

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

**Annual Report and
Consolidated Accounts**

31 December 2022
Charity Registration Number 254543

Patron

Her Majesty The Queen (to 8 September 2022)

Elected Council members*President*

Ian McCulloch

Honorary Treasurer & Vice-President

Michael Jackson MA FCA (resigned as Treasurer 19 May 2022, resigned from Council 17 January 2023)

Stuart Newey MBA FCBI (elected 19 May 2022)

Honorary Treasurer

Leon Baroukh MA CFA

Vice-President

Mrs Lin Craig

Vice-President

Mark T Schnebli FInstD FBIM

Vice-President

James Max BSc Hons MRICS (appointed 7 July 2022)

Vice-President

Dr Monica Bloch PhD

Peter B M Lim FCA MBA

Stephen Brandon MA MBA CEng

Robert Lipson

Lucinda Case

Iain McNay

John Cooper FCA CTA

Lauren Ekon

Nigel Hamway

Anthony Ratcliffe FRICS FRSA

Harry Handelsman

Thomas Borwick (elected 19 May 2022)

Appointed Council members

Richard Harrington

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

Jim Eyre OBE BA(Hons) AA Dip Arch RIBA

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

Sir Michael Dixon BSc ARCS DPhil FCGI

(Appointed by the Trustees of the Natural History Museum)

Kevin Porter

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

Sir Jonathan Michael

(Appointed by the Governors of the Imperial College of Science, Technology and Medicine – resigned 31 December 2022)

Secretary to the Corporation

Susan Gent

Honorary Vice Presidents

C G Clive BSc MBA (deceased March 2022)

The Lady Grade (deceased January 2022)

C P Fairweather FCA

Mrs Anthony Travis BA (Hons)

H Gould OBE JP BA DL FCA

Executive

Chief Executive

Craig Hassall (until 8 January 2023)

Chief Operating Officer (and acting Chief Executive)

Dan Freeman (COO from 13 June 2022 and acting CE from 16 December 2022)

Director of Finance and Administration

Anupam Ganguli (until 31 March 2022)

Interim Director of Finance

Joanna Knowles (16 November 2022)

Artistic and Commercial Director

Lucy Noble (until 13 October 2022)

Director of External Affairs

Louise Halliday

Director of Visitor Experience

Anthony Winter-Brown (until 6 December 2022)

Acting Director of Buildings and Facilities

Neal Hockley (from 18 October 2022)

Acting Director of Programming and Engagement

Matthew Todd (from 16 December 2022)

Acting Director of People and Culture

Nigel Wilson (from 16 December 2022)

Director of Philanthropy

Darranda Rowswell (from 8 November 2022)

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

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Solicitors

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Charity registration number 254543

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Report of the Council Year to 31 December 2022

The Council presents its statutory report together with the consolidated accounts of the Corporation of the Hall of Arts and Sciences (“the Corporation” or “the Hall”) for the year ended 31 December 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 47 to 53 of the attached accounts and the provisions of the Corporation’s Constitution, namely its Royal Charters and the Royal Albert Hall Act 1966, applicable laws and the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Information on structure, governance and management, including details of the constitution, Members (or Seatholders) and training, Council responsibilities, organisational structure and risk management are provided under Structure, Governance and Management on pages 20 to 39.

Charitable Objectives

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

The charity achieves these charitable objectives by:

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

The report of the Council sets out how these charitable objectives have been met in the year, the financial results and implications for the charity from this activity and what the charity expects to achieve in the following year. This structure has been retained for 2022.

Our Vision

Our vision is ***to bring people together for inspirational events on the world’s most eclectic stage.***

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

Business Plan 2022-2026

The Royal Albert Hall marked its 150th anniversary in 2021. It is a unique and highly successful charity. Originally the brainchild of Prince Albert as part of his master plan for the entire Albertopolis site, and set up by Royal Charter, it is one of the world's best-loved and busiest performance venues. The impact of the COVID-19 pandemic was profound, with the Hall closing on 17 March 2020 and not reopening at full capacity until 19 July 2021, causing the Hall to spend its reserves and take out a £20.74m loan from government.

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

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

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

The period of this plan, 2022-2026, sees the Hall emerging from the impact of the COVID-19 pandemic, welcoming back audiences, coping with significant cost increases, and re-establishing its financial stability. This year, as last, despite serious financial constraints from the closure of the Hall during the COVID-19 pandemic, we continued to invest in critical maintenance work on the building.

We have identified five pillars of focus to ensure that the Hall remains focused on fulfilling its charitable purpose for the duration of this Business Plan.

- Innovation
- Sustainability
- Wellbeing
- Efficiency
- Diversity

In line with the terms of the DCMS Culture Recovery Fund loan, we have been continuing to focus on our Engagement work, changing lives through music.

The direction and control of the Corporation is determined by its Council who ensure that the charity continues to develop plans to meet its charitable objects. Members of Council, as the charity Trustees, confirm that they have complied with the requirements set out in the Charities Act 2011 having due regard to the Charity Commission's published general guidance on public benefit. The Hall's charitable objectives, and the manner in which these are pursued, are set out in summary form on page 4. A detailed explanation of how these objectives have been achieved in 2022 is set out in the following section.

REVIEW OF 2022

The Royal Albert Hall's achievements for 2022 are set out below and correspond to our charitable objectives outlined above.

PROMOTING THE ARTS AND SCIENCES

Performances and events

In 2022, we had 371 events in the auditorium, with an average attendance of 76%. Overall, we issued 1.3 million tickets in 2022.

We had committed to increase the number of events presented by the Royal Albert Hall by 4% to 75 in 2022. In fact, we presented 84 events ourselves, with the remainder being brought to the hall by external promoters. We had 221 events in spaces beyond the main stage and 440 workshops and other engagement activities.

The Christmas season during final month of 2021 was severely impacted by the Omicron variant of COVID-19. By the beginning of 2022, cases remained high but audiences started to return for Cirque du Soleil's *Luzia* from January to March. Ticket sales were challenging in the first part of the year – a combination of consumer confidence, cost of living, inflation, the war in Ukraine and COVID-caution.

The regular programme included Mountbatten Festival of Music, the BAFTAs and Olivier Awards, Royal British Legion's Festival of Remembrance and the Royal Variety Show. We welcomed Teenage Cancer Trust back to the Hall for their week of fundraising concerts including Yungblud, Madness, Liam Gallagher and Ed Sheeran. Matthew Bourne's *The Car Man* in June was artistically well received, although tickets sales ended at 57% of capacity.

The BBC Proms season, including a performance from the Ukrainian Freedom Orchestra, saw audiences return slowly to pre-pandemic levels, but the final three concerts were cancelled following the death of Her Majesty The Queen, who was also the Hall's Patron.

Highlights of the Autumn season included a celebration of 60 years of James Bond, featuring Shirley Bassey, P-Square, Robbie Williams, Sam Smith and 5 Seconds of Summer. Spoken word was represented by two performances from *Letters Live*, and a one-off live show from hit podcast *The Rest is Politics* featuring Rory Stewart and Alastair Campbell.

