitable activities:</i>				
Operation of Hall	2	3,987	347	4,334
Investment income and interest		67	11	78
<i>Income from other activities:</i>				
Commercial trading operations	3	4,756	-	4,756
Total income		12,409	3,613	16,022
Expenditure:				
<i>Costs of raising funds:</i>				
		500	4	504
<i>Expenditure on charitable activities:</i>				
Maintaining and developing the Hall	4	10,315	-	10,315
Promoting the arts and sciences	4	15,761	119	15,880
Total expenditure		26,576	123	26,699
Net income/(expenditure)		(14,167)	3,490	(10,677)
Transfer between restricted and unrestricted funds	20/21	3,827	(3,827)	-
Net income/(expenditure) after transfers between restricted and unrestricted funds		(10,340)	(337)	(10,677)
Actuarial gains/(losses) on defined benefit pension scheme	22	5	-	5
Net movement in funds		(10,335)	(337)	(10,672)
Fund balances brought forward at 1 January 2020		56,557	755	57,312
Fund balances carried forward at 31 December 2020		46,222	418	46,640

THE CORPORATION OF THE HALL OF ARTS AND SCIENCES

England & Wales - Charity number 254543

Accounts

**The Corporation
of the Hall of
Arts and Sciences**

**Annual Report and
Consolidated Accounts**

31 December 2020
Charity Registration Number 254543

Patron

Her Majesty The Queen

Elected Council members*President*

Ian McCulloch

*Honorary Treasurer & Vice-President**Vice-President**Vice-President**Vice-President*

Michael Jackson MA FCA

Leon Baroukh MA CFA

Mrs Lin Craig

Mark T Schnebli FInstD FBIM

Dr Monica Bloch PhD

Stephen Brandon MA MBA CEng

Lucinda Case

John Cooper FCA CTA

Lauren Ekon

Nigel Hamway

Harry Handelsman

Peter B M Lim FCA MBA

Robert Lipson

Rebecca Matthews (resigned 28 February 2021)

Iain McNay

James Max BSc Hons MRICS

Stuart Newey

Anthony Ratcliffe FRICS FRSA

Appointed Council members

Rt Hon John Whittingdale MP (resigned 22 February 2020)

Richard Harrington (appointed 1 February 2021)

(Appointed by the Secretary of State for Digital, Culture, Media and Sport)

S Corbyn FRICS

(Appointed by the Royal Commission for the Exhibition of 1851)

Sir Michael Dixon KBE BSc ARCS DPhil FCGI

(Appointed by the Trustees of the Natural History Museum)

K Porter

(Appointed by the Council of the Royal College of Music)

Sir Jonathan Michael

(Appointed by the Governors of the Imperial College of Science, Technology and Medicine)

Secretary to the Corporation

Susan Gent

Honorary Vice Presidents

C G Clive BSc MBA

C P Fairweather FCA

D J Goldstone CBE LLB

H Gould OBE JP BA DL FCA

The Lady Grade

Mrs Anthony Travis BA (Hons)

Executive*Chief Executive**Director of Finance and Administration**Artistic and Commercial Director**Director of External Affairs**Director of Visitor Experience**Director of Buildings and Facilities*

Craig Hassall

Anupam Ganguli

Lucy Noble

Louise Halliday

Anthony Winter-Brown

Sara Crema

None of the members of the Executive Team are Directors of the Corporation under the Companies Act 2006

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Report of the Council Year to 31 December 2020

Report of the Council Year to 31 December 2020

The Council presents its statutory report together with the consolidated accounts of the Corporation of the Hall of Arts and Sciences (“the Corporation” or “the Hall”) for the year ended 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out on pages 48 to 53 of the attached accounts and the provisions of the Corporation’s Constitution, namely its Royal Charter and the Royal Albert Hall Act 1966, applicable laws and the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Information on structure, governance and management, including details on the constitution, Members and training, Council responsibilities, organisational structure and risk management are provided under Structure, governance and management on pages 23 to 41.

Charitable Objectives

Since 1871, the Royal Albert Hall’s purpose has been to promote the Arts and Sciences as well as to preserve and enhance our Grade I listed building, which is held in trust for the nation.

In a typical year, the charity achieves its charitable objectives by:

- hosting around 400 performances in the main auditorium and more than 1,000 other performances, events, exhibitions and workshops elsewhere inside and outside the building which, alongside our tours, attracts around 1.7 million visitors a year
- utilising the financial surpluses generated by these charitable activities and our trading activities, plus financial support from philanthropists and the Hall’s Seatholders, to support:
 - an Education & Outreach programme which regularly reaches around 200,000 people of all ages and backgrounds
 - a multi-million pound rolling programme of building projects to preserve and enhance the Grade I listed building

In March 2020, the Covid-19 pandemic forced the closure of the Hall to the public for the first time since the Second World War, severely impacting the charity’s activities, finances and ability to fulfil its objectives.

The report of the Council sets out how the Hall responded to meet its charitable objectives, along with the financial results, covering the implications for the charity and what it expects to achieve in the following year.

Our Vision

Our vision is to inspire artists and audiences worldwide with the magic of the Royal Albert Hall, creating life-enriching, unforgettable experiences for everyone.

Business Plan 2017-2021

The Royal Albert Hall is a unique and highly successful charity. Originally the brainchild of Prince Albert, part of his master plan for the entire Albertopolis site, and set up by Royal Charter nearly 150 years ago, it is the one of the world's best-loved and busiest performance venues. Our Grade I listed building, supported by significant investment, has been maintained and enhanced to enable the wide programme of public benefit work which is seen today.

The Hall is held in trust for the nation, with its purpose being to promote the Arts & Sciences and to preserve and enhance our Grade 1 listed building. Unlike many other venues, the Hall operates without any recurrent government funding and generates revenue from three key sources; revenue from its operational activities, the Members' annual contribution, and funds raised through philanthropy. In recent years, the Hall has produced an annual surplus, every penny of which is reinvested in our charitable purposes.

The Hall's programme of public benefit work is significant and wide ranging. It allows as many people as possible to access the building through a varied programme of events along with a growing Education & Outreach programme which has continually evolved since its inception in 2004.

The period of this business plan, 2017-2021, covers a crucial period for the Royal Albert Hall – the lead up to, and execution of, our 150th anniversary. This is a unique moment in the Hall's history and provides a tremendous opportunity to reflect on the role the Hall has played in the UK's cultural history as well as look to our future direction.

In order to fulfil our charitable purposes, for the duration of this Business Plan there are four main themes under which we are focusing our activity:

1. Creating unforgettable experiences at the Hall
2. Inspiring artists and audiences worldwide
3. Caring for our staff, our building and our finances
4. Celebrating 150 years and beyond

The direction and control of the Corporation is determined by Council who ensure that the charity continues to develop plans to meet its charitable objects. Members of Council, as the charity Trustees, confirm that they have complied with the requirements set out in the Charities Act 2011 to have due regard to the Charity Commission's published general guidance on public benefit. The Hall's charitable objectives, and the manner in which these are pursued, are set out in summary form on page 4. A detailed explanation of how these objectives have been achieved in 2020 is set out in the following section.

Review of 2020

The Covid-19 pandemic, and the imperative to follow Public Health England (PHE) guidance, has presented the Hall with its greatest challenge in living memory. On 17 March, and for the first time since its bombing in the Second World War, the Hall was forced to close its doors. No performances would take place, and all bars, cafés and restaurants were closed.

Closure interrupted our planned programme of activities and has put significant strain on our finances. To achieve the Hall's charitable objectives, we have needed to innovate and to embrace new media and approaches.

In 2009 there were 1.1m visitors to the Hall, rising to 1.5m by 2012, and then to 1.7m in 2019. We had planned almost 400 events in the auditorium for 2020, including 72 that we were to promote ourselves. As it turned out, there were only 80 auditorium events with audiences, all but three prior to the closure in March. With activities in 2020 curtailed, physical visitors were reduced to 290,000. However, the Royal Albert Home initiative, which was introduced as a direct response, saw streaming reach 1.5m viewers digitally, and our behind closed doors concerts reached many millions more.

We had been expanding our Education & Outreach work, changing lives through music, and raising the profile of our building as a visitor attraction by opening it up to more people, bringing to life our value of 'Open to All'. Sadly, the majority of our Education & Outreach work had to be paused for the duration of the pandemic, although we were able to move some activities online and reached 140,000 through these digital activities.

During closure we have taken the opportunity to undertake critical compliance and safety work on the building while maintaining social distancing in line with PHE guidelines. We continued our programme of planned maintenance and will be delivering the newly created Conservation Management Plan which provides guidance to ensure that we continue to care for our building. We have developed and revised our Fire Strategy in the light of recently completed and planned works, ensuring we protect the building and look after our staff, artists, visitors and customers.

However, our programme of building works projects to further improve the visitor experience had to be suspended, owing to the financial pressures brought on by the pandemic.

Creating unforgettable experiences and inspiring artists and audiences worldwide

The year started as expected. We were planning another year of diverse and outstanding events, creating unforgettable experiences and inspiring artists and audiences. In the first months of 2020 we hosted the European Premiere from Cirque du Soleil of Luzia, the 73rd BAFTA awards, the Royal Marines' Mountbatten Festival, two schools events and Bryan Ferry.

But on Tuesday 17 March, following advice from government, we had to close the Royal Albert Hall to the public.

This was the first time the Hall had been closed for a significant period since the Second World War.

Events including the Tea Dance, the Teenage Cancer Trust week and the World Premiere of David Attenborough's A Life on Our Planet were cancelled. The World Premiere of the new

James Bond film, No Time to Die, was postponed indefinitely. The Olivier Awards, Steve Martin and Martin Short, Jon Hopkins, James Blunt, Satinder Sartaaj, Brassed Off Live, Love Classical featuring Bryn Terfel, the Rising Stars of Classical and Choral Classics, Sea Shambles, Gregory Porter, The Gruffalo and Titanic were all cancelled.

We developed four guiding principles to take us through the crisis:

1. Remaining financially secure into 2021 and beyond
2. Looking after our Grade I listed building
3. Being the best employer we can be, both now and into the future
4. Preparing for the 150th anniversary – from programming to capital projects

And despite the unprecedented challenges, we were determined to fulfil our objectives to create unforgettable experiences and inspire artists and audiences. On 8 April, the Hall announced Royal Albert Home – a programme of exclusive online sessions by some of the world's most talented artists, streaming from their homes. The series was opened by Rufus Wainwright, followed by the Royal Choral Society (RCS) performing the Hallelujah Chorus from Handel's *Messiah* on Good Friday. The RCS have performed *Messiah* at the Hall almost every Good Friday since 1876 – the concert has only been cancelled twice before, in 1940 and 1941 – but the 144th performance had to be cancelled. The choir performed 'together' in isolation, conducted by Richard Cooke from his garden, with Richard Pearce (regular organist for the Last Night of the Proms) playing the organ.

Royal Albert Home became a creative lifeline over the coming months, with artists as eclectic as Alfie Boe, KT Tunstall, Richard Thomson, Imogen Heap, Kaiser Chiefs, Lucy Dacus, Nitin Sawhney, the Kingdom Choir, Cliff Richard, Joe Bonamassa and Jess Gillam all streaming from their homes.

The series also featured a drawing class from Charlie Mackesy, readings from David Walliams and Sam West and events which had been cancelled including *Brassed Off* (with a performance from the Grimethorpe Colliery Band).

There were more than 70 performances and 1.5m views over the five months of Royal Albert Home. 117,000 hours of content were watched. The series helped raise £200k in text and website donations and not only fulfilled our charitable objectives, but crucially demonstrated the importance of the arts in the wellbeing of the nation, kept culture on the agenda for government, and helped make the case for the creative industries making a positive contribution to the nation.

We moved our Education & Outreach programme, which changes lives through music, online, with storytelling, opera for kids, jazz for kids, classical for kids, colouring sheets, build your own Royal Albert Hall and Meet the Orchestra videos. We also moved our Discover Music and Maths (Key Stage 2) and Discover Music and Science (Key Stage 3) workshops online for schools and families.

Education & Outreach activities which could not go ahead included our Young Producers programme, in which a group of 18-25 year olds are given the opportunity to organise and curate a series of events at the Hall, music therapy delivered in partnership with Nordoff Robbins, and our Maestros programme which funds up to 50 schoolchildren to learn a musical instrument. We are grateful to all of our Education & Outreach supporters, whose donations helped us to ensure that we could continue to provide some of these activities

online. Almost 140,000 people were reached through Education & Outreach activities during 2020.

8 May 2020 saw the 75th anniversary of VE Day, marking the end of the Second World War in Europe. Katherine Jenkins led tributes to those who lost their lives in the conflict with a special behind-closed-doors performance at the Hall, with saxophonist Jess Gillam. The concert brought a message of hope and togetherness, with a virtual duet of We'll Meet Again with Dame Vera Lynn – a message that resonated around the nation as people were again separated from their loved ones at a time of crisis. The organ – the Voice of Jupiter – was given a prominent role and once more the Hall was in its rightful place at the centre of a national moment.

On 28 May, the plans for the BBC Proms were announced. The first part of the season was limited to broadcasts of archived concerts. However, from Friday 28 August, the final two weeks of the season, live concerts were filmed and broadcast from the Royal Albert Hall, culminating in a poignant and unique Last Night of the Proms to bring the nation together. On 15 August, government announced that socially distanced audiences for indoor performances would be permitted, but this announcement came too late to change plans for the BBC Proms concerts and to safely welcome audiences and staff back into the auditorium, and the concerts went ahead behind closed doors.

Through the course of the year, we had 24 behind-closed-doors concerts on the stage including Niall Horan, Architects, Passenger, the BBC Proms, the Royal British Legion's Festival of Remembrance, Dua Lipa "Levitating" at the American Music Awards and Sartinder Sartaaj. On Friday 17 April, and again on Friday 9 October, Andrew Lloyd Webber's The Phantom of the Opera 25th anniversary special, filmed at Hall in 2011, was shared on YouTube, and was also broadcast on terrestrial television over Christmas.

Despite these efforts, in total 311 hugely diverse events with audiences in the auditorium sadly had to be cancelled in the course of the year. They ranged from community and schools events to global superstars such as Billy Ocean, George Benson, Stereophonics, Noel Gallagher, and Katie Melua, English National Ballet's Swan Lake, and our highly popular films in concert featuring Superman, The Matrix, Star Wars: Return of the Jedi, The Lord of the Rings and The Terminator. These films-in-concert performances introduce people to orchestral music and bring in new audiences, helping us to achieve our public benefit objectives. We rescheduled as many of these performances as possible, but many had to be cancelled altogether.

Planned events beyond the main stage had included regular series such as Late Night Jazz, Free Friday Music and Classical Coffee Mornings, as well as an exciting family offering across the year, special exhibitions, film screenings, spoken word events and concerts, showcasing a diverse range of genres and artists. Some of these events beyond the main stage became Royal Albert Home events. We had also planned to curate events for high profile festivals including Independent Venue Week, The Great Escape Festival, EFG London Jazz Festival, Wilderness and the Great Exhibition Road Festival, none of which went ahead.

In September, we announced that we would be staging 18 Christmas events (instead of the usual 32) under Covid-19 secure guidelines, directly employing more than 1,000 musicians, technical specialists, freelance crew, caterers and other staff. These 50% capacity shows would allow audiences to celebrate together again safely, while protecting jobs, building consumer confidence and supporting the arts sector and local economy, and would keep 149

years of festive tradition alive. As the Coronavirus Job Retention Scheme (CJRS or furlough) was due to wind down, we considered it our duty to open for the public after a tumultuous year, and to give employment to staff, musicians, creatives, technicians, freelancers and partners. By bringing many thousands of visitors into the area, the season would also help to support the local economy and rebuild public confidence about coming to events. It would help people to celebrate together again at Christmas, after a year that had taken its toll on the nation's mental health.

These were to be special Socially Distanced Events and access for Members of the Corporation was agreed on the basis that Seatholders would have access to 15% of the total available capacity for socially distanced performances (equivalent to the percentage of seats which seatholding Members access in a normal year across Ordinary and Exclusive lets). Members applied for tickets through a ballot and could use the tickets, sell them through the Ticket Return Scheme or dispose of them privately, to mirror their rights when accessing their own seats.

The remobilisation effort to make this possible included robust risk assessment and procedures, a reconfigured seating plan that allowed social distancing laterally of 1m+; a rigorous cleaning regime using hospital-grade virucidal products; regularly spraying the seats and other parts of the venue with the same industry-leading virucide used by Transport for London and other major institutions; contactless hand sanitising stations throughout the building; one way systems; new signage; staff, cast and crew wearing face coverings (unless performing); extensive training for front and back-of-house staff; and card and contactless payments only. All of these measures were developed in accordance with government guidelines and in agreement with Westminster City Council.

