

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

**Annual Report and  
Consolidated Accounts**

31 December 2021  
Charity Registration Number 254543

**Patron**

Her Majesty The Queen

**Elected Council members***President*

Ian McCulloch

*Honorary Treasurer and Vice-President**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 February 2021)

James Max BSc Hons MRICS

Iain McNay

Stuart Newey

Anthony Ratcliffe FRICS FRSA

**Appointed Council members**

Richard Harrington (appointed February 2021)

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

Stuart Corbyn FRICS

*(Appointed by the Royal Commission for the Exhibition of 1851 until July 2021)*

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA

*(Appointed by the Royal Commission for the Exhibition of 1851 in July 2021)*

Sir Michael Dixon BSc ARCS DPhil FCGI

*(Appointed by the Trustees of the Natural History Museum)*

Kevin Porter

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

Sir Jonathan Michael

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

**Secretary to the Corporation**

Susan Gent

**Honorary Vice Presidents**

C G Clive BSc MBA

C P Fairweather FCA

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 2021

The Council presents its statutory report together with the consolidated accounts of the Corporation of the Hall of Arts and Sciences (“the Corporation” or “the Hall”) for the year ended 31 December 2021.

The accounts have been prepared in accordance with the accounting policies set out on pages 56 to 62 of the attached accounts and the provisions of the Corporation’s Constitution, namely its Royal Charter and the Royal Albert Hall Act 1966, applicable laws and the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Information on structure, governance and management, including details on the constitution, Members and training, Council responsibilities, organisational structure and risk management are provided under Structure, Governance and Management on pages 29 to 48.

**Charitable Objectives**

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

The charity achieves these charitable objectives by:

- hosting up to 400 performances each year in the main auditorium and more than 1,000 other performances, events, exhibitions and workshops elsewhere inside and outside the building which, alongside guided tours, attracts 1.7 million visitors a year; and
- utilising the financial surpluses generated by these charitable activities, and our trading activities, plus financial support from philanthropists and the Hall’s Seatholders, to support:
  - an Engagement programme which aims to reach around 200,000 people of all ages and backgrounds who wouldn’t otherwise get the opportunity; and
  - a multi-million pound rolling programme of planned maintenance and building projects to preserve and enhance the Grade I listed building.

The report of the Council sets out how these charitable objectives have been met in the year, the financial results and implications for the charity from this activity and what the charity expects to achieve in the following year. This structure has been retained for 2021. However, the charity’s activities, finances and ability to fulfil its objectives were severely impacted by the Covid-19 pandemic, as the Hall remained closed until it was permitted to reopen at 1,000 capacity at the end of May 2021, and at full capacity from 19 July.

## **Our Vision**

Our vision is to inspire artists and audiences worldwide with the magic of the iconic Royal Albert Hall, creating life-enriching, unforgettable experiences for everyone.

## **Business Plan 2017-2021**

The Royal Albert Hall marked its 150<sup>th</sup> anniversary in 2021. It is a unique and highly successful charity. Originally the brainchild of Prince Albert as part of his master plan for the entire Albertopolis site, and set up by Royal Charter, it is one of the world's best-loved and busiest performance venues. Our Grade I listed building, supported by significant investment, has been maintained and enhanced to enable the wide programme of public benefit work which is seen today.

The Hall is held in trust for the nation, with its purpose being to promote the Arts and Sciences and to preserve and enhance our Grade I listed building. Unlike many other venues, the Hall operates without any recurrent government funding and generates revenue from three key sources: revenue from its operational activities, the Members' annual contribution, and funds raised through philanthropy. In recent years, and up until 2020, the Hall has produced an annual surplus, every penny of which is reinvested in our charitable purposes.

The Hall's programme of public benefit work is significant and wide ranging. It allows as many people as possible to access the building through a varied programme of events along with a growing Engagement programme which has continually evolved since its inception in 2004.

The period of this plan, 2017-2021, covers a crucial period for the Royal Albert Hall – the lead up to, and execution of, our 150<sup>th</sup> anniversary. The impact of Covid-19 has significantly compromised these plans.

Our charitable purposes are to promote the Arts and Sciences and preserve and enhance our Grade I listed building. This year, as last, despite serious financial constraints owing to the decimation of our income, we continued to invest in critical maintenance work on the building in order to ensure that when we were permitted to open again, the building was safe and secure for artists, staff and audiences.

We have also marked our 150<sup>th</sup> anniversary as best we could, in the circumstances.

In order to fulfil our charitable purposes, for the duration of this Business Plan there have been four main themes under which we focused our activity:

1. Creating unforgettable experiences at the Hall
2. Inspiring artists and audiences worldwide
3. Celebrating 150 years and beyond
4. Caring for our staff, our building and our finances

During the period of the plan we continued to develop a diverse programme of events which appeal to the widest possible audience and make the best possible use of the building.

We had been expanding our Engagement work, changing lives through music, and raising the profile of our building as a visitor attraction by opening it up to more people, bringing to life our value of 'Open to All.' Sadly, the majority of our Engagement work had to be paused for the duration of the pandemic, although we were able to move some online.

In 2009 we had 1.1m visitors, in 2012 we had 1.5m and by 2019 we had 1.7m visitors. In 2020, physical visitors were reduced to 291,764 (with 7,296 taking a tour), and in 2021 we issued 523,785 tickets to the 163 events with audiences in the auditorium. The 24 events behind closed doors reached a digital audience across multiple platforms, and our 150<sup>th</sup> anniversary film *Your Room Will Be Ready* was viewed by more than 3 million people, with more than 6 million visiting our website.

We have seen huge demand for events for which we have been able to welcome audiences, and during closure took the opportunity to undertake critical compliance and safety work on the building. Our programme of building projects to further improve the visitor experience had to be curtailed in-year, owing to financial pressures. However, we continue our programme of planned maintenance, and will be delivering the newly created Conservation Management Plan which provides guidance to ensure that we continue to care for our building. We have developed and revised our Fire Strategy in the light of recently completed and planned works which ensures we protect the building and look after our staff, artists, visitors and customers.

The direction and control of the Corporation is determined by Council who ensure that the charity continues to develop plans to meet its charitable objects. Members of Council, as the charity Trustees, confirm that they have complied with the requirements set out in the Charities Act 2011 having due regard to the Charity Commission's published general guidance on public benefit. The Hall's charitable objectives, and the manner in which these are pursued, are set out in summary form on page 4. A detailed explanation of how these objectives have been achieved in 2021 is set out in the following section.

## **REVIEW OF 2021**

The Royal Albert Hall's achievements for 2021 are set out below and correspond to the main Business Plan themes outlined above. The charity's objectives for this year continued to be severely impacted by Covid-19, which meant that the Hall was closed for the first five months of its 150<sup>th</sup> anniversary year and was only permitted to re-open, at 1,000 capacity, at the end of May. The Hall was permitted to return to 'full capacity' from 19 July 2021 but in reality the ongoing impact of Covid-19 was felt in audience, artist and staff confidence for the entire year. The year started with a national lockdown and ended with the Hall closed, owing to the impact of the Omicron variant of Covid-19, the country moving to 'Plan B' and the Mayor of London declaring a major incident.

### **Creating unforgettable experiences at the Hall**

The first months of the year should have seen Cirque du Soleil returning to the Hall, but Cirque had filed for bankruptcy protection in June 2020 and, while it had emerged from creditor protection by November 2020, the performances had already been cancelled. By the time the Prime Minister announced a national lockdown on 4 January, it was already clear that 2021 would be another year of disruption.

In the place of the extraordinary year of celebration that had been planned, welcoming almost 2 million people to the building and events including 150<sup>th</sup> birthday commissions, projection mapping celebrations and many highlights, the Hall remained totally closed to audiences until 29 May, and was not at full capacity and starting to rebuild audience confidence until 19 July. The ambition for 400 events in the auditorium became 163 events with audiences, and 24 behind closed doors.

The four guiding principles we had developed to take us through the crisis remained:

1. Remaining financially secure into 2021 and beyond
2. Looking after our Grade I listed building
3. Being the best employer we can be, both now and into the future
4. Preparing for the 150<sup>th</sup> anniversary – from programming to capital projects

### **Inspiring artists and audiences worldwide**

In 2021 we had 187 events in the auditorium, 163 of which had audiences (9 of these capped at 1,000 attendees) and 24 behind closed doors. 203 events in the auditorium were cancelled.

Behind closed doors concerts started on Sunday 10 January with Passenger; Glitterbox transformed the auditorium into a club stage; resident orchestra, the RPO, streamed concerts featuring resident conductor Vasily Petrenko, Jess Gillam, Nicola Benedetti and Paul Lewis; and Fabric brought dubstep to the Hall for the first time as part of the London Unlocked series in London's most iconic cultural spaces.

The *Women of the World* event planned for March was rescheduled, but the Hall was part of their digital festival around International Women's Day. Hrvy performed his 'Behind Closed Doors' debut broadcast live show on 25 April and *Silent Spaces* - a six-part video series led by musician Soumik Datta and a diverse community of musicians, dancers and artists – premiered on 4 May 2021.

Global Stages - a collaboration between the Royal Albert Hall and Sydney Opera House, Shanghai Concert Hall, Royal Theatre Carré in Amsterdam, and the LA Philharmonic - featured Ballet Black's Cira Robinson, singer-songwriter Tom Odell, opera star Sir Bryn Terfel and Spice Girl Melanie C. It was premiered online on 21 May and reached a global audience.

The Hall was officially allowed to reopen with a total audience capacity of 1,000 after 17 May and Step Four (no social distancing) was expected from 21 June. The Hall reopened to audiences on 29 May with Albert's Band – limited to a maximum capacity of 1,000 in accordance with the government roadmap. We also had the Royal Choral Society singing Messiah, A Country Night in Nashville and Darcey Bussell's British Ballet Charity Gala, raising money for the ballet companies which have been so damaged by the pandemic.

The Hall's 150<sup>th</sup> anniversary concert on 19 July, 'Freedom Day', was an extraordinary and moving event. More on this concert is in the 150<sup>th</sup> anniversary section below.

The BBC Proms 2021 season was announced on 27 May and the first half of the season went on sale on 26 June at 1,000 maximum capacity. On 15 June, the increase to full capacity was delayed from 21 June until at least 19 July and the BBC Proms finally opened up to full capacity just days before the First Night on 30 July. The season ran through to 11 September with small but enthusiastic audiences as confidence began to rebuild.

"The BBC Proms... are on their way to achieving the near impossible: an almost complete season, with live audiences...In fact, the 2021 BBC Proms could be seen as a legitimate excuse for a modicum of national pride" *The Guardian*

"Atmosphere. That's what I've been missing. The sense of an entire audience almost holding its breath to hear the softest phrase of Chopin on the piano; the surge of adrenaline as an orchestra unleashes Stravinsky's primal force; the near unanimous wave of energy as people get to their feet to give a standing ovation. Yes, even the cheer from the prommers in the arena when an A is played on the piano for the orchestra to tune. I've missed it all." *Times*



## Report of the Council Year to 31 December 2021

On 28 September, we hosted the long-delayed Royal World Premiere of the new James Bond movie, *No Time to Die*, attended by the Prince of Wales, Duchess of Cornwall, Duke and Duchess of Cambridge and all the stars of the film. In October we had the Godmother of Punk Patti Smith for “an astonishingly moving gig that was something between punk rave and shamanic ritual” (*Telegraph*) and Nick Cave and Warren Ellis in a gig that was “equal parts fire, brimstone and heart, and framed by a complexity that continues to grow.” We also hosted concerts from artists including Cliff Richard, Michael Bolton, Level 42, Billy Ocean and Gregory Porter.

*Letters Live* brought Thom Yorke, Daisy Ridley, Benedict Cumberbatch, Gillian Anderson, Cynthia Erivo, Laura Mvula, Emma Corrin, Meera Syal, Sanjeev Bhaskar to the Hall’s stage for an unforgettable night of remarkable letters written over the centuries and from around the world.

Through November, we had events including the Music for Youth Proms, Richard Ashcroft, Jools Holland, 3 Shots of Tequila and Jon Hopkins, alongside the final year of Champions Tennis at the Hall featuring Emma Raducanu, the Festival of Remembrance and the Royal Variety Performance, attended by the Duke and Duchess of Cambridge. The Fashion Awards brought the red carpet back, and the Hall also premiered in the metaverse with a Roblox metaverse space for the first virtual fashion award.

The Hall’s Christmas season featured Guy Barker’s Big Band, *A Muppet Christmas Carol* in Concert, Professor Brian Cox and Robin Ince’s *Christmas Compendium of Reason*, Handel’s Messiah and of course Carols. Jonas Kauffman’s concert was cancelled owing to Covid travel restrictions, and Trevor Nelson’s *Soul Christmas* was cancelled because he tested positive days before the concert. *The Nutcracker* was cancelled just before Christmas as the Omicron variant swept London, the Mayor declared a ‘major incident’ and the level of positive cases hit staff and performers alike. It was a sad end to the anniversary year.

At the beginning of the year, our Engagement programme remained online, with digital careers workshops, archive talks and family workshops. In May, we welcomed socially distanced audiences back to the Hall for the first time since December 2020 with Albert’s Band, our in-house Engagement ensemble, presenting two family concerts, *Back with a Bang!*

In June we took advantage of the empty Hall to welcome Special Educational Needs school groups to experience a specially created sensory tour of the Hall.

Over the summer we hosted socially distanced Storytelling and Music sessions for 0-4 year olds, which were hugely popular with parents who hadn’t been able to access in-person provision for such a long time, and Albert’s Band took the Hall’s brand to Big Festival in the Cotswolds.

In the Autumn we saw a return to many of our normal programmes, including Songbook concerts going into care homes and community settings, Discover Music and Maths and

Science workshops and music therapy with Nordoff Robbins taking place on-site at the Hall, and our regular community and family events in the Elgar Room.

As part of the Christmas season, we welcomed more diverse audiences to the Hall through our Friendship Matinee concert, which offers £5 tickets to anyone supported by a charity or community group, and our Relaxed Performance, which had facilities in place to support adults and children with additional needs such as Autism.

We had 170 events Beyond the Main Stage compared with more than 1,000 in a normal year. These events included talks, concerts for children, classical coffee mornings, late night jazz and of course, Father Christmas.

### **Celebrating 150 years and beyond**

In February we released *Your Room Will Be Ready*, a short film directed by BAFTA-nominee Tom Harper with Mick Jagger reading from Auden's poem *For Friends Only*. The film has had 3m online views online since it was premiered, in addition to TV views from BBC Breakfast, Sky News, ITV News, Bloomberg and BBC London.

In March, we marked the Hall's 150<sup>th</sup> anniversary online and in the press while the Hall itself remained closed to the public. Imogen Heap recorded an exclusive one-off performance in our empty auditorium to mark the occasion. Featuring improvised movements from Sir Michael Costa's Biblical Cantata, the first-ever musical work performed at the Hall in 1871, the concert was streamed online.

The first full capacity event in 16 months, the special birthday concert *A Circle of Sound* originally planned for the Hall's 150<sup>th</sup> birthday on 29 March was finally performed on 'Freedom Day', 19 July.

We started working on this event in 2019, with composer David Arnold and musical facilitator and composer James Moriarty. They picked ten themes inspired by the Hall's rich history, then went out into the community to conduct workshops with primary school and secondary school children as well as music college groups, sheltered housing groups and Chelsea pensioners. *A Circle of Sound*, a musical history of the Hall, was performed for the first time on 19 July. Local choirs, schools, and other community groups took to the stage to show the importance of our community after the year of turmoil, supported by Albert's Orchestra and the National Youth Choir of Great Britain.