The Christmas season was a heart-warming celebration of carols, gospel, ballet, drag, film, soul and choral music, featuring Trevor Nelson, Birmingham Royal Ballet, Rick Astley, the London Community Gospel Choir and, of course, Father Christmas. Audience numbers – and enthusiasm – far exceeded our expectations, and Carols and Nutcracker took us beyond 100% of potential ticket income, thanks to dynamic pricing. It was also the most successful month ever in terms of revenue for food and drink at the Hall.

Beyond the Main Stage

In the Elgar Room, Late Night Jazz and Classical Coffee Mornings returned. Our partnership with Steinway continued, presenting a series of contemporary and classical piano concerts performed on the limited edition Royal Albert Hall inspired Steinway piano.

Family events in the Elgar included Shlomo's Beatbox Adventure, and a new adaptation of the classic story Mr Benn and Live Music Brunch in Verdi returned.

The focus of 2022 for the tours team was the continuing recovery of the department and the team following staff changes and long-term sickness. In 2022, we integrated the new handheld multimedia devices into our core tour product. Stage One of the Porch 3 'Tours Hub' is complete and we have forged a partnership with our preferred green screen photography supplier. As tourism started to return, we saw international visitors from Europe and the US in particular.

Engagement

Engagement at the Royal Albert Hall creates memories, changes lives and provides inspiration through music for all, regardless of age or background. Through our access and outreach projects we are proud to enable a wide range of people to experience the Royal Albert Hall who may not otherwise be able to do so.

Highlights of the year included a songwriting workshop led by John Legend for students from Ormiston Academies Trust, an organisation that supports young people who have been excluded from mainstream education. ITV London came to interview John Legend and the workshop was featured on the news.

For school groups, cross-curricular workshops Discover Music and Maths and Discover Music and Science returned in 2022. The Classical Spectacular Schools' Matinee in March was complemented by free music workshops in local primary schools and 40 participating children were offered free instrumental tuition for a year through our partners at the Tri-borough Music Hub.

The Community Tea Dance in September embodies the spirit of the Royal Albert Hall – an event for people of every age, all financial means and backgrounds, coming together to be inspired by our magical building. *"One of the most enjoyable and purely delightful afternoons I've ever spent in the name of 'work'", Guardian.*

Future Makers, a new annual schools concert which showcases talented young musicians from across London, saw young performers aged 14-18 who had made it through months of auditions, perform their own original music and songs on the Royal Albert Hall stage. We also continued our Young Producers and Careers Masterclass strands of work.

The Friendship matinee carols for people of all ages who engage with a charity or community group, where all tickets are £5, was the best event of the whole year in terms of audience feedback: *"It was such a wonderful event and is always one of the highlights of Christmas for our family. Thank you for making it affordable to so many families who would never be able to attend an event at the Royal Albert Hall under normal pricing. It is a massive help knowing there is a mobiloo on site too if my son needs it."*

Our weekly Nordoff Robbins music therapy sessions improved the lives of people living with a range of conditions such as autism, dementia, mental health problems, learning disabilities, social, emotional and behavioural difficulties. Albert's Band gave half term concerts and our regular series of Classical, Jazz and Opera for Kids and Storytelling and Music sessions for 0-4s continued, as did Dance for Parkinson's sessions, Songbook concerts and a regular Afternoon Coffee Club with live music.

Digital and Physical Audiences

There were 9.9 million visits to royalalberthall.com in the year, and our Christmas video, in conjunction with Aardman and Shaun the Sheep, *Fleece Navidad* had 10m views across platforms.

YouTuber Tom Scott made a [video about the Hall's roof](#) which has had 3m views.

Associate Artist Anna Lapwood (the 'TikTok organist') is reaching millions on social media through her posts featuring the Hall's organ, and collaborations with artists included Benedict Cumberbatch, Ludovico Einaudi and Bonobo, with whom she performed on the final night of a five-night residency, reaching 5.8m people on [TikTok](#) and millions more across other channels.

YouTubers [Sidemen played Hide and Seek](#) in the Hall, reaching 9m people and introducing a young, diverse global audience to the work of the Royal Albert Hall.

We are working with the Advisory Board for the Arts on an audience development plan to enable departments across the organisation to achieve our 2022–26 Business Plan diversity objective.

The archive of the Hall remains a vital resource and must be preserved and maintained. During 2022, plans to amalgamate the collection in a single, climate-controlled, accredited space were developed and costed.

PRESERVING AND ENHANCING THE BUILDING

In 2022, we commenced the roof glazing project which will ensure that the dome roof remains watertight for years to come and no longer impacts our plaster ceilings below. We also completed the conversion of our box house lighting from halogen to LED, which will reduce our electricity consumption and further efforts towards our net zero objectives.

Works also started on our latest plant replacement phase of works which will see aged and critical equipment replaced around the building, it will also see the further installation of LED lighting around the ground floor corridor and four staircases.

Further to this our capital strategy ambitions were focussed around feasibility studies for our three major plans:

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

Report of the Council Year to 31 December 2022

Each of these projects were assessed on their viability, fundability and ongoing financial and artistic benefit to the Hall.

In 2022, following the completion of the chillers in the auditorium, the hottest days ever recorded in July put them to the test. One of the customer reviews we got was “5 stars. Blissfully cool. Almost didn’t need the music but that was also great.”

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

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

2022 was Her Majesty The Queen’s Platinum Jubilee year and we had hoped to unveil the sculptures the Hall had commissioned of our Patron, The Queen, and the Duke of Edinburgh and Queen Victoria and Prince Albert. However, sadly this was not to be and we now hope that His Majesty The King will unveil the sculptures.

LOOKING AFTER OUR FINANCES

2022 saw ongoing challenges in our objective to care for our finances. Philanthropy remains at the heart of all that we do at the Royal Albert Hall. Our supporters and audiences have responded incredibly generously to help ensure the financial future of the Hall and to this end we raised £2.9m in donations across the year. We are very grateful to our Members, Honorary Fellows, Major Donors, Trusts, Patrons, Friends and Philanthropy Board who supported us through 2022.

Some of the notable achievements include launching Royal Albert Hall America, which is a new fundraising initiative for the Hall; growing our Friends & Patrons Scheme which generated £597k during the year, an increase of £100k on pre-pandemic figures; the receipt of a significant donation from the Anglo Asia Foundation to Future Makers which is an annual concert to support young musicians and inspire new generations to pursue a career in the arts; and generous donations from The David Brownlow Charitable Foundation and Exilarch’s Foundation towards our 150th Sculptures which will be unveiled on the building in 2023. These works of art were created by graduates from the Queen Elizabeth Scholarship Trust.

After rental, ticket commission, and show related income, commercial income is the next biggest contributor to operating income. Catering commission in 2022 was £3.1m and other commercial income (including merchandise and retail) contributed almost £1m. The Recovery Levy of £2 per ticket contributed £1.3m and the Members of the Charity, or Seatholders, contributed £2.3m through the seat rate (before their rebate on Exclusive performances).