On 2 December, with London moving into Tier 2, capacity for Christmas events was limited to 1,000 seats (including 150 Members' seats). This meant that some events were no longer viable and *The Nutcracker* and *My Christmas Orchestral Adventure* were cancelled. Having already committed marketing and remobilisation budget and sold thousands of tickets, we pushed ahead with the Royal Choral Society performance, *Guy Barker's Big Band Christmas*, the annual *Messiah* and Carols with audiences, although almost 10,000 tickets had to be refunded for the season at this stage. We planned to stream, as pay-per-view, the 2020 performance of Carols at the Hall.

On 4 December we reopened our doors to the public for daytime events, as we welcomed visitors to socially distanced Father Christmas and Tours. This also enabled us to reopen the Royal Albert Hall shop and Café in Door 12. On 9 December, our depleted Christmas season, with a maximum capacity of 1,000 at each performance, opened. The Hall had an audience in the auditorium for the first time in nine months. *Christmas with the Royal Choral Society*, *Guy Barker's Big Band Christmas* and Handel's *Messiah* performances, as well as Storytime with Father Christmas, went ahead, with small but delighted audiences, artists and staff.

On the evening of Monday 14 December, it was announced that London would enter Tier 3 restrictions two days later, meaning that audiences were no longer permitted. On Tuesday 15 December we had our final concert of 2020, the 525th performance of Handel's *Messiah* at the Royal Albert Hall, with a capacity of just 1,000 including 150 Members' tickets. This meant that a Christmas season which is usually around 32 performances became 14, then 3; full capacity became 50%, then 20%, then nothing.

Having committed resource to the performances based on government advice, including marketing, bringing staff back to work and remobilisation training, and extensive Covid-

Report of the Council Year to 31 December 2020

secure measures, we had to refund or issue vouchers for almost £1.3m of tickets for Christmas performances and streamed concerts.

Looking forward: celebrating 150 years and beyond

On 3 December, we launched our plans for our 150th anniversary season in our first ever live-streamed press conference, featuring Nitin Sawhney, David Arnold and Sir Matthew Bourne. Programming plans had, at this stage, already been seriously curtailed for the anniversary year, with Cirque du Soleil facing financial challenges and so cancelling their January and February 2021 season. The impact of all the cancellations in 2020 led to the decision to extend the anniversary celebrations through 2021 and 2022.

Events announced for the 150th anniversary season were a special birthday concert on 29 March 2021 composed by David Arnold; a week-long festival curated by Nitin Sawhney; Matthew Bourne's *The Car Man*; headline shows from musical icons and major contemporary artists; a new mentorship programme for young female artists led by KT Tunstall; a pop anthem for the anniversary composed by Nile Rodgers; a composition for the organ by Michael Giacchino; and anniversary concerts by the Royal Philharmonic Orchestra, the Hall's associate orchestra.

The ongoing developments of the pandemic, however, and the gradual easing of national restrictions, mean that plans will continue to be revised as necessary.

It was also announced that the Royal Mint will issue a £5 coin to mark the milestone, while Royal Crown Derby has produced a commemorative tea set in a design inspired by the Hall's architecture. The Hall's anniversary book, with a foreword from Her Majesty The Queen, is titled *A Celebration in 150 Unforgettable Moments*, and is a collaboration with Penguin Random House.

Caring for our staff, our building and our finances

In June, the death of George Floyd at the hands of the US police sparked anti-racism protests around the world. The Hall considered this an important point to advance its work on diversity, putting in place meaningful actions that will ensure the Hall is fully open and welcoming for everyone. We published an article on the Hall's website and social media channels, and restated our commitment to diversity as one of the five key strategic objectives agreed for our 2022-26 five-year business plan. We committed to programming more events with Black, Asian and Minority Ethnic artists; to making our platforms available to Black voices – both on the stage and on digital channels; to ensuring that our archives and our tours properly represent the Hall's rich and diverse history; to refreshing our diversity training and to changing our recruitment practices.

It has been very challenging to support staff while the majority have been furloughed, and most of those working have been doing so remotely, but the Wellbeing Committee have been active in communicating with staff and arranging activities and social gatherings since closure. CEO Craig Hassall continued to communicate with all staff through 56 emails and 13 video messages between March and December.

Despite the devastating financial impact of the cancellation of events in the auditorium, we remained committed to our objective of caring for our building, and we continued work on the masterplan with essential compliance and critical projects. Specifically, the trustees approved the continuation of essential works in order for us to reopen safely and for works so close to

completion it would cost more to pause than to finish. These included: water ring main, gallery roof works, historic plaster inspections and repairs within the auditorium and front of house spaces, completing the final phase of the exterior restoration, bollards for the public realm (which had been ordered pre-Covid), essential electrical utility works, life safety systems design and phased upgrades and the final completion of the shell and core of the Great Excavation. These works were completed on time and on budget under Covid-safe working arrangements. Stage Door upgrades and refurbishment were completed from January to March, but the planned Royal Retiring Room restoration and renovation were postponed.

We indefinitely deferred the Artists' Bar, backstage fit-out (including the B2 office space fit-out) which will not be restarted until 2022 at the earliest, and will only go ahead when we can afford to do so. The first phase of the public realm redevelopment continues in 2020/21 thanks to financial support from Westminster City Council and the Royal Commission for the Exhibition of 1851. This scheme comprises a combination of temporary and permanent security measures to improve security, safety and accessibility as well as re-introducing historic views and connections between the Hall and Kensington Gardens.

This means that during our 150th year the Hall's appearance is enhanced and preserved, we are legally compliant with public safety, security and accessibility significantly enhanced.

Also during 2020, we strengthened our position as an advocate for the whole performing arts sector, undertaking more than 30 separate national interviews. CEO Craig Hassall spoke extensively in the media and Artistic and Commercial Director Lucy Noble spoke to the DCMS Select Committee in her capacity as chair of the National Arenas Association. The Hall was also active on dozens of committees and working groups, for example: UK Music; Concert Promoters Association; CEO steering group (including Royal Opera House, Barbican, Southbank etc); DCMS Events and Entertainment taskforce subcommittee; the Association of Leading Visitor Attractions and many more.

This activity promotes the immediate and longer-term interests of the Hall, and so contributes to our overall objectives of creating unforgettable experiences, inspiring artists and audiences worldwide and caring for our staff, our building and our finances.

Energy and emissions report

The data in this document shows the Royal Albert Hall's energy usage from 1st January 2020 to 31st December 2020. The Hall shut its doors to the public during March 2020, which led to an inevitable drop in consumption. During the period from March to December, no major infrastructure changes were made that would affect the energy consumption.

Electricity consumption data for the reporting year of 1st January 2020 to 31st December 2020 has been collated from IMSERV, the appointed data collector (DC) of the Hall's electricity meters.

Gas consumption data for the same period was collected from gas supplier invoices issued by Gazprom and Brook Green.

	Current reporting year	Comparison reporting
	1st January 2020 – 31st December 2020	1st January 2019 – 31st December 2019
Energy consumption used to calculate emissions/ kWh	Electricity 3,654,105 kWh	Electricity 5,273,503 kWh
	Gas 3,912,888 kWh	Gas 4,449,725 kWh
i) Emissions from combustion of gas tCO₂e (Scope 1)	719	818
ii) Emissions from purchased electricity tCO₂e (Scope 2, location based)	852	1,348
Total gross CO₂e based on above (tCO₂e)	1,571	2,166
iii) Intensity ratio: tCO₂e gross figure based from mandatory fields (tCO₂e/m²)	0.0522326	0.07201516

Methodology		
i) Emissions from combustion of gas tCO ₂ e (Scope 1)	tCO ₂ e calculated from the product of the invoiced gas consumption in kWh during the reporting period and the 2020 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas'	tCO ₂ e calculated from the product of the invoiced gas consumption in kWh during the previous reporting period and the 2019 UK Government GHG Conversion Factors for Company Reporting (version 1.3) for 'Natural Gas'
ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	tCO ₂ e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the 2020 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'	tCO ₂ e calculated from the product of the above stated electricity consumption in kWh during the previous reporting period and the 2019 UK Government GHG Conversion Factors for Company Reporting (version 1.3) for 'Electricity Generated/Electricity: UK'
iii) Intensity ratio: tCO ₂ e gross figure based from mandatory fields	The intensity ratio stated above has been calculated as Tonnes of CO ₂ e per total square metres of property owned (30,077m ²)	The intensity ratio stated above has been calculated as Tonnes of CO ₂ e per total square metres of property owned (30,077m ²)

EMISSIONS DATA

kWH	Electricity		Gas	
	2020	2019	2020	2019
Jan	440,123	438,804	526,543	717,424
Feb	434,397	411,831	507,632	552,117
Mar	336,063	430,344	477,646	543,747
Apr	218,721	379,959	243,639	340,138
May	231,131	424,032	227,236	331,698
Jun	232,343	466,684	106,416	210,768
Jul	275,200	497,199	188,686	141,481
Aug	320,971	469,841	174,226	84,012
Sep	317,947	433,968	208,978	114,322
Oct	290,215	437,893	274,342	334,107
Nov	264,583	427,119	362,201	529,216
Dec	292,411	455,829	615,343	550,695
Total	3,654,105	5,273,503	3,912,888	4,449,725

ENERGY EFFICIENCY

During the first quarter of the reporting year, the Hall made significant investment in energy efficiency measures to reduce energy usage and to benefit from the cost saving associated with these measures. It should be noted that due to the COVID forced closure of the Hall this has affected the roll out of further projects. The projects/works that have been carried out to achieve reductions are as follows:

- Installation and completion of a new low temperature hot water Boiler House to transfer from the aged steam boiler house.
- Roll out of the installation of new LED lighting systems with PIR control.
- Installation of lighting control within newly refurbished toilets.
- Installation of new mains water system with PIR sensor control on WC equipment.

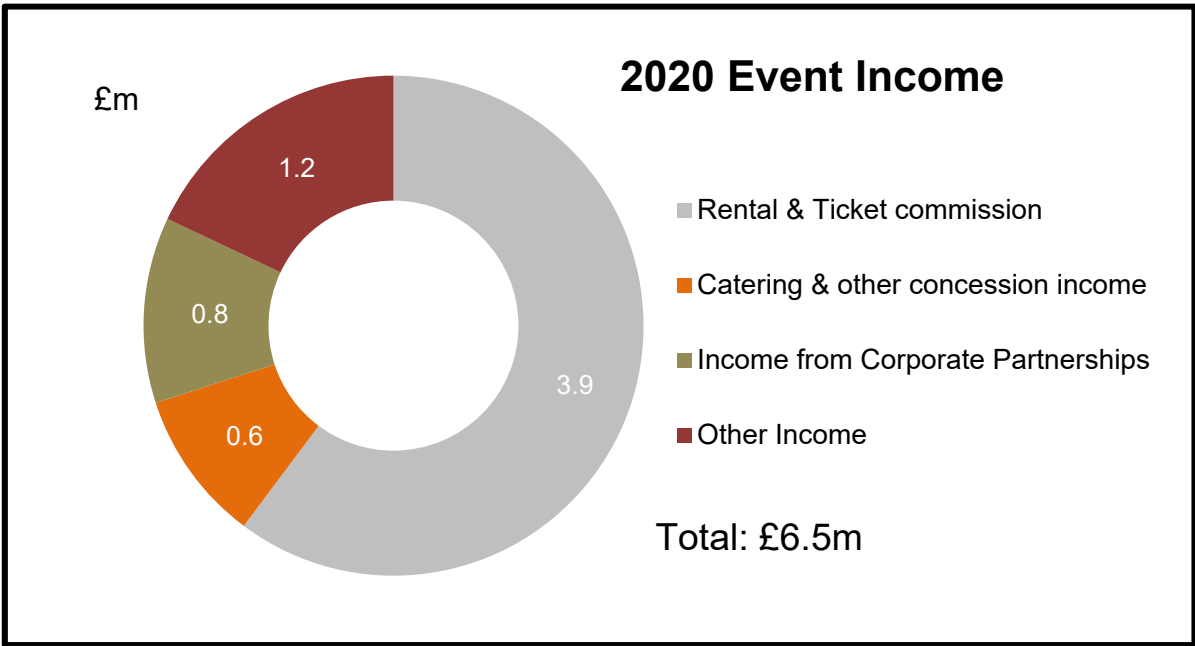
Financial review

In a typical year the Royal Albert Hall generates financial surpluses from performance activity, commercial activity, bank interest and philanthropic support. These funds are used to support our general charitable aims, including our education and outreach programme, as well as preserving and enhancing our Grade I listed building.

In 2020, however, the closure of the Hall and cancellation of performances meant that income was significantly lower than expenditure. While costs were lower too, an operating loss was incurred leading to a £10.7m reduction in reserves as at 31 December 2020 compared to the prior year. More detail is covered below.

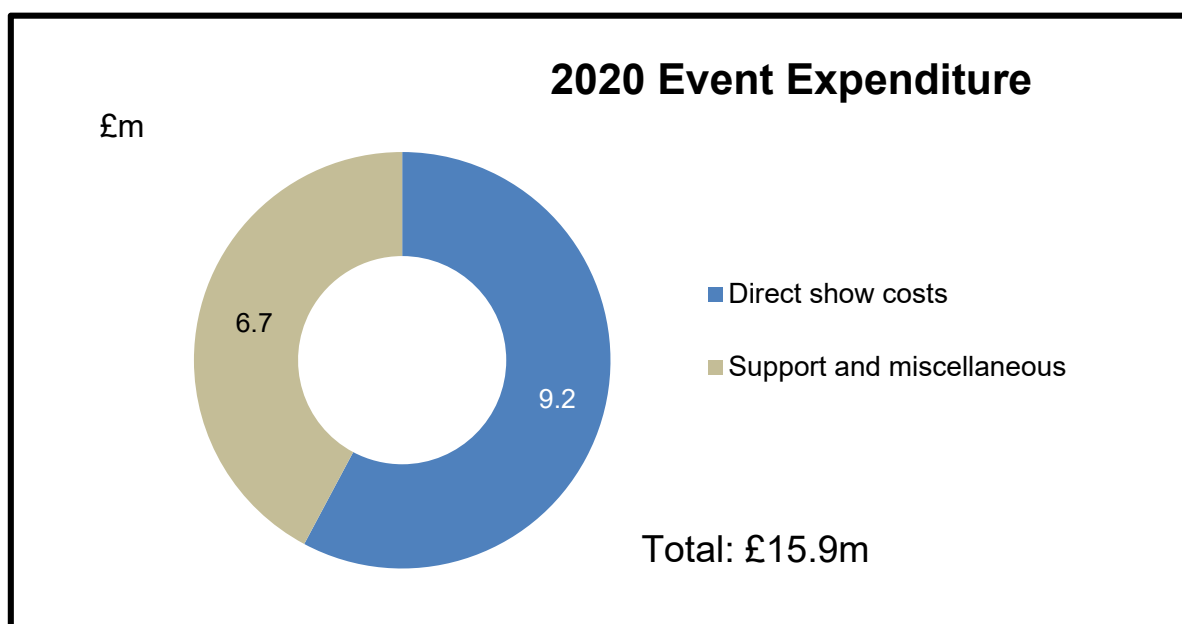
Event income and expenditure

Event income in 2020 was £6.5m. This is £28.8m lower than the £35.3m achieved in 2019 and was a direct result of closing the Hall and cancelling ticketed events.



- Rental and Ticket Commission was £3.9m in 2020, an 84% reduction on the previous year. This was primarily a result of the Hall only being able to stage 80 performances in the main auditorium compared to the previous year's 391.
- Other event income was similarly down on the prior year: catering income by 79%, income from corporate partnerships by 75%, and other income, which includes items such as ticket booking fees such as merchandise sales, by 78%.

At £15.9m, event expenditure was down £10.8m compared to 2019.



- Direct show costs include show management, production, programing, ticketing and front of house, and accounted for £9.2m of the total event expenditure this year, £8.4m (48%) lower than 2019. Support and miscellaneous costs were £6.7m in 2020, which is £2.4m (26%) less than the prior year.

Other income and expenditure

Other income was up by £5.5m compared to 2019.

- Philanthropy is at the heart of all that we do at the Royal Albert Hall – but in 2020 it represented a major source of income, generating £3.3m, and more than doubling last year's £1.7m.
 - Of this 2020 total, £0.6m was raised by a public campaign launched in September, six months after closure. Further amounts were given by customers, who were encouraged to donate a proportion of refunded tickets. And we remain very grateful to our Honorary Fellows, donors, Trusts, Patrons, Friends and Philanthropy Board who generously supported us through 2020.
 - The newly reconstituted Royal Albert Hall Trust met for its first virtual meeting with the three new Trustees present for the first time. The Trust is uniquely placed to support the charitable objectives of the Royal Albert Hall by developing new ideas to support the Hall's vision of ensuring access to the Arts and Sciences for everyone.
- Following the Chancellor's March announcement of the creation of the CJRS, The Hall was able to claim £3.5m over 2020 to help cover the costs of continuing to employ staff while they were either part or wholly furloughed. The government's contribution of up to 80% of the wage – capped at £2,500 per month – was a very welcome addition to the Hall's income and helped offset operating losses.