For those lucky enough to be in the Hall on that night, whether working or watching, it will be an unforgettable evening. Guests included the Secretary of State for DCMS, Oliver Dowden, the Leaders of Kensington & Chelsea and Westminster Councils, Sir Cameron Mackintosh, Sir Michael Grade, donors, Members, promoters, music industry leaders and friends of the Hall.

Nitin Sawhney's *Journeys Festival*, which celebrated 150 years of immigrants to coincide with the Hall's 150<sup>th</sup> anniversary in the auditorium and Elgar. The main event was a concert in the auditorium that included a commission created specifically for the festival and a film by the FT which has been viewed 30k times.

Postponed 150<sup>th</sup> anniversary events include Matthew Bourne's *The Car Man*; headline shows from musical icons and major contemporary artists; a new mentorship programme for young female artists led by KT Tunstall; a pop anthem for the anniversary composed by Nile Rodgers; a composition for the organ by Michael Giacchino; and anniversary concerts by the Royal Philharmonic Orchestra, the Hall's associate orchestra.

The Royal Mint issued a £5 coin to mark the milestone, while Royal Crown Derby has produced a commemorative tea set in a design inspired by the Hall's architecture. The Hall's anniversary book, with a foreword from Her Majesty The Queen, is titled *A Celebration in 150 Unforgettable Moments*, and is a collaboration with Penguin Random House.

### **Caring for our staff, our building and our finances**

The majority of staff were furloughed when the Hall was closed to the public. Some remained on furlough through to the end of the scheme on 30 September, some jobs were lost, and almost everyone was flexibly furloughed at some point. Every member of staff took a pay cut at some point during the closure.

We did not want to make wholesale redundancies. We felt that we needed to look after our staff, to retain our talented and committed people, and to be agile enough to reopen quickly as soon as we were allowed to. Many of the Hall's staff remained furloughed, or flexi furloughed for the first months of 2021 with the majority returning for the full capacity shows from 19 July and all staff back in the building in September.

Staffing issues were exacerbated by the Test and Trace app, which instructed people to isolate when they had come into contact with someone who subsequently tested positive. When we opened in May one member of staff tested positive and 15 others were instructed to isolate. This risk was mitigated by the use of fixed working groups and asking people to work from home where possible. The 'pingdemic' of Summer 2021 caused additional staffing pressures as the BBC Proms got underway.

Plan B measures, introduced in December, and Covid absences as the Omicron variant swept London, had a considerable impact. Through the Christmas season we had 20% staff absences for Front of House and 30% for security, leading to extra pressure on those who were working and agency staff (at additional cost) to fill the gaps. Audience expectation was that we should check the Covid status of everyone who attended, which added additional staffing pressure and cost. Through the Christmas season, we lost dozens of performers, crew, catering and front of house Visitor Services staff.

In order to look after our staff whether they were in the building, working from home or furloughed, the Wellbeing Network introduced a Book Club, reinstated the RAH choir, ran 300 stretch sessions, 10 webinars, three quizzes, two step challenges and trained or re-trained Mental Health First Aiders, of which we now have 21. We engaged an external specialist wellbeing consultancy to conduct a short survey to understand staff thoughts and perspective on wellbeing. The Hall were Finalists of the Best Support for Furloughed workers from Inside Out Awards.

Diversity training has been undertaken for trustees and directors and this will be rolled out across the organisation. Our Ethnicity, Diversity and Inclusion committee has representation from staff across all departments, levels and represents the nine protected characteristics. It underpins our business plan and gives staff a voice. We are committing to making our platforms available for the voices of people from all nine protected characteristics – both on the stage and on digital channels, we are reviewing our recruitment strategies to appeal more widely.

Wholesale changes were made to the Executive structure in 2021. In November, the Royal Albert Hall's first ever Artistic Director was appointed, a statement of the Hall's artistic ambitions with a renewed focus on the number of own-produced and co-promoted shows, curating the hires and shaping the artistic direction of the Hall.

With the departure of Director of Visitor Experience in July 2022, the Artistic Director will take on the commercial portfolio including catering, tours, merchandise, retail and visitor services, including security which now reports to the Head of Visitor Services. The creation of this role also allows the Artistic Director to take a holistic artistic view of the brand and focus of the Hall and ensure that we continue to succeed as one of the most famous venues in the world.

To balance this heightened artistic focus, the role of Chief Operating Officer has been created. This role will oversee all the financial and operational elements of the Hall, including building and facilities.

Director of Building and Facilities left at the end of 2021. However, she leaves the building in the best shape it has been for many decades. The scaffolding has been taken down and the public realm work was completed in the autumn. The public realm work, funded by Westminster, TFL and the Royal Commission for 1851, includes:

- A widened footway, protected by a row of security bollards;
- An extended fully accessible pedestrian crossing, improving the connection between the Hall and Kensington Gardens;
- A raised table for the road and
- Upgraded road drainage and street lighting.

While our constrained finances have meant that we have had to cut back on all but essential work, the projects team have still managed to carry out some important projects. While the Hall was closed to the public, we carried out a £0.7m major ventilation project to enhance air quality inside the Hall. As the virus transmits more easily indoors, the importance of good ventilation has never been more acute. And we have also finished the work on the chillers, the dome roof glazing, the South Steps clean and balustrade repairs and opened 1851 Place. The Terrace at the top of the Queen Elizabeth II Diamond Jubilee Steps is now an outdoor dining area, thanks to Westminster granting us a licence.

*The Great British Landmark Fixers* television series, first aired in December, showcased the work being done to care for the building during the past 18 months.

2021 saw ongoing challenges in our objective to care for our finances. Philanthropy remains at the heart of all that we do at the Royal Albert Hall, and 2021 has again brought into sharp focus the importance of philanthropic funding. Our supporters and audiences have responded incredibly generously to help ensure the financial future of the Hall and to this end we raised £4.8m in donations across the year.

In our efforts to expand our Philanthropic family we have, this year, set up Royal Albert Hall America which is a 501(c)(3) organisation, so all donations made by US taxpayers are tax-deductible to the full extent provided by the IRS. We look forward to establishing a presence in the US and are honoured that Henry R. Silverman has graciously agreed to be the inaugural Chair of Royal Albert Hall America.

We are very grateful to our Members, Honorary Fellows, Major Donors, Trusts, Patrons, Friends and Philanthropy Board who supported us through 2021.

We received a £20.74m loan from government through the Culture Recovery Fund in March 2021, which enabled us to repay the £5m CBILS loan we had taken in November 2020. The loan is repayable over 20 years, and a condition of the loan is that the directors take a pay freeze for 18 months, beginning January 2021.

## **Energy and emissions report**

The data in this document shows the Royal Albert Hall's energy usage from 1 January 2021 to 31 December 2021. The Hall was reopened to reduced capacity 29 May 2021 and to full capacity on 19 July 2021 following the lifting of government restrictions. The impact of closure and subsequent reopening is reflected within the data provided on this report.

Electricity consumption data for the reporting year has been collated from IMSERV, the appointed data collector (DC) of the Hall's electricity meters.

Gas consumption data for the same period was collected from gas supplier invoices issued by Brook Green.

### Summary

	2021	2020
Energy consumption used to calculate emissions/ kWh	Electricity 4,186,296 kWh	Electricity 3,654,105 kWh
	Gas 4,729,671 kWh	Gas 3,912,888 kWh
i) Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	866	719
ii) Emissions from purchased electricity tCO <sub>2</sub> e (Scope 2, location based)	889	852
Total gross CO <sub>2</sub> e based on above (tCO <sub>2</sub> e)	1,755	1,571
iii) Intensity ratio: tCO <sub>2</sub> e gross figure based from mandatory fields (tCO <sub>2</sub> e/m <sup>2</sup> )	0.058	0.052

### Methodology

i) Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	tCO <sub>2</sub> e calculated from the product of the invoiced gas consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas'
ii) Emissions from purchased electricity tCO <sub>2</sub> e (Scope 2, location based)	tCO <sub>2</sub> e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'
iii) Intensity ratio: tCO <sub>2</sub> e gross figure based from mandatory fields	The intensity ratio stated above has been calculated as Tonnes of CO <sub>2</sub> e per total square metres of property owned (30,077m <sup>2</sup> )

Energy efficiency

During the first quarter of the reporting year, the Hall made further investment in energy efficiency measures to reduce energy usage and to benefit from the cost saving associated with these measures. It should be noted that due to the COVID forced closure of the Hall this has affected the roll out of further projects. The projects/works that have been carried out to achieve reductions are as follows:

- Roll out of the installation of new LED lighting systems with PIR control within the building.
- Installation of new LED lighting and PIR sensors within the carpark.
- Installation of lighting control within newly refurbished Catering WCs
- Installation of PIR sensor control on Catering WC equipment.
- Installation of EC fans within the Halls main air handling equipment, replacing aged belt driven fans.
- Installation of new CO2 controlled Variable Air Volume system within the Hall accommodation spaces and Back Stage areas.
- Progressed with the design to replace the Auditorium House Light system from Halogen to LED lamps.

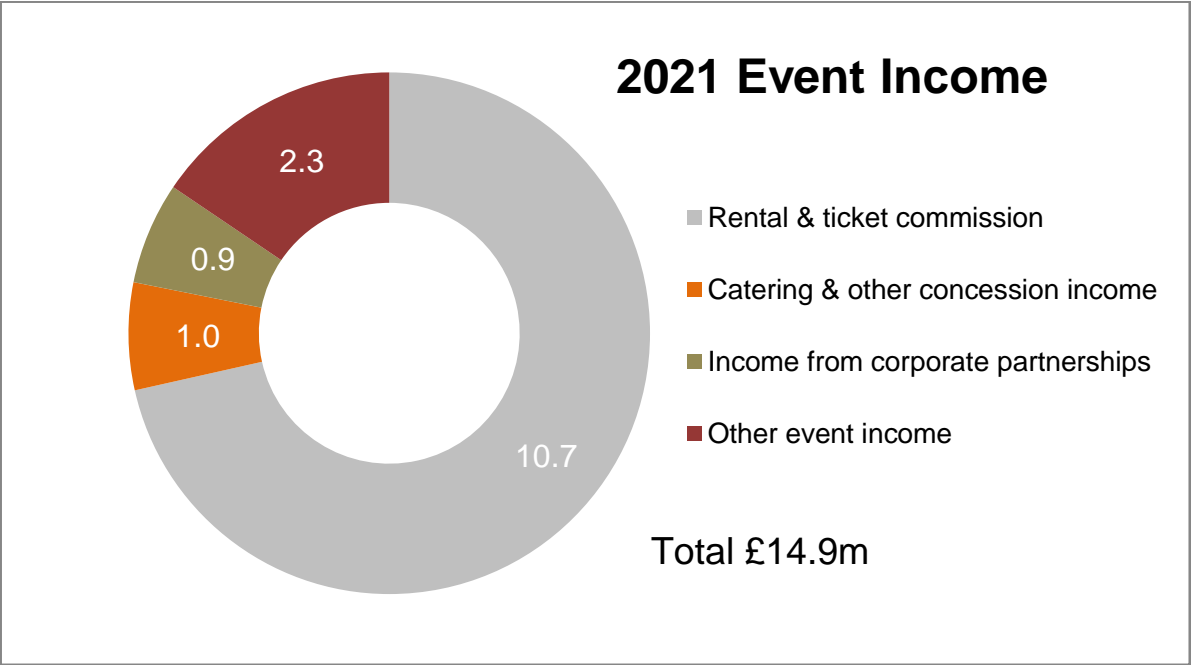
Financial review

In a typical year the Royal Albert Hall generates financial surpluses from performance activity, commercial activity, bank interest and philanthropic support. These funds are used to support our general charitable aims, including our education and outreach programme, as well as preserving and enhancing our Grade I listed building.

In 2021, as in the prior year, prolonged closure of the Hall and cancellation of performances meant that income was lower than expenditure, with a £2.9m reduction to reserves. However, income was £8.4m higher than 2020, and with costs increasing only £0.5m year on year, this was an improvement compared to the 2020 deficit of £10.7m.

Event income and expenditure

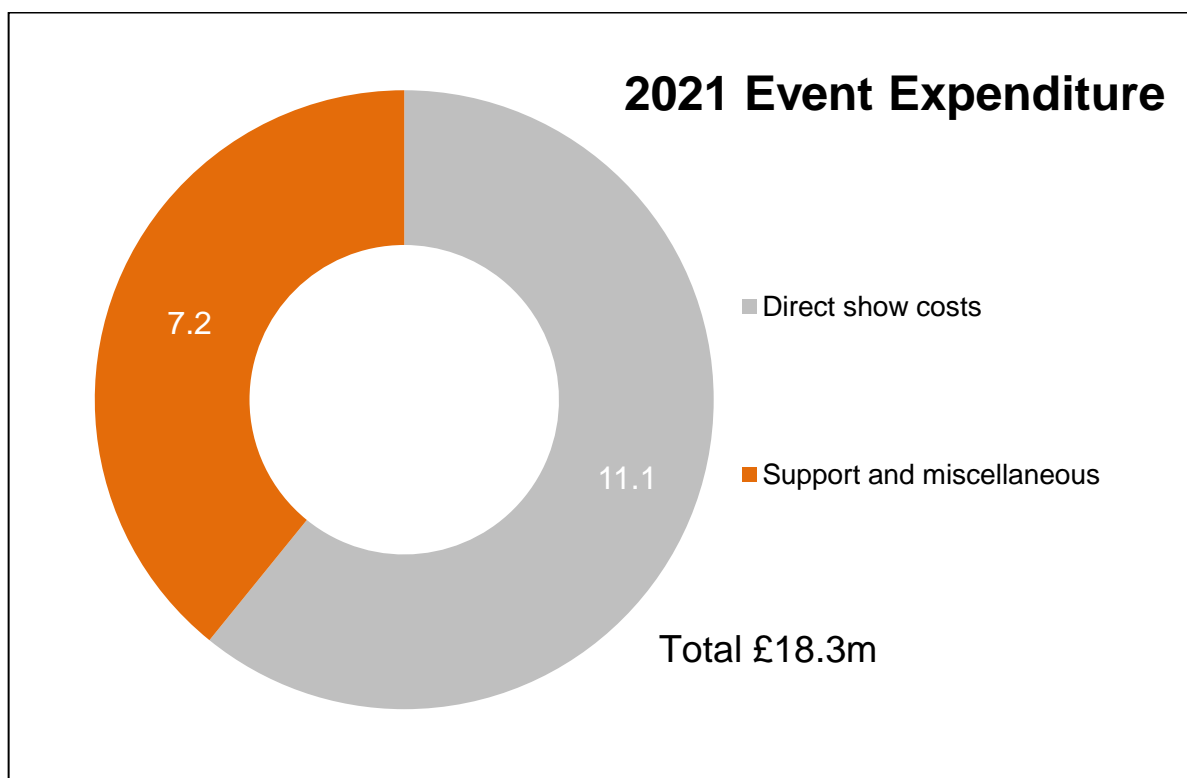
Event income in 2021 was £14.9m, an increase of £8.4m on the £6.5m achieved in 2020. There were 163 performances in the Hall in 2021, following its reopening to socially distanced audiences in May and to full capacity in July. In 2020 there were just 80, and the increase in events is reflected in the financial takings.



- Rental and ticket commission was £10.7m in 2021, a 174% increase on the previous year. The comparable increases in auditorium performances was 108%. The increase in income is proportionately higher than performances because 2021 contained a higher number of own and co-promoted events than 2020.
- Other event income is up too: catering income by 57%, income from corporate partnerships by 22% and other income, which includes items such as ticket booking fees and merchandise sales, by 97%.



At £18.3m event expenditure was up £2.4m compared to 2020.



- Direct show costs include show management, production, programming, ticketing and visitor services, and accounted for £11.1m of the total event expenditure this year, up £1.9m (21%) from 2020.
- Support and miscellaneous costs were £7.2m in 2021, up 7% on the prior year.