Government support through the Energy Bill Relief Scheme in the year has been vital, as even with this support our energy costs increased fourfold towards the end of the year. Similarly, the rate on VAT for tickets (which had run at 5% from 15 July 2020 to 30 September 2021 for the period of closure and as we emerged from the pandemic) of 12.5% from 1 October 2021 to 31 March 2022 was a welcome support measure, as was the reduction in business rates. From 1 April 2022 VAT rates returned to 20% for tickets, but Gift Aid continued to bolster income from donations.

LOOKING AFTER OUR PEOPLE

During the year, the Hall saw major change in its Executive team. The Hall's Director of Building and Operations had left in December 2021, the Director of Finance and Administration left in April, the Artistic Director in October, the Director of Visitor Experience in December and the CEO in January 2023, having announced his departure in August 2022. COO Dan Freeman, who had joined the Hall in June 2022, stepped up as acting CEO and developed an interim structure while the new CEO was being recruited.

Despite these changes, the depth of quality in the staff team was demonstrated as the charity continued to achieve its objectives, and many of the team were able to take the opportunity to step up.

Our renewed commitment to inclusivity saw us running webinars on inclusion, menopause awareness and being anti-racist. We also shared with staff a report on the Hall's historic links to slavery, colonialism and racism, and ran a series of listening forums with staff to discuss our response to what is sometimes an uncomfortable history.

Our Equality, Diversity and Inclusion (EDI) committee, set up in 2018, has representation from staff across all levels. It underpins our business plan and gives staff a voice. The EDI committee, our Staff Forum and our staff surveys led to meaningful change for our staff in 2022 including flexible working, increased headcount, a 2% in-year pay increase, London Living Wage commitment, long service award recognition, the appointment of new staff forum reps and ED&I champions and training courses.

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

ENERGY AND EMISSIONS REPORT

The data in this document shows the Royal Albert Hall's energy usage from 1 January 2022 to 31 December 2022. This is the first full year the Hall has been open at full capacity since 2019. The Hall was reopened to reduced capacity 29 May 2021 and to full capacity on 19 July 2021 following the lifting of government restrictions. The impact of closure and subsequent reopening is reflected within the 2021 data in this report and is reflected in the increase in electricity consumption in 2022.

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

Gas consumption data from January to September was from invoicing data from Brook Green and from October to December has been provided from manual meter reads for the main plant meter. Invoicing data from Brook Green has been used for the meter serving the restaurants.

Summary

| | 2022 | 2021 |
|--|---------------------------|---------------------------|
| Energy consumption used to calculate emissions/ kWh | Electricity 5,498,290 kWh | Electricity 4,186,296 kWh |
| | Gas 4,719,574 kWh | Gas 4,729,671 kWh |
| i) Emissions from combustion of gas tCO ₂ e (Scope 1) | 862 | 866 |
| ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based) | 1,063 | 889 |
| Total gross CO ₂ e based on above (tCO ₂ e) | 1,925 | 1,755 |
| iii) Intensity ratio: tCO ₂ e gross figure based from mandatory fields (tCO ₂ e/m ²) | 0.064 | 0.058 |

Methodology

| | |
|---|---|
| i) Emissions from combustion of gas tCO ₂ e (Scope 1) | tCO ₂ e calculated from the product of the gas consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2022 for 'Natural Gas' |
| ii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based) | tCO ₂ e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the UK Government GHG Conversion Factors for Company Reporting 2022 for 'Electricity Generated/Electricity: UK' |
| iii) Intensity ratio: tCO ₂ e gross figure based from mandatory fields | The intensity ratio stated above has been calculated as Tonnes of CO ₂ e per total square metres of property owned (30,077m ²) |

Energy efficiency

During 2022, the Hall has engaged in a number of energy efficiency measures and investigations in order reduce consumption and subsequent carbon emissions, including:

- Engaging with external consultants to produce a long term carbon management strategy
- Replaced over 400 x 50W box lights with 9W LEDs
- Budgeted the replacement of belt driven fans with EC fans, with works to take place in 2023
- Budgetted the replacement of ground floor corridor and lobby lighting along with 4 staircases, with works to take place in 2023.
- Initiated a number of investigations into the feasibility of installing renewable energy generation onsite

Financial review

The Royal Albert Hall recovered during 2022 from the impact of the COVID-19 pandemic and subsequent lockdowns and closures over the previous two years, culminating in a highly financially positive Christmas season. Whilst audiences remained 15% down on the last comparable year of 2019, The Hall is up and running again, with a full programme of events on the stage in 2022 and a full programme of events booked for 2023.

£43.3m of income was generated in 2022 (2021: £24.4m) from performances, commercial activity, bank interest and philanthropic support. With total expenditure of £36.7m (2021: £27.2m), this resulted in a return to surplus of £6.6m for the year. This compares favourably against the £2.9m reduction in reserves posted for 2021, which arose due to the prolonged closure and cancellation of performances in that year.

During Covid, the Hall exhausted all of the reserves it had built up over many years as income was severely impacted, but costs still needed to be incurred to maintain the Hall for the long-term. We are grateful to the DCMS and the Arts Council for their support in 2021 in providing a £20.7m loan, without which we would have had insufficient operating cash flow to re-open the Hall and progress the backlog of essential maintenance projects required to preserve and maintain our Grade 1 listed building.

Whilst 2022 saw a welcome return to generating an operating surplus, our general funds remain in deficit (£0.4m). Our priority now is to generate annual surpluses over the coming years which are sufficient to both rebuild reserves and enable repayment of the loan.

Event income and expenditure

Event income in 2022 was £38.0m, an increase of £23.1m on the £14.9m achieved in 2021. There were 163 performances in the Hall in 2021, following its reopening to socially distanced audiences in May and to full capacity in July. In 2022, the Hall was open all year, closing only as a mark of respect for the death of Her Majesty the Queen in September. In all, there were 371 performances in the Hall, with average attendance of 76% and this is reflected in the much improved financial results for the year.

Rental and ticket commission was £26.7m, an increase of 150% over 2021 (2021: £10.7m).

Other event income was up too at £5.6m for the year (2021: £2.3m): catering income by 194%, income from corporate partnerships by 197% and other income, which includes items such as ticket booking fees and merchandise sales, by 140%.

At £27.7m event expenditure was up £9.4m, an increase of 51% (2021: £18.3m). Direct show costs include show management, production, programming, ticketing and visitor services, and accounted for £18.8m of total expenditure this year (2021: £11.1m), up £7.7m or 69% on the prior year. Support costs were £8.9m (2021: £7.2m), up 24% on 2021.

Event financial results therefore returned to surplus, with event income running £10.2m ahead of event expenditure – the comparable deficit in 2021 was £3.4m.

Other income and expenditure

At £5.3m, other income was 44% down from 2021 (£9.5m) mainly owing to a reduction in donations. Philanthropy remains at the heart of all that we do at the Royal Albert Hall. It represents a major source of income, generating £2.9m inclusive of gift aid (2021: £4.8m) in 2022 and with plans for a significant uplift in this area in the coming years. Members' contribution through the seat rate plus other miscellaneous items added £2.4m to income (2021: £2.3m). 2021 also included £2.4m of Coronavirus Job Retention Scheme income.