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- Members' contribution, which is the annual seat rate that members pay, added £2.3m of income. This was £0.5m higher than the prior year, following agreement by Members to pay a £340 supplementary seat rate in 2020.

Other expenditure in 2020 was down £3.5m compared to the previous year.

- £7.3m was spent on Building maintenance, refurbishment and improvements, a reduction of £2.8m compared to 2019. Closure of the Hall disrupted the programme of building activity. Furthermore, the financial situation necessitated a re-assessment of planned works. Nevertheless, Trustees approved the continuation of essential works – under Covid-safe working arrangements – in order for the Hall to reopen safely.
- A further £3.5m of other costs, including support costs, security, housekeeping, fundraising and other overheads, were incurred during the year. This was £0.7m lower than the previous year, with lower security costs being the main explanation for the reduction.

Staff costs

Total cost, as analysed above by event and other expenditure, was £26.7m in 2020, down from £41.0m in 2019. Staff costs, at £13.1m, made up almost half of this total and was a reduction of 14% compared to the prior year. The bill for staff costs was effectively reduced by a further £3.5m in 2020, given the CJRS Government contribution from CJRS. This has been accounted for in grant income rather than as a reduction to staff costs.

Loan

On 7 July, the Secretary of State for Digital, Culture, Media and Sport (DCMS) announced a £1.57bn Culture Recovery Fund (CRF) to save the creative sector, especially the country's 'crown jewels' such as the Royal Albert Hall. The funding included grants for less than £3m but as the Hall faced a c.£30m shortfall in 2020 alone, we were only eligible for a loan. In September, the Hall took out a £5m Coronavirus Business Interruption Loan Scheme (CBILS) loan. On 11 December, DCMS and Arts Council England announced that, as part of the CRF, they had offered the Hall a £20.7m loan on a 20-year repayment term. This much-needed funding arrived after the end of the 2020 financial year.

Reserves Policy and Financial Position

The Hall's reserves are essential to fund ongoing operations, provide a contingency for unforeseen events, and to ensure that we adequately provide for long-term maintenance and improvement.

Total reserves held at 31 December 2020 were £46.6m of which £0.4m were restricted funds (note 20). The remaining £46.2m forms the Hall's unrestricted funds (note 21). There are designated funds of £50.1m, discussed below, which leaves negative general reserves of £3.9m.

In determining the appropriate level of funding for both designated funds and free reserves, the Council has adopted the reserves policy set out below, which is designed to ensure that funds are available to meet both foreseeable demands and unexpected occurrences in the years ahead:

- ◆ To retain a Fixed Asset Fund, comprising the funds invested in fixed assets which allow the organisation to carry out its work effectively. At 31 December 2020 the level of this reserve was £48.1m.
- ◆ To maintain the Education & Outreach Fund at £0.4m to ensure that such initiatives, which often have long lead-times, can definitely be completed despite any adverse short term financial setbacks the Corporation may encounter.
- ◆ To adhere to the long-term resourcing plan for the Plant and Fabric Sinking Fund, so that it has sufficient funds to meet the cost of major expenditure (to the extent that it is not capitalised under the Hall's tangible fixed asset policy) necessary to maintain the fabric of the building and to replace its plant and equipment over the long term. Transfers to the Plant and Fabric Sinking Fund are based on the results of a condition survey developed for the Hall by a firm of consulting surveyors and implemented in 2019. The estimated costs from the condition survey are £50 million over the next 10 years, averaging £5m of expenditure per annum, with £2m budgeted to be spent in 2021.

The Plant and Fabric Sinking Fund had a balance of £2.0m at the start of 2020. £5.3m of cost was incurred in the year, primarily on the quadrant-by-quadrant exterior restoration, repairs to the gallery roof and historic plaster inspections and repairs. Therefore the fund has been fully depleted. Further planned spend in 2020 was deferred into future years, given the financial impact of closure of the Hall.

In 2021, all available free reserves (after the contingency amount below) will be attributed to the Plant and Fabric Sinking Fund.

- ◆ To designate a Major Building Development Fund to hold and control all financial resources for the Hall's Major Building Development programme. The costs in 2020 included those relating to the south west basement fit-out and artist bar project and a new auditorium cooling system. The balance at the end of 2020 was £1.6m. This sum is fully committed on the chillers and ventilation project.
- ◆ Free reserves: To maintain a Contingency Fund to enable the Corporation to continue to meet its immediate running costs if the auditorium has to temporarily close due to unforeseen circumstances. During 2020 the Hall needed to use this fund to cover operating costs. Therefore, at 31 December 2020 the fund balance was £3.9m in deficit.

The Trustees have agreed to amend the reserves policy in the year to set aside £6.2m (being approximately eight weeks turnover based on 2019 figures) from the £20.7m loan from the Government's CRF, which was drawn down in March 2021, to cover any future risks until such time as the Hall is able to build up its own reserves.

Investment policy

The Hall currently has no investments other than cash. In the year the investment income of £78k (2019: £290k) was in line with Trustees' expectations given the impact of the pandemic.

Cash investments are held in order to fund the Hall's long-term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long term view when planning and investing in the operations of the venue, including the Education & Outreach programme. This prudent approach has not been sufficient to shield the Hall from the impact of Covid-19.

In defining whether cash should be classified as a fixed asset investment or a current asset, consideration is given to the intention for the monies rather than the nature of its liquidity. Even if cash can be withdrawn immediately, monies held for the longer term, i.e. more than one year, are reclassified and held as fixed asset investments. Due to the circumstances of 2020, no long-term investments were held during the year; all cash investments have been classified as current assets as at 31 December 2020.

The Royal Albert Hall Trust invests funds which it does not expect to pass to the Corporation within the next 12 months. As such, it has an investment policy in place to safeguard the funds of the charity by making secure investments and, within the limits that this implies, to generate the best return possible from these funds in order to assist the Trust to carry out its purposes. The Trustees have wide powers conferred on them enabling them to invest in stocks, shares, land and buildings of whatsoever nature at their absolute discretion as they deem appropriate.

Pension fund

The final salary section of the scheme had its triennial valuation at the end of March 2018, the results for which indicated an improvement in the funding level to 102.8% (compared to 99.5% at the previous triennial valuation) with a surplus of £397,000 (compared to a deficit of £56,000 at the previous triennial valuation), due mainly to the Hall's voluntary deficit reduction contributions and asset portfolio growth over the 3 year period. The Hall and Trustees of the pension scheme are committed to ensuring that the Scheme receives the funding it needs to meet all its current and future liabilities. Following the results of the 2018

Triennial Valuation the Hall will no longer make any voluntary contributions to the Scheme as it is already in surplus.

The Corporation has previously taken steps to limit future pension funding risk. The final salary section of the Scheme was closed to new entrants in 1997, and rates of contribution by the Corporation and its employees had been increased. To further alleviate funding difficulties, the benefits accruing to members of this section of the Scheme in respect of future service were reduced at the beginning of 2003, following consultation with active members of the Scheme, the Trustees and actuaries. Then, during 2014 the Corporation consulted with the 10 remaining active members of the Scheme, as a result of which they voluntarily transferred out of the Scheme into the Hall's Stakeholder scheme. Therefore as at 31 December 2014 the Scheme became a frozen scheme, meaning that from 2015 onwards no further benefits accrued to any of the members.

Major Objectives for 2021

The Hall's major objectives for 2021 are set out below and evolve from the main Business Plan themes. 2021 is the final year of this business plan and the Hall's 150th anniversary year however the charity's objectives for this year have been seriously impacted by Covid-19.

2021 was to have been a year of celebration, with a diary packed full of extraordinary events, welcoming almost 2 million people to the building and many more through broadcast and digital activity. The reality will be dramatically toned-down, and the roadmap to re-opening indicates that we will not be able to open at full capacity before 21 June, with ongoing uncertainty even beyond that date. However, we shall do all we can to ensure that the charity fulfils its charitable objectives as best it can in the constrained circumstances. Owing to the unforeseen challenges of 2021, the anniversary will now be celebrated over 2021 and into 2022.

The first two months of 2021 should have featured Cirque du Soleil's *Kurios*, but because of the company's financial difficulties, these performances had to be cancelled.

The Prime Minister announced a third London lockdown owing to Covid-19 on 4 January 2021 and this was confirmed in legislation passed by 6 January. The regulations allow the lockdown to run until 31 March, and on 22 February the Prime Minister announced a roadmap out of lockdown. Venues will be permitted to reopen with socially-distanced audiences with a maximum capacity of 1,000 'not before' 17 May, and with full capacity audiences 'not before' 21 June. Events that had been scheduled to take place in the auditorium in March have been postponed. These included the internationally-renowned WOW – Women of the World Festival for International Women's Day and the special birthday concert on 29 March 2021, composed by David Arnold. The majority of events up until 21 June have been cancelled, although a small number with a maximum capacity of 1,000 will take place after 17 May, subject to restrictions being lifted in accordance with the roadmap timetable.

We still plan to fulfil our objectives to create unforgettable experiences at the Hall, inspiring artists and audiences worldwide and celebrate 150 years and beyond by staging events with audiences in the auditorium. Events planned for the 150th anniversary season which are still scheduled to go ahead are a week-long festival *Journeys – 150 Years of Immigration* curated by Nitin Sawhney; headline shows from musical icons and major contemporary artists across the anniversary season will include Patti Smith, Jon Hopkins, Gregory Porter, Tinie, Brian Wilson, Jonas Kaufmann, Maxim Vengerov, Bryn Terfel and Alfie Boe; an Albert Session from This Is the Kit; a new mentorship programme for young female artists led by KT Tunstall; a pop anthem for the anniversary composed by Nile Rodgers; a composition for the organ by Michael Giacchino; anniversary concerts by the Royal Philharmonic Orchestra, the Hall's associate orchestra, will present a series of celebratory concerts marking both the venue's milestone and its own 75th anniversary.

The Band of the Royal Marines will perform a new 14-piece fanfare as part of the Mountbatten Festival of Music which has been especially commissioned for our 150th birthday and gifted to the Hall. The event in 2021 will be a virtual event recorded at the Hall. Competitors in the annual Brass Band Championships – held at the venue since 1945 and immortalised in the film, *Brassed Off* – will face off with an anniversary-themed piece. And a special edition of the Women's Institute's annual meeting at the Hall will welcome some notable surprise guests and support our ambition to celebrate women at the Hall during our anniversary year.

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The BBC Proms season will be shortened by two weeks, but it is hoped that the season, starting at the end of July, will be able to proceed with a full capacity audience. The combination of Brexit and resultant changed visa conditions and the pandemic mean that the ambitions for the season will be reined in, and there will be fewer international orchestras. However, the season will feature a major new commission for the First Night of the Proms for the Hall's 150th anniversary.

While it is not possible to host audiences we will continue to use the auditorium to film behind closed doors events – including Tinie (Tempah), Fabric and the Royal Philharmonic Orchestra.

Events that had been planned for the first part of the year but have had to be cancelled or postponed include Teenage Cancer Trust's week of performances, Bryan Adams, Soul II Soul, some of the Hall's films in concert series and a host of Education & Outreach events.

We anticipate that the autumn season will show a return to normal operations, albeit with some mitigations in place to contain the spread of the virus. The calendar is very busy and we project a strong Christmas season to end the year.

During 2021, we will continue with our Condition Survey and Planned Maintenance projects addressing the backlog maintenance and upgrading end of life infrastructure, building services and building fabric. Key projects include safety improvements to the Loading Bay, replacement of 26+ electrical distribution boards and repair of failed historic plaster in the Auditorium; we also continue with fire door replacements, asbestos removal and fire system upgrades.

The deferred chillers project is being brought forward, to introduce much-needed cooling and ventilation to the auditorium and dressing rooms. We are achieving significant savings by doing the works during closure of the Hall. We have also been able to accelerate a number of planned maintenance works to achieve cost efficiencies such as dome roof glazing repairs, H&S upgrades and access improvements as well as extending our normal Maintenance Week to undertake statutory inspections and compliance works.

The first phase of the Public Realm scheme continues with works commencing on site in March and due to complete in September 2021. This project will enhance the aesthetic, security, safety and accessibility of the Hall's external precinct and will re-introduce the historic views and connectivity between the Hall and the Park and Memorial.

Our Capital Strategy is in development and we now have a comprehensive list of all works required to the building including building fabric, building services infrastructure, show infrastructure and IT over the next 20 years and beyond; Together with a list of six major capital projects this will shape our capital strategy ambitions around which there will be supporting strategies such as Carbon Management, Facilities and Maintenance, H&S and Security.

While there are no performances with audiences in the auditorium, virtually all staff remain furloughed, either full time or for part of the working week.

The closure of the Hall had had a serious impact on our reserves. The government's loan of £20.74m, which was received in the first quarter, enabled us to repay the £5m Coronavirus Business Interruption Scheme (CBILS) loan we took out in 2020 in order to continue operating. It will allow us to restore our unrestricted contingency reserves and working capital to a level comparable to before the pandemic struck. As part of the agreement, we will commit to increase our Education & Outreach work and work towards net zero greenhouse gas emissions. There is a four-year interest and repayment holiday for the 20-year term Culture Recovery Fund loan.

During 2021, the Business Plan for the next five year period will be developed, with the vision and values refreshed. The strategic aims of our next business plan will be built around the themes of innovation, diversity, sustainability, efficiency and wellbeing. Specifically focussing on diversity, during 2021 we are undertaking the necessary groundwork throughout every level of the organisation to ensure we increase the diversity of our staff, customers and artists. We want to ensure we have a culture that attracts and develops employees who represent the population of London, UK and the world, as well as a culture that champions artists from all walks of life and genres. We will continue to welcome audiences from all backgrounds.

Structure, governance and management

Constitution

The Corporation was incorporated under a Royal Charter dated 8 April 1867, two further supplemental Charters and four Acts of Parliament with a Membership who have access to a proportion of 'permanent' seats in the Hall. The constitution is set out in Schedule 2 of the Royal Albert Hall Act 1966. The Corporation is a registered charity (Charity Registration No. 254543).

Background

The Hall's history and its legal position are unique. The Royal Albert Hall was the brainchild of Prince Albert, part of his master plan for the entire Albertopolis site. It is a Grade I listed building, and receives no recurrent public funding for its running costs.

The Hall has always had charitable objectives and was registered as a charity in 1967. Funding for the building of the Hall in the 1860s was contributed by a group of private individuals and by the Royal Commission for the Exhibition of 1851 (on land which is leased by the Corporation, at a peppercorn rent for 999 years, from the Royal Commission for the Exhibition of 1851). Known as Members of the Corporation (or Seatholders), these original founders had access to seats and subsequently took on the obligation to govern the Hall for the nation's benefit. These arrangements continue to this day – currently the Seatholders own 1,268 seats out of the Hall's 5,267.

By acquiring the right to use permanent seats at the Hall the Seatholders have private property rights (personal estate, not real estate) which can be given or sold by one party to another and which are distinct from the charity. The charity exists subject to these permanent private property rights. In other words, the Corporation was only ever entitled to its leasehold interest "shorn of" the property rights of the Seatholders and pursues its charitable objectives only with the assets it actually owns and thus has at its disposal.

Understanding the correct legal basis underpinning the Hall is vital to understanding the true nature of the relationship between the charity and the Seatholders. The implications of this legal basis include:

- When the Hall makes an "ordinary letting" (explained below) to a promoter, it is not letting the entire Hall. It is instead letting the Hall less the 1,268 Seatholders' seats. The Seatholders can use or sell their tickets for such performances.
- Seatholders do not pay for their tickets. There is no transaction between the charity and Seatholders when they receive their tickets and no money changes hands. The Hall is meeting the pre-existing obligations and enabling Seatholders to take up their property rights.
- Given that the charity has never had a right to the Seatholders' tickets, Seatholders are not depriving the charity by exercising their rights to use their tickets. Therefore, the Hall and the promoters of events have not forgone any income by virtue of the Seatholders' attendance at certain performances.
- Neither the Hall nor the promoter can determine a face value price for Seatholders' tickets, nor restrict their use, given that Seatholders' seats are not a subset of the Hall's or the promoter's.

- By virtue of their private legal rights over their assets (i.e. their seats), the Seatholders have the right to use their tickets (their own private property) as they choose for ordinary performances subject to the Hall's constitution. These rights include the right to attend the performance, give the ticket to someone else to attend the show (whether a friend, relative, charity etc.), sell the ticket through the Hall's box office via the Ticket Return Scheme (see below) or sell the ticket through any other channel (whether open market or not) at any price they wish.
- The sale of the tickets by a Seatholder is not a 'secondary sale' but in fact the disposal of primary rights (even if that sale is made via a website which is better known for enabling secondary ticket sales).

Seat Rate

Initially the Seatholders had no obligation to make any financial contribution towards the annual costs of the Hall. However, as the Hall has evolved over the decades, the Seatholders have volunteered to financially support the Hall's charitable objectives by agreeing to pay an Annual Contribution, or "seat rate", per seat to the Hall.