Event income was therefore £3.4m behind event expenditure in the year. The comparable deficit in 2020 was £9.4m.

#### *Other income and expenditure*

At £9.5m, other income was level with 2020.

- Philanthropy remains at the heart of all that we do at the Royal Albert Hall. It represents a major source of income, generating £4.8m in 2021, up by over a third on the year before.
- The extension of the government's Coronavirus Job Retention Scheme to September 2021 meant the Hall was able to claim £2.4m to help cover the costs of continuing to employ staff while they were either part or wholly furloughed. This was £1.1m lower

than in 2020, but was a very welcome addition to the Hall's income and helped offset operating losses.

- Members' contribution, which is the annual seat rate that members pay, plus other miscellaneous items added £2.3m to income, unchanged from the prior year.

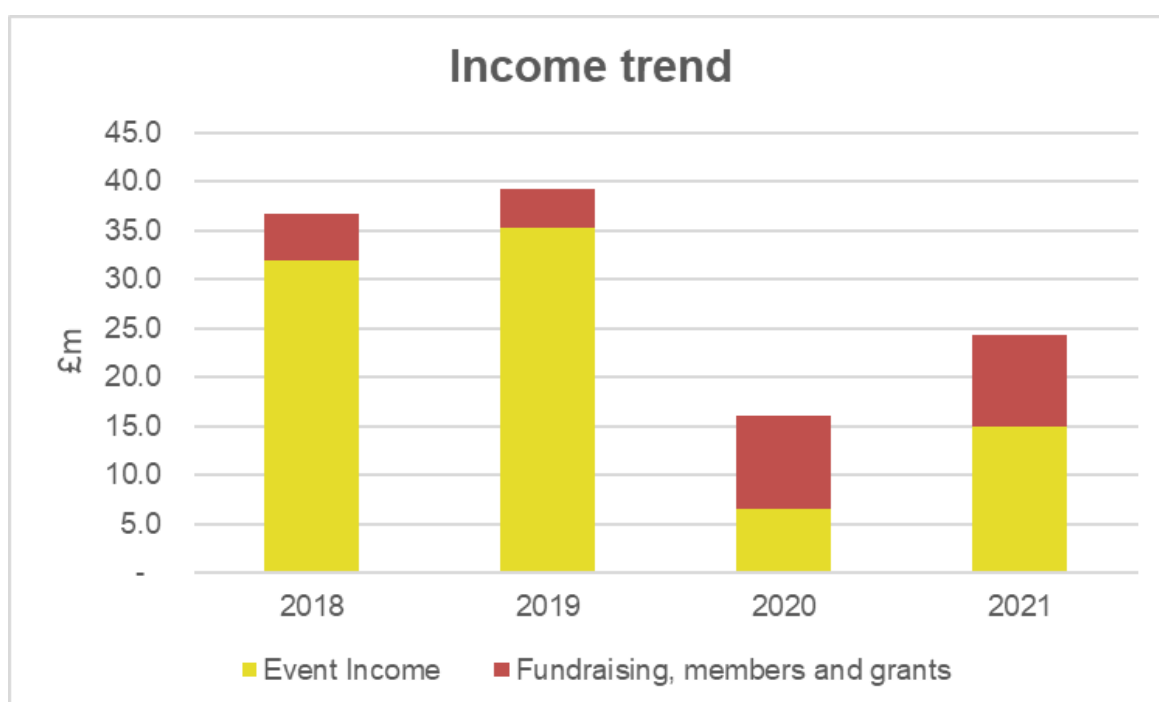
Other expenditure was £8.9m, which was £1.9m lower than 2020.

- £4.6m was spent on building maintenance, refurbishment and improvements, a reduction of £2.7m compared to the prior year. 2020 included substantial spend on external cleaning work and the water ring main replacement, work largely completed that year.
- A further £4.3m of other costs, including support costs, security, housekeeping, fundraising and other overheads, were incurred during the year. This was £0.8m higher than 2020, with higher security and utility costs contributing to the increase.

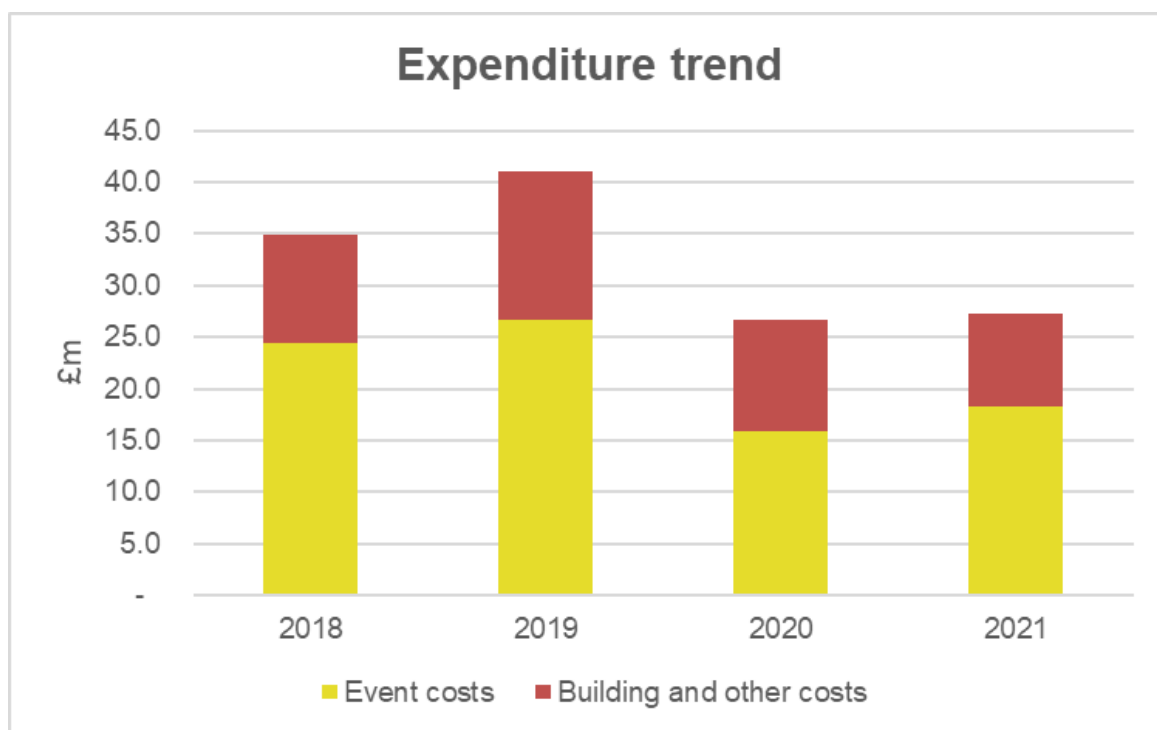
#### *Trends in financial performance*

The impact of the pandemic can be seen when looking at the four-year trends in income and expenditure

Event income fell from £35.3m in 2019 to £6.5m in 2020 due to the Hall closure in March of that year. Reopening to full capacity audiences was only possible in July 2021, and event income picked up to £14.9m as a result. Fundraising, the CJRS and the contribution from members helped close the gap in both years, but total income has remained well short of a typical year.



While expenditure dropped in 2020 with the Hall being closed, it didn't fall to the same degree as income, due to the Hall's fixed and semi-variable costs. 2021 expenditure at £27.2m, however, has been held broadly in line with 2020, being only £0.5m higher, despite the increased activity in the Hall.



#### *Staff costs*

Total cost, as analysed above by event and other expenditure, was £27.2m in 2021, up £0.5m from 2020. Staff costs, at £12.5m, made up 46% of this total and was a reduction of 4% compared to the prior year.

#### *Loan*

In July 2020, the Secretary of State for Digital, Culture, Media and Sport (DCMS) announced a £1.57bn Culture Recovery Fund (CRF) to save the creative sector, especially the country's 'crown jewels' such as the Royal Albert Hall. As part of that package, in March 2021 DCMS and Arts Council England funded the Hall a £20.7m loan on a twenty year repayment term. The loan accrues interest at 2% over the life of the term, with an initial four year repayment holiday.

#### *Reserves Policy and Financial Position*

The Hall's reserves are essential to fund ongoing operations, provide a contingency for unforeseen events, and to ensure that we adequately provide for long-term maintenance and improvement.

Total reserves held at 31 December 2021 were £43.8m of which £1.8m were restricted funds (note 20). The remaining £42.0m forms the Hall's unrestricted funds (note 21). There are designated funds of £49.6m, discussed below, which leaves negative general reserves of £7.6m.

In determining the appropriate level of funding for both designated funds and free reserves, the Council has adopted the reserves policy set out below, which is designed to ensure that funds are available to meet both foreseeable demands and unexpected occurrences in the years ahead:

- ◆ To retain a Fixed Asset Fund, comprising the funds invested in fixed assets which allow the organisation to carry out its work effectively. At 31 December 2021 the level of this reserve was £49.2m.
- ◆ To maintain the Education and Outreach Fund at £0.4m to ensure that such initiatives, which often have long lead-times, can definitely be completed despite any adverse short term financial setbacks the Corporation may encounter.
- ◆ To adhere to the long-term resourcing plan for the Plant and Fabric Sinking Fund, so that it has sufficient funds to meet the cost of major expenditure (to the extent that it is not capitalised under the Hall's tangible fixed asset policy) necessary to maintain the fabric of the building and to replace its plant and equipment over the long term. Transfers to the Plant and Fabric Sinking Fund are based on the results of a condition survey developed for the Hall by a firm of consulting surveyors and implemented in 2019. The estimated costs from the condition survey are £50m over the next 10 years, averaging £5m of expenditure per annum.

The Plant and Fabric Sinking Fund was fully depleted in 2020. In 2021, £0.6m was spent primarily on roof dome glazing renewals and other condition survey activity, with £0.6m transferred from unrestricted funds to meet the cost. A zero balance remains at the end of 2021.

- ◆ To designate a Major Building Development Fund (MBDF) to hold and control all financial resources for the Hall's Major Building Development programme. The balance at the start of 2021 was £1.6m. In the year £4.7m was invested, mostly on the chillers, ventilation and public realm projects. The balance of £3.1m was transferred from unrestricted funds, leaving a zero balance on MBDF at the end of the year.
- ◆ Free reserves: To maintain a Contingency Fund to enable the Corporation to continue to meet its immediate running costs if the auditorium has to temporarily close due to unforeseen circumstances. During 2020 the Hall needed to use this fund to cover operating costs. Therefore, at the beginning of 2021 the fund balance was already £3.9m in deficit. Continued closure of the Hall in 2021 led to a further depletion of free reserves, with a deficit of £7.6m at the end of the year.

The Trustees have agreed to amend the reserves policy in the year to set aside £6.2m (being approximately eight weeks turnover based on 2019 figures) from the £20.7m loan from the Government's CRF, which was drawn down in March 2021, to cover any future risks until such time as the Hall is able to build up its own reserves.

#### *Investment policy*

The Hall currently has no investments other than cash. In the year the investment income of £4k (2020: £78k) was in line with Trustees' expectations given the impact of the pandemic and negligible interest rates being offered by banks during the year.

Cash investments are held in order to fund the Hall's long-term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long term view when planning and investing in the operations of the venue, including the Education and Outreach programme.

In defining whether cash should be classified as a fixed asset investment or a current asset, consideration is given to the intention for the monies rather than the nature of its liquidity. Even if cash can be withdrawn immediately, monies held for the longer term, i.e. more than one year, are reclassified and held as fixed asset investments. As at 31 December 2021, £6.2m of the Hall's £35.9m is held as a long-term investment, with the residual £29.7m classified as part of current assets.

The Royal Albert Hall Trust invests funds which it does not expect to pass to the Corporation within the next 12 months. As such, it has an investment policy in place to safeguard the funds of the charity by making secure investments and, within the limits that this implies, to generate the best return possible from these funds in order to assist the Trust to carry out its purposes. The Trustees have wide powers conferred on them enabling them to invest in stocks, shares, land and buildings of whatsoever nature at their absolute discretion as they deem appropriate.

#### **Pension fund**

The final salary section of the scheme had its triennial valuation at the end of March 2021, the results for which indicated an improvement in the funding level to 105.8% (compared to 102.8% at the previous triennial valuation) with a surplus of £842,000 (compared to £397,000 previously), due mainly to asset portfolio growth over the 3 year period. The Hall and Trustees of the pension scheme are committed to ensuring that the Scheme receives the funding it needs to meet all its current and future liabilities.

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

## **MAJOR OBJECTIVES FOR 2022**

The Hall's major objectives for 2022 are set out below. 2022 is the first year of a new five year Business Plan for 2022-2026 for which the Hall's vision, values and behaviour have been refreshed. At the heart of the new Business Plan are ambitious plans for the Hall as it emerges from the shock of the pandemic, using the question "What would Albert do?" to build on Prince Albert's vision and the extraordinary custodians of the Hall who have preceded us in the 150 years since the building's opening.

The refreshed vision is:

**"To bring people together for inspirational events on the world's most eclectic stage."**

Accessibility is at the heart of this vision – bringing people, whatever their age or background, together.

The five strategic aims for the Hall during the period of this Plan are innovation, diversity, sustainability, efficiency and wellbeing. These strategic aims underpin our work, supporting our efforts to rebuild our audiences, our financial security and our artistic aspirations.

The new structure of the executive of the Hall reflects two key strategic directions that will complement each other and bring the Hall out of the pandemic – artistic and operational.

The Major Objectives for 2022 evolve from the main Business Plan aims. The impact of Covid-19 means that the main focus for 2022 is to rebuild reserves and to put the Hall back onto a strong financial footing from which in 2025 it can start to repay the £20.74m loan from the Culture Recovery Fund.

## **ARTISTIC OBJECTIVES**

### **Industry Pipeline**

In 2022, the Artistic Director will focus on the presentation of events of the highest quality as well as positioning the Hall as a pipeline for the next generation of talent. We are introducing an Associate Artists Scheme which will put us at the forefront of artistic innovation, and positively challenge people's perception of the Royal Albert Hall. Associate artists will be at the forefront of creative innovation within their field and will act as ambassadors for the Hall and an extension of our team, appearing in performances and leading Engagement activity.

### **Investment in artistic projects**

As our artistic profile grows, we will support and grow this profile through greater investment in projects, an increased number of own promoted and co-promoted events and a stronger curation of external hires to ensure that the brand of the Hall is properly represented by the events on our stage.

We will also be creating more events that will have a life both within the Hall and around the UK and around the world. These will often be collaborations with partners such as the Royal Philharmonic Orchestra, as well as with partner venues internationally such as Lincoln Center and Sydney Opera House.

We will increase the number of own promotes we present by 4% to 75 in 2022. The 150<sup>th</sup> anniversary will continue to be celebrated through 2022 and even into 2023, with some of the flagship 150<sup>th</sup> anniversary projects having been deferred. These include Matthew Bourne's *The Car Man*, Tinie, Eric Clapton, Grayson Perry's *Show for Normal People*, concerts by Bryn Terfel and Milos, the *Lord of the Rings* in concert and our associate orchestra the RPO.

In March 2022, we will host the Teenage Cancer Trust week of concerts, which had been one of the first casualties of Covid in 2020. Through the year we will also host Grammy-nominated musician, producer and DJ Bonobo for four performances, Eric Clapton, Joe Bonnamassa, Bryan Adams, Jeff Beck, The Beach Boys, Gladys Knight, George Benson and many other heritage acts. We also have two Albert Sessions concerts, This is the Kit and Declan McKenna, where ticket prices are lower and the artists run workshops with young people, and stalwarts the BBC Proms, Royal British Legion Festival of Remembrance and films in concert which in 2022 feature *Brassed Off*, *The Lord of the Rings: The Fellowship of the Ring*, *Superman* and *Star Wars: Return of the Jedi*.