At £9.0m, other expenditure increased slightly on the prior year (2021: £8.9m). £3.4m (2021: £4.6m) was spent on building maintenance, refurbishment and improvements. A further £5.6m (2021: £4.3m) of other costs, including support costs, security, housekeeping, fundraising and other overheads, were incurred during the year. This includes a significant increase in gas and electricity bills from October 2022 – we are pleased to receive government support with these bills and for our inclusion in the scheme extension from April 2023.

Staff costs

Total costs for the year were £36.6m (2021: £27.2m). Staff costs, at £12.8m, made up 35% of this total, an increase of £1.1m or 9% over 2021.

Loan

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

Reserves

Total reserves held at 31 December 2022 were £50.8m (2021: £43.8m) of which £2.6m were restricted funds (note 21). The remaining £48.2m forms the Hall's unrestricted funds (note 22). After setting aside £48.6m in designated funds (2021: £49.6m), general funds improved over the year from a negative £7.6m at the end of 2021 to a still negative £0.4m.

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

- ◆ To retain a Fixed Asset Fund, comprising funds invested in fixed assets which allow the organisation to carry out its work. At 31 December 2022 the level of this reserve was £48.6m (2021: £49.2m).
- ◆ The Education & Outreach Fund at £0.4m as at the end of 2021 was undesignated in 2022 and transferred to the general reserves.

- ◆ To provide for a Plant and Fabric Sinking Fund, so that the Hall has sufficient funds to meet the cost of major expenditure (to the extent that it is not capitalised under the Hall's tangible fixed asset policy) necessary to maintain the fabric of the building and to replace plant and equipment over the long term. There was no movement on this fund during the year.
- ◆ To provide for a Major Building Development Fund to fund the Hall's Major Building Development programme. There was no movement on this fund during the year.
- ◆ General funds: To maintain a Contingency Fund to enable the Corporation to continue to meet its immediate running costs if the auditorium has to temporarily close due to unforeseen circumstances. This reserve showed a deficit of £7.6m at the beginning of the year. As a result of the surplus in 2022, the Hall was able to add £7.2m to this fund in 2022, resulting in an improved £0.4m deficit by the end of the year.

In 2021, the Trustees amended the reserves policy to set aside £6.2m of cash (being approximately eight weeks' turnover based on 2019 figures) from the £20.7m loan to cover any future risks until such time as the Hall is able to build up its own reserves.

Investment policy

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

At the balance sheet date, £47.5m of cash (2021: £29.7m) was held in current assets. This includes the £20.7m loan described above, and an approximate £11.0m (2021: £11.2m) of cash held in respect to ticket sales for future performances hosted by third-parties which is held on their behalf and will be passed on to promoters in due course as part of the show settlement process. A further £2.6m of cash (2021: £1.8m) is held in restricted funds for spending on future projects as agreed with the donor. Investment income in the year of £133k (2021: £4k) was in line with Trustees' expectations. The Trustees have approved the movement in early 2023 of additional cash into longer dated cash investments to take advantage of the improved interest rates available.

Pension fund

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

MAJOR OBJECTIVES FOR 2023

The Hall's major objectives for 2023 are set out below.

2023 is our opportunity for a reset. The recruitment for our new CEO is complete, and we have an interim Executive structure which will give us the six factors that lead to optimal team performance: trust, social cohesion, information sharing, supervisory support, goal clarity and external communication, as well as a common sense of purpose.

We will take the opportunity to revise the Business Plan and strategic direction, including looking again at the Programming and Engagement Plan, Estate Management Plan, Financial Plan, coordinated Support Activities and Operational Strategies. We will set principles and have a long term view, articulating what we are aiming for. All of this will be built on the Business Plan pillars of innovation, diversity, sustainability, efficiency and wellbeing. On top of these pillars, we will focus on clarity and structure as the Hall faces the challenges of emerging from the pandemic and a substantial increase in running costs.

Looking forward, the Hall's Strategic Objectives will be:

1. To strengthen our financial position
2. To diversify Programming and promote engagement
3. To create a modern venue in a Victorian Building
4. To build a new and more diverse audience
5. To build operational resilience
6. To nurture a talented and engaged workforce

PROMOTING THE ARTS AND SCIENCES

Performances and events

The foundations of the year will be Cirque du Soleil (for which the building has been reinforced for their show, Kurios), the BBC Proms and the Christmas season. Regularly returning events including the Teenage Cancer Trust week, Olivier Awards, Royal Variety Performance, Festival of Remembrance and films in concert series will be joined by the return of English National Ballet's *Cinderella* and concerts from stars including John Legend, Tori Amos, Gregory Porter, De La Soul and Paloma Faith.

The Hall's Love Classical series will in 2023 feature an organ gala with our Associate Artist Anna Lapwood, as well as additional Beyond the Main Stage events. The Vamps, Asa, James Bay, Sparks, RuPaul's Drag Race and eSports with Mason Mount will bring a younger, more diverse audience to the Hall.

By continuing to present more than 80 events ourselves each year, we aim to influence artists and audiences that come to the Hall, diversifying and fulfilling our charitable aims to reach as wide an audience as possible, especially focusing on ethnic, age and accessibility diversity. Meanwhile, we will be investing in the talent pipeline to ensure the future health of the programme in the auditorium and will be increasing spoken word events with a dedicated poetry evening as well as programming more podcasts.

Beyond the Main Stage

Our core activity beyond the main stage will continue, including Late Night Jazz, Classical Coffee Mornings, the Steinway series and music and storytelling sessions.

We are also working on bringing together the Elgar Room with the long term plans for programming the auditorium, with the aspiration of having the Elgar Room being a place for discovering and incubating talent that eventually performs on the main stage. We will be bringing back the developmental programme *Unstoppable Voices*.

For Tours, we will integrate translation options for our handheld multimedia devices by June 2023 and the green screen equipment installation is operational from March 2023.

Engagement

Music Makes Me is a major project for June 2023 that will see 1,000 pupils from Hammersmith & Fulham, Kensington & Chelsea, and Westminster performing on the stage in a new large-scale work created for them. A collaboration with the Tri-Borough Music Hub and the Royal College of Music, *Music Makes Me* follows in the footsteps of award-winning productions, Seven Seeds and Convo.

Engagement activity in 2023 will continue to build on activity such as Future Makers, Young Producers, Nordoff Robbins music therapy, Dance for Parkinson's and Careers Masterclasses.

We aim to create a ticket subsidy scheme to reach new audiences. The impact of our Engagement projects is not only the number of people they reach, but on the difference they make, and we are shifting our focus onto meaningful outcomes rather than simply counting participants.

Digital and Physical Audiences

In 2023, we will continue to rebuild attendances and aim to be back to pre-pandemic levels of 1.7m tickets issued.

Our audience development plan will continue to focus on attracting younger and more ethnically diverse audiences. To achieve this, we will run campaigns targeting these segments including a 'Better #IRL' campaign, campaigns with social media influencers, and campaigns on third party ticketing platforms which is where those audiences usually find their tickets.