The current form of the seat rate, as set out in the 1966 Act, is a minimum annual £10-per-seat compulsory payment, plus a voluntary additional amount which is binding on the Seatholders if approved by a special majority at the AGM. Council determines the total amount of the seat rate to be proposed at the AGM each year, based on a recommendation by the Seat Rate Committee. This Committee comprises the five appointed Council members plus the Treasurer as non-voting chairman (please see page 32 for the terms of reference and membership).

At the 2020 AGM, the Seatholders voted unanimously for a seat rate of £1,452 per seat plus VAT (£1,384 in 2019). This comprised the £10 compulsory element plus an additional £1,442 towards the Hall's annual costs. Given the financial pressures arising from the Hall's closure, Seatholders also agreed to a supplementary seat rate of £340 per seat. In total the Seat Rate generated an annual contribution to the Hall of £2.3m in 2020 (£1.8m in 2019).

Ordinary and Exclusive Lets

Over time the Seatholders have also assisted the Hall by giving up their right to attend many performances (both by approving the 1966 Act and by allowing the Hall to go beyond the Act's requirements). Seatholders now exclude themselves from some 130+ lettings each year (51 in 2020 due to the reduced calendar). These "Exclusive" performances are, in the main, the more popular and (for the charity) profitable events in the annual calendar. In return for this, the Seatholders receive a reduction in their seat rate, known as the "rebate", for most of the Exclusive lets that take place, defined in the 1966 Act as "any additional rent received in respect of the letting of the hall on any occasion on which the Seatholders are excluded from the hall".

In 2020 the rebate paid to Seatholders was £0.7m, the effect of which was to reduce the annual contribution by £550 per seat (£522 in the previous year).

The performances that the Seatholders have access to, known as "Ordinary" lets, accounted for 28 of the 104 lettings in 2020. In total, the 328 Seatholders received just over 32,000 tickets.

Other ways in which the Seatholders support the charity

Donations

Many Seatholders donate money and tickets to the Hall. The Hall enables the promoters of charity events to write to the Seatholders to ask if they would like to donate their tickets to these charities. Typically, thousands of tickets are donated each year by Seatholders.

Community Ordinaries

A Community Ordinary is a type of Ordinary Let only available to promoters of community events. In the case of Community Ordinaries, Seatholders are asked in advance whether they would like to give up their seats for that performance, thus allowing increased access for more participants to take part in the event. The vast majority of Seatholders give up their seats in support of the Hall and these community events. In 2020, there was 1 such performance.

Ticket Return Scheme (TRS)

The TRS was launched in 1983. Its purpose is to give the public the best possible opportunity to purchase all available Seatholders tickets for each "Ordinary let" performance from the Hall's own box office and in particular to avoid as much as possible the sight of empty seats in an otherwise packed house, at sold-out concerts. All tickets returned to the TRS are sold at the same price as equivalent promoter tickets.

Today the TRS is used by almost all of the Membership, and the tickets issued to Seatholders returned to the Hall's box office greatly increase public access to events staged in the main auditorium. The features of the Ticket Return Scheme are set by Council and the scheme is entirely voluntary. The Hall operates as an agent for any Seatholders who choose to use the TRS (administering the scheme through the ticketing system that the Hall already operates for Promoters' ticket sales). The Hall does not pay any fee to the Seatholders and is only an intermediary between the Seatholders and the public who are purchasing their tickets. But the Hall does generate a direct income by charging the standard handling fee to the public who purchase tickets. If the TRS did not exist, it is likely that a higher portion of Seatholders' tickets would be put up for sale on third party websites, in some instances at prices greater than the equivalent promoter face value and in many cases at prices lower than the equivalent promoter face value.

The TRS is advantageous to the charity not only because it enables the charity to generate a direct income via the standard booking fee levied on the ticket sales, but also because the TRS can improve the risk profile that promoters face when hiring the Hall which, in turn, enables the Hall to maximise its rental revenue.

We estimate that the operation of the TRS was worth approximately £900k to the charity in 2019 (from the direct booking fee income and the indirect impact on rental revenue). In 2020 this figure was £111k due to the reduced calendar of events. On average a Seatholder who returns all of their tickets to the TRS is likely to receive a financial return of approximately 60% of the total face value of equivalent promoter tickets.

Seatholders' rights and obligations

Being a Seatholder of the Corporation carries with it certain collective obligations. These include:

- voting (usually at the AGM) to elect a President; the Treasurer; and individual Council Members;
- approval (or otherwise) of the Annual Report and Accounts;
- the appointment of the Hall's auditors;
- the approval of the Annual Contribution (the 'seat rate'); and
- voting (as and when) to alter the constitution.

Seatholders and the Hall's financial surplus

All of the Hall's financial surplus is retained by the Hall (there are no provisions for payment of this surplus to the Seatholders) and is re-invested by the charity in delivering and growing a vibrant and varied programme, as well as preserving and developing a world-renowned listed building, and providing arts and education initiatives within the local London community.

The Hall estimates that its annual income benefitted by some £2.6m in 2020 due to the ongoing support of the Seatholders and as a result of the various initiatives discussed previously in relation to seat rate, exclusive lettings, and operation of the Ticket Return Scheme etc. This contribution enables the charity, which receives no regular financial support from the Arts Council or government, to fulfil its public benefit obligations to a greater degree than would otherwise be the case.

The Hall has benefited over its first 149 years from its distinctive model whereby capital from Seatholders was used to build the Hall and their continued support has enabled the Hall to continue to flourish. The confluence of interest, whereby private individuals have an in-built incentive to support the charity, is unique, visionary and in the Hall's case has proven over time to be highly successful.

Charity Governance Code

The Council of the Royal Albert Hall has considered the Charity Governance Code in detail, and abides by and supports the Code's seven principles of organisational purpose: leadership; integrity; decision-making, risk and control; board effectiveness; diversity; and openness and accountability. The Trustees have debated how to apply the Code's recommendations and note that the intention is that the Code is aspirational, and a tool for continuous improvement towards the highest standards. The Council's Governance and Ethics Committee is currently considering the updated Code, in particular in relation to the diversity, equality and inclusion principles which are going to be a central theme of its 2022-2026 Business Plan.

The Hall's constitution, in several Royal Charters and Acts of Parliament, sets out the majority of the processes which the Council and the Hall's Executive Team must follow, giving a governance structure for the Hall which is already of the highest standard. The Council is applying the Code's recommendations where appropriate, and where they do not contradict or affect the constitution itself.

Of particular note are the following actions that have been taken during 2020: the due diligence on prospective major donors and sponsors has been carried out in accordance with the Gift Acceptance Policy which was put in place in 2019, such that both the Governance and Ethics Committee and Council have undertaken reviews and decisions in accordance with the new policy. The Conflicts Policy has been reviewed and amended by Council to include the Ticket Return Scheme as an additional Designated Collective

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Conflict. The RAH Trust has formally resolved to adopt the Hall's Gift Acceptance Policy and has enacted its own Conflicts of Interest Regulations. At the Corporation's AGM held in July this year, a byelaw made by the Council was approved to enable virtual General Meetings, electronic voting and the service of formal notices electronically.

The Committees of Council have undertaken their roles in accordance with the revised and refreshed terms of reference put in place in 2019 and the Scheme of Delegation. In 2020 the Remuneration Committee's terms of reference were extended to encompass all HR matters and this Committee is now known as the HR & Remuneration Committee and meets four times per year instead of two. An additional working group of Council was formally set up to review the future funding and sustainability of the Hall – the Funding Strategy Working Group. In 2020 the format of the annual review of Council was considered and in line with the Code such that annual internal reviews will continue to be conducted with external reviews every few years.

In response to the Covid-19 pandemic Council and its Committees which normally hold some 65 meetings per year, met a total of 85 times.

There are some recommendations that cannot be applied, because the charity's constitution specifies otherwise. These include the size of the Hall's Council, and its composition – the Hall's constitution requires up to 24 Council members, not the 'maximum of 12' recommended by the Code; and specific terms for Trustee appointments. The charity already goes further than some recommendations – for example, it has a Conflicts Committee and a published Conflicts Policy as referred to above, as well as applying the recommendations for identifying, dealing with and recording conflicts of interest.

The Council will continue to review the application of the Code annually.

As a charity, the Hall is regulated by the Charity Commission. The Trustees are currently in discussion with the Commission about the Hall's governance. The Trustees strongly believe in the value of the charity's unique operating structure, and remain committed to building on the success that its governance arrangements have provided over the past 149 years, in giving the public – in the UK and beyond – access to the world's most iconic Hall and to the great performances that take place there, almost every night of the year.

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Council members

Members of Council constitute the Trustees of the Corporation for the purposes of the Charities Act 2011. The following Council members served during 2020:

Council members

President of the Corporation:

I McCulloch

Other elected members:

L Baroukh MA CFA

Dr M Bloch PhD

S Brandon MA MBA CEng

L Case

J Cooper FCA CTA

L Craig

L Ekon

N Hamway (elected 23 July 2020)

H Handelsman (elected 23 July 2020)

M Jackson MA FCA

P B M Lim FCA MBA

R Lipson

R Matthews (resigned 28 February 2021)

J Max BSc Hons SFDR MRICS

I McNay

S Newey

A Ratcliffe FRICS FRSA

M T Schnebli FInstD FBIM

Appointed members:

Rt Hon John Whittingdale (resigned 22 February 2020)

S Corbyn FRICS

Sir M Dixon KBE BSc ARCS DPhil FCGI

K Porter

Sir J Michael

Secretary to the Corporation:

Susan Gent

Seatholders as Council members

The majority of Council members are also Members of the Corporation who own seats in the Hall. As such they pay the Members' Annual Contribution, receive the rebate, receive tickets for Ordinary lets and generally enjoy Seatholders' rights on exactly the same terms as the other Members of the Corporation. The total number of seats directly or jointly owned by Council members is 34, with a further 119 owned by related parties (the total number of seats owned by Members is 1,268). During 2020 the Annual Contribution payable to the Hall by each Seatholder was £1,452 per seat plus VAT (2019: £1,384). The 'rebate' that Seatholders were entitled to during 2020, relating to prior year lettings where Seatholders were excluded, was £550 per seat plus VAT (2019: £522). During 2020 the supplementary seat rate payable to the Hall by each Seatholder was £340 per seat plus VAT. Therefore in total in 2020 Council members and their related parties paid a seat rate to the Hall of £222,156 and, offset against this, a total rebate from the Hall of £84,150. Therefore the net contribution in the year was £138,006.

The Hall's Council members actively supported the operation of the Ticket Return Scheme (TRS - please see page 25 for a full explanation of how the TRS works). For the 153 seats owned by the Hall's Council Members and their related parties (see above), 5,567 tickets were returned to the TRS (being 73% of the total tickets they received). The Hall put these tickets on sale on behalf of the Seatholders and, in total, this generated a distribution of £171,442 (equivalent to approximately £1,121 per seat) for those Seatholders (paid to them during 2020, relating to the performance period November 2019 to October 2020), equivalent to £30.80 per ticket returned to the TRS (which is approximately 60% of the face value of Promoter tickets for seats in equivalent sections of the Hall). The Hall received a commission from the purchasers of the tickets estimated to be approximately £18,000.

No member of Council received any remuneration from the Corporation during the year (2019 - £nil). One member of Council received £76 of out of pocket expenses in 2020 (2019 - £186). Other than the transactions noted above no member of Council had any beneficial interest in any contract with the Corporation or its subsidiary undertaking during the year. A number of Trustees provided donations to the charity to carry out its charitable objectives during 2020 totalling £23,180 (2019: £1,830). During the year the Hall's Council Members and their related parties purchased 14 tickets (total value of £1,479) for events in 2020 from the Hall's box office, at the same prices and on the same terms as the general public.

As well as giving their time freely to serve on the Hall's Council and its committees, Council members assist the Hall by entertaining individuals who are supportive of, or in other ways helpful in promoting the work of the Hall. In these circumstances those who entertain on the Hall's behalf will have access to seats in the Kirby Laing Box (Grand Tier 29) for themselves, for Hall guests and for an appropriate number of personal guests. For Ordinaries, Elected members may choose to buy tickets in the Kirby Laing Box. Or, they may swap a number of their own tickets for the same number in the Kirby Laing Box, returning theirs to the Hall (for its own use and sale), rather than to the TRS.

If there is a difference in the face-value of their own tickets, and those in the Kirby Laing Box, elected members are asked to donate the difference to the charity, particularly if the member is taking more than two seats in the Kirby Laing Box. For Exclusive Lettings, all Council members have access to the Kirby Laing Box but, if accompanied by more than one personal guest, these additional seats must be paid for. In the course of their duties the Hall's Council Members and their related parties also used 35 tickets in the year other than in the Kirby Laing Box and received 14 tickets for dress rehearsals (enabling them to attend alongside staff, donors, corporate supporters, associated charities and other friends of the Hall).

Report of the Council Year to 31 December 2020

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the Hall's officers, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £15,000 (2019 - £12,862) and the cover provided totalled £10 million (2019 - £10 million).

Election and appointment of members of Council

In accordance with the Corporation's governing constitution, the Council, which is the Corporation's governing body, comprises up to 18 Members of the Corporation (i.e. Seatholders) and five independent members, one being appointed by each of the Secretary of State for Digital, Culture, Media and Sport; the Trustees of the Natural History Museum; the Governors of the Imperial College of Science, Technology and Medicine; the Council of the Royal College of Music and the Royal Commission of the Exhibition of 1851. The 18 members of Council who are also Seatholders are elected at Annual General Meetings. The Members of the Corporation, also at the AGM, appoint a President who is eligible to stand for re-election every year for a maximum term of six years, at which point the President retires from office. The Treasurer is also elected annually at the AGM.

The Governance and Ethics Committee considers how the Council should fill any casual vacancies¹, having regard to the need to achieve a balance of skills, experience and specialist knowledge within the Council. The Members of the Committee then meet potential candidates before putting their recommendations to Council for approval.

Historically the Council has undertaken an annual Effectiveness Review, where the Hall's auditors produce a report considering the overall effectiveness of Council and its Committees, as perceived by Council Members and the Executive and, in addition, the effectiveness of each Council Member. In 2020/21, the President is instead meeting with each Committee Chair to review that Committee and whether the revised terms of reference put in place in 2019/20 are effective and what, if any, issues have arisen in connection with each Committee. The Governance & Ethics Committee is then tasked with reviewing how to monitor and review the Council and Committees going forward, seeking to learn from the experience of other similar and neighbouring institutions.

The Council appoints the Secretary to the Corporation, who is responsible for all charity, governance and administrative aspects of the Corporation's and Council's affairs and for company secretarial duties. Susan Gent has been the Secretary to the Corporation since December 2018.

Council members' Induction and Training

The Secretary to the Corporation provides all new members of Council and the RAH Trust with an induction programme which includes a full briefing on the purposes of the Charity and its provision of public benefit; the Corporation's constitutional structure; their obligations as Trustees under charity law; and the Corporation's organisational structure and decision making processes. This is supplemented by a structured induction session with senior members of the Corporation's management team covering all key aspects of the Corporation's activities.

¹ Royal Albert Hall Act 1966 Schedule 2(8): Power for Council to fill up casual vacancies

Statement of Council's responsibilities

The Council is responsible for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Corporation and the group and of their incoming resources and application of resources for that period. In preparing these accounts, the Council is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in operation.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Corporation's constitution. It is also responsible for safeguarding the assets of the Corporation and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Organisation

The direction and control of the Corporation is determined by Council, which meets at least five times a year (nine times in 2020). The role of Council is to direct the Corporation's strategy in pursuit of its charitable objectives, to set policies and to ensure that the Charity is properly and effectively managed.

The following committees of Council have been established to deal with specific aspects of the work of the Corporation as defined in their terms of reference, which are set out in abridged form below. Meetings of the Council and of various Committees are attended by the Hall's Chief Executive, the Secretary to the Corporation, and variously by other members of the Executive team. A comprehensive Manual of Governance has been produced that regulates the conduct of Council business and the conduct of members of Council, collectively and individually.

Since 2016, Mrs Lin Craig has been the Trustee with safeguarding responsibility and through the Chief Executive, Mr Nigel Wilson (Head of Human Resources) is responsible for the implementation of the procedures and policy as Child Protection Officer.

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The Safeguarding Committee acts as a forum for the Safeguarding Officers and other key personnel to ensure the Hall's Safeguarding Policy is up to date and operational activities are effective and in line with best practice. It reports annually to Council via the Chief Executive's report to Council. The Safeguarding Committee and the Trustee with safeguarding responsibility receive training on the policy and their roles and responsibilities. Training for other key personnel is ongoing.

◆ *Conflicts Committee*

The Committee considers and responds to any decision of Council which involves a Designated Collective Conflict as referred to it under paragraph 19 of the Conflicts Policy (published on the Hall's website), to determine whether such decisions have been made in the best interests of the charity. The Committee also considers and responds to any decision referred to it by the President or Secretary to the Corporation.