The end of the year will see the fourth Christmas at the Royal Albert Hall produced, promoted and managed entirely in-house, with carols, gospel choirs, films, big bands, *Nutcracker* and more.

### **Beyond the Main Stage**

In the Elgar Room we will see a welcome return of our popular Late Night Jazz and Classical Coffee Mornings series. Our partnership with Steinway will continue, presenting a series of contemporary and classical piano concerts performed on the limited edition Royal Albert Hall inspired Steinway piano.

Family favourites in the Elgar will include Shlomo's Beatbox Adventure, and a new adaptation of the classic story Mr Benn. Live Music Brunch in Verdi returns with new and improved staging and audio set-up.

In 2022, a mentorship scheme for female singer songwriters will be a flagship 150<sup>th</sup> project to support artist development.

In September 2022, subject to permission from Westminster City Council, '1851 Place' will play host to the ANAM Quartetthaus, a structure specifically designed for the experience of performing and listening to chamber music. This collaboration will be part of a UK/Australia season of culture and exchange, and will feature UK and Australian string quartets performing multiple concerts per day over a week and a half.



## **Engagement**

For school groups, our popular cross-curricular workshops Discover Music and Maths and Discover Music and Science return in 2022. Classical Spectacular Schools' Matinee is back at the Hall in March, complemented by free music workshops in local primary schools. Up to 40 participating children will be offered free instrumental tuition for a year through our partners at the Tri-borough Music Hub.

For a family audience, Albert's Band will give half term concerts in the Elgar Room and our regular series of Classical, Jazz and Opera for Kids and Storytelling and Music sessions for 0-4s continue. For adults and community groups we will offer Dementia-friendly film screenings, music therapy sessions, Dance for Parkinson's sessions, Songbook concerts and a regular Afternoon Coffee Club with live music.

Our Young Producers Scheme will restart, giving 18-25 year olds the opportunity to organise and curate an evening of events at the Hall in some of our spaces beyond the main stage. We will also be running Careers Master Classes for 16-25-year-olds, and the Albert Sessions with Declan McKenna and This is the Kit will give the opportunity for young people to take part in a workshop with the artists.

As part of our commitment to increase the diversity of our audiences, we will consolidate plans for a new Youth Forum that will act as an advisory committee to the Hall on topics of Programming and Marketing, with a particular focus on Equality, Diversity and Inclusion.

A new venture for 2022 *Future Makers* will focus on artist development, with 10 original works written and performed by young people in front of an industry panel. A winning act will receive a package of support to continue their development as an artist.

The year will be rounded off with another Christmas at the Hall season including *My Christmas Orchestral Adventure*, and a Friendship matinee and a relaxed performance as part of our Engagement work.

## **External Partnerships**

The Hall benefits from a number of key commercial relationships largely through supply agreements from food and beverage partners, as well as industry suppliers. During the period of the plan, we will strengthen these and grow the number of partners. We will also be seeking partnerships with corporate partners for naming rights, commercial opportunity and corporate social responsibility fulfilment. In 2022 we will add another four new partners to our portfolio.

## **Visitor Experience**

A key ambition for 2022 is a focus on the Hall as a destination. Many people visit the Hall each year for a performance however in 2022 we will develop range of daytime opportunities to drive visitor numbers and revenue. Tours will become and even bigger part of the Hall's daytime offering. New handheld multimedia devices will help to cross language barriers as tourists come back to London. We have plans to revamp Door 3 into a pop-up 'Tours Hub' with a photo station and a VR experience.

With the new management structure, we will also bring the merchandise and retail range closer to our core purposes and make ranges more relevant to our audiences and increase sales.

In 2022 we will increase the net contribution in this area from £3.3m to £3.5m.

## **Digital Engagement**

The Hall was a leader during lockdown in digital engagement, and while the digital world may never either replace the live experience or the box office receipts of a concert season, the profile and artistic breadth afforded through the medium is immense. In 2022, we will develop wraparound digital content for the Hall's own promoted events and continue to grow audiences through email, website and social media channels.

## **Access**

A recurring aspiration for the Hall has been to constantly make the Hall more accessible, both physically and reputationally to as many people as possible. In 2022 we will be creating an audience development plan, and putting a greater focus on diversity and inclusion.

The archive of the Hall remains a vital resource and must be preserved and maintained. Through the period of the plan, we will conglomerate our archive to create more efficient processes and reduce conservation costs with improved environmental conditions. We will also increase public access to the archive and ensure the long term preservation of our important collection.

## **OPERATIONAL OBJECTIVES**

### **Looking after our finances**

We commence 2022 with negative reserves and a government debt of £20.74m. We will start to build our rebuild our reserves and consider long term strategies to manage our debt level. This will be the focus for the new Chief Operating Officer who is currently being recruited.

The new organisation structure will also help us better manage the risk profiles for both staged events and capital projects.

We will start to build on the new structures recently established to support the fundraising initiatives, namely Royal Albert Hall Trust and Royal Albert Hall America. Each will have strong Trustee representation and clear targets in each year of the plan. The established philanthropic channels of Patrons, Friends and Major Gifts will all seek to grow their revenue as a percentage of the Hall's total income and we will introduce new initiatives to encourage Members to further support the Hall. We will investigate new fundraising initiatives including a debenture model and a syndicate funding model for artistic projects.

### **Building Maintenance and Capital Projects**

The pandemic led to a cessation of all but essential capital projects in 2020 and 2021. This is not to say that there is no longer an ambition to grow and improve the infrastructure of the Hall over the period of the plan though. Key projects remain relevant and will proceed subject to funding either from philanthropic sources or from a cost benefit analysis from improved functionality.

In 2022, our capital strategy ambitions will be focussed around feasibility studies for our three major plans:

- Back of house improvements for artists and ancillary activities
- Remodelling of the Elgar Room for greater performance capability
- Addition of food and beverage spaces within the Hall

Each of these projects will be assessed on their viability, fundability and ongoing financial and artistic benefit to the Hall. Council will make the final decision on the future of each project. Around this there will be supporting strategies such as Carbon Management, Facilities and Maintenance, H&S and Security.

In addition to the projects identified above, the Hall remains committed to a programme of planned maintenance within a conservation management plan as well as a commitment to sustainable practices and the introduction of a carbon management plan.

The Business Plan contains a measured and informed maintenance plan which is informed by both our Conservation Management Plan and an estate management plan that spans 20 years. Though financially compromised coming out of the pandemic, the Hall will be maintained and looked after to ensure compliance and rigorous maintenance of essential works.

Threaded through the ongoing maintenance and potential capital projects will be a heightened attention to sustainability and best practice.

2022 is Her Majesty The Queen's Platinum Jubilee year and the summer will see the unveiling of the sculptures the Hall has commissioned of our Patron, The Queen and the Duke of Edinburgh and Queen Victoria and Prince Albert. These sculptures have been entirely funded by a generous donation from one of the Hall's supporters and will finally fill the empty niches of the North Porch (the original royal entrance) and the South Porch, which was constructed in 2003.

The commissions were awarded following a competition process which involved a shortlist of seven sculptors supported by the Queen Elizabeth Scholarship Trust (QEST), a charity dedicated to supporting excellence in British craftsmanship.

### **People and Culture**

An important outcome of the management restructure has been an increased focus on perhaps the most important resource of the Hall - our people. During a very challenging period when the Hall remained closed, we recognised the dedication and unique commitment of our staff. The lockdown enabled the senior team to prioritise elements of the Hall's recovery. A commitment to staff is a key priority. We have a renewed commitment to inclusivity. We are keen to attract a diverse workforce and make the Hall attractive to all as a place to work.

Linked to this commitment is a renewed support for our Staff Forum, a remodelled staff bonus scheme and a greater emphasis on the wellbeing of our staff.

The increased commitment to our staff over the period of the plan will be demonstrated by a more structured and pervasive attitude to diversity and inclusion, being led by Council and supported across all levels of staff at the Hall. Diversity must pervade all that we do - whether for artists, audiences, staff or visitors. The Hall has always welcomed a diverse range of people and this must be backed up now by actions.

In addition, we will remodel the staff bonus scheme to complement the plan's aspirations and ensure that other models of staff engagement, such as the Staff Forum, are well supported and recognised.

On 26 January Inclusive Employers will be running a webinar on inclusion and on 28 February, they will be running webinars on menopause awareness which is an initiative from the Staff Forum.

## **Structure, governance and management**

### *Constitution*

The Corporation was incorporated under a Royal Charter dated 8 April 1867, two further supplemental Charters and four Acts of Parliament. The Corporation is also a registered charity (Charity Registration No. 254543). The Members of the Corporation are the Hall's Seatholders. There are currently 326 Seatholders who have access to 1268 seats in the Hall. The consolidated constitution of the Hall is set out in Schedule 2 of the Royal Albert Hall Act 1966.

### *Background*

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

The Hall has always had charitable objectives and was registered as a charity in 1967. Funding for the building of the Hall in the 1860s was contributed by a group of private individuals and by the Royal Commission for the Exhibition of 1851 (on land which is leased by the Corporation from the Royal Commission for the Exhibition of 1851 at a peppercorn rent for 999 years). These original founders or Members not only had access to seats, but also took on the obligation to govern the Hall for the nation's benefit and these arrangements continue to this day. The Hall's Council, which is its governing body, is made up of a maximum of 24 members which include 18 Seatholders and the President (who is also a Seatholder) elected by the Members annually at the Corporation's AGM.

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

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

- When the Corporation hires the Hall as an "Ordinary letting" (explained below) to a promoter, it is not hiring out the entire Hall. It is instead letting the Hall less the 1,268 Seatholders' seats. The Seatholders can use or sell their tickets for such performances.
- Seatholders do not pay for their tickets. There is no transaction between the charity and Seatholders when they receive their tickets and no money changes hands. The Hall is meeting the pre-existing obligations and enabling Seatholders to take up their personal rights.

- Given that the charity has never had a right to the Seatholders' tickets, Seatholders are not depriving the charity by exercising their rights to use their tickets. Therefore, the Hall and the promoters of events have not forgone any income by virtue of the Seatholders' attendance at certain performances.
- Neither the Hall nor the promoter can determine a face value price for Seatholders' tickets, nor restrict their use, given that Seatholders' seats are not a subset of the Hall's or the promoter's.
- By virtue of their private legal rights over their assets (i.e. their seats), the Seatholders have the right to use their tickets (their own private property) as they choose for Ordinary performances subject to the Hall's constitution. These rights include the right to attend the performance, give the ticket to someone else to attend the show (whether a friend, relative, charity etc.), sell the ticket through the Hall's box office via the Ticket Return Scheme (see below) or sell the ticket through any other channel (whether open market or not) at any price they wish.
- The sale of the tickets by a Seatholder is not a 'secondary sale' but in fact the disposal of primary rights (even if that sale is made via a website which is better known for enabling secondary ticket sales).

### *Seat Rate*

Initially, the Seatholders had no obligation to make any financial contribution towards the annual costs of the Hall. However, as the Hall has evolved over the decades, the Seatholders have volunteered to financially support the Hall's charitable objectives by agreeing to pay an Annual Contribution, or "seat rate", per seat to the Hall.

The current form of the seat rate, as set out in the 1966 Act, is a minimum annual £10-per-seat compulsory payment, plus a voluntary additional amount which is binding on the Seatholders if approved by a special majority at the AGM. Council determines the total amount of the seat rate to be proposed at the AGM each year, based on a recommendation by the Seat Rate Committee. This Committee comprises the five appointed Council members plus the Treasurer as non-voting chairman (please see page 35 for the terms of reference and membership).

At the 2021 AGM, the Seatholders voted for a seat rate of £1,335 per seat plus VAT (£1,452 in 2020), plus a supplementary seat rate of £415 per seat plus VAT. This comprised the £10 compulsory element plus an additional £1,740 towards the Hall's annual costs. In total the Seat Rate generated an annual contribution to the Hall of £2.2m in 2021.

### *Ordinary and Exclusive Lets*

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

Seatholders now exclude themselves from performances on up to 110 days during the year, which amount to some 130+ performances each year (52 in 2021 due to the reduced calendar). The performances from which the Seatholders are excluded are called “Exclusive” performances and are, in the main, the more popular and (for the charity) profitable events in the annual calendar.

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

In 2021 the rebate paid to Seatholders was £0.2m, the effect of which was to reduce the annual contribution by £153 per seat (£550 in 2020).

The performances that the Seatholders have access to, known as “Ordinary” lets, accounted for 96 of the 187 lettings in 2021. In total, the 326 Seatholders received over 121,000 tickets.

*Other ways in which the Seatholders support the charity*

**Donations**

As well as money, Seatholders can donate tickets to the Hall. The Hall enables the promoters of charity events to write to the Seatholders to ask if they would like to donate their tickets to these charities. During a normal year with a full calendar of performances, thousands of tickets are typically donated by Seatholders.

**Community Ordinaries**

A Community Ordinary is a type of Ordinary Let only available to promoters of community events. In the case of Community Ordinaries, Seatholders are asked in advance whether they would like to give up their seats for that performance, thus allowing increased access for more participants to take part in the event. The vast majority of Seatholders give up their seats in support of the Hall and these community events. In 2021, there were 6 such performances.

**Ticket Return Scheme (TRS)**

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

Today the TRS is used by almost all of the Membership, with 60% of tickets issued to Seatholders returned to the Hall's box office in 2021, greatly increasing public access to events staged in the main auditorium. The features of the Ticket Return Scheme are set by Council and the scheme is entirely voluntary for Seatholders. The Hall operates as an agent for any Seatholders who choose to use the TRS (administering the scheme through the ticketing system that the Hall already operates for Promoters' ticket sales). The Hall does not pay any fee to the Seatholders and is only an intermediary between the Seatholders and the public who are purchasing their tickets. But the Hall does generate a direct income by charging the standard handling fee to the public who purchase tickets. If the TRS did not exist, it is likely that a higher portion of Seatholders' tickets would be put up for sale on third party websites, in some instances at prices greater than the equivalent promoter face value and in many cases at prices lower than the equivalent promoter face value.

The TRS is advantageous to the charity not only because it enables the charity to generate a direct income via the standard booking fee levied on the ticket sales, but also because the TRS can improve the risk profile that promoters face when hiring the Hall which, in turn, enables the Hall to maximise its rental revenue.

We estimate that the operation of the TRS, from the direct booking fee income and the indirect impact on rental revenue, was worth approximately £281k to the charity in 2021 (£111k in 2020). On average a Seatholder who returned all their tickets to the TRS received a financial return of 40% of the total face value of equivalent promoter tickets (60% in 2020).

#### *Seatholders' rights and obligations*

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

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

#### *Seatholders and the Hall's financial surplus*

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



The Hall estimates that its annual income benefitted by some £2.7m in 2021 (£2.6m in 2020) due to the ongoing support of the Seatholders and as a result of the various initiatives discussed previously in relation to seat rate, exclusive lettings, and operation of the Ticket Return Scheme etc. This contribution enables the charity, which receives no regular financial support from the Arts Council or government, to fulfil its public benefit obligations to a greater degree than would otherwise be the case.

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

*Charity Governance Code and governance measures enacted in 2021*

The Council of the Royal Albert Hall has considered the Charity Governance Code in detail and continues to review its compliance with it. The Council and Hall abide by and support the Code's seven principles of organisational purpose: leadership, integrity, decision-making, risk and control; board effectiveness, diversity and openness and accountability. The Trustees have debated how to apply the Code's recommendations and note that the intention is that the Code is aspirational, and a tool for continuous improvement towards the highest standards. In particular, diversity, equality and inclusion are going to be central pillars of the Hall's 2022-2026 Business Plan.