Our social media focus will be on growing TikTok followers to 50k in 2023 and we will migrate to a new Content Management System for the website, following a complete content audit.

PRESERVING AND ENHANCING THE BUILDING

Project spend will in 2023 continue to be limited to absolutely essential projects. The Estate Management Plan is critical as we plan how to use the building most effectively, including the basement extension. After the completion of our Carbon Management Plan we shall commence prioritising carbon reduction projects that can be taken forward as part of our

Estate Management Plan. We also plan to recruit a Carbon and Environment Manager to continue our commitment developing a clear path towards net zero. We will continue to work with our neighbours in the Exhibition Road Cultural Group to reduce our emissions, including on the South Ken ZEN (Zero Emissions Neighbourhood) plans.

Works happening and currently planned include roof glazing; main arena lift refurbishment; critical plant replacement; plaster repairs; CCTV replacement; main arena lift and control system replacement; and house lights LED upgrade.

The plans to relocate the archive will proceed subject to achieving the fundraising targets.

LOOKING AFTER OUR FINANCES

When we were setting the 2023 budget, it was clear that costs would be significantly higher than in previous years. Costs have risen more than income and the budget shows a £0.1m operating deficit in 2023 owing to increased energy costs, high inflation and increased staff costs. This is despite the fact that we have budgeted to generate almost £2m more income than we budgeted in 2022.

We will work hard to improve on this position, building on stronger than forecast performance in 2022 (particularly the Christmas season), on-going government support for energy prices and a refocus of activities.

Focus is being given to projects which could attract sponsorship or philanthropic funding, predominantly Engagement and building-related projects.

Our booking fee increased from 7.5% to 10%, we will retain the Recovery Levy of £2 per ticket and are reducing costs by reducing box office opening hours.

The first repayment on the £20.74m loan is due in March 2025. The loan gives us much needed resource to put the Hall back onto a secure financial footing, to rebuild our reserves and to undertake essential work in order to safeguard the Hall's future.

LOOKING AFTER OUR PEOPLE

With a new Chief Executive Officer, James Ainscough, joining from Help Musicians in late Spring, the Hall will have new leadership and the interim changes in the Executive will be refined and/or confirmed.

The focus for our people is ensuring that we are resourced for the activity that we are planning; that we are remunerating our people appropriately; that they understand the Hall's mission, vision and values; and that everyone has a common sense of purpose.

We have developed a behavioural framework that we will be introducing in 2023, using the values of Responsible, Ambitious and Human to give autonomy and a clear decision-making framework for all our staff.

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We have been looking to develop a better mechanism for celebrating successes, and the employee engagement survey reinforced the need for this. Managers have told us of the challenges they experienced when providing constructive feedback in a meaningful way. The behavioural framework we believe addresses this.

We continue to invest in our organisational culture through activities such as Games Nights; staff gatherings and events run by the Wellbeing Committee.

A 5% pay increase from January 2023 and a commitment to paying London Living Wage is a demonstration of the value we put on our staff. We have begun a project to benchmark our pay to ensure that we are competitive within our sector.

The listening sessions around the report on the Hall's historic links to slavery, colonialism and racism will lead to the development of a series of actions to improve our commitment to Equality, Diversity and Inclusion, which will be shared, along with the report, in the first quarter of the year.

Training is another area of focus for 2023; we have delivered training around ED&I mental health and menopause, data protection, cyber security and modern slavery, but we need to create an environment where employees are freed up to attend training activities for their own personal development.

It is hoped that the measures taken by our People and Culture team will slow the rate of 'churn' which has added pressure to all teams due to the loss of organisational knowledge.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Corporation of the Hall of Arts and Sciences was incorporated under a Royal Charter dated 8 April 1867. Its governing documents now consist of two further supplemental Charters and four Acts of Parliament. The Corporation is also a registered charity (Charity Registration No. 254543). The Members of the Corporation are the Hall's Seatholders. There are currently 319 Seatholders who have access to 1,268 seats in the Hall. The consolidated constitution of the Hall is set out in Schedule 2 of the Royal Albert Hall Act 1966.

Background

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

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

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

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

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

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

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

Seat Rate

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

The current form of the seat rate, as set out in the 1966 Act, is a minimum annual £10-per-seat compulsory payment, plus an additional amount which is binding on the Seatholders if approved by a two-thirds majority at the AGM. Council determines the total amount of the seat rate to be proposed at the AGM each year, based on a recommendation by the Seat Rate Committee. This Committee comprises the five appointed Council members plus the Treasurer as non-voting chairman (please see page 31 for the terms of reference and membership).

At the 2022 AGM, the Seatholders voted for a seat rate of £1,399 per seat plus VAT (£1,335 plus VAT in 2021), plus a supplementary seat rate of £415 per seat plus VAT, totalling £1,814 plus VAT per seat towards the Hall's annual costs. In total the Seat Rate generated an annual contribution to the Hall of £2.3m in 2022.

Ordinary and Exclusive Lets

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

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

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

In 2022 the rebate paid to Seatholders was £332,216 plus VAT, totalling £398,659.20, this value relates to shows from the prior year, the effect of which was to reduce the annual contribution by £262 per seat (£153 in 2021).

The performances that the Seatholders have access to, known as "Ordinary" lets, accounted for 214 of the 371 lettings in 2022. In total, the Seatholders received 271,352 tickets.

Other ways in which the Seatholders support the charity

Donations

In 2022, 27 Seatholders made donations to the Hall totalling £13,983 comprising gift with ticket, online donations and Friends and Patrons memberships.

The Hall also enables the promoters of charity events to write to the Seatholders to ask if they would like to donate their tickets to these charities. There were 13 letters of appeal to Members in 2022, from which 3,480 tickets were donated to the respected charities. Members also donated 1,566 tickets to the Hall out of which 568 seats were sold.

Community Ordinaries

A Community Ordinary is a type of Ordinary Let only available to promoters of community events. In the case of Community Ordinaries, Seatholders are asked in advance whether they would like to give up their seats for that performance, thus allowing increased access for more participants to take part in the event. The vast majority of Seatholders give up their seats in support of the Hall and these community events. In 2022, there were 27 such performances.

The Hall's Ticket Return Scheme (TRS)

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

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

The TRS is advantageous to the charity not only because it enables the charity to generate a direct income via the standard booking fee levied on the ticket sales, but also because the TRS can improve the risk profile that promoters face when hiring the Hall which, in turn, enables the Hall to maximise its rental revenue. It also allows the Hall to communicate directly with the customers who buy these Members' tickets through the Hall's box office.

We estimate that the operation of the TRS, from the direct booking fee income and the indirect impact on rental revenue, was worth £842k to the charity in 2022 (£281k in 2021). A Seatholder who returned all of their tickets to the TRS would have received a financial return of £5,950 per seat in 2022.