At the request of the President, it also advises individual Trustees, the Council, all committees, the boards of subsidiary companies, and, where appropriate, staff, generally, on conflicts of interest. The Committee also monitors the implementation of the Conflicts Policy; recommends appropriate systems for promoting and monitoring compliance with this policy; reviews annual and other declarations of interest and briefs the Council or the President on any difficult individual cases referred to it. The minutes of the Committee are provided to the Auditors throughout the year. The Committee was chaired by a non-voting Seatholder, Lucinda Case, throughout 2020. On becoming President, Mr McCulloch handed the chair of the Conflicts Committee to Lucinda Case. Voting members of the Committee during the year have been Rt Hon John Whittingdale OBE MP; Sir Michael Dixon; and Sir Jonathan Michael.

◆ *Finance, Audit and Risk Committee*

The Committee considers and makes recommendations to the Council on: the annual income and expenditure budget; longer term business plans and capital expenditure programmes; and the Auditors' Annual Report. It is responsible for: monitoring the financial performance of the Corporation against budget and business plans; ensuring proper financial and accounting controls; compliance with statutory requirements and risk management. It is also responsible for making recommendations to Council with respect to the appointed Auditors, the approval of external and internal audit plans and the consideration of any matters raised by the auditors. The Finance, Audit and Risk Committee has a delegated authority of up to £500,000.

The Honorary Treasurer, Michael Jackson, chairs this Committee, which meets at least four times a year. Other members during the year were Leon Baroukh, Peter Lim, Stuart Newey, and John Cooper.

◆ *Seat Rate Committee*

The Seat Rate Committee has two purposes:

1. to review the purpose of the Seatholders' seat rate, as set out in legislation, and the consequent principles upon which it should be calculated, and to advise Council accordingly; and

2. annually, to recommend to Council the level of the seat rate that the Seatholders will be invited to approve at the next Annual General Meeting.

The Committee's members during the year have been the Honorary Treasurer, Michael Jackson (non-voting Chairman) and the five independent Appointed Members of Council: Rt Hon John Whittingdale MP, Sir Michael Dixon, Stuart Corbyn, Kevin Porter and Sir Jonathan Michael.

♦ *Fabric Committee*

The Committee advises Council on all matters relating to the preservation, maintenance and further improvement of the Hall and its setting. Stuart Corbyn chairs this Committee which meets at least five times a year. Other members during the year were Michael Jackson, Stuart Newey, Harry Handelsman and Anthony Ratcliffe, with Nigel George, Tim Jones and Martin Williams serving as co-opted members.

♦ *Development Committee*

This Committee reports on the programme and outcomes of fundraising events and on the resources expended, giving a broad overview of fundraising, its success level and indicated actions. The Committee also reviews and reports on sponsorships and partnerships that it is proposed that the Corporation enter into. Chaired by Robert Lipson, other members during the year were James Max, Stuart Newey, Nigel Hamway, Lauren Ekon and Rebecca Matthews.

♦ *Programming Committee*

Council appoints a Chief Executive who, together with the Executive Team, is responsible for all aspects of the day-to-day running of the Hall, including programming the annual calendar of performances. The Programming Committee advises Council and monitors on its behalf the Hall's Programming activities, the extent to which they meet the Hall's purposes and financial objectives and to ensure they comply with the Acts of Parliament and the Programming Policy. Section 14 of the 1966 Act specifies the number of occasions on which Seatholders may be excluded from the Hall ("Exclusives") – each year at the AGM, the Members of the Corporation agree to more Exclusives than the 1996 Act allows, enabling the Hall to operate with more latitude than the Act would otherwise allow, to the benefit of the charity. Stuart Newey chairs this Committee which meets at least four times a year. Other members during the year were Leon Baroukh, Robert Lipson, James Max, and Iain McNay.

The Committee advises Council and monitors on its behalf the Hall's programming activities for the auditorium, Beyond the Main Stage, and Education and Outreach. This Committee takes a holistic and strategic responsibility to ensure that the total activity of the Hall meets the Hall's public benefit aspirations within appropriate parameters.

♦ *Governance and Ethics Committee*

The Committee advises Council on the conduct of the affairs of the Corporation, in compliance with:

- Successive extant, Royal Charters, Acts of Parliament and Byelaws, in combination colloquially referred to as 'The Blue Book', having particular regard to the Constitution of the Corporation as set out at Schedule 2 of the Royal Albert Hall Act 1966;
- Legislation, regulation and guidance on best practice in relation to registered charities.
- Best practice on corporate and charity governance.

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It also advises Council on due diligence on major donors and sponsors, the structure and membership of Council Committees, reviews nominations for membership of Council (for casual vacancies) and makes recommendations accordingly. The Committee is chaired by the President and meets at least 5 times per year, and as necessary to consider appointments. Members during the year were Leon Baroukh, Stuart Corbyn, Lin Craig, Sir Michael Dixon, Michael Jackson, Ian McCulloch, Stuart Newey and Mark Schnebli.

◆ *Members' Liaison Committee*

The Committee advises the Council on all matters relating to the role of the Members in the conduct of the affairs of the Corporation. It also provides a means of communication between the Members and the Hall, and promotes Member support for Hall activities. Mrs Lin Craig chairs this Committee which meets at least four times a year. Other members during the year were Monica Bloch, Stephen Brandon, John Cooper and Mark Schnebli. Larry Viner and Ed Milner served as co-opted members.

◆ *Marketing and PR Committee*

The Committee reports to Council on, and approves the scope of, the media handling strategy, its implementation and any related communications; appoints, with Council's approval, any PR company to advise the Council and the Executive; and at least annually, reviews the performance of any appointed PR company. The Committee is chaired by James Max. Members during the year were Leon Baroukh; Lin Craig; Ian McCulloch; and Robert Lipson.

In addition to the above, the Committee advises Council and monitors on its behalf the Hall's marketing, overall brand objectives and activities and the extent to which they meet the Hall's purposes and financial objectives. This Committee also monitors the Hall's archival programme of activities and keeps Council informed of activities undertaken as well as ensuring that the Hall has appropriate processes in place to safeguard these assets. The membership of the Committee is above, with the addition of James Murphy as a co-opted member.

◆ *Remuneration and HR Committee*

The Committee is chaired by the President, and deals with HR matters together with the salary and performance of direct reports to the President (the Chief Executive and the Secretary to the Corporation); the salary and performance of the Directors; and succession planning. Members during the year were Lin Craig, Sir Michael Dixon, Michael Jackson, Ian McCulloch and Lauren Ekon.

Hall Staff

◆ *Executive Team*

The day-to-day management of the Corporation is the responsibility of the Chief Executive, Craig Hassall.

The Chief Executive is supported by the Executive Team;

Director of Finance & Administration	Anupam Ganguli
Artistic and Commercial Director	Lucy Noble
Director of Building & Facilities	Sara Crema
Director of External Affairs	Louise Halliday
Director of Visitor Experience	Anthony Winter-Brown

The Chief Executive, supported by the Directors, is responsible for the development and implementation of strategy and business plans for the Corporation, for policy recommendations to Council, for the development and implementation of appropriate controls and procedures and for the day-to-day management of its operations. The Directors meet at least twice a month to monitor operational and financial progress against plans approved by Council and to discuss strategic objectives (during 2020 the Directors met daily to deal with the issues and effects of the pandemic). A wider group comprising Heads of Department and Senior Managers meets on a weekly basis with the Executive to exchange information on operational issues.

◆ *Employees*

The Corporation strives to be an equal opportunities employer. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, trained, promoted and treated on the basis of their relevant merits and abilities.

Remuneration Policy

The Hall's approach to remuneration is designed to ensure it can attract and retain the talented and motivated people needed to achieve its vision and values. The policy is applied consistently across the organisation, with the aim of paying competitively in the not-for-profit sector within the context of affordability. Each year the Hall's Executive team set a rate of increase for Hall-wide salaries and hourly pay to take account of the impact of general inflation. Above-inflation pay increases are only awarded to individuals for changes in role/responsibility, exceptional performance or with regard to changes in industry norms for comparable roles. These are determined on a case-by-case basis, within the constraints of the annual budget. The remuneration of the Executive team is set annually by the Remuneration Committee (see above).

The Hall does not use volunteers.

Connected charities and related parties

The accounts consolidate financial information of the Corporation of the Hall of Arts and Sciences and also include the financial information of subsidiary RAH Concerts Ltd (company number: 10664172) which is wholly owned by subsidiary Royal Albert Hall Developments Limited (company number: 01539294) which itself is wholly owned by the Corporation of the Hall of Arts and Sciences; and a related charity, the Royal Albert Hall Trust (charity number: 285111). This requires the line-by-line consolidation of the operating results of these subsidiary undertakings in the statement of financial activities.

Royal Albert Hall Developments Limited (RAHDL) is responsible for income generating activities which are outside the Corporation's charitable purposes as set out in the Corporation's original Charter, namely catering, merchandising, tours, retail, licensing boxes for corporate use and selling hospitality packages. Its subsidiary RAH Concerts Ltd (RAHCL) is used for promotions that are not subject to UK law. For further details of RAHDL and RAHCL please see note 15.

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RAHDL meets at least 4 times per year. RAHDL is chaired by Leon Baroukh and other Directors during 2020 were Craig Hassall, Michael Jackson, Peter Lim, Stuart Newey and John Cooper. The Secretary to the Corporation is the company secretary of RAHDL and RAHCL.

The Royal Albert Hall Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have review procedures in place to ensure that all funds received are properly utilised by the Corporation in line with donors' restrictions or wishes, on projects which are efficiently managed and fully completed. The Trustees of the Royal Albert Hall Trust, (Registered Charity No: 285111), a connected charity, are the President and Vice Presidents of the Corporation together with additional Trustees appointed to the Trust following the amendment of the Trust Deed for the RAH Trust in 2019/20. The Trust donated £3.9m to the Corporation in 2020 (2019 - £2.2m). For further details of the Royal Albert Hall Trust please see note 15.

Fundraising

The Corporation does not engage any third parties in our fundraising efforts and all approaches and relationships are managed by our internal Philanthropy team with introductions or referrals being affected by our Philanthropy Board and other close contacts or through our database and legitimate online research.

The Philanthropy Board performs an introductory function, allowing the team to meet more potential supporters with an interest in the Royal Albert Hall. The efforts of the Philanthropy Board are monitored by the Philanthropy Committee which is the conduit between the Philanthropy Board and the Hall's Council.

During the year the Corporation did not receive any complaints regarding Fundraising. The Hall is a member of the Fundraising Regulator and adheres to the Fundraising Code and all good standards of practice.

As set out in our Philanthropy Policy, the Hall's fundraising team adheres to Section 1.2 of the Code of Fundraising Practice and is committed to protecting vulnerable donors. We comply with all legal requirements relating to data protection, under the Data Protection Act 2018 and the General Data Protection Regulations 2018 (GDPR), now the UK GDPR, and do not share any data for the purposes of fundraising with third parties or data sharing schemes. We regularly carry out data protection impact assessments to ensure that we comply with the UK GDPR and we do not engage in intrusive practices.

Following the impact of the pandemic, fundraising for capital projects was halted and all efforts were focused on raising unrestricted donations to aid the Hall's survival.

The team managed to raise donations of £3.3 million in 2020, including significant new support from members of the public and our audiences in response to a direct campaign marking six months of the Hall being closed and ongoing and high profile media interest in the impact of the pandemic of the Hall.

Additional amounts were raised from customers, who were encouraged to donate a proportion of refunded tickets. Despite our Friends and Patrons Scheme seeing a 20% drop, we finished the year with 6,800 members, demonstrating the generosity and understanding

we have received from our supporters despite our much-reduced calendar of events, for which we are truly grateful.

Risk management

The Council has established a process for identifying and reviewing the major strategic and operational risks (including financial, reputational, health and safety, and security risks) to which the Corporation is exposed. The Council is satisfied that systems and controls have been established and are functioning to mitigate and manage those risks. The current Risk Management Policy Framework was approved by Council in 2018. The framework ensures that major risks are identified on a regular basis, and progress is monitored against mitigating actions.

The Executive review the strategic risks every quarter and the divisional risk registers are reviewed by the senior management team and the respective Heads of departments. The risk registers score risks according to probability of occurrence and the impact on the organisation (the “gross risk”). The registers also note the “net risks” and “residual risks” after taking into account existing controls and further mitigating actions respectively. The Executive’s risk appetite to strategic risks is generally low.

The principal risks and uncertainties to the Hall are detailed below. In 2020, the main risks are related to COVID 19:

Risk	Management
The Covid-19 pandemic • The closure of the Hall for an extended period of time (as yet unknown) has a serious impact on the Hall’s cash reserves. • The Hall has had to postpone a number of large capital projects which will result in cost increases. • Staff morale may be affected adversely due to work pressures, social distancing, and as a result of being furloughed • The Hall may not be ready and able to reopen (when government confirms it is possible to do so) because of a lack of suitably robust risk assessment, staff-re-engagement, resources, procedures and plans for Covid-safe environment in line with government guidance	• Detailed cash flow forecasts of different closure scenarios; review and cutting back of all expenditure • Furloughing of as many staff as possible to avail of the government’s CJRS • A loan of £5m first from the Government’s Coronavirus Business Interruption Loan (CBIL) Scheme and then a £20.74m loan from the government’s Cultural Recovery Fund (part of which will repay the CBILS loan) • Discussions with capital projects’ contractors to renegotiate timings and agree costs • Regular formal and informal communication with and between staff through digital means. Regular wellbeing newsletters to support staff • The Hall’s Remobilisation Strategy Group was established in May 2020 comprising representatives from all Hall teams. The Group has developed robust Covid-safe site

	arrangements, procedures and risk assessments in line with emerging government guidance and in consultation with and with the approval and support of Westminster Licensing authorities. The plans are fully scalable for any size capacity and include Covid-safe procedures for managing staff, contractors, performers and the public. The plans continue to evolve in accordance with developing government guidelines.

The other strategic risks remain unchanged from 2019, namely:

Risk	Management
Incidents that prevent use of the building and therefore require cancellation of events (including terrorist action, fire, loss of utilities, incidents causing serious injury, and disruption caused by building/engineering works).	• Strict adherence/enforcement of procedures, codes of practice etc. • Built-in resilience / dual capacity / back-up systems and processes. • Organisation-wide staff induction, awareness, and training • Detailed contingency / disaster recovery planning. • Comprehensive insurance.
Damage to the Hall's reputation, impacting long-term operational and financial resilience arising from: • failure to comply with statute or safeguarding requirements • negative publicity arising from a misunderstanding of the Hall's unique governance structure which may lead to a reduction in public support thereby impacting the Halls ability to generate income • adverse reviews • failing service standards • data protection breaches • security-related incidents	• Comprehensive procedures and staff awareness of them and training • Disclosure and explanation of the Hall's governance structure in the annual report and accounts, other statutory documents, and the website. • Conflicts Committee • Ongoing dialogue with the Charity Commission • Long-term contracts and strong relationships with major promoters and corporate partners. • Proactive and reactive media strategies. • Implementation of GDPR action plan.
Deterioration to the fabric of our Grade 1 listed building due to lack of preventative maintenance, non-compliance with buildings regulations, and building projects not managed properly.	• Project approval process (approved by Council) in place. • Regular project reviews and oversight by the Fabric and Finance Committees.

	• Long-term condition survey carried out. • Robust building surveys, audits, and planned maintenance reviews are being undertaken.
Financial liability as a result of adverse movements on the valuation of the pension fund.	• The fund is currently in surplus and is being managed by the pension trustees in order to mitigate the risk of liability.

The Hall ensures a multi-year programme of regular internal audits is maintained. Internal Audit reports are presented to Finance, Audit and Risk Committee. The Committee is also informed at every meeting on progress on implementation of recommendations made by internal audit.

Going Concern

Following government advice for people to avoid pubs, clubs and theatres from 16 March 2020, the Hall closed its doors the following day for the first time since the Second World War. Other than three concerts at Christmas, the Hall has remained closed since. The Hall refunded a large number of promoter rental fees and tickets purchased by the public, and all commercial activity (such as catering, tours and retail) ceased.

On 22 February 2021 the government announced a four-stage roadmap out of lockdown. Venues are able to reopen at 50 percent capacity or 1,000 seats available for sale (whichever is lower) in the third stage, due to start on 17 May. However the Hall cannot reopen fully until the final stage, no earlier than 21 June. The government has said that, subject to all conditions being met, social distancing is expected to be lifted from that date. It is difficult to predict whether the general public will have the confidence to come to venues such as ours.

The Hall derives its surpluses primarily from performances and commercial activity directly related to those performances, as well as bank interest and philanthropic support. It relies on its own reserves for working capital requirements. Closure therefore had a significant financial impact in 2020 and beyond. The loss of revenues means the Hall's reserves, built up over a several years to support strategic capital projects, have been depleted considerably to meet our working capital requirements during closure.