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

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

During 2021 the following actions have been taken: the Hall's declarations of interest and related party transactions were reviewed and updated and a formal register of interests introduced; the Hall's Gift Acceptance Policy was further reviewed having been introduced in 2019, to ensure that in considering due diligence on prospective major donors, reputational issues for the Hall were fully considered and the Policy and procedure was amended as a result. The Hall's Bribery and Entertainment Policy was reviewed and updated. The Hall's Conflicts Policy was further reviewed and amended by Council to allow for additional members to join the Conflicts Committee to ensure that the Committee could

## **Report of the Council** Year to 31 December 2021

always be quorate. The Hall's auditors reviewed the annual report on the activities of the Conflicts Committee and carried out their triennial external review of the operation of the Hall's Conflicts Policy. The Corporation's AGM held in July this year was again held virtually, following the byelaw introduced in 2020 to enable virtual General Meetings, electronic voting and the service of formal notices electronically. Going forward the Hall has just appointed an external agency to conduct a Board Effectiveness Review, which should report in the second quarter of the year. The Hall's wholly owned trading subsidiary is considering the appointment of an independent Director to its Board and the Hall is now preparing to amend its constitution by means of a private Bill in Parliament.

The Committees of Council have undertaken their roles in accordance with the revised and refreshed terms of reference put in place in 2019 and the Scheme of Delegation. An additional working group of Council was formally set up to oversee the drafting of the Hall's new Business Plan for 2022-2026.

As a charity, the Hall is regulated by the Charity Commission. The Trustees are currently in discussion with the Commission about the Hall's governance and have been actively engaging with the Charity Commission over the last year, including in relation to bringing a private Bill to Parliament to amend certain aspects of the Hall's constitution that can only be amended in this manner. Independent of that, the Trustees are conducting a review of the Hall's constitution. The Trustees strongly believe in the value of the charity's unique operating structure, and remain committed to building on the success that its governance arrangements have provided over the past 150 years, in giving the public – in the UK and beyond – access to the world's most iconic Hall and to the great performances that take place there, almost every night of the year.

*Council members*

Members of Council constitute the Trustees of the Corporation for the purposes of the Charities Act 2011. The following Council members served during 2021:

**Council members**

**President of the Corporation:**

Ian McCulloch

**Other elected members:**

Leon Baroukh MA CFA

Dr Monica Bloch PhD

Stephen Brandon MA MBA CEng

Lucinda Case

John Cooper FCA CTA

Linda Craig

Lauren Ekon

Nigel Hamway

Harry Handelsman

Michael Jackson MA FCA

Peter B M Lim FCA MBA

Robert Lipson

Rebecca Matthews (resigned 28 February 2021)

James Max BSc Hons SFDR MRICS

Iain McNay

Stuart Newey

Anthony Ratcliffe FRICS FRSA

Mark T Schnebli FInstD FBIM

**Appointed members:**

Stuart Corbyn FRICS (resigned July 2021)

Sir Michael Dixon KBE BSc ARCS DPhil FCGI

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA

Richard Harrington (appointed February 2021)

Kevin Porter

Sir Jonathan Michael

**Secretary to the Corporation:**

Susan Gent

*Seatholders as Council members*

The majority of Council members are also Members of the Corporation who own seats in the Hall. As such they pay the Members' Annual Contribution (or seat rate), receive the rebate, receive tickets for Ordinary lets and generally enjoy Seatholders' rights on exactly the same terms as the other Members of the Corporation. The total number of seats directly or jointly owned by Council members is 34, with a further 117 owned by related parties (the total number of seats owned by Members is 1,268). During 2021 the Annual Contribution payable to the Hall by each Seatholder was £1,335 per seat plus VAT (2020: £1,452). The 'rebate' that Seatholders were entitled to during 2021, relating to prior year lettings where Seatholders were excluded, was £153 per seat plus VAT (2020: £550). During 2021 the supplementary seat rate payable to the Hall by each Seatholder was £415 per seat plus VAT. Therefore in total in 2021 Council members and their related parties paid a seat rate to the Hall of £264,250 and, offset against this, a total rebate from the Hall of £23,103. Therefore the net contribution in the year was £241,147.

The Hall's Council members actively supported the operation of the Ticket Return Scheme (TRS - please see page 31 for a full explanation of how the TRS works). For the 151 seats owned by the Hall's Council Members and their related parties (see above), 8,294 tickets were returned to the TRS (being 80% of the total tickets they received). The Hall put these tickets on sale on behalf of the Seatholders and, in total, this generated a distribution of £102,645 (equivalent to approximately £680 per seat) for those Seatholders (paid to them during 2021, relating to the performance period November 2020 to October 2021), equivalent to £12.38 per ticket returned to the TRS (which is approximately 30% of the face value of Promoter tickets for seats in equivalent sections of the Hall). The Hall received a commission from the purchasers of the tickets estimated to be approximately £10,000.

No member of Council received any remuneration from the Corporation during the year (2020 - £nil). One member received out of pocket expenses of £23 in 2021 (£76 in 2020). Other than the transactions noted above, no member of Council had any beneficial interest in any contract with the Corporation or its subsidiary undertaking during the year. A number of Trustees provided donations to the charity to carry out its charitable objectives during 2021 totalling £1,530 (2020: £23,180). During the year the Hall's Council Members and their related parties purchased 23 tickets (total value of £3,010) for events in 2021 from the Hall's box office, at the same prices and on the same terms as the general public.

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

Council members are also encouraged to attend a variety of performances at the Hall in order to experience the range of charitable activities undertaken by the Hall and the policy for the Kirby Laing Box in the Grand Tier was amended in October 2021 to facilitate this. For this purpose all Council members can request complimentary seats in the Kirby Laing Box (or stalls if the Kirby Laing Box is full) for themselves and a guest on up to ten occasions throughout the year. If Council members wish to buy additional seats in the Kirby Laing box for such performances and there are tickets available, they are able to do so. When using the Box, Council members who are seatholders, are invited to swap a number of their own tickets for the same number in the Kirby Laing Box or the stalls, returning theirs to the Hall (for its own use and sale), but are not obliged to do so. The total value of such complimentary tickets provided to Council members in 2021, following the amendment to the policy for the Kirby Laing Box in October 2021, was £2,561.

If there is a difference in the face-value of their own tickets, and those in the Kirby Laing Box, Council members are also invited to donate the difference to the charity, particularly if the Council member is taking more than two seats in the Kirby Laing Box. During 2021 Council Members and their related parties used 66 tickets in the year in the Kirby Laing Box and 128 tickets other than in the Kirby Laing Box.

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the Hall's officers, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £17,220 (2020: £15,000) and the cover provided totalled £10m (2020: £10m).

#### *Election and appointment of members of Council*

In accordance with the Corporation's governing constitution, the Council, which is the Corporation's governing body, comprises the President and up to 18 Members of the Corporation (i.e. Seatholders) and five independent members, one being appointed by each of the Secretary of State for Digital, Culture, Media and Sport; the Trustees of the Natural History Museum; the Governors of the Imperial College of Science, Technology and Medicine; the Council of the Royal College of Music and the Royal Commission of the Exhibition of 1851. The 18 members of Council who are also Seatholders are elected at Annual General Meetings. The Members of the Corporation, also at the AGM, appoint the President who is eligible to stand for re-election every year for a maximum term of six years, at which point the President retires from office. The Treasurer (who is one of the 18 Members) is also elected annually at the AGM.

The Governance and Ethics Committee considers how the Council should fill any casual vacancies on Council<sup>1</sup>, 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.

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

Historically the Council undertakes an annual Board Effectiveness Review which is either carried out by the Hall's auditors, or internally by the President meeting with each Committee Chair to review that Committee. In 2022, the Council will be carrying out an in depth external Board Effectiveness Review using a third party consultancy, which should report its findings in the second or third quarter of the year.

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

#### *Council members' Induction and Training*

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

#### *Statement of Council's responsibilities*

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in operation.

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

### *Organisation*

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

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

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

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

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

#### ◆ *Conflicts Committee*

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

At the request of the President, it also advises individual Trustees, the Council, all committees, the boards of subsidiary companies, and, where appropriate, staff, generally, on conflicts of interest. The Committee also monitors the implementation of the Conflicts Policy; recommends appropriate systems for promoting and monitoring compliance with this policy; reviews annual and other declarations of interest and briefs the Council or the President on any difficult individual cases referred to it. The minutes of the Committee are provided to the Auditors throughout the year. The Committee was chaired by a non-voting Seatholder, Lucinda Case, throughout 2021. Voting members of the Committee during the year have been Sir Michael Dixon and Sir Jonathan Michael. Monica Bloch and Kevin Porter have recently been appointed to this Committee.

## Report of the Council Year to 31 December 2021

### ◆ *Finance, Audit and Risk Committee*

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

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

### ◆ *Seat Rate Committee*

The Seat Rate Committee has two purposes:

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

The Committee's members during the year have been the Honorary Treasurer, Michael Jackson (non-voting Chairman) and the five independent Appointed Members of Council: Richard Harrington, Sir Michael Dixon, Stuart Corbyn (until July 2021) Jim Eyre (from July 2021), Kevin Porter and Sir Jonathan Michael.

### ◆ *Fabric Committee*

The Committee advises Council on all matters relating to the preservation, maintenance and further improvement of the Hall and its setting. Stuart Corbyn chaired this Committee until July 2021 and was succeeded by Anthony Ratcliffe. The Committee meets at least five times a year. Other members during the year were Michael Jackson, Stuart Newey, Stephen Brandon and Harry Handelsman, with Nigel George, Tim Jones (now retired) and Martin Williams serving as co-opted non-voting members. Recently Tanvir Hassan has been appointed as an additional co-opted non-voting member of the Committee.

### ◆ *Development Committee*

This Committee reports on the programme and outcomes of fundraising events and on the resources expended, giving a broad overview of fundraising, its success level and indicated actions. The Committee also reviews and reports on sponsorships and partnerships that it is proposed that the Corporation enter into. Chaired by Nigel Hamway, other members during the year were Robert Lipson, James Max, Stuart Newey, Lauren Ekon, Richard Harrington and Stephen Brandon.



◆ *Programming Committee*

Council appoints a Chief Executive who, together with the Executive Team, is responsible for all aspects of the day-to-day running of the Hall, including programming the annual calendar of performances. The Programming Committee advises Council and monitors on its behalf the Hall's Programming activities (including its Educational and Outreach Work and performances at the Hall but not on its main stage), the extent to which they meet the Hall's purposes and financial objectives and to ensure they comply with the Hall's constitution and the Hall's Programming Policy. Section 14 of the 1966 Act specifies the number of occasions on which Seatholders may be excluded from the Hall ("Exclusives") – each year at the AGM, the Members of the Corporation agree to more Exclusives than the 1996 Act allows, enabling the Hall to operate with more latitude than the Act would otherwise allow, to the benefit of the charity. The Programming Committee oversees the allocation of Exclusive and Ordinary performances and the shows promoted by the Hall itself. Stuart Newey chairs this Committee which meets at least four times a year. Other members during the year were Leon Baroukh, Robert Lipson, James Max, and Iain McNay.

◆ *Governance and Ethics Committee*

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

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

It also advises Council on due diligence on major donors and sponsors, the structure and membership of Council Committees, reviews nominations for membership of Council (for casual vacancies) and makes recommendations accordingly. The Committee is chaired by the President and meets at least 5 times per year, and as necessary to consider appointments. Members during the year were Leon Baroukh, Stuart Corbyn, Mrs Lin Craig, Sir Michael Dixon, Michael Jackson, Ian McCulloch, Stuart Newey and Mark Schnebli.

◆ *Members' Liaison Committee*

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

◆ *Marketing and PR Committee*

The Committee reports to Council on, and approves the scope of, the Hall's media handling strategy and its implementation and any related communications. It appoints, with

Council's approval, any PR company to advise the Council and the Executive; and at least annually, reviews the performance of any appointed PR company. The Committee is chaired by James Max. Members during the year were Leon Baroukh, Monica Bloch, Mrs Lin Craig; Ian McCulloch and Robert Lipson. James Murphy is a co-opted non-voting member of this Committee.

In addition to the above, the Committee advises Council and monitors on its behalf the Hall's marketing, overall brand objectives and activities and the extent to which they meet the Hall's purposes and financial objectives. This Committee also monitors the Hall's archival programme of activities and keeps Council informed of activities undertaken as well as ensuring that the Hall has appropriate processes in place to safeguard these assets. The Committee also advises Council on any reputational issues associated with the acceptance of donations or third party sponsorship.

◆ *Remuneration and HR Committee*

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

*Hall Staff*

◆ *Executive Team*

The day-to-day management of the Corporation is the responsibility of the Chief Executive, Craig Hassall.

The Chief Executive is supported by the Executive Team who throughout 2021 were:

Director of Finance & Administration	Anupam Ganguli
Artistic and Commercial Director	Lucy Noble
Director of Building & Operations	Sara Crema
Director of External Affairs	Louise Halliday
Director of Visitor Experience	Anthony Winter-Brown

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

◆ *Employees*

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

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

*Remuneration Policy*

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

The Hall does not use volunteers.

*Connected charities and related parties*

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

Royal Albert Hall Developments Limited (RAHDL) is responsible for income generating activities which are outside the Corporation's charitable purposes as set out in the Corporation's original Charter, namely catering, merchandising, tours, retail, licensing boxes for corporate use and selling hospitality packages. Its subsidiary RAH Concerts Ltd (RAHCL) is used for promotions that are not subject to UK law. For further details of RAHDL and RAHCL please see note 15.

The Board of RAHDL meets at least 4 times per year. RAHDL is chaired by Leon Baroukh and other Directors during 2020 were Craig Hassall, Michael Jackson, Peter Lim, Stuart Newey, John Cooper and Nigel Hamway. The Secretary to the Corporation is the Company Secretary of RAHDL and RAHCL.

The Royal Albert Hall Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have review procedures in place to ensure that all funds received are properly utilised by the Corporation in line with donors' restrictions or wishes, on projects which are efficiently managed and fully completed. The Trustees of the Royal Albert Hall Trust, (Registered Charity No: 285111), a connected charity, are the President and Vice Presidents of the Corporation together with additional trustees appointed to the Trust following the amendment of the Trust Deed for the RAH Trust in 2019/2020. The Trust donated £3.5m to the Corporation in 2021 (2020 - £3.9m). For further details of the Royal Albert Hall Trust please see note 15.

### *Fundraising*

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

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

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

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

The team raised donations of £4.8m in 2021, including significant new support from members of the public and our audiences in response to a direct campaign marking six months of the Hall being closed and ongoing and high profile media interest in the impact of the pandemic of the Hall.

Despite the scheme seeing a drop in numbers of 27% since pre-pandemic levels, we finished the year with nearly 6,200 Friends and Patrons. This demonstrates the generosity and understanding that we have received from our supporters despite the much reduced calendar of events, for which we are truly grateful.

### *Risk management*

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

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

The principal risks and uncertainties to the Hall are detailed below. In 2022, the main risks are again related to COVID 19.