Seatholders' rights and obligations

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

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

Seatholders and the Hall's financial surplus

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

The Hall estimates that its annual income benefitted by some £3.6m in 2022 (£2.7m in 2021) due to the ongoing support of the Seatholders and as a result of the various initiatives discussed previously in relation to seat rate, exclusive lettings, and operation of the Ticket Return Scheme etc. This contribution enables the charity, which receives no regular financial support from the Arts Council or government, to fulfil its public benefit obligations to a greater degree than would otherwise be the case.

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

Charity Governance Code and governance measures enacted in 2022

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

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

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

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During 2022, the Hall's Conflicts Policy was further reviewed and amended by Council so that the Chair of this Committee was no longer a Council member who is an individual seatholder.

The Corporation's AGM held in July 2022 was again held virtually, following the byelaw introduced in 2020 to enable virtual General Meetings, electronic voting and the service of formal notices electronically. This also enabled the Hall to hold three Special General Meetings of the Members in 2022 by the same means, to appoint the Auditors and to approve the Private Bill to be lodged in Parliament to amend the Hall's constitution.

The Good Governance Institute conducted an extensive Board Effectiveness Review for the Hall. The draft report was produced in summer 2022 and a Working Group of Council then worked with the Good Governance Institute to produce the final report in December 2022. The Hall's Council will now review this report in early 2023 before enacting the measures in it.

The Hall's wholly owned trading subsidiary appointed an independent Director to its Board.

The Hall is currently in the process of amending its constitution by means of a private Bill which was lodged in Parliament at the end of November 2022. The contents of the Bill are:

Seat Rate Proposal

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

Exclusives Proposal

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

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

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

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Council members

Members of Council constitute the Trustees of the Corporation for the purposes of the Charities Act 2011. The following Council members served during 2022:

Council members

President of the Corporation:

Ian McCulloch

Other elected members:

Leon Baroukh MA CFA

Dr Monica Bloch PhD

Stephen Brandon MA MBA CEng

Lucinda Case

John Cooper FCA CTA

Linda Craig

Lauren Ekon

Nigel Hamway

Harry Handelsman

Michael Jackson MA FCA (*resigned as Treasurer 19 May 2022, resigned from Council 17 January 2023*)

Peter B M Lim FCA MBA

Robert Lipson

James Max BSc Hons SFDR MRICS

Iain McNay

Stuart Newey MBA FCBI

Anthony Ratcliffe FRICS FRSA

Mark T Schnebli FInstD FBIM

Thomas Borwick (elected 19 May 2022)

Appointed members:

Sir Michael Dixon BSc ARCS DPhil FCGI (*appointed by the Trustees of the Natural History Museum*)

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

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

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

Sir Jonathan Michael (*appointed by the Governors of the Imperial College of Science, Technology and Medicine – resigned 31 December 2022*)

Secretary to the Corporation:

Susan Gent

Seatholders as Council members

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

The total number of seats directly or jointly owned by the 15 individual Council members is 43, with a further 70 owned by their related parties. There are four representatives of Corporate seatholders on the Hall's Council and these Corporate seatholders own 36 seats. Two of the appointing bodies own 6 seats. In total the number of seats owned by Council members is therefore 43, with a further 112 owned by their related parties, out of the total number of seats owned by Members of 1,268.

During 2022 the Annual Contribution payable to the Hall by each Seatholder was £1,399 per seat plus VAT (2021: £1,335 plus VAT). The 'rebate' that Seatholders were entitled to during 2022, relating to prior year lettings where Seatholders were excluded, was £262 per seat plus VAT (2021: £153). During 2022 the supplementary seat rate payable to the Hall by each Seatholder was £415 per seat plus VAT. Therefore, in total in 2022 Council members and their related parties paid a seat rate to the Hall of £281,170 and, offset against this, a total rebate from the Hall of £40,610.

The Hall's Council members actively supported the operation of the Ticket Return Scheme (TRS - please see page 23 for a full explanation of how the TRS works). For the 155 seats owned by the Hall's Council Members and their related parties (see above), 21,132 tickets were returned to the TRS (being 67% of the total tickets they received). The Hall put these tickets on sale on behalf of the Seatholders and, in total, this generated a distribution of £496,982 (equivalent to approximately £3,206 per seat) for those Seatholders (paid to them during 2022, relating to the performance period November 2021 to October 2022), equivalent to £23.52 per ticket returned to the TRS (which is approximately 37% of the face value of Promoter tickets for seats in equivalent sections of the Hall). The Hall received a commission from the purchasers of the tickets estimated to be approximately £54,668.

No member of Council received any remuneration from the Corporation during the year (2021 - £nil). Two members of Council received £354.41 of out of pocket expenses in 2022 (2021 - £23). Other than the transactions noted above, no member of Council had any beneficial interest in any contract with the Corporation or its subsidiary undertakings during the year.

During the year five Trustees provided donations to the charity to carry out its charitable objectives during 2022 totalling £1,854 (2021: £1,530).

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

Council members are also encouraged to attend a variety of performances at the Hall in order to experience the range of charitable activities undertaken by the Hall and the policy for the use of the Kirby Laing Box in the Grand Tier and the provision of tickets to Council members generally (known as the GT29 policy) was amended in October 2021 to facilitate this. For this purpose, all Council members can request complimentary tickets in the Kirby Laing Box (or stalls if the Kirby Laing Box is full) for themselves and a guest on up to ten occasions throughout the year. If Council members wish to buy additional seats in the Kirby Laing box for such performances and there are tickets available, they are able to do so. When using the Box for an Ordinary performance, Council members who are seatholders, are invited to swap a number of their own tickets for the same number in the Kirby Laing Box or the stalls, returning their tickets to the Hall (for its own use and sale), but are not obliged to do so. During the year 76 complimentary tickets were requested by Council members under the approved policy. Council members are also eligible to receive a discount on food and beverage available at the Hall.

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the Hall's officers, Trustees and officers of the subsidiary company and related Royal Albert Hall Trust. The total premium charged to the Corporation was £17k (2021 - £17k) and the cover provided totalled £5 million (2021 - £5 million).

Election and appointment of members of Council

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

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

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

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

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

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

Council members' Induction and Training

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

Statement of Council's responsibilities

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

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

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

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

Organisation

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

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

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

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

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

◆ *Conflicts Committee*

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

Report of the Council Year to 31 December 2022

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

The Committee was chaired by a non-voting Seatholder, Lucinda Case, throughout 2022. Voting members of the Committee during the year have been Sir Michael Dixon, Sir Jonathan Michael, Kevin Porter and Monica Bloch. The Conflicts Policy and Terms of Reference for this Committee have been amended during 2022 so that the Chair of the Committee is no longer a Council member who is an individual Seatholder.

◆ *Finance, Audit and Risk Committee*

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

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

◆ *Seat Rate Committee*

The Seat Rate Committee has two purposes:

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

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

◆ *Fabric Committee*

The Committee advises Council on all matters relating to the preservation, maintenance and further improvement of the Hall and its setting. It also oversees the Hall's sustainability work and its Carbon Management Plan. During 2022, Anthony Ratcliffe chaired this Committee. The Committee meets at least five times a year. Other members during the year were Stuart Newey (now retired from the Committee), Harry Handelsman, Jim Eyre and Stephen Brandon. Nigel George, Martin Williams and Tanvir Hassan serve as co-opted non-voting members.

