

**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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Charity registration number 254543

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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-

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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.

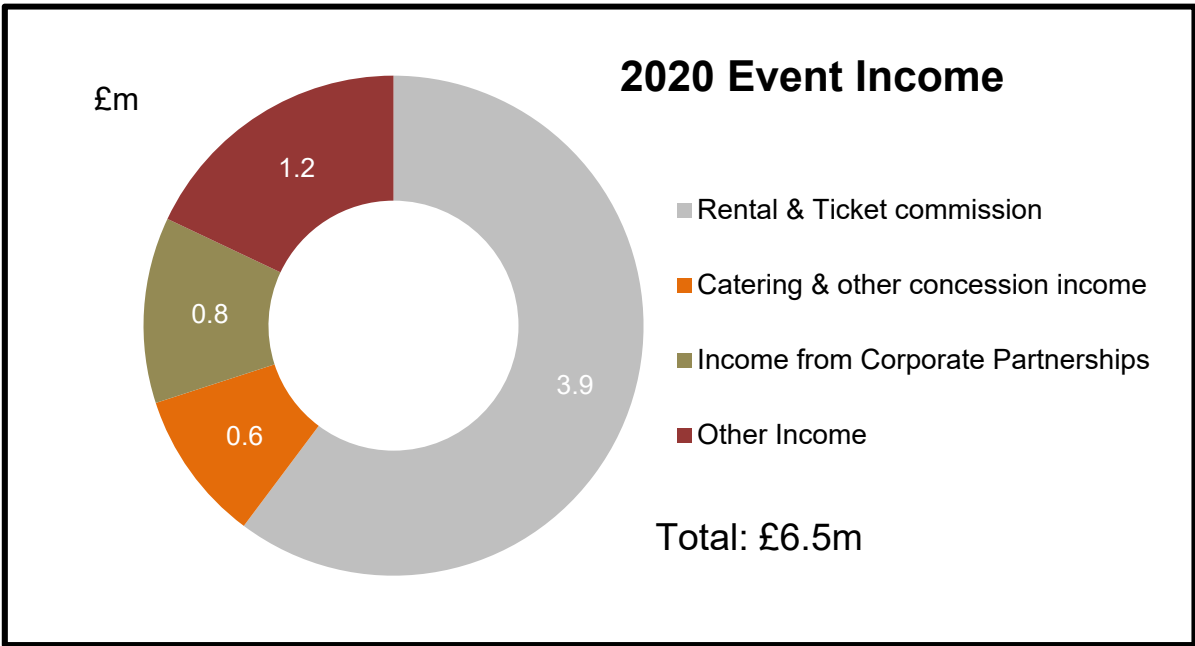
Financial review

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.

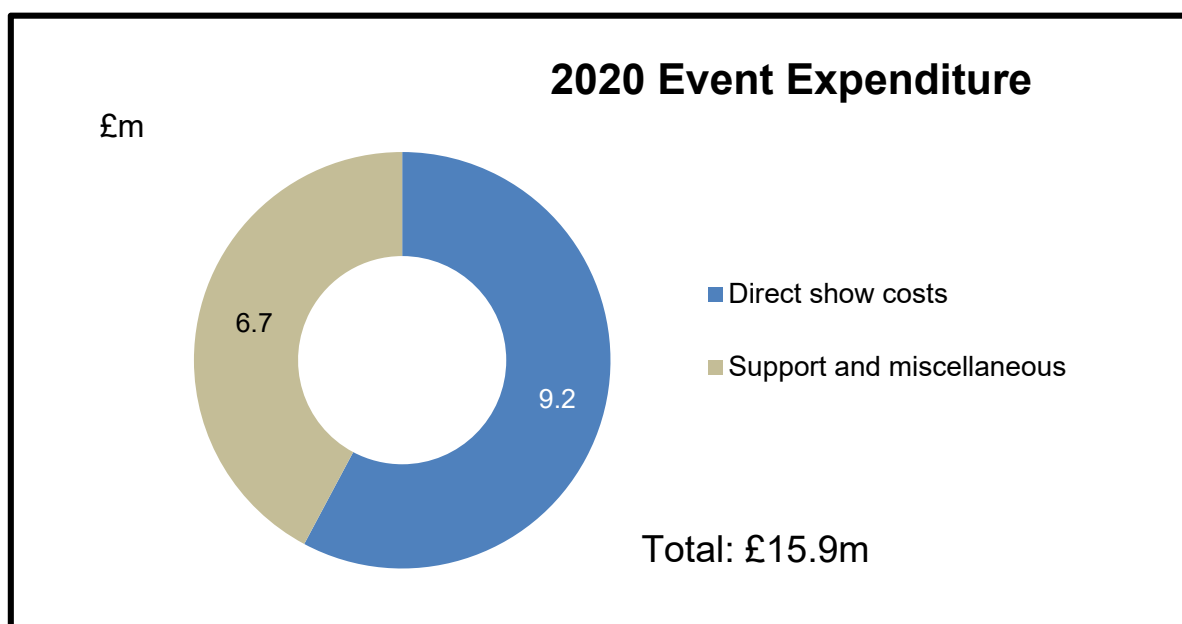
Event income and expenditure

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
<p>The Covid-19 pandemic</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

	<p>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.</p>
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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).	<ul style="list-style-type: none"> • 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.
<p>Damage to the Hall's reputation, impacting long-term operational and financial resilience arising from:</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Project approval process (approved by Council) in place. • Regular project reviews and oversight by the Fabric and Finance Committees.

	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.

Report of the Council Year to 31 December 2020

- 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.

Independent auditor's report Year to 31 December 2020

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.

Independent auditor's report Year to 31 December 2020

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.