In 2020, we:

- Rescheduled cancelled shows where possible to 2021 and beyond.
- Refunded a large number of promoter rental fees and tickets purchased by the public, and ceased all commercial activity such as catering, tours and retail.
- Obtained a £5m loan from our bankers Coutts under the government's CBIL Scheme.
- Successfully subscribed to the Government's CJRS and the majority of the Hall's staff were furloughed.
- Imposed pay cuts for a significant part of the year.
- Reviewed all capital projects for 2020 and 2021 based on risks and financial implications; a number of projects were halted and deferred indefinitely.
- Reviewed operating budgets and reduced them to minimum levels of essential expenditure.

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- Solicited donations from customers when refunding tickets, and from a series of streamed concerts through the initiative - Royal Albert Home.
- Made 14 posts redundant with the purpose of delivering efficiency savings.

Also, several donors agreed to bring forward a number of existing pledges, and agreed to unrestricted pledges, for which we are extremely grateful

The 2021 budget was prepared at the end of 2020 using conservative assumptions, namely that the Hall would be open without social distancing rules only from autumn 2021, and attendances would not return to pre-COVID levels until January 2022. As noted above, the government's announcement on 22 February about possible reopening dates was more positive than the budget assumptions.

The potential financial risks are being mitigated by the following:

- A successful application for a £20.74m loan from the government's Cultural Recovery Fund. £5m of this will be used to repay the CBILS loan taken out with Coutts in 2020; the balance will be used for working capital purposes, to carry out essential maintenance works and to provide a buffer for further contingencies.
- We have furloughed most staff who were working full time in 2020 for at least one day a week.
- It is likely that we will continue to avail of the CJRS until it ends in September.
- We continue to monitor cash flow, and control costs in all areas.
- Council has approved the progression of the Chillers and Ventilation project in the first quarter of 2021. Doing this during closure will realise a c£900k saving versus doing the works during normal operations. The project will also deliver mitigation measures for Covid through enhanced ventilation and air quality which will reassure staff, audiences, artists and promoters to return when the Hall opens.

Council has considered the current financial position of the Hall for the foreseeable future. Given the uncertainties around the nature and length of the social distancing measures, the board have taken action to manage risks arising from different scenarios. The loan from the Cultural Recovery Fund will support our short term cash flow needs. Council therefore has a reasonable expectation that the Hall has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Related Parties

None of the Trustees receive remuneration or other benefit from their work with the charity. The relationship between Seatholders, Council members and the Hall is described in full on pages 29 to 34.

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Any connection between a Trustee or senior manager of the charity with a promoter, contracted performer or exhibitor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

A handwritten signature in black ink, reading "Ian McCulloch". The signature is written in a cursive style with a large initial 'I'.

Approved by the Council on 1 April 2021
and signed on its behalf by
Ian McCulloch
President

Independent Auditor's Report to the Members of the Corporation of the Hall of Arts and Sciences

Opinion

We have audited the financial statements of the Corporation of the Hall of Arts and Sciences ('the charity') and its subsidiaries ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2020 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of 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 the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, set out on page 31, the trustees 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 and the parent charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Health and safety legislation

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of box office income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance, Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence including that with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity'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 charity's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

London

26 April 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Consolidated statement of financial activities Year to 31 December 2020

	Notes	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Income:					
Donations and legacies	1	3,599	3,255	6,854	1,709
<i>Income from charitable activities:</i>					
Operation of Hall	2	3,987	347	4,334	13,126
Investment income and interest		67	11	78	304
<i>Income from other activities:</i>					
Commercial trading operations	3	4,756	-	4,756	24,203
Total income		12,409	3,613	16,022	39,342
Expenditure:					
<i>Costs of raising funds:</i>					
		500	4	504	541
<i>Expenditure on charitable activities:</i>					
Maintaining and developing the Hall	4	10,315	-	10,315	13,749
Promoting the arts and sciences	4	15,761	119	15,880	26,681
Total expenditure		26,576	123	26,699	40,971
Net income/(expenditure)		(14,167)	3,490	(10,677)	(1,629)
Transfer between restricted and unrestricted funds	20/21	3,827	(3,827)	-	-
Net income/(expenditure) after transfers between restricted and unrestricted funds		(10,340)	(337)	(10,677)	(1,629)
Actuarial gains/(losses) on defined benefit pension scheme	22	5	-	5	-
Net movement in funds		(10,335)	(337)	(10,672)	(1,629)
Fund balances brought forward at 1 January 2020		56,557	755	57,312	58,941
Fund balances carried forward at 31 December 2020		46,222	418	46,640	57,312

All of the group's activities derived from continuing operations during the two financial periods above.

For the parent charity alone, total incoming resources for the year were £11.0m (2019 - £16.6m) and net outgoing resources were £15.4m (2019 – incoming resources of £5.0m).

The notes on pages 48 to 75 form an integral part of these financial statements.

Balance sheets 31 December 2020

	Notes	Corporation 2020 £'000	Group 2020 £'000	Corporation 2019 £'000	Group 2019 £'000
Fixed assets					
Tangible assets	11	47,119	47,119	43,724	43,724
Intangible assets	12	980	980	1,064	1,064
Heritage assets	13	-	-	-	-
Investments	14	-	-	3,262	3,269
Investment in subsidiary	15	25	-	25	-
		48,124	48,099	48,075	48,057
Current assets					
Stock	16	-	184	-	76
Debtors	17	2,755	3,679	3,270	5,676
Investments	14	1	27	15,740	22,732
Cash at bank and in hand		18,570	19,467	10,027	10,646
		21,326	23,357	29,037	39,130
Liabilities					
Creditors: bank loans	25	5,000	5,000	-	-
Creditors: amounts falling due within one year	18	18,213	19,816	20,562	29,876
		23,213	24,816	20,562	29,876
Net current assets		(1,887)	(1,459)	8,475	9,255
Total net assets		46,237	46,640	56,550	57,312
Represented by					
Funds and reserves					
Income funds:					
Restricted funds	20	-	418	-	755
Unrestricted funds					
. Designated funds	21	50,119	50,119	52,689	52,689
. General funds					
. Free reserves	21	(3,882)	(3,897)	3,861	3,868
. Pension reserves	22	-	-	-	-
		46,237	46,640	56,550	57,312

The notes on pages 48 to 75 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 1 April 2021 and signed on their behalf by:



Ian McCulloch
President



Michael Jackson MA FCA
Honorary Treasurer

Consolidated cash flow statement Year to 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
	A	(11,877)	(470)
Cash flows from investing activities			
	B	15,699	(4,671)
Changes in cash and cash equivalents in the reporting period		3,822	(5,141)
Cash and cash equivalents at the beginning of the reporting period		15,645	20,786
Cash and cash equivalents at the end of the reporting period		19,467	15,645
		2020 £'000	2019 £'000
Comprising			
Short term deposit		27	21,000
Cash at bank and in hand		19,467	15,645
Total cash and cash equivalents at the end of the reporting period		19,494	36,645

Notes to the cash flow statement for the year to 31 December 2020

A Reconciliation of cash flows from operating activities

	2020 £'000	2019 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(10,677)	(1,631)
Adjustments for:		
FRS 102 pension adjustment	5	-
Depreciation charges	2,041	1,857
Dividends, interest and rents from investments	(78)	(290)
(Increase) in stock	(108)	-
Decrease/(increase) in debtors	1,997	(307)
Decrease in creditors	(5,057)	(99)
Net cash provided by (used in) operating activities	(11,877)	(470)

B Cash flows from investing activities

	2020 £'000	2019 £'000
Dividends, interest and rents from investments	78	290
Purchase of property, plant and equipment	(5,240)	(7,598)
Purchase of intangible assets	(112)	(363)
Sale of investments	20,973	3,000
Net cash (used) in investing activities	15,699	(4,671)

Principal accounting policies Year to 31 December 2020

Company information

The Corporation of the Hall of Arts and Sciences (“the Corporation”), its wholly-owned subsidiary, Royal Albert Hall Developments Limited (RAHDL) and subsequent wholly owned subsidiary RAH Concerts Limited, and its related charity, Royal Albert Hall Trust (RAHT) all serve to promote the Arts and Sciences and the preservation and enhancement of the Grade I listed building which is held in trust for the nation. The Royal Albert Hall constitutes a public benefit entity as defined by FRS 102.

The Corporation is a registered charity (registered number: 254543) which is incorporated and domiciled in the UK. The address of the registered office is Royal Albert Hall, Kensington Gore, London, SW7 2AP, UK.

Basis of accounting

These financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice. The accounts (financial statements) have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The group accounts consolidate on a line by line basis the accounts of The Corporation of the Hall of the Arts and Sciences (“the Corporation”), its wholly-owned subsidiary Royal Albert Hall Developments Limited (RAHDL) and its wholly owned subsidiary RAH Concerts Limited, and its connected charity Royal Albert Hall Trust (RAHT).

The individual entity accounts of Royal Albert Hall have taken advantage of the disclosure exemption under FRS 102 from preparing its own cash flow statement and to separately disclosure categories of financial instruments and items of income, expenses, gains or losses relating to instruments as these have been presented on a group basis in the notes to the accounts.

Going concern

Following government advice for people to avoid pubs, clubs and theatres from 16 March 2020, the Hall closed its doors the following day for the first time since the Second World War. Other than three concerts at Christmas, the Hall has remained closed since. The Hall refunded a large number of promoter rental fees and tickets purchased by the public, and all commercial activity (such as catering, tours and retail) ceased.

On 22 February 2021 the government announced a four-stage roadmap out of lockdown. Venues are able to reopen at 50 percent capacity or 1,000 seats available for sale (whichever is lower) in the third stage, due to start on 17 May. However, the Hall will not reopen until the final stage, no earlier than 21 June. The government has said that, subject to all conditions being met, social distancing is

Principal accounting policies Year to 31 December 2020

expected to be lifted from that date. It is difficult to predict whether the general public will have the confidence to come to venues such as ours.

The 2021 budget was prepared at the end of 2020 using conservative assumptions, namely that the Hall would be open without social distancing rules only from autumn 2021, and attendances would not return to pre-COVID levels until January 2022. As noted above, the government's announcement on 22 February about possible reopening dates was more positive than the budget assumptions.

Council has considered the current financial position of the Hall for the foreseeable future. Given the uncertainties around the nature and length of the social distancing measures, the board have taken action to manage risks arising from different scenarios. The loan from the Cultural Recovery Fund will support our short term cash flow needs. Council has a reasonable expectation that the Hall has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described below, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 21.

Fixed assets – certain decisions are taken by the charity in determining whether expenditure meets the criteria for being capitalised and also in determining the useful life of assets as set out in the applicable accounting policy notes and notes 11 – 13 in the accounts.

Financial instruments

If the Corporation has any basic financial instruments, they are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

Principal accounting policies Year to 31 December 2020

Investments in subsidiary undertakings are held at cost less impairment.

Cash investments are held in order to fund the Hall's long term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long term view when planning and investing in the operations of the venue, including the Education and Outreach programme. Cash investments are held at amortised cost.

Stock is included at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Accounting for income

Income is recognised in the period in which the charity is entitled to receipt of the funds if performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Accordingly, rental income, ticket sales and commission, income from trading activities and other show-related income is recognised as income on the day that each show takes place. Income from licensing of boxes and Members' annual contributions is recognised over the period to which it relates.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Legacies are recognised on the earlier of the receipt of funds and the receipt of final agreed estate accounts.

Income which is derived in exchange for donated goods and services is recognised as income in the period in which the charity is entitled to receipt of the funds, a matching expense is recognised at the same point in time. The income is recognised at the cost to the Hall of providing those services.

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received. The grant in connection to the CJRS has been recognised in the period to which the underlying furloughed staff costs relate to. Included in income is an amount of £3.6m in respect of the CJRS.

Expenditure

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

- a. Costs of raising funds comprise the direct costs and overheads associated with generating donated income and holding fundraising events.
- b. Expenditure on charitable activities includes the Corporation's primary charitable purposes of maintaining the Royal Albert Hall and, through its use, promoting the arts and sciences.

Principal accounting policies Year to 31 December 2020

Allocation of support costs

- a. Support costs are for those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include personnel development, financial procedures and management, provision of office services and equipment and a suitable working environment. The bases on which support costs have been allocated are set out below in note 5.
- b. Governance costs comprise: 100% of the cost of the Secretary to the Corporation and their assistant; 12.5% of the cost of the Chief Executive and their assistant, audit fees; and the annual general meeting, legal and council meeting expenses.

Termination Payments

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy or (iii) the employee's contract is terminated and payment has been made in full.

Pension costs

The Corporation has two pension schemes, the Royal Albert Hall Stakeholder Pension Plan and the Royal Albert Hall Pension Scheme. It also uses The Peoples' Pension to fulfil its auto-enrolment obligations.

All staff are entitled to join the Royal Albert Hall Stakeholder Pension Plan, which with effect from 1 September 2006 is the only scheme open to new entrants.

The Royal Albert Hall Pension Scheme has both a defined contribution section and a defined benefit section. The defined benefit section was closed to new entrants in 1997 and ceasing of accrual on 31 December 2014; the defined contribution section was closed to new entrants on 31 August 2006.

◆ *Stakeholder Pension Plan and The Peoples' Pension*

Pension costs for the Royal Albert Hall Stakeholder Pension Plan and The Peoples' Pension are charged to the statement of financial activities as they become payable.

◆ *Defined contribution section*

Pension costs for the defined contribution section of the Royal Albert Hall Pension Scheme are charged to the statement of financial activities as they become payable. The cost is split by department depending on the role of the individual. In 2020, the Scheme's trustees transferred responsibility for the defined contribution section funds from the Scheme into the Legal & General (L&G) Mastertrust, which is run by a board of professional trustees independent of L&G.

Principal accounting policies Year to 31 December 2020

◆ *Defined benefit section*

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the Corporation's defined benefit section of the Scheme expected to arise from employee service in the period is allocated to the respective expense category (as outlined above) in respect to staff costs.

Tangible fixed assets

All assets costing more than £10,000 (other than heritage assets – see below) which have an expected useful life exceeding one year are capitalised.

Freehold land comprising car parking spaces and those assets included in the archival collection are included in the accounts at their deemed cost having taken advantage of the transitional rules of the previous accounting standard, FRS15: Tangible Assets (see note 11 for details). All other assets are included at cost.

Tangible fixed assets are depreciated at the following annual rates in order to write them off over their estimated useful lives (see note 5):

◆ Property costs	10% per annum based on cost
◆ Plant, fixtures, fittings and equipment	6.7% - 20% per annum based on cost
◆ Computers and office equipment	20 - 33.3% per annum based on cost

Expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed. Expenditure on the building is capitalised if it fits within the criteria for capitalisation highlighted within FRS102 which refers generally to the recognition of an "asset" if and only if

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) the cost of the item can be measured reliably.

Assets under construction are not depreciated until complete and operational.

No depreciation is charged on freehold land.

No depreciation is charged on assets comprising the archival collection. The nature of these assets (including paintings, manuscripts and artefacts) means that their expected useful lives are extremely long and their residual values high. Any depreciation, therefore, would be immaterial.

Intangible fixed assets

In accordance with FRS 102 website and digital costs have been recognised as intangible assets as they can be identified with a project anticipated to produce future benefits. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Principal accounting policies Year to 31 December 2020

The property rights from the purchase of the RNLI second tier box also entitles the seller to a right to five hundred complimentary tickets for the next 7 years which are currently based at an estimated value of £0.

Intangible fixed assets are amortised at the following annual rates in order to write them off over their estimated useful lives (see Depreciation and amortisation in note 5):

◆ Website / Software	20-33% per annum based on cost
◆ Property rights	10% per annum based on cost

Heritage assets

The land and buildings comprising the Royal Albert Hall have been classified as heritage assets. The Hall is an asset of acknowledged historic importance and must be held indefinitely in direct furtherance of the Corporation's charitable objects i.e. to maintain the Hall and, through its use, to promote the arts and sciences.

As reliable cost information is not available and conventional valuation approaches lack sufficient meaning given that certain aspects of the building and its historic significance are irreplaceable, no value is included on the balance sheet in respect of the Hall.

As explained more fully within note 13 of the accounts, all subsequent expenditure incurred on the land and buildings of the Royal Albert Hall is reviewed to determine whether it meets the criteria set out in FRS 102 for capitalising subsequent expenditure on an asset. Where the criteria is not met the expenditure is accounted for through the statement of financial activities.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Corporation's charitable objects.

1 Donations & legacies

	2020 £'000	2019 £'000
Donations	3,255	1,709
Government Grants	3,599	-
	6,854	1,709

2 Income from charitable activities

	2020 Restricted funds £'000	2020 Unrestricted funds £'000	2019 Restricted funds £'000	2019 Unrestricted funds £'000
Rentals	-	616	-	3,055
Ticket commission	-	665	-	6,330
Members' contribution	-	2,272	-	1,758
Other	347	434	301	1,682
	347	3,987	301	12,825

3 Income from other activities

The Corporation's wholly owned trading subsidiary, Royal Albert Hall Developments Limited, is incorporated in the United Kingdom (company number 01539294). The principal activities of the company are the licensing of boxes to corporate clients, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the Hall, tours, a shop, merchandise sales and a car parking concession, in addition to events which do not form part of the Hall's charitable objectives. A summary of the trading results of the company is shown in note 15.