◆ *Development Committee*

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

◆ *Programming Committee*

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

◆ *Governance and Ethics Committee*

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

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

Report of the Council Year to 31 December 2022

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

◆ *Members' Liaison Committee*

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

◆ *Marketing and PR Committee*

The Committee reports to Council on, and approves the scope of, the Hall's media handling strategy and its implementation and any related communications. It appoints, with Council's approval, any PR company to advise the Council and the Executive; and at least annually, reviews the performance of any appointed PR company. The Committee is chaired by James Max. Members during the year were Leon Baroukh, Monica Bloch, Mrs Lin Craig, Ian McCulloch, Robert Lipson and Richard Harrington. James Murphy is a co-opted member of this Committee.

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

◆ *Remuneration and HR Committee*

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

◆ *Sustainability Working Group*

The Council has recently set up a Sustainability Working Group to oversee the production of the Hall's Carbon Management Plan. This Working Group is chaired by Stephen Brandon and is in the process of appointing its members.

Hall Staff

◆ *The Executive Team*

The day-to-day management of the Corporation is the responsibility of the Chief Executive. Until 8 January 2023 the Hall's Chief Executive was Craig Hassall. Dan Freeman, the Hall's Chief Operating Officer, is currently also acting Chief Executive.

The Chief Executive is supported by the Executive Team who throughout 2022 were:

| | |
|---|--|
| Chief Operating Officer | Dan Freeman (from 13 June 2022) |
| Director of Finance & Administration | Anupam Ganguli (until 31 March 2022) |
| Interim Director of Finance | Joanna Knowles (from 16 November 2022) |
| Artistic and Commercial Director | Lucy Noble (until 13 October 2022) |
| Acting Director of Programming & Engagement | Matthew Todd (from 16 December 2022) |
| Acting Director of Building & Operations | Neal Hockley (from 18 October 2022) |
| Director of External Affairs | Louise Halliday |
| Director of Visitor Experience | Anthony Winter-Brown (until 6 December 2022) |
| Acting Director of People and Culture | Nigel Wilson (from 16 December 2022) |
| Director of Philanthropy | Darranda Rowsell (from 8 November 2022) |

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

◆ *Employees*

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

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

Remuneration Policy

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

exceptional performance or with regard to changes in industry norms for comparable roles. These are determined on a case-by-case basis, within the constraints of the annual budget. The remuneration of the Executive team is set annually by the HR & Remuneration Committee.

The Hall does not use volunteers.

Connected charities and related parties

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

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

The Board of RAHDL meets at least 4 times per year. RAHDL is chaired by Leon Baroukh and other Directors during 2022 were Craig Hassall, Michael Jackson, Peter Lim, Stuart Newey, John Cooper, Nigel Hamway, Mark Schnebli and Dan Freeman. The independent Director on the Board of RAHDL and RAHCL is Charles Gilkes. The Secretary to the Corporation is the Company Secretary of RAHDL and RAHCL.

The Royal Albert Hall Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have reviewed procedures in place to ensure that all funds received, are properly utilised by the Corporation in line with donors' restrictions or wishes, on projects which are efficiently managed and fully completed. The Trustees of the Royal Albert Hall Trust, (Registered Charity No: 285111), a connected charity, are the President and Vice Presidents of the Corporation together with additional trustees appointed to the Trust following the amendment of the Trust Deed for the RAH Trust in 2019/2020. The Trust donated £2.1m to the Corporation in 2022 (2021 - £3.5m).

Fundraising

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

Report of the Council Year to 31 December 2022

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

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

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

Risk management

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

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

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

| Risk | Mitigation |
|---|--|
| <p>Further lockdowns in the event of a major disease outbreak threatening the NHS in the coming months</p> <ul style="list-style-type: none"> • The further closure of the Hall for an extended period of time with the consequent impact on the Hall's reserves. • Uncertainty around the loss of public confidence to attend public gatherings or travel to London, which could impact income • The impact of sickness on the supply chain and operational teams. • Delays to large capital projects resulting in deterioration of the building and cost increases. • Staff wellbeing and morale being affected adversely due to work pressures. | <ul style="list-style-type: none"> • Detailed cash flow forecasts of different closure scenarios; review and cutting back of all expenditure • Pre-existing COVID-safe site arrangements, procedures and risk assessments in place. Plans fully scalable for any size capacity and to include pandemic-safe procedures for managing staff, contractors, performers and the public. |
| <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"> • Strict adherence/enforcement of procedures, codes of practice etc. • Built-in resilience / dual capacity / back-up systems and processes. • Organisation-wide staff induction, awareness, and training • Detailed contingency / disaster recovery planning. • Comprehensive insurance. |
| <p>Significant loss of revenue or funding / significant increase to cost base (including increased energy costs)</p> | <ul style="list-style-type: none"> • Robust business model with diverse content on stage • Long term affordable debt finance in place • Strategic approach to energy purchasing to insulate against further price increases |

| Risk | Management |
|---|--|
| Cyber attack / IT system failure | <ul style="list-style-type: none"> • Cyber insurance in place • Continual offsite system backups • Regular staff training • Disaster recovery plans in place |
| <p>Damage to the Hall's reputation, impacting long-term operational and financial resilience arising from:</p> <ul style="list-style-type: none"> • failure to comply with statute or safeguarding requirements • negative publicity arising from a misunderstanding of the Hall's unique governance structure which may lead to a reduction in public support thereby impacting the Halls ability to generate income • adverse reviews • failing service standards • data protection breaches • security-related incidents | <ul style="list-style-type: none"> • Comprehensive procedures and staff awareness of them and training • Disclosure and explanation of the Hall's governance structure in the annual report and accounts, other statutory documents, and the website. • Conflicts Committee • Ongoing dialogue with the Charity Commission • Long-term contracts and strong relationships with major promoters and corporate partners. • Proactive and reactive media strategies. • Implementation of GDPR action plan. |
| Deterioration to the fabric of our Grade 1 listed building due to lack of preventative maintenance, non-compliance with buildings regulations, and building projects not managed properly. | <ul style="list-style-type: none"> • Project approval process (approved by Council) in place. • Regular project reviews and oversight by the Fabric and Finance Committees. • Long-term condition survey carried out. • Robust building surveys, audits, and planned maintenance reviews are being undertaken. |

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

Going Concern

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

Report of the Council Year to 31 December 2022

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

After a period of extensive closure due to the pandemic, the Hall was open to audiences all year, closing only once as a mark of respect following the death of Her Majesty The Queen. Whilst 2022 began slowly and overall audiences were 15% down on the last comparable year of 2019, ticket bookings were strong culminating in an excellent Christmas season. The Hall, with the help of the energy bill relief scheme, is also absorbing the financial impact of high energy prices and inflation on its cost base.

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

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

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

Related Parties

Subject to the items set out in this report, none of the Trustees receives remuneration or other benefit from their work with the charity. The relationship between Seatholders, Council members and the Hall is described in full on pages 27 to 33.