Risk	Mitigation
<p>Further lockdowns in the event of increases in COVID-19 and influenza cases threatening the NHS in the coming months</p> <ul style="list-style-type: none"> <li>• The further closure of the Hall for an extended period of time with the consequent impact on the Hall’s reserves.</li> <li>• Uncertainty round the loss of public confidence to attend public gatherings or travel to London, which could impact income</li> <li>• The impact of sickness on the supply chain and operational teams.</li> <li>• Delays to large capital projects resulting in deterioration of the building and cost increases.</li> <li>• Staff wellbeing and morale being affected adversely due to work pressures, social distancing, and as a result of being furloughed</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed cash flow forecasts of different closure scenarios; review and cutting back of all expenditure</li> <li>• Furloughing as many staff as possible, availing of any government schemes</li> <li>• Discussions with capital projects’ contractors to renegotiate timings and agree costs</li> <li>• Regular formal and informal communication with and between staff through digital means. Coordinated wellbeing approach to support staff</li> <li>• Development and implementation of COVID-safe site arrangements, procedures and risk assessments in line with emerging government guidance and in consultation with and with the approval and support of Westminster Licensing authorities. Plans fully scalable for any size capacity and to include pandemic-safe procedures for managing staff, contractors, performers and the public.</li> </ul>

The other strategic risks are:

Risk	Management
<p>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).</p>	<ul style="list-style-type: none"> <li>• Strict adherence/enforcement of procedures, codes of practice etc.</li> <li>• Built-in resilience / dual capacity / back-up systems and processes.</li> <li>• Organisation-wide staff induction, awareness, and training</li> <li>• Detailed contingency / disaster recovery planning.</li> <li>• Comprehensive insurance.</li> </ul>
<p>Damage to the Hall's reputation, impacting long-term operational and financial resilience arising from:</p> <ul style="list-style-type: none"> <li>• failure to comply with statute or safeguarding requirements</li> <li>• 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</li> <li>• adverse reviews</li> <li>• failing service standards</li> <li>• data protection breaches</li> <li>• security-related incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive procedures and staff awareness of them and training</li> <li>• Disclosure and explanation of the Hall's governance structure in the annual report and accounts, other statutory documents, and the website.</li> <li>• Conflicts Committee</li> <li>• Ongoing dialogue with the Charity Commission</li> <li>• Long-term contracts and strong relationships with major promoters and corporate partners.</li> <li>• Proactive and reactive media strategies.</li> <li>• Implementation of GDPR action plan.</li> </ul>
<p>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.</p>	<ul style="list-style-type: none"> <li>• Project approval process (approved by Council) in place.</li> <li>• Regular project reviews and oversight by the Fabric and Finance Committees.</li> <li>• Long-term condition survey carried out.</li> <li>• Robust building surveys, audits, and planned maintenance reviews are being undertaken.</li> </ul>

The Hall usually ensures a multi-year programme of regular internal audits is maintained. Internal Audit reports are presented to Finance, Audit and Risk Committee. The Internal Audit programme for 2021 had to be curtailed as a consequence of COVID and will commence in 2022.

*Going Concern*

The Hall remained closed until 17 May 2021 and was only able to fully reopen without any social distancing from 21 June. As in 2020, the Hall had to refund a large number of promoter rental fees and tickets purchased by the public, and all commercial activity such as catering, tours and retail had to cease during the period of closure.

Although social distancing measures have now been lifted by government it is still unclear what long term impact the general confidence of the public to come to venues such as ours will have on bookings and visitor numbers.

As the Hall derives its surpluses primarily from performances and commercial activity directly related to performances, as well as bank interest and philanthropic support, and relies on its own reserves for working capital requirements, the closure has had a significant financial impact on the Hall's reserves. The loss of revenues means that the Hall's reserves, built up over a number of years and earmarked for strategic capital projects, have had to be used to meet working capital requirements during the closure period.

On 24 February 2021, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund. The loan is repayable over 20 years and carries an interest rate of 2%. £5m of the loan was used to repay the £5m loan taken from the Hall's bankers under the government's 2020 Coronavirus Business Interruption Loan Scheme (CBILS).

Since reopening, income from performance and commercial activity has resumed

In 2021:

- We rescheduled cancelled shows where possible to 2022 and beyond
- The Hall refunded a large number of promoter rental fees and tickets purchased by the public, and all commercial activity such as catering, tours and retail ceased.
- We successfully subscribed to the Government's Coronavirus Job Retention Scheme and the majority of the Hall's staff were furloughed through to September when the Scheme ceased
- No major building projects were undertaken other than Chillers and Ventilation.
- Operating budgets were reviewed and reduced to minimum levels of essential expenditure
- We solicited donations from customers when refunding tickets, and from a series of streamed concerts through the initiative Royal Albert Home

The 2022 budget has been prepared assuming pre-COVID assumptions namely the Hall will be open without social distancing throughout the year and attendance levels will be at pre-COVID levels from the very start of the year.

The potential financial risks are being mitigated by the following actions:

- The £20.74m loan from the government's Cultural Recovery Fund. £5m of this loan was used to repay the CBILS loan taken out with Coutts in 2020 and, if necessary, the balance will be used for working capital purposes, to carry out essential maintenance works, and to provide a buffer for further contingencies.
- We continue to monitor cash flow, and control costs in all areas of the organisation.
- Council will continue to assess the risks and return on investment of any proposed capital projects before approval

### **Conclusion**

Council has considered the current financial position of the Hall for the foreseeable future and has taken action as necessary to manage risks arising from different scenarios. To this end the remainder of the government loan will support our short term cash flow needs if necessary. It is reasonable to expect the Hall to generate adequate income to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

### **Related Parties**

None of the Trustees receive remuneration or other benefit from their work with the charity. The relationship between Seatholders, Council members and the Hall is described in full on pages 36 to 42.

Any connection between a Trustee or senior manager of the charity with a promoter, contracted performer or exhibitor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.



Approved by the Council on 29 April 2022  
and signed on its behalf by  
Ian McCulloch  
President



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

**Opinion**

We have audited the financial statements of the Corporation of the Hall of Arts and Sciences ('the charity') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

The trustees are responsible for the other information contained within the annual report.

## **Independent auditor's report** Year to 31 December 2021

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

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, set out on page 31, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under section 151 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Health and safety legislation

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of box office income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance, Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence including that with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For

## **Independent auditor's report** Year to 31 December 2021

example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Crowe UK LLP*

### **Crowe U.K. LLP**

Statutory Auditor

London

29 April 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# The Corporation of the Hall of Arts and Sciences

## Consolidated statement of financial activities Year to 31 December 2021

	Notes	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
<b>Income:</b>					
Donations and legacies	1	3,905	3,313	<b>7,218</b>	6,854
<i>Income from charitable activities:</i>					
Operation of Hall	2	11,112	19	<b>11,131</b>	4,334
Investment income and interest		4	-	<b>4</b>	78
<i>Income from other activities:</i>					
Commercial trading operations	3	6,032	-	<b>6,032</b>	4,756
<b>Total income</b>		<b>21,053</b>	<b>3,332</b>	<b>24,385</b>	16,022
<b>Expenditure:</b>					
<i>Costs of raising funds:</i>					
		472	-	<b>472</b>	504
<i>Expenditure on charitable activities:</i>					
Maintaining and developing the Hall	4	8,120	-	<b>8,120</b>	10,315
Promoting the arts and sciences	4	18,177	125	<b>18,302</b>	15,880
Interest repayable		344	-	<b>344</b>	-
<b>Total expenditure</b>		<b>27,113</b>	<b>125</b>	<b>27,238</b>	26,699
<b>Net income/(expenditure)</b>		<b>(6,060)</b>	<b>3,207</b>	<b>(2,853)</b>	<b>(10,677)</b>
Transfer between restricted and unrestricted funds	21/22	1,836	(1,836)	-	-
<b>Net income/(expenditure) after transfers between restricted and unrestricted funds</b>		<b>(4,224)</b>	<b>1,371</b>	<b>(2,853)</b>	<b>(10,677)</b>
Actuarial gains/(losses) on defined benefit pension scheme	23	-	-	-	5
<b>Net movement in funds</b>		<b>(4,224)</b>	<b>1,371</b>	<b>(2,853)</b>	<b>(10,672)</b>
<b>Fund balances brought forward at 1 January</b>		<b>46,222</b>	<b>418</b>	<b>46,640</b>	<b>57,312</b>
<b>Fund balances carried forward at 31 December</b>		<b>41,998</b>	<b>1,789</b>	<b>43,787</b>	<b>46,640</b>

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

For the parent charity alone, total incoming resources for the year were £19.5m (2020 - £11.9m) and net outgoing resources were £4.2m (2020 - £15.4m).

The notes on pages 56 to 83 form an integral part of these financial statements.

# The Corporation of the Hall of Arts and Sciences

## Balance sheets 31 December 2021

	Notes	Corporation 2021 £'000	Group 2021 £'000	Corporation 2020 £'000	Group 2020 £'000
<b>Fixed assets</b>					
Tangible assets	11	48,472	48,472	47,119	47,119
Intangible assets	12	767	767	980	980
Investments	14	6,200	6,200	-	-
Investment in subsidiary	15	25	-	25	-
		<b>55,464</b>	<b>55,439</b>	<b>48,124</b>	<b>48,099</b>
<b>Current assets</b>					
Stock	16	-	167	-	184
Debtors	17	2,375	5,153	2,755	3,679
Investments	14	-	-	1	27
Cash at bank and in hand		20,937	29,726	18,570	19,467
		<b>23,312</b>	<b>35,046</b>	<b>21,326</b>	<b>23,357</b>
<b>Current liabilities</b>					
Bank loan	20	-	-	5,000	5,000
Creditors: amounts falling due within one year	18	16,038	25,958	18,213	19,816
		<b>16,038</b>	<b>25,958</b>	<b>23,213</b>	<b>24,816</b>
<b>Net current assets</b>		<b>7,274</b>	<b>9,088</b>	<b>(1,887)</b>	<b>(1,459)</b>
<b>Total assets less current liabilities</b>		<b>62,738</b>	<b>64,527</b>	<b>46,237</b>	<b>46,640</b>
Creditors: amounts falling due after one year	20	20,740	20,740	-	-
<b>Total net assets</b>		<b>41,998</b>	<b>43,787</b>	<b>46,237</b>	<b>46,640</b>
<b>Represented by</b>					
<b>Funds and reserves</b>					
<b>Income funds:</b>					
Restricted funds	21	-	1,789	-	418
Unrestricted funds					
Designated funds	22	49,638	49,638	50,119	50,119
General funds					
Free reserves	22	(7,640)	(7,640)	(3,882)	(3,897)
Pension reserves	23	-	-	-	-
		<b>41,998</b>	<b>43,787</b>	<b>46,237</b>	<b>46,640</b>

The notes on pages 56-83 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 29 April 2022 and signed on their behalf by:



Ian McCulloch  
President



Michael Jackson MA FCA  
Honorary Treasurer

# The Corporation of the Hall of Arts and Sciences

## Consolidated cash flow statement Year to 31 December 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities	A	6,257	(16,877)
Cash flows from investing activities	B	(5,538)	15,699
Cash flows from financing activities	C	15,740	5,000
Changes in cash and cash equivalents in the reporting period		16,459	3,822
Cash and cash equivalents at the beginning of the reporting period		19,467	15,645
Cash and cash equivalents at the end of the reporting period		35,926	19,467
Comprising			
Short term deposit		-	27
Cash at bank and in hand		35,926	19,467
<b>Total cash and cash equivalents at the end of the reporting period</b>		<b>35,926</b>	<b>19,494</b>

## Notes to the cash flow statement for the year to 31 December 2021

<b>A Reconciliation of cash flows from operating activities</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Net expenditure for the reporting period (as per the statement of financial activities)	(2,853)	(10,677)
Adjustments for:		
FRS 102 pension adjustment	-	5
Depreciation charges	2,581	2,041
Impairment of tangible assets	1,848	-
Dividends, interest and rents from investments	(4)	(78)
(Increase) in stock	17	(108)
Decrease/(increase) in debtors	(1,474)	1,997
Decrease in creditors	6,142	(10,057)
<b>Net cash provided by (used in) operating activities</b>	<b>6,257</b>	<b>(16,877)</b>
<b>B Cash flows from investing activities</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Dividends, interest and rents from investments	4	78
Purchase of property, plant and equipment	(5,553)	(5,240)
Purchase of intangible assets	(16)	(112)
Sale of investments	27	20,973
<b>Net cash provided by (used in) investing activities</b>	<b>(5,538)</b>	<b>15,699</b>
<b>C Cash flows from financing activities</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Proceeds from new loans	20,740	5,000
Repayments on borrowings	(5,000)	-
<b>Net cash provided by (used in) financing activities</b>	<b>15,740</b>	<b>5,000</b>

## **Principal accounting policies** Year to 31 December 2021

### **Company information**

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

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

### **Basis of accounting**

These financial statements have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practise. The accounts (financial statements) have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

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

### **Going concern**

The Hall derives its surpluses primarily from performances and commercial activity directly related to performances, as well as bank interest and philanthropic support, and relies on its own reserves for working capital requirements. The closure of the Hall over the recent pandemic has therefore had a significant financial impact on reserves. The loss of revenues means that the Hall’s reserves, built up over a number of years and earmarked for strategic capital projects, have had to be used to meet working capital requirements during the closure period.



## **Principal accounting policies** Year to 31 December 2021

In February 2021, the Hall obtained a loan of £20.74m from the government's Cultural Recovery Fund. The loan is repayable over 20 years and carries an interest rate of 2%. £5m of the loan was used to repay the £5m loan taken from the Hall's bankers under the government's 2020 Coronavirus Business Interruption Loan Scheme (CBILS).

Since reopening of the Hall in 2021, income from performance and commercial activity has resumed. Cancelled shows were rescheduled where possible and new performances have been booked.

The 2022 budget has been prepared assuming pre-COVID assumptions namely the Hall will be open without social distancing throughout the year and attendance levels will be at pre-COVID levels from the start of the year.

Council has considered the current financial position of the Hall for the foreseeable future. Given the uncertainties around the nature and length of the social distancing measures, the board has taken action to manage risks arising from different scenarios. The loan from the Cultural Recovery Fund will support short term cash flow needs. Council has a reasonable expectation that the Hall has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

### **Critical accounting judgements and key sources of estimation uncertainty**

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

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

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

**Pension liabilities** – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 21.

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

## **Principal accounting policies** Year to 31 December 2021

### **Financial instruments**

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

Investments in subsidiary undertakings are held at cost less impairment.

Cash investments are held in order to fund the Hall's long term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long term view when planning and investing in the operations of the venue, including the Education and Outreach programme. Cash investments are held at amortised cost.

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

### **Accounting for income**

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

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

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

Legacies are recognised on the earlier of the receipt of funds and the receipt of final agreed estate accounts.

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

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received. The grant in connection to the Coronavirus Job Retentions Scheme (CJRS) has been recognised in the period to which the underlying furloughed staff costs relate to. Included in income is an amount of £2.4m in respect of the CJRS.

## **Principal accounting policies** Year to 31 December 2021

### **Expenditure**

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

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

### **Allocation of support costs**

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

### **Termination Payments**

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

### **Pension costs**

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

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

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

## Principal accounting policies Year to 31 December 2021

- ◆ *Stakeholder Pension Plan and The Peoples' Pension*  
Pension costs for the Royal Albert Hall Stakeholder Pension Plan and The Peoples' Pension are charged to the statement of financial activities as they become payable.
- ◆ *Defined contribution section*  
Pension costs for the defined contribution section of the Royal Albert Hall Pension Scheme are charged to the statement of financial activities as they become payable. The cost is split by department depending on the role of the individual. In 2020, the Scheme's trustees transferred responsibility for the defined contribution section funds from the Scheme into the Legal & General (L&G) Mastertrust, which is run by a board of professional trustees independent of L&G.
- ◆ *Defined benefit section*  
Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the Corporation's defined benefit section of the Scheme expected to arise from employee service in the period is allocated to the respective expense category (as outlined above) in respect to staff costs.

### **Tangible fixed assets**

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

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

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

- |   |                                    |
|---|------------------------------------|
| ◆ Property costs                          | 10% per annum based on cost        |
| ◆ Basement                                | 1% per annum based on cost         |
| ◆ Plant, fixtures, fittings and equipment | 6.7% - 20% per annum based on cost |
| ◆ Computers and office equipment          | 20 - 33.3% per annum based on cost |

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

## Principal accounting policies Year to 31 December 2021

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) the cost of the item can be measured reliably.

Assets under construction are not depreciated until complete and operational.

No depreciation is charged on freehold land.