Royal Albert Hall Developments Ltd has a wholly owned subsidiary RAH Concerts Ltd which is incorporated in the United Kingdom (company number 10664172). The principal activity of the company is the licensing of the Royal Albert Hall to third parties which are not subject to UK law.

4 Analysis of expenditure on charitable activities

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2020 Total £'000	2019 Total £'000
Building maintenance	1,428	-	1,428	1,688
Building refurbishment and improvements	5,888	-	5,888	8,380
Security and housekeeping	1,006	725	1,731	3,129
Archives	127	-	127	167
Ticketing	-	1,773	1,773	2,477
Show management and production	-	2,657	2,657	8,844
Front of house services	-	2,987	2,987	3,686
Programming, marketing and PR	-	1,352	1,352	1,757
Education activities	-	122	122	566
Miscellaneous	-	625	625	1,252
Support costs (see note 5)	1,866	5,639	7,505	8,484
	10,315	15,880	26,195	40,430

5 Support costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2020 Total £'000	2019 Total £'000
Finance and information systems	370	1,390	1,760	2,059
Administration and human resources	292	1,250	1,542	2,033
Overheads and insurance	446	669	1,115	1,216
Utilities	98	557	655	1,080
Depreciation and amortisation	268	1,773	2,041	1,857
Governance costs (note 6)	392	-	392	239
	1,866	5,639	7,505	8,484

Support costs that can be directly attributed to an activity have been allocated to that activity. Where support costs relate to more than one activity the cost has been allocated on a head count basis, with the exception of depreciation costs which have been allocated on an analysis of usage.

6 Governance costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2020 Total £'000	2019 Total £'000
Salaries, wages and related costs	141	-	141	176
General office	27	-	27	23
Audit fees	37	-	37	38
Legal and other professional fees	187	-	187	2
	392	-	392	239

7 Auditor's remuneration

	2020 £'000	2019 £'000
Group audit	37	37
Pension audit	7	6
Taxation services	7	8
Other services	1	24

8 Staff costs

	2020 £'000	2019 £'000
Salaries	11,482	13,575
Social security costs	895	1,014
Pension costs	694	649
	13,071	15,238

The Council Members were not paid and did not receive any other benefits from employment with the Corporation or its subsidiaries in the year (2019: £nil). One member of Council received out of pocket expenses in the year of £76 (2019: One member £186). No Council Member received payment for professional or other services supplied to the Corporation (2019: £nil).

Ex gratia and termination payments in the year totalled £146,794 (2019: £85,951). Of this amount, at the year-end £nil (2019: £nil) was still to be paid.

The key management personnel of the Corporation comprise the Council Members, the Executive Board and the Heads of Departments. The total employee benefits of the key management personnel of the Corporation were £1,806,186 (2019: £2,047,510).

The average number of employees during the year, analysed by function, was as follows:

	2020 Number	Full-time equivalent 2020 Number	2019 Number	Full-time equivalent 2019 Number
Generating funds	9	9	7	7
Maintaining the Hall	49	39	45	39
Promoting arts and sciences	312	223	369	251
Administration and support	36	36	31	31
Governance	2	2	2	2
	408	309	454	330

8 Staff costs (continued)

The number of employees whose total emoluments were £60,000 or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2020 Number	2019 Number
£60,001 - £70,000	2	9
£70,001 - £80,000	2	2
£80,001 - £90,000	4	2
£90,001 - £100,000	1	2
£100,001 - £110,000	1	1
£110,001 - £120,000	1	2
£120,001 - £130,000	-	2
£160,001 - £170,000	1	-
£180,001 - £190,000	-	1
	12	21

Emoluments include remuneration, benefits-in-kind and (where relevant) redundancy payments. There are no employees accruing benefits under the Corporation's defined benefit scheme whose emoluments exceeded £60,000 (2019: none). Total employer's pension contributions for the provision of money purchase benefits for employees whose emoluments exceeded £60,000 were £135,345 (2019: £239,876). This includes amounts where employees have sacrificed an element of their salary in exchange for increased pension contributions.

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the directors, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £15,000 (2019: £12,862) and the cover provided totalled £10 million (2019: £10 million).

9 Related party transactions

For a detailed explanation of the relationship and transactions between Council members and the Corporation, please see under 'Council members', within "Structure, governance and management" section, on pages 23-29.

As highlighted in note 15, during the year the Royal Albert Hall Trust, a related charity, made a donation to the Corporation of £3.9m (2019: £2.2m). As summarised in notes 17 and 18 at the year-end there was an intercompany creditor between the Corporation and Royal Albert Hall Developments Limited of £5.1m (2019: £5.2m) an intercompany creditor between the Corporation and RAH Concerts Limited of £0.4m (2019: £0.4m) and an intercompany creditor between the Corporation and Royal Albert Hall Trust of £0.1m (2019: £0.2m).

A number of Trustees made donations to the charity to carry out its charitable objectives during 2019 totalling £23k (2019: £2k).

9 Related party transactions (continued)

At the year-end there was a total of £5k (2019: £128k) due to Council Members in respect of rebate income collected during 2020 which will be paid across in 2021. At the year-end there was a total of £6k (2019: £nil) due from Council Members in respect of annual contributions and supplementary seat rate charged during 2020.

The key matters are summarised in the table below

	2020 Number	2019 Number
Number of seats owned by Seatholders	1,268	1,268
Number of seats owned by Council members	34	35
Number of seats owned by parties related to Council members	119	115
Number of tickets returned by Council members & related parties through ticket return scheme	5,567	22,127
Number of tickets purchased by Council members from box office	14	247
Hosting and dress rehearsal tickets used by Council members	49	82
	2020 £	2019 £
Seat rate contribution (mandatory) per seat	£10	£10
Seat rate contribution (voluntary) per seat	1,442	1,374
Supplementary seat rate contribution (voluntary) per seat	340	-
Total seat rate amount paid by Council members and related parties	222,156	207,600
Rebate per seat	550	522
Total rebate amount received by Council members and related parties	84,150	78,300
Amount distributed to Council members & related parties for returned ticket	171,442	542,170
Value of tickets purchased by Council members from box office	1,479	13,024
Donations from Council members	23,180	1,830

10 Taxation

The Corporation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

11 Tangible fixed assets (Group and charity)

	Freehold land	Leasehold land	Archival collections	Property Costs	Plant, fixtures, fittings & equipment	Computers & office equipment	Assets under construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
As at 1 January 2020	1,575	629	1,496	2,683	17,661	1,438	26,818	52,300
Additions	-	-	-	20	345	167	4,708	5,240
Disposals	-	-	-	-	(154)	(79)	-	(233)
Transfers	-	-	-	-	185	-	(185)	-
As at 31 December 2020	1,575	629	1,496	2,703	18,037	1,526	31,341	57,307
Valuation 2001	1,575	629	1,496	-	-	-	-	3,700
Cost	-	-	-	2,703	18,037	1,526	31,341	53,607
	1,575	629	1,496	2,703	18,037	1,526	31,341	57,307
Depreciation								
As at 1 January 2020	-	-	-	780	6,876	920	-	8,576
Charge for year	-	-	-	268	1,334	243	-	1,845
Disposals	-	-	-	-	(154)	(79)	-	(233)
As at 31 December 2020	-	-	-	1,048	8,056	1,084	-	10,188
Net book values								
As at 31 December 2020	1,575	629	1,496	1,655	9,981	442	31,341	47,119
As at 1 January 2020	1,575	629	1,496	1,903	10,785	518	26,818	43,724

11 Tangible fixed assets (Group and charity) (continued)

As permitted under FRS 102, the Corporation has continued a policy of not revaluing its tangible fixed assets. The book values of tangible fixed assets held are derived as follows:

- ◆ Freehold land comprising car parking spaces situated below the Royal Albert Hall, London, SW7 are being carried at a deemed cost of £1.6m. This is based on advice received from Messrs Stile Harold Williams, Surveyors and Valuers during 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Similarly, the Corporation's archival collections are included in the accounts at a deemed costs of £1.5m. This was following a valuation made by Messrs King Sturge, Chartered Surveyors in 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Leasehold land comprising the purchase of additional land to enable the basement development work to the south west of the building.
- ◆ Fixtures and fittings, equipment, computers and office equipment are all included in the accounts at cost less depreciation and impairment changes.
- ◆ Subsequent expenditure on the building that meets the criteria for capitalisation under FRS102 is capitalised at cost.

The historical cost of assets included above at a valuation is not available. Many of the assets were acquired a significant number of years ago and the expense associated with researching their original cost outweighs any benefit derived from having such information.

At 31 December 2020 the Corporation had capital commitments of £2.6m (2019 - £5.5m).

12 Intangible fixed assets (Group and Charity)

	Property Rights £'000	Computer & Office Equipment £'000	Assets under construction £'000	TOTAL £'000
Cost or valuation				
As at 1 January 2020	890	1,889	154	2,933
Additions	-	112	-	112
Disposals	-	-	-	-
Transfers	-	154	154	-
As at 31 December 2020	890	2,155	-	3,045
Valuation 2001				
Cost	890	2,155	-	3,045
	890	2,155	-	3,045
Depreciation				
As at 1 January 2020	190	1,679	-	1,869
Charge for year	89	107	-	196
Disposals	-	-	-	-
As at 31 December 2020	279	1,786	-	2,065
Net book values				
As at 31 December 2020	611	369	-	980
As at 1 January 2020	700	210	154	1,064

All intangible fixed asset additions were acquired and none were internally developed.

13 Heritage assets

The land and buildings comprising the Royal Albert Hall are defined as heritage assets for the purposes of these accounts. Under the Corporation's Royal Charter the Hall, which is an asset of acknowledged historic importance, must be held indefinitely so as to fulfil the Corporation's primary charitable objectives of maintaining the Hall and, through its use, promoting the arts and sciences.

The nature of the land and buildings means that any meaningful and/or conventional valuation of the Royal Albert Hall is not possible, as any approach to such a valuation would lack relevance. The historic importance of the Hall means that certain aspects of the building and its historic significance are irreplaceable. The land and buildings, therefore, appear at nil value on the Corporation's balance sheet.

The following information regarding the heritage assets is given to provide an understanding of their nature:

- ◆ The assets comprise the land and buildings known as the Royal Albert Hall, situated at Kensington Gore, London SW7 and demised under a 999 year lease dated 25 March 1872.
- ◆ The Royal Albert Hall is valued for insurance purposes only at a gross reinstatement cost of £371 million, based on a desktop valuation as at November 2020 by Ecclesiastical.
- ◆ While not shown in the accounts, the operating expenditure includes the ground rent of one shilling (5p) a year payable to the owners of the Hall's freehold, The Royal Commission for the Exhibition of 1851.

13 Heritage assets (continued)

- ♦ The Hall capitalises expenditure on removable fittings, computers and equipment. The Hall complies with FRS 102 when determining whether to capitalise subsequent expenditure on the fabric of the building, a Heritage Asset. Therefore expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed.
- ♦ Fixed asset additions to heritage assets in 2020 totalled £5.0m (2019: £5.1m). These costs related to the South West basement and the roof top chillers projects.

Other significant areas of expenditure within the last five years, expensed because in the main these projects did not fit within the criteria for capitalisation highlighted within both FRS 102 and old UK GAAP include the refurbishment of the Front of House WCs (£2.4m) and a quadrant by quadrant external repair and clean of the building fabric (£9.7m). Smaller projects undertaken include the refurbishment of bars and meeting rooms, the relocation and refurbishment of office space, backstage and stage door improvements, auditorium chair replacement, external maintenance such as window repairs and painting, internal door and flooring replacement, the removal of old cabling and the cost of professional services in order to bring these and other projects to fruition.

In compliance with the disclosure requirements of FRS 102, costs relating to the fabric of the building which have either been capitalised or expensed in the last five years are summarised below.

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Expenditure on heritage assets					
Capital expenditure					
Facilities for performers and the public	1,903	368	-	61	591
Other building works and fees	3,121	4,682	8,265	6,830	4,694
	5,024	5,050	8,265	6,891	5,285
Revenue expenditure					
Facilities for performers and the public	575	1,554	398	60	35
The building's structure	2,677	3,081	3,224	1,110	8
The auditorium	-	-	-	-	18
Other building works and fees	2,139	-	-	-	93
	5,391	4,635	3,622	1,170	154
	10,415	9,685	11,887	8,061	5,439

14 Investments - Group

The investments held on the balance sheet comprise cash, which is held to fulfil long term objectives. Cash held for short term use within current assets was £27k (2019: £22.7m) Cash held for long term use within Fixed Assets was £nil (2019: £3.3m). Further details can be found in the Investment Policy on page 19.

There were no listed investments held at 31 December 2020 (2019: nil).

15 Investment in subsidiary undertakings and related charity

The Corporation's subsidiary is Royal Albert Hall Developments Limited which is incorporated in England (company number 1539294) and its wholly owned subsidiary RAH Concerts Limited which is incorporated in England (company number 10664172). The principal activities of Royal Albert Hall Developments Limited are the licensing of the Royal Albert Hall to third parties, the licensing of boxes to corporate clients, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the company, tours, a shop, merchandise sales, a car parking concession, and events which are outside of the Hall's charitable objectives. The Corporation's investment in Royal Albert Hall Developments Limited comprises 25,000 ordinary shares of £1 each, being the entire issued share capital of that company. A summary of the financial results of the company is shown below.

As a result of an amendment to FRS 102 issued in December 2017 by the FRS, which requires that Gift Aid donations from a subsidiary company to its parent charity be accounted for as a distribution to owners rather than a donation, the 2017 and 2018 profits were recognised as gift aid in the following year's accounts. A deed of covenant has now been put in place, creating a legal obligation to make the payment. This means that the gift aid is recognised in the year the profits are earned. As such, in 2019, both the 2018 and 2019 profits of RAHDL and RAHCL were recognised as gift aid.

Royal Albert Hall Developments Limited

	2020 £'000	2019 £'000
Statement of Comprehensive Income		
Turnover	4,777	23,293
Cost of sales	(4,812)	(17,166)
Operating (loss)/profit	(35)	6,127
Net interest receivable	17	88
(Loss)/profit on ordinary activities before taxation	(18)	6,215
Tax on ordinary activities	-	(17)
(Loss)/profit on ordinary activities after taxation	(18)	6,198
Retained earnings at the start of the period	5	6,187
Deed of Covenant payable to the Corporation	-	(12,380)
Retained earnings at the end of the period	(13)	5

	2020 £'000	2019 £'000
Summarised balance sheet		
Current assets	6,624	15,664
Creditors: amounts falling due within one year	(6,612)	(15,634)
Net assets	12	30
Called up share capital	25	25
Profit and loss account	(13)	5
	12	30

15 Investment in subsidiary undertakings and related charity (continued)

The principal activities of RAH Concerts Limited are the licensing of the Royal Albert Hall to third parties which are not subject to UK law. Royal Albert Hall Developments Limited's investment in RAH Concerts Limited comprises 1 ordinary share of £1 each, being the entire issued share capital of that company. A summary of the financial results of the company is shown below.

RAH Concerts Limited

Statement of comprehensive income	2020 £'000	2019 £'000
Turnover	-	917
Cost of sales	(4)	(672)
Operating (loss)/profit	(4)	245
Net interest receivable	-	-
(Loss)/profit on ordinary activities before taxation	(4)	245
Tax on ordinary activities	-	2
(loss)/profit on ordinary activities after taxation	(4)	247
Retained earnings at the start of the period	2	312
Deed of Covenant payable to the Corporation	-	(557)
Retained earnings at the end of the period	(2)	2

Summarised balance sheet	2020 £'000	2019 £'000
Current assets	493	471
Creditors: amounts falling due within one year	(495)	(469)
Net (liabilities)/assets	(2)	2
Called up share capital	-	-
Profit and loss account	(2)	2
	(2)	2

The Corporation has one connected charity, The Royal Albert Hall Trust (registered charity number: 285111), by virtue of the fact that the Trust's Trustees include the President and Vice Presidents of the Corporation. The Trust's objects are the maintenance and preservation of the Royal Albert Hall and the advancement of education for public benefit by the provision of such instructive activities that relate to the Royal Albert Hall as the Trustees shall from time to time determine.

The Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have review procedures in place to ensure that donations passed on to the Corporation are appropriately used, in line with donor expectations.

A summary of the financial results and balance sheet of the Trust is shown below:

15 Investment in subsidiary undertakings and related charity (continued)

Royal Albert Hall Trust

Summarised statement of financial activities	2020 £'000	2019 £'000
Incoming resources	3,613	2,023
Resources expended		
. Cost of generating funds		
. Donation to Corporation	3,944	2,217
. Governance costs	6	1
Total resources expended	3,950	2,218
Net movement in funds	(337)	(195)
Fund balances brought forward	755	950
Fund balances carried forward	418	755
Summarised balance sheet	2020 £'000	2019 £'000
Current assets	568	938
Creditors: amounts falling due within one year	(150)	(183)
Net assets	418	755
Unrestricted funds	-	-
Restricted funds	418	755
	418	755

16 Stock

	Corporation 2020 £'000	Group 2020 £'000	Corporation 2019 £'000	Group 2019 £'000
Stock	-	184	-	76
	-	184	-	76

17 Debtors

	Corporation 2020 £'000	Group 2020 £'000	Corporation 2019 £'000	Group 2019 £'000
Rentals and concession income receivable	503	750	768	2,924
Other debtors	393	925	176	1,514
Amount due from subsidiary	-	-	-	-
VAT	543	551	1,198	-
Prepayments and accrued income	1,316	1,453	1,128	1,238
	2,755	3,679	3,270	5,676

18 Creditors: amounts falling due within one year

	Corporation 2020 £'000	Group 2020 £'000	Corporation 2019 £'000	Group 2019 £'000
Expense creditors	732	786	1,792	3,013
Other creditors	6,871	7,722	2,062	2,838
Social security and other payroll taxes	236	236	284	284
Accruals	894	958	3,360	4,205
Amount due to subsidiary	5,661	-	5,783	-
VAT	-	-	-	1,025
Deferred Income (see note 19)	3,819	10,114	7,281	18,511
	18,213	19,816	20,562	29,876

Included within other creditors and deferred income are amounts held on behalf of promoters.

19 Deferred Income

	Corporation 2020 £'000	Group 2020 £'000
Balance as at 1 January 2020	7,281	18,511
Amount released to incoming resources	(997)	(4,379)
Amount refunded	(1,262)	(6,846)
Amount reclassified as other creditors	(6,516)	(6,959)
Amount deferred in year	5,313	9,787
Balance as at 31 December 2020	3,819	10,114

Deferred income for the Corporation comprises deposits on future lettings of £0.4m (2019: £1.3m) and advance ticket sales of £3.4m (2019: £6.0m) relating to performances after the balance sheet date. Deferred income for the Group comprises deposits on future lettings of £0.7m (2019: £2.9m), advance ticket sales of £8.0m (2019: £13.9m) and other advance income £1.4m (2019: £1.8m) relating to performances after the balance sheet date as well as our Friends and Patrons Scheme.

20 Restricted funds

	Education & Outreach Fund £'000	Building Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2020	-	-	755	755
Incoming resources	-	-	3,613	3,613
Resources expended	(119)	-	(4)	(123)
Transfers	-	(823)	(3,004)	(3,827)
Donation from Royal Albert Hall Trust	119	823	(942)	-
Balance at 31 December 2020	-	-	418	418

20 Restricted funds (continued)

	Education & Outreach Fund £'000	Building Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2019	-	-	950	950
Incoming resources			2,024	2,024
Resources expended	(305)	-	(1)	(306)
Transfers	-	(1,913)	-	(1,913)
Donation from Royal Albert Hall Trust	305	1,913	(2,218)	-
Balance at 31 December 2019	-	-	755	755

The Education & Outreach Fund comprises funds donated to the Corporation by the Royal Albert Hall Trust specifically for education purposes.

The Royal Albert Hall Trust is a separately constituted Trust with charitable status whose Trustees include the current President and Vice-Presidents of the Corporation. Its purpose is to raise funds for future maintenance and preservation of the fabric and facilities of the Royal Albert Hall and to help fund its Education Programme. It periodically makes donations to the Corporation.

During the year the Trust made a grant of £0.1m to the Corporation's Education & Outreach Programme (2019: £0.3m) (see note 9). It also made a grant of £0.8m (2019: £1.9m), from the restricted Building Fund (which comprises grants and donations raised from companies and individuals), in order to fund improvements to the building in 2020. These funds were received by the Corporation into the Major Building Development fund and spent in the year.

21 Unrestricted funds

Corporation	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2020	44,789	400	2,000	5,500	52,689	3,861
Income	-	-	-	-	-	10,972
New designations	3,310	-	-	-	3,310	(3,310)
Transfer	-	-	-	823	823	-
Utilisation	-	-	(2,000)	(4,703)	(6,703)	(15,405)
Balance at 31 December 2020	48,099	400	-	1,620	50,119	(3,882)

21 Unrestricted funds (continued)

Group	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2020	44,789	400	2,000	5,500	52,689	3,868
Income	-	-	-	-	-	12,410
New designations	3,310	-	-	-	3,310	(3,310)
Transfer	-	-	-	823	823	3,004
Utilisation	-	-	(2,000)	(4,703)	(6,703)	(19,869)
Balance at 31 December 2020	48,099	400	-	1,620	50,119	(3,897)

Corporation	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2019	38,684	400	5,501	5,908	50,493	1,000
Income	-	-	-	-	-	16,624
New designations	543	-	4,916	4,108	9,567	(9,567)
Transfer	7,419	-	(990)	(4,516)	1,913	-
Utilisation	(1,857)	-	(7,427)	-	(9,284)	(4,196)
Balance at 31 December 2019	44,789	400	2,000	5,500	52,689	3,861

Group	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2019	38,684	400	5,501	5,908	50,493	7,498
Income	-	-	-	-	-	37,318
New designations	543	-	4,916	4,108	9,567	(9,567)
Transfer	7,419	-	(990)	(4,516)	1,913	-
Utilisation	(1,857)	-	(7,427)	-	(9,284)	(31,381)
Balance at 31 December 2019	44,789	400	2,000	5,500	52,689	3,868

The Tangible and Intangible Fixed Asset Funds represent the net book value of the Corporation's fixed assets. A decision was made to separate this fund from the general fund in recognition of the fact that the tangible and intangible fixed assets are essential to the day-to-day work of the Corporation and as such their value should not be regarded as funds that are realisable in order to meet future contingencies. The net increase in the fund of £3.3m represents the level of capital additions during the year (net of depreciation), driven by the external repairs to the façade, the auditorium cooling and South West Basement projects.

The Education & Outreach Fund exists to ensure that initiatives are not affected by any adverse short term financial performance issues the Corporation may encounter.

21 Unrestricted funds (continued)

The Plant and Fabric Sinking Fund exists to meet the cost of major non-capital expenditure required to maintain the fabric of the building and to replace its plant and equipment over the long term. The fund movement during 2020 comprised £2.0m of expenditure in the year spent mostly on the external cleaning of the building. The fund is now depleted; future cost will be met by available reserves.

The Major Building Development Fund exists to help meet the cost of future major building developments. The net movement during 2020 comprised £0.8m transferred from the restricted fund and £4.7m of capital expenditure in the year, spent mostly on the auditorium cooling system and the South West Basement fit-out and artist bar project. The £1.6m remaining balance as at the end of 2020 is fully committed on the chillers and ventilation project.

Analysis of net assets between funds

Corporation	Unrestricted fund					2020 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000	Unrestricted fund £'000	
Tangible & Intangible fixed assets	48,099	-	-	-	-	48,099
Investments	-	-	-	-	25	25
Net current assets	-	400	-	1,620	(3,907)	(1,887)
Total net assets	48,099	400	-	1,620	(3,882)	46,237

Group	Unrestricted fund					Royal Albert Hall Trust £'000	2020 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000	Unrestricted fund £'000		
Tangible & Intangible fixed assets	48,099	-	-	-	-	-	48,099
Investments	-	-	-	-	-	-	-
Net current assets	-	400	-	1,620	(3,897)	418	(1,459)
Total net assets	48,099	400	-	1,620	(3,897)	418	46,640

21 Unrestricted funds (continued)

Corporation	Unrestricted fund					2019 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000	Unrestricted fund £'000	
Tangible & Intangible fixed assets	44,788	-	-	-	-	44,788
Investments	-	400	-	-	2,887	3,287
Net current assets	-	-	2,000	5,500	975	8,475
Total net assets	44,788	400	2,000	5,500	3,862	56,550

Group	Unrestricted fund					Royal Albert Hall Trust £'000	2019 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000	Unrestricted fund £'000		
Tangible & Intangible fixed assets	44,788	-	-	-	-	-	44,788
Investments	-	400	-	-	2,869	-	3,269
Net current assets	-	-	2,000	5,500	1,000	755	9,255
Total net assets	44,788	400	2,000	5,500	3,869	755	57,312

22 Pension commitments

The Royal Albert Hall offers a Stakeholder Pension Plan which comprises a series of individually owned personal pension accounts, arranged on a group basis, the provider of which is Aviva. Each member and, in respect of eligible members, the Corporation contribute amounts determined by either an age related or a matching scale into a personal account for each member, which is held and invested by Aviva.

For staff who choose not to join the Stakeholder Pension Plan, or are not eligible to join, the Hall uses "The People's Pension" scheme to comply with the requirements of automatic enrolment.

The Royal Albert Hall Pension Scheme has two sections. The defined benefit section was closed to new members on 30 September 1997 and ceased accruals on 31 December 2014. A defined contributions section commenced on 1 October 1997, and was closed to new entrants and future contributions on 31 August 2006. Both sections are externally funded, and contracted out of the State Second Pension. In 2020, the Scheme's trustees transferred responsibility for the defined contributions section into the Legal & General Mastertrust. The defined benefit section remains held in a separate trustee administered fund.

22 Pension commitments (continued)

The defined benefit section is valued every three years by a professionally qualified actuary using the attained age method, the rates of contribution payable being recommended by the Scheme's Trustees and agreed by the Corporation on the advice of the actuary. In the intervening years, the actuary reviews the progress of this section. Under the projected unit method, current service costs for the defined benefit section will increase as members of the scheme approach retirement.

A full actuarial valuation of the defined benefit section was carried out as at 31 March 2018. The main actuarial assumptions were a pre-retirement discount rate of 3.6% per annum, a post-retirement discount rate of 1.8%pa and price inflation of 3.5%. The valuation findings indicated a market value of the defined benefit section assets of £14.5m, sufficient to cover 102.8% of the benefits which had accrued to Scheme Members; and a past service surplus of £0.4m.

The unrestricted surplus as calculated under the accounting standard FRS 102 of £2.3m as at 31 December 2019 has decreased to £2.1m as at 31 December 2020. The main reasons for this include:

- ◆ Corporate bond yields decreased which led to a lower discount rate and thereby a higher value was placed on the liabilities;
- ◆ This has been partially offset by the Scheme's assets performing better than expected and Scheme experience over the year being slightly better than expected.

However, the surplus in the disclosures below has been restricted to £nil. This is because the Corporation is only allowed to recognise a surplus in its balance sheet to the extent that it can generate a future economic benefit for itself. As regards the Stakeholder Scheme, the Corporation and each member contribute amounts determined by an age related or a matching scale into a personal account for each member, which is invested by investment managers appointed by the Scheme's Trustees.

Pension expenses have been split between maintaining and developing the Hall and promoting the arts and sciences based on allocation of staff within unrestricted funds.

The contributions made by the Corporation over the financial year in respect of each section of the scheme were as follows:

	2020 £'000	2019 £'000
Defined benefit section	-	-
Defined contribution section / Stakeholder Scheme	546	422

The Hall expects to pay no contributions in the year to 31 December 2021 as there was a surplus in the Scheme at the last actuarial valuation. The Hall will meet directly any administrative costs and other expenses incurred by the Scheme.

22 Pension commitments (continued)

FRS 102 requires the surplus or deficit on the Scheme as at 31 December 2020, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation):

	2020 %	2019 %
Inflation	3.4%	3.4%
Salary increases	n/a	n/a
Rate of discount	1.3%	2.1%
Pension increases	3.3%	3.3%

Assumed life expectancy in years at age 65:

	2020	2019
Retiring today – Males	22.5	22.5
Retiring today – Females	24.6	24.5
Retiring in 20 years' time – Males	24.3	24.2
Retiring in 20 years' time – Females	26.4	26.3

The assets in the scheme were:

	Value at 31 December 2020 £'000	Value at 31 December 2019 £'000
Assets		
Equities	3,516	3,485
Gilts	-	-
Cash	-	-
LDI	10,020	8,395
Multi Asset Credit	3,164	3,010
Insured assets	879	950
Insured liabilities	-	-
Total market value of assets	17,579	15,840
Actuarial value of liability	(15,433)	(13,577)
Surplus in Scheme	2,146	2,263
Unrecognised asset	(2,146)	(2,263)
Recoverable surplus	-	-

The Scheme has in the past secured annuities with an insurance company for members on their retirement. An allowance has been made for these members in both the asset and liability figures at 31 December 2020.

22 Pension commitments (continued)

In total, the movement in the Scheme's assets during the year is made up as follows:

	2020 £'000	2019 £'000
Fair value of assets at 1 January	15,840	14,792
Interest on assets	329	424
Company contributions	-	-
Contributions by Scheme participants	-	-
Benefits paid	(389)	(369)
Return on plan assets less interest	1,799	993
Fair value of assets at 31 December	17,579	15,840

In total, the movement in the Scheme's liabilities during the year is made up as follows:

	2020 £'000	2019 £'000
Actuarial value of liabilities at 1 January	13,577	12,049
Current service cost	-	-
Contributions by Scheme participants	-	-
Past service cost	5	-
Interest cost	281	344
Benefits paid	(389)	(369)
Experience (gain) on defined benefit obligation	(191)	(165)
Changes to demographic assumptions	-	66
Changes to financial assumptions	2,150	1,652
Actuarial value of liabilities at 31 December	15,433	13,577

In accordance with FRS 102 the following components of pension charge have been recognised in the statement of financial activities for the year ended 31 December 2020.

	2020 £'000	2019 £'000
Analysis of the amount charged within resources expended		
Current service cost	-	-
Past service cost	5	-
Total amount included within resources expended	-	-
Analysis of net return on scheme		
Interest assets	329	424
Interest on liabilities	(281)	(344)
Interest on effect of asset ceiling	(48)	(80)
Net return	-	-
Analysis of amount recognised as an actuarial loss within the statement of financial activities		
Gain/(loss) on scheme assets in excess of interest	1,799	993
Experience gains on liabilities	191	165
(Losses)/gains from changes in assumptions	(2,150)	(1,718)
Adjustment in respect of restriction of surplus	165	560
Actuarial gain recognised within statement of financial activities	5	-

23 Finance leases

At 31 December 2020 the charity had no aggregate minimum finance payments commitments under non-cancellable finance leases with respect to the leasehold land (2019: £nil).

24 Financial instruments

At the balance sheet date the consolidated group held financial assets at amortised cost and short term deposits comprising cash classified as investments, cash and short term deposits, trade debtors, other debtors and accrued income of £21.6m (2019: £41.4m) and financial liabilities at amortised cost, comprising bank loan, expense, other creditors and accruals of £14.5m (2019: £10.1m). Total interest income received in respect of financial assets held at amortised cost totalled £78k (2019: £304k). Total interest paid in respect of financial liabilities held at amortised cost totalled £27k (2019: £nil).

25 2019 Consolidated statement of financial activities

The statement of financial activities for 2019 is shown here for comparison purposes.
The 2020 statement of financial activities is shown on page 38.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Income:				
Donations and legacies	1	-	1,709	1,709
<i>Income from charitable activities:</i>				
Operation of Hall	2	12,825	301	13,126
Investment income and interest		290	14	304
<i>Income from other activities:</i>				
Commercial trading operations	3	24,203	-	24,203
Total income		37,318	2,024	39,342
Expenditure:				
<i>Costs of raising funds:</i>				
		540	1	541
<i>Expenditure on charitable activities:</i>				
Maintaining and developing the Hall	4	13,749	-	13,749
Promoting the arts and sciences	4	26,376	305	26,681
Total expenditure		40,665	306	40,971
Net income/(expenditure)		(3,347)	1,718	(1,629)
Transfer between restricted and unrestricted funds	19/20	1,913	(1,913)	-
Net income/(expenditure) after transfers between restricted and unrestricted funds		(1,434)	(195)	(1,629)
Actuarial gains/(losses) on defined benefit pension scheme	21	-	-	-
Net movement in funds		(1,434)	(195)	(1,629)
Fund balances brought forward at 1 January 2019		57,991	950	58,941
Fund balances carried forward at 31 December 2019		56,557	755	57,312

26 Bank loan

In 2020, the Corporation obtained a loan for £5m under the Coronavirus Business Interruption Loan Scheme. The loan is repayable in equal instalments over 5 years, after an initial repayment holiday of 12 months, at an interest rate of 4.15% over base rate. As at 31 December 2020, the value of the loan stood at £5m. The loan agreement is secured by a fixed and floating charge over the assets of the Corporation. On 4 March 2021 this loan was repaid.

27 Post balance sheet events

On 4 March 2021, the Hall received £20.74m in loan funding from the Department for Culture, Media and Sport. This formed part of the government's Culture Recovery Fund and followed a successful application by the Hall. The repayment terms are over 20 years at a rate of 2%, with an initial repayment-free period of 4 years. On receipt of this loan, the Coronavirus Business Interruption Loan of £5m was repaid in full.