No depreciation is charged on assets comprising the archival collection. The nature of these assets (including paintings, manuscripts and artefacts) means that their expected useful lives are extremely long and their residual values high. Any depreciation, therefore, would be immaterial.

### Intangible fixed assets

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

The property rights from the purchase of the RNLI second tier box also entitle the seller to a right to five hundred complimentary tickets for the next 7 years which are currently based at an estimated value of £0.

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

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

### Heritage assets

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

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

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

## **Principal accounting policies** Year to 31 December 2021

### **Fund accounting**

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

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

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

### **Government loan**

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

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

As at 31 December 2021, the loan had been fully drawn down.

## 1 Donations and legacies

	2021 £'000	2020 £'000
Donations	4,832	3,255
Government Grants	2,386	3,599
	<b>7,218</b>	<b>6,854</b>

## 2 Income from charitable activities

	2021 Restricted funds £'000	2021 Unrestricted funds £'000	2020 Restricted funds £'000	2020 Unrestricted funds £'000
Rentals	-	1,741	-	616
Ticket commission	-	6,307	-	665
Members' contribution	-	2,219	-	2,272
Other	19	845	347	434
	<b>19</b>	<b>11,112</b>	<b>347</b>	<b>3,987</b>

## 3 Income from other activities

The Corporation's wholly owned trading subsidiary, Royal Albert Hall Developments Limited, is incorporated in the United Kingdom (company number 01539294). The principal activities of the company are the licensing of boxes to corporate clients, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the Hall, tours, a shop, merchandise sales and a car parking concession, in addition to events which do not form part of the Hall's charitable objectives. A summary of the trading results of the company is shown in note 15.

Royal Albert Hall Developments Ltd has a wholly owned subsidiary RAH Concerts Ltd which is incorporated in the United Kingdom (company number 10664172). The principal activity of the company is the licensing of the Royal Albert Hall to third parties which are not subject to UK law.

#### 4 Analysis of expenditure on charitable activities

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2021 Total £'000	2020 Total £'000
Building maintenance	1,663	-	1,663	1,428
Building refurbishment and improvements	2,982	-	2,982	5,888
Security and housekeeping	1,228	937	2,165	1,731
Archives	99	-	99	127
Ticketing	-	1,591	1,591	1,773
Show management and production	-	4,941	4,941	2,657
Front of house services	-	2,652	2,652	2,987
Programming, marketing and PR	-	1,472	1,472	1,352
Education activities	-	338	338	122
Miscellaneous	-	592	592	625
Support costs (see note 5)	2,148	5,779	7,927	7,505
	8,120	18,302	26,422	26,195

#### 5 Support costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2021 Total £'000	2020 Total £'000
Finance and information systems	402	1,356	1,758	1,760
Administration and human resources	370	1,422	1,792	1,542
Overheads and insurance	400	280	680	1,115
Utilities	109	561	670	655
Depreciation and amortisation	420	2,160	2,580	2,041
Governance costs (note 6)	447	-	447	392
	2,148	5,779	7,927	7,505

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

#### 6 Governance costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2021 Total £'000	2020 Total £'000
Salaries, wages and related costs	152	-	152	141
General office	26	-	26	27
Audit fees	60	-	60	37
Legal and other professional fees	209	-	209	187
	447	-	447	392



## 7 Auditor's remuneration

	2021 £'000	2020 £'000
Group audit	60	37
Pension audit	7	7
Taxation services	11	7
Other services	16	1

## 8 Staff costs

	2021 £'000	2020 £'000
Salaries	10,980	11,482
Social security costs	855	895
Pension costs	658	694
	<b>12,493</b>	<b>13,071</b>

The Council Members were not paid and did not receive any other benefits from employment with the Corporation or its subsidiaries in the year (2020: £nil). One member of Council received out of pocket expenses in the year of £23 (2020: One member £76). No Council Member received payment for professional or other services supplied to the Corporation (2020: £nil).

Ex gratia and termination payments in the year totalled £178,881 (2020: £146,794). Of this amount, at the year-end £113,374 (2020: £nil) was still to be paid.

The key management personnel of the Corporation comprise the Council Members, the Executive Board and the Heads of Departments. The total employee benefits of the key management personnel of the Corporation were £2,023,783 (2020: £1,806,186).

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

	2021 Number	Full-time equivalent 2021 Number	2020 Number	Full-time equivalent 2020 Number
Generating funds	8	8	9	9
Maintaining the Hall	49	38	49	39
Promoting arts and sciences	278	197	312	223
Administration and support	34	34	36	36
Governance	2	2	2	2
	<b>371</b>	<b>279</b>	<b>408</b>	<b>309</b>

## 8 Staff costs (continued)

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

	2021 Number	2020 Number
£60,001 - £70,000	9	2
£70,001 - £80,000	1	2
£80,001 - £90,000	2	4
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
£120,001 - £130,000	-	-
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-
	<b>18</b>	<b>12</b>

Emoluments include remuneration, benefits-in-kind and (where relevant) redundancy payments. There are no employees accruing benefits under the Corporation's defined benefit scheme whose emoluments exceeded £60,000 (2020: none). Total employer's pension contributions for the provision of money purchase benefits for employees whose emoluments exceeded £60,000 were £204,503 (2020: £135,345). This includes amounts where employees have sacrificed an element of their salary in exchange for increased pension contributions.

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the directors, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £17,220 (2020: £15,000) and the cover provided totalled £10m (2020: £10m).

## 9 Related party transactions

For a detailed explanation of the relationship and transactions between Council members and the Corporation, please see under 'Council members', within "Structure, governance and management" section, on pages 29 to 48.

As highlighted in note 15, during the year the Royal Albert Hall Trust, a related charity, made a donation to the Corporation of £3.5m (2020: £3.9m). As summarised in note 18, at the year-end there was an intercompany creditor between the Corporation and Royal Albert Hall Developments Limited of £0.6m (2020: £5.1m) an intercompany creditor between the Corporation and RAH Concerts Limited of £0.7m (2020: £0.4m) and an intercompany creditor between the Corporation and Royal Albert Hall Trust of £0.6m (2020: £0.1m).

A number of Trustees made donations to the charity to carry out its charitable objectives during 2021 totalling £2k (2020: £23k).

## 9 Related party transactions (continued)

At the year-end there was a total of £9k (2020: £5k) due to Council Members in respect of rebate income collected during 2021 which will be paid across in 2022. At the year-end there was a total of £1k (2020: £6k) due from Council Members in respect of annual contributions and supplementary seat rate charged during 2021.

The key matters are summarised in the table below

	2021 Number	2020 Number
Number of seats owned by Seatholders	1,268	1,268
Number of seats owned by Council members	34	34
Number of seats owned by parties related to Council members	117	119
Number of tickets returned by Council members and related parties through ticket return scheme	8,294	5,567
Number of tickets purchased by Council members from box office	23	14
Hosting and dress rehearsal tickets used by Council members	194	49
	2021 £	2020 £
Seat rate contribution (mandatory) per seat	£10	£10
Seat rate contribution (voluntary) per seat	1,325	1,442
Supplementary seat rate contribution (voluntary) per seat	415	340
Total seat rate amount paid by Council members and related parties	264,250	274,176
Rebate per seat	153	550
Total rebate amount received by Council members and related parties	23,103	84,150
Amount distributed to Council members & related parties for returned tickets	102,645	171,442
Value of tickets purchased by Council members from box office	3,010	1,479
Donations from Council members	1,530	23,180

## 10 Taxation

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

## 11 Tangible fixed assets (Group and charity)

	Freehold land	Leasehold land	Archival collections	Property Costs	Plant, fixtures, fittings & equipment	Computers & office equipment	Assets under construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
As at 1 January 2021	1,575	629	1,496	2,702	18,038	1,526	31,342	57,308
Additions	-	-	-	1,000	4,225	67	261	5,553
Disposals	-	-	-	-	(16)	(56)	-	(72)
Transfers	-	-	-	12,595	4,708	-	(17,303)	-
As at 31 December 2021	1,575	629	1,496	16,297	26,955	1,537	14,300	62,789
Valuation 2001	1,575	629	1,496	-	-	-	-	3,700
Cost	-	-	-	16,297	26,954	1,537	14,300	59,088
	1,575	629	1,496	16,297	26,954	1,537	14,300	62,788
<b>Depreciation and impairment</b>								
As at 1 January 2021	-	-	-	1,048	8,057	1,084	-	10,189
Depreciation charge for year	-	-	-	420	1,657	275	-	2,352
Impairment	-	-	610	-	-	-	1,238	1,848
Disposals	-	-	-	-	(16)	(56)	-	(72)
As at 31 December 2021	-	-	610	1,468	9,698	1,303	1,238	14,317
<b>Net book values</b>								
As at 31 December 2021	1,575	629	886	14,829	17,257	234	13,062	48,472
As at 1 January 2021	1,575	629	1,496	1,654	9,981	442	31,342	47,119

## 11 Tangible fixed assets (Group and charity) (continued)

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

- ◆ Freehold land comprising car parking spaces situated below the Royal Albert Hall, London, SW7 are being carried at a deemed cost of £1.6m. This is based on advice received from Messrs Stile Harold Williams, Surveyors and Valuers during 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Similarly, the Corporation's archival collections are included in the accounts at a deemed cost. This was following a valuation made by Messrs King Sturge, Chartered Surveyors in 2001, the Corporation having taken advantage of the transitional accounting rules available at the time. Following valuation by an independent expert in February 2022, the value of the paintings in the collection has been reduced by £0.6m. The net book value for the archival collection as at 31 December 2021 is £0.9m.
- ◆ Leasehold land comprising the purchase of additional land to enable the basement development work to the south west of the building.
- ◆ Fixtures and fittings, equipment, computers and office equipment are all included in the accounts at cost less depreciation and impairment changes.
- ◆ Subsequent expenditure on the building that meets the criteria for capitalisation under FRS102 is capitalised at cost.

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

As well the £0.6m reduction in the net book value of the archival collection, as noted above, a further impairment charge of £1.2m has been recorded in 2021. This relates to work undertaken on the interior restoration in prior years, recorded as assets under construction. A review has concluded that it would be prudent to write off such costs. Accordingly a total £1.8m impairment charge has been taken for both categories of asset. This has been recorded as part of the cost of maintaining and developing the Hall in the consolidated statement of financial activities for the year ended 31 December 2021.

At 31 December 2021 the Corporation had capital commitments of £0.1m (2020 - £2.6m).

## 12 Intangible fixed assets (Group and Charity)

	Property rights	Computer & Office Equipment	Assets under construction	TOTAL
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
As at 1 January 2021	890	2,156	-	3,046
Additions	-	16	-	16
Disposals	-	-	-	-
Transfers	-	-	-	-
As at 31 December 2021	890	2,172	-	3,062
Cost	890	2,172	-	3,062
	890	2,172	-	3,062
<b>Depreciation</b>				
As at 1 January 2021	280	1,786	-	2,066
Charge for year	89	140	-	229
Disposals	-	-	-	-
As at 31 December 2021	369	1,926	-	2,295
<b>Net book values</b>				
As at 31 December 2021	521	246	-	767
As at 1 January 2021	610	370	-	980

All intangible fixed asset additions were acquired and none were internally developed.

## 13 Heritage assets

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

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

The following information regarding the heritage assets is given to provide an understanding of their nature:

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

### 13 Heritage assets (continued)

- ◆ The Royal Albert Hall is valued for insurance purposes only at a gross reinstatement cost of £386m, based on a surveyor's valuation as at July 2021 by Ecclesiastical.
- ◆ While not shown in the accounts, the operating expenditure includes the ground rent of one shilling (5p) a year payable to the owners of the Hall's freehold, The Royal Commission for the Exhibition of 1851.
- ◆ The Hall capitalises expenditure on removable fittings, computers and equipment. The Hall complies with FRS 102 when determining whether to capitalise subsequent expenditure on the fabric of the building, a Heritage Asset. Therefore expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed.
- ◆ Fixed asset additions to heritage assets in 2021 totalled £5.1m (2020: £5.0m). These costs primarily related to the roof top chillers and ventilation projects.

Other significant areas of expenditure within the last five years, expensed because in the main these projects did not fit within the criteria for capitalisation highlighted within both FRS 102 and old UK GAAP include the refurbishment of the Front of House WCs (£2.4m) and a quadrant by quadrant external repair and clean of the building fabric (£9.7m). Smaller projects undertaken include the refurbishment of bars and meeting rooms, the relocation and refurbishment of office space, backstage and stage door improvements, auditorium chair replacement, external maintenance such as window repairs and painting, internal door and flooring replacement, the removal of old cabling and the cost of professional services in order to bring these and other projects to fruition.

In compliance with the disclosure requirements of FRS 102, costs relating to the fabric of the building which have either been capitalised or expensed in the last five years are summarised below.

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
<b>Expenditure on heritage assets</b>					
<b>Capital expenditure</b>					
Facilities for performers and the public	1,001	1,903	368	-	61
Other building works and fees	4,082	3,121	4,682	8,265	6,830
	5,083	5,024	5,050	8,265	6,891
<b>Revenue expenditure</b>					
Facilities for performers and the public	7	575	1,554	398	60
The building's structure	247	2,677	3,081	3,224	1,110
The auditorium	-	-	-	-	-
Other building works and fees	406	2,139	-	-	-
	660	5,391	4,635	3,622	1,170
	5,743	10,415	9,685	11,887	8,061

#### 14 Investments - Group

Any investments held on the balance sheet are held to fulfil long term objectives. Investments held for short term use within current assets were nil (2020: £27k). Cash held for long term use within Fixed Assets was £6.2m (2020: nil). Further details on the Investment Policy are on page 21.

There were no listed investments held at 31 December 2021 (2020: nil).

#### 15 Investment in subsidiary undertakings and related charity

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

#### Royal Albert Hall Developments Limited

	2021 £'000	2020 £'000
<b>Statement of Comprehensive Income</b>		
Turnover	5,720	4,777
Cost of sales	(3,819)	(4,812)
Operating (loss)/profit	1,901	(35)
Net interest receivable	1	17
(Loss)/profit on ordinary activities before taxation	1,902	(18)
Tax on ordinary activities	(5)	-
(Loss)/profit on ordinary activities after taxation	1,897	(18)
Retained earnings at the start of the period	(13)	5
Deed of Covenant payable to the Corporation	(1,884)	-
Retained earnings at the end of the period	-	(13)

	2021 £'000	2020 £'000
<b>Summarised balance sheet</b>		
Current assets	11,069	6,624
Creditors: amounts falling due within one year	(11,044)	(6,612)
Net assets	25	12
Called up share capital	25	25
Profit and loss account	-	(13)
	25	12

## 15 Investment in subsidiary undertakings and related charity (continued)

The principal activities of RAH Concerts Limited are the licensing of the Royal Albert Hall to third parties which are not subject to UK law. Royal Albert Hall Developments Limited's investment in RAH Concerts Limited comprises 1 ordinary share of £1 each, being the entire issued share capital of that company. A summary of the financial results of the company is shown below.

### RAH Concerts Limited

Statement of comprehensive income	2021 £'000	2020 £'000
Turnover	322	-
Cost of sales	(171)	(4)
Operating (loss)/profit	151	(4)
Net interest receivable	-	-
(Loss)/profit on ordinary activities before taxation	151	(4)
Tax on ordinary activities	(1)	-
(loss)/profit on ordinary activities after taxation	150	(4)
Retained earnings at the start of the period	(2)	2
Deed of Covenant payable to the Corporation	(148)	-
Retained earnings at the end of the period	-	(2)

Summarised balance sheet	2021 £'000	2020 £'000
Current assets	747	493
Creditors: amounts falling due within one year	(747)	(495)
Net (liabilities)/assets	-	(2)
Called up share capital	-	-
Profit and loss account	-	(2)
	-	(2)

The Corporation has one connected charity, The Royal Albert Hall Trust (registered charity number: 285111), by virtue of the fact that the Trust's Trustees include the President and Vice Presidents of the Corporation. The Trust's objects are the maintenance and preservation of the Royal Albert Hall and the advancement of education for public benefit by the provision of such instructive activities that relate to the Royal Albert Hall as the Trustees shall from time to time determine.

The Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have review procedures in place to ensure that donations passed on to the Corporation are appropriately used, in line with donor expectations.

A summary of the financial results and balance sheet of the Trust is shown below:



## 15 Investment in subsidiary undertakings and related charity (continued)

### Royal Albert Hall Trust

<b>Summarised statement of financial activities</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Incoming resources	<b>4,851</b>	3,613
Resources expended		
. Cost of generating funds		
. Donation to Corporation	<b>3,477</b>	3,944
. Governance costs	<b>3</b>	6
Total resources expended	<b>3,480</b>	3,950
Net movement in funds	<b>1,371</b>	(337)
Fund balances brought forward	<b>418</b>	755
Fund balances carried forward	<b>1,789</b>	418
<b>Summarised balance sheet</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Current assets	<b>1,803</b>	568
Creditors: amounts falling due within one year	<b>(14)</b>	(150)
Net assets	<b>1,789</b>	418
Unrestricted funds	-	-
Restricted funds	<b>1,789</b>	418
	<b>1,789</b>	418

## 16 Stock

	<b>Corporation 2021 £'000</b>	<b>Group 2021 £'000</b>	<b>Corporation 2020 £'000</b>	<b>Group 2020 £'000</b>
Stock	-	<b>167</b>	-	184
	-	<b>167</b>	-	184

## 17 Debtors

	<b>Corporation 2021 £'000</b>	<b>Group 2021 £'000</b>	<b>Corporation 2020 £'000</b>	<b>Group 2020 £'000</b>
Rentals and concession income receivable	<b>844</b>	<b>2,047</b>	503	750
Other debtors	<b>380</b>	<b>1,184</b>	393	925
VAT	-	-	543	551
Prepayments and accrued income	<b>1,151</b>	<b>1,922</b>	1,316	1,453
	<b>2,375</b>	<b>5,153</b>	2,755	3,679

## 18 Creditors: amounts falling due within one year

	Corporation 2021 £'000	Group 2021 £'000	Corporation 2020 £'000	Group 2020 £'000
Expense creditors	1,698	2,477	732	786
Other creditors	1,379	1,688	6,871	7,722
Social security and other payroll taxes	263	263	236	236
Accruals	1,951	2,190	894	958
Amount due to subsidiary	1,883	-	5,661	-
VAT	271	962	-	-
Deferred Income (see note 19)	8,593	18,378	3,819	10,114
	<b>16,038</b>	<b>25,958</b>	<b>18,213</b>	<b>19,816</b>

Included within other creditors and deferred income are amounts held on behalf of promoters.

## 19 Deferred Income

	Corporation 2021 £'000	Group 2021 £'000
Balance as at 1 January 2021	3,819	10,114
Amount transferred from other creditors	6,385	6,695
Amount released to incoming resources	(5,179)	(6,060)
Amount deferred in year	3,568	7,629
Balance as at 31 December 2021	<b>8,593</b>	<b>18,378</b>

Deferred income for the Corporation comprises deposits on future lettings of £1.0m (2020: £0.4m) and advance ticket sales of £7.6m (2020: £3.4m) relating to performances after the balance sheet date. Deferred income for the Group comprises deposits on future lettings of £1.8m (2020: £0.7m), advance ticket sales of £15.5m (2020: £8.0m) and other advance income £1.1m (2020: £1.4m) relating to performances after the balance sheet date.

## 20 Government loan

In March 2021, the Hall received a loan of £20.7m from Arts Council England and the Department of Culture, Media and Sport as part of the Culture Recovery Fund. The loan incurs an annual interest charge of 2% and is repayable over 20 years, with a repayment holiday for the first four years.

This new financing was in part used to repay the £5.0m Coronavirus Business Interruption Loan Scheme (CBILS) loan that was taken out in November 2020.

## 21 Restricted funds

	Education & Outreach Fund £'000	Building Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2021	-	-	418	<b>418</b>
Incoming resources	-	-	3,332	<b>3,332</b>
Resources expended	(125)	-	-	<b>(125)</b>
Transfers	-	(1,836)	-	<b>(1,836)</b>
Donation from Royal Albert Hall Trust	125	1,836	(1,961)	-
Balance at 31 December 2021	-	-	1,789	<b>1,789</b>

	Education & Outreach Fund £'000	Building Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2020	-	-	755	<b>755</b>
Incoming resources	-	-	3,613	<b>3,613</b>
Resources expended	(119)	-	(4)	<b>(123)</b>
Transfers	-	(823)	(3,004)	<b>(3,827)</b>
Donation from Royal Albert Hall Trust	119	823	(942)	-
Balance at 31 December 2020	-	-	418	<b>418</b>

The Education & Outreach Fund comprises funds donated to the Corporation by the Royal Albert Hall Trust specifically for education purposes.

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

During the year the Trust made a grant of £0.1m to the Corporation's Education & Outreach Programme (2020: £0.1m). It also made a grant of £1.8m (2020: £0.8m), from the restricted Building Fund (which comprises grants and donations raised from companies and individuals), in order to fund improvements to the building in 2020. These funds were received by the Corporation into the Major Building Development fund and spent in the year.

## 22 Unrestricted funds

<b>Corporation</b>	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2021	48,099	400	-	1,620	50,119	(3,882)
Income	-	-	-	-	-	17,487
New designations	1,139	-	603	1,217	2,959	(2,959)
Transfer	-	-	-	1,836	1,836	-
Utilisation	-	-	(603)	(4,673)	(5,276)	(18,286)
Balance at 31 December 2021	49,238	400	-	-	49,638	(7,640)

<b>Group</b>	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2021	48,099	400	-	1,620	50,119	(3,897)
Income	-	-	-	-	-	21,052
New designations	1,139	-	603	1,217	2,959	(2,959)
Transfer	-	-	-	1,836	1,836	-
Utilisation	-	-	(603)	(4,673)	(5,276)	(21,836)
Balance at 31 December 2021	49,238	400	-	-	49,638	(7,640)

<b>Corporation</b>	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)

<b>Group</b>	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2020	44,789	400	2,000	5,500	52,689	3,868
Income	-	-	-	-	-	12,410
New designations	3,310	-	-	-	3,310	(3,310)
Transfer	-	-	-	823	823	3,004
Utilisation	-	-	(2,000)	(4,703)	(6,703)	(19,869)
Balance at 31 December 2020	48,099	400	-	1,620	50,119	(3,897)

## Notes to the accounts 31 December 2021

The Tangible and Intangible Fixed Asset Funds represent the net book value of the Corporation's fixed assets. A decision was made to separate this fund from the general fund in recognition that the tangible and intangible fixed assets are essential to the day-to-day work of the Corporation and as such their value should not be regarded as funds that are realisable in order to meet future contingencies. The net increase in the fund of £1.1m represents the level of capital additions during the year (net of depreciation), driven by the chillers and ventilation projects.

The Education & Outreach Fund exists to protect initiatives from any adverse short term financial performance issues the Corporation may encounter.

The Plant and Fabric Sinking Fund exists to meet the cost of major non-capital expenditure required to maintain the fabric of the building and to replace its plant and equipment over the long term. There was a zero balance at the beginning of 2021, and fund movements during the year comprised £0.6m, primarily on roof dome glazing renewals and other condition survey activity, with £0.6m transferred from unrestricted funds to meet the cost. This left a zero balance at the end of 2021.

The Major Building Development Fund exists to help meet the cost of future major building developments. The balance at the start of 2021 was £1.6m. In the year £4.7m was invested, primarily on the chillers, ventilation projects and public realm projects. The balance of £3.1m was transferred from unrestricted funds, leaving a zero balance as at 31 December 2021.

### Analysis of net assets between funds

Corporation	Unrestricted fund				Unrestricted fund £'000	2021 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000		
Tangible & Intangible fixed assets	49,238	-	-	-	-	49,238
Investments	-	-	-	-	25	25
Net current assets	-	400	-	-	(7,665)	(7,265)
Total net assets	49,238	400	-	-	(7,640)	41,998

Group	Unrestricted fund				Unrestricted fund £'000	Royal Albert Hall Trust £'000	2021 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000			
Tangible & Intangible fixed assets	49,238	-	-	-	-	-	49,238
Investments	-	-	-	-	-	-	-
Net current assets	-	400	-	-	(7,640)	1,789	(5,451)
Total net assets	49,238	400	-	-	(7,640)	1,789	43,787

**22 Unrestricted funds (continued)**

<b>Corporation</b>	Unrestricted fund					<b>2020 Total £'000</b>
	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	-	-	-	-	<b>48,099</b>
Investments	-	-	-	-	25	<b>25</b>
Net current assets	-	400	-	1,620	(3,907)	<b>(1,887)</b>
Total net assets	48,099	400	-	1,620	(3,882)	<b>46,237</b>

<b>Group</b>	Unrestricted fund					Royal Albert Hall Trust £'000	<b>2020 Total £'000</b>
	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	-	-	-	-	-	<b>48,099</b>
Investments	-	-	-	-	-	-	<b>-</b>
Net current assets	-	400	-	1,620	(3,897)	<b>418</b>	<b>(1,459)</b>
Total net assets	48,099	400	-	1,620	(3,897)	<b>418</b>	<b>46,640</b>

**23 Pension commitments**

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

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

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

### 23 Pension commitments (continued)

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

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

The unrestricted surplus, as calculated under the accounting standard FRS 102, was £3.2m as at 31 December 2021, up from £2.1m as at 31 December 2020. The main reason for the increase in the surplus over the period is due to the change in actuarial assumptions, in particular, a higher discount rate and updated mortality assumptions have resulted in a lower value placed on the liabilities. This was partially offset by a higher inflation assumption

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

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

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

	2021 £'000	2020 £'000
Defined benefit section	-	-
Defined contribution section / Stakeholder Scheme	516	546

The Hall expects to pay no contributions in the year to 31 December 2022 as there was a surplus in the Scheme at the last actuarial valuation. The Hall will meet directly any administrative costs and other expenses incurred by the Scheme.

## 23 Pension commitments (continued)

FRS 102 requires the surplus or deficit on the Scheme as at 31 December 2021, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation):

	2021 %	2020 %
Inflation	3.6%	3.4%
Salary increases	n/a	n/a
Rate of discount	1.8%	1.3%
Pension increases	3.3%	3.3%

### Assumed life expectancy in years at age 65:

	2021	2020
Retiring today – Males	22.1	22.5
Retiring today – Females	24.5	24.6
Retiring in 20 years' time – Males	23.7	24.3
Retiring in 20 years' time – Females	26.2	26.4

The assets in the scheme were:

	Value at 31 December 2021 £'000	Value at 31 December 2020 £'000
<b>Assets</b>		
Equities	4,049	3,516
Gilts	-	-
Cash	88	-
LDI	9,460	10,020
Multi Asset Credit	3,220	3,164
Insured assets	711	879
Insured liabilities	-	-
Total market value of assets	17,528	17,579
Actuarial value of liability	(14,290)	(15,433)
Surplus in Scheme	3,238	2,146
Unrecognised asset	(3,238)	(2,146)
Recoverable surplus	-	-

The Scheme has in the past secured annuities with an insurance company for members on their retirement. An allowance has been made for these members in both the asset and liability figures at 31 December 2021.



## 23 Pension commitments (continued)

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

	2021 £'000	2020 £'000
Fair value of assets at 1 January	17,579	15,840
Interest on assets	226	329
Company contributions	-	-
Contributions by Scheme participants	-	-
Benefits paid	(378)	(389)
Return on plan assets less interest	101	1,799
Fair value of assets at 31 December	17,528	17,579

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

	2021 £'000	2020 £'000
Actuarial value of liabilities at 1 January	15,433	13,577
Current service cost	-	-
Contributions by Scheme participants	-	-
Past service cost	-	5
Interest cost	198	281
Benefits paid	(378)	(389)
Experience (gain) on defined benefit obligation	300	(191)
Changes to demographic assumptions	(241)	-
Changes to financial assumptions	(1,022)	2,150
Actuarial value of liabilities at 31 December	14,290	15,433

In accordance with FRS 102 the following components of pension charge have been recognised in the statement of financial activities for the year ended 31 December 2021.

	2021 £'000	2020 £'000
<b>Analysis of the amount charged within resources expended</b>		
Current service cost	-	-
Past service cost	-	5
Total amount included within resources expended	-	5

### Analysis of net return on scheme

Interest assets	226	329
Interest on liabilities	(198)	(281)
Interest on effect of asset ceiling	(28)	(48)
Net return	-	-

### Analysis of amount recognised as an actuarial loss within the statement of financial activities

Gain/(loss) on scheme assets in excess of interest	101	1,799
Experience gains on liabilities	(300)	191
(Losses)/gains from changes to demographic assumptions	241	-
(Losses)/gains from changes to financial assumptions	1,022	(2,150)
Adjustment in respect of restriction of surplus	(1,064)	165
Actuarial gain recognised within statement of financial activities	-	5

**24 Finance leases**

At 31 December 2021 the charity had no aggregate minimum finance payments commitments under non-cancellable finance leases with respect to the leasehold land (2020: £nil).

**25 Financial instruments**

At the balance sheet date the consolidated group held financial assets at amortised cost and short term deposits comprising cash classified as investments, cash and short term deposits, trade debtors, other debtors and accrued income of £39.6m (2020: £21.6m) and financial liabilities at amortised cost, comprising bank loan, expense, other creditors and accruals of £27.1m (2020: £14.5m). Total interest income received in respect of financial assets held at amortised cost totalled £4k (2020: £78k). Total interest paid in respect of financial liabilities held at amortised cost totalled £344k (2020: £27k).

## 26 Prior year consolidated statement of financial activities

The statement of financial activities for 2020 is shown here for comparison purposes. The 2021 statement of financial activities is shown on page 53.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
<b>Income:</b>				
Donations and legacies	1	3,599	3,255	<b>6,854</b>
<i>Income from charitable activities:</i>				
Operation of Hall	2	3,987	347	<b>4,334</b>
Investment income and interest		67	11	<b>78</b>
<i>Income from other activities:</i>				
Commercial trading operations	3	4,756	-	<b>4,756</b>
<b>Total income</b>		<b>12,409</b>	<b>3,613</b>	<b>16,022</b>
<b>Expenditure:</b>				
<i>Costs of raising funds:</i>				
		500	4	<b>504</b>
<i>Expenditure on charitable activities:</i>				
Maintaining and developing the Hall	4	10,315	-	<b>10,315</b>
Promoting the arts and sciences	4	15,761	119	<b>15,880</b>
<b>Total expenditure</b>		<b>26,576</b>	<b>123</b>	<b>26,699</b>
<b>Net income/(expenditure)</b>		<b>(14,167)</b>	<b>3,490</b>	<b>(10,677)</b>
Transfer between restricted and unrestricted funds	20/21	3,827	(3,827)	-
<b>Net income/(expenditure) after transfers between restricted and unrestricted funds</b>		<b>(10,340)</b>	<b>(337)</b>	<b>(10,677)</b>
Actuarial gains/(losses) on defined benefit pension scheme	22	5	-	<b>5</b>
<b>Net movement in funds</b>		<b>(10,335)</b>	<b>(337)</b>	<b>(10,672)</b>
<b>Fund balances brought forward at 1 January 2020</b>		<b>56,557</b>	<b>755</b>	<b>57,312</b>
<b>Fund balances carried forward at 31 December 2020</b>		<b>46,222</b>	<b>418</b>	<b>46,640</b>