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



Approved by the Council on 19 April 2023
and signed on its behalf by
Ian McCulloch, President

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

Opinion

We have audited the financial statements of The Corporation of the Hall of Arts and Sciences for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charity and the group as at 31 December 2022, and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144² of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

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

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

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

² If a charity which is below the thresholds where a charity audit is required decides to have its accounts audited voluntarily, the auditor is appointed under section 145 of the Charities Act 2011.

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

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

Our approach was as follows:

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.



Moore Kingston Smith LLP

Statutory auditor

9 Appold Street

London

EC2A 2AP

21 April 2023

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

The Corporation of the Hall of Arts and Sciences

Consolidated statement of financial activities Year to 31 December 2022

| | Notes | Unrestricted funds £'000 | Restricted funds £'000 | 2022 Total funds £'000 | 2021 Total funds £'000 |
|--|-------|--------------------------------|------------------------------|---------------------------------|---------------------------------|
| Income: | | | | | |
| Donations and legacies | 1 | 1,264 | 1,610 | 2,874 | 7,218 |
| Income from charitable activities: | | | | | |
| Operation of Hall | 2 | 24,052 | - | 24,052 | 11,131 |
| Investment income and interest | | 133 | - | 133 | 4 |
| Income from other activities: | | | | | |
| Commercial trading operations | 3 | 16,199 | - | 16,199 | 6,032 |
| Total income | | 41,648 | 1,610 | 43,258 | 24,385 |
| Expenditure: | | | | | |
| Costs of raising funds | | 565 | - | 565 | 472 |
| Expenditure on charitable activities: | | | | | |
| Maintaining and developing the Hall | 4 | 7,797 | 226 | 8,023 | 8,120 |
| Promoting the arts and sciences | 4 | 27,354 | 292 | 27,646 | 18,302 |
| Interest repayable | | 415 | - | 415 | 344 |
| Total expenditure | | 36,131 | 518 | 36,649 | 27,238 |
| Net income/(expenditure) | | 5,517 | 1,092 | 6,609 | (2,853) |
| Other recognised gains – theatre tax relief | 10 | 361 | - | 361 | - |
| Transfer between funds | 21/22 | 284 | (284) | - | - |
| Net movement in funds | | 6,162 | 808 | 6,970 | (2,853) |
| Reconciliation of funds: | | | | | |
| Fund balances brought forward at 1 January | | 41,998 | 1,789 | 43,787 | 46,640 |
| Fund balances carried forward at 31 December | | 48,160 | 2,597 | 50,757 | 43,787 |

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

For the parent charity alone, total incoming resources for the year were £31.2m (2021 - £19.5m) and net outgoing resources were £25.4m (2021 – £4.2m).

The notes on pages 47 to 71 form an integral part of these financial statements.

The Corporation of the Hall of Arts and Sciences

Balance sheets 31 December 2022

| | Notes | Corporation 2022 £'000 | Group 2022 £'000 | Corporation 2021 £'000 | Group 2021 £'000 |
|--|-------|------------------------------|------------------------|------------------------------|------------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | 48,059 | 48,059 | 48,472 | 48,472 |
| Intangible assets | 12 | 587 | 587 | 767 | 767 |
| Investments | 14 | - | - | 6,200 | 6,200 |
| Investment in subsidiary | 15 | 25 | - | 25 | - |
| | | 48,671 | 48,646 | 55,464 | 55,439 |
| Current assets | | | | | |
| Stock | 16 | - | 110 | - | 167 |
| Debtors | 17 | 11,162 | 5,560 | 2,375 | 5,153 |
| Cash at bank and in hand | | 33,931 | 47,525 | 20,937 | 29,726 |
| | | 45,093 | 53,195 | 23,312 | 35,046 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 18 | 24,465 | 29,585 | 16,038 | 25,958 |
| | | 24,465 | 29,585 | 16,038 | 25,958 |
| Net current assets | | 20,628 | 23,610 | 7,274 | 9,088 |
| Total assets less current liabilities | | 69,299 | 72,256 | 62,738 | 64,527 |
| Creditors: amounts falling due after one year | 20 | 21,499 | 21,499 | 20,740 | 20,740 |
| Total net assets | | 47,800 | 50,757 | 41,998 | 43,787 |
| Represented by | | | | | |
| Funds and reserves | | | | | |
| Income funds: | | | | | |
| Restricted funds | 21 | - | 2,597 | - | 1,789 |
| Unrestricted funds | 22 | 47,800 | 48,160 | 41,998 | 41,998 |
| | | 47,800 | 50,757 | 41,998 | 43,787 |

The notes on pages 47-71 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 19 April 2023 and signed on their behalf by:

Ian McCulloch
President

Stuart Newey
Honorary Treasurer

The Corporation of the Hall of Arts and Sciences

Consolidated cash flow statement Year to 31 December 2022

| | Notes | 2022 £'000 | 2021 £'000 |
|---|-------|---------------|---------------|
| Cash flows from operating activities | A | 13,594 | 6,257 |
| Cash flows from investing activities | B | (1,995) | (5,538) |
| Cash flows from financing activities | C | - | 15,740 |
| Changes in cash and cash equivalents in the reporting period | | 11,599 | 16,459 |
| Cash and cash equivalents at the beginning of the reporting period | | 35,926 | 19,467 |
| Cash and cash equivalents at the end of the reporting period | | 47,525 | 35,926 |
| Comprising | | | |
| Cash at bank and in hand | | 47,525 | 35,926 |
| Total cash and cash equivalents at the end of the reporting period | | 47,525 | 35,926 |

Notes to the cash flow statement for the year to 31 December 2022

| | | |
|---|-----------------------|-----------------------|
| A Reconciliation of cash flows from operating activities | 2022 £'000 | 2021 £'000 |
| Net expenditure for the reporting period (as per the statement of financial activities) | 6,609 | (2,853) |
| Adjustments for: | | |
| Depreciation charges | 2,725 | 2,581 |
| Reversal of impairment of tangible assets | (4) | - |
| Impairment of tangible assets | - | 1,848 |
| Dividends, interest and rents from investments | (133) | (4) |
| Decrease/(Increase) in stock | 58 | 17 |
| Decrease/(increase) in debtors | (46) | (1,474) |
| (Increase)/decrease in creditors | 4,385 | 6,142 |
| Net cash provided by (used in) operating activities | 13,594 | 6,257 |
| B Cash flows from investing activities | 2022 £'000 | 2021 £'000 |
| Dividends, interest and rents from investments | 133 | 4 |
| Purchase of property, plant and equipment | (2,128) | (5,553) |
| Purchase of intangible assets | - | (16) |
| Sale of investments | - | 27 |
| Net cash provided by (used in) investing activities | (1,995) | (5,538) |
| C Cash flows from financing activities | 2022 £'000 | 2021 £'000 |
| Proceeds from new loans | - | 20,740 |
| Repayments on borrowings | - | (5,000) |
| Net cash provided by (used in) financing activities | - | 15,740 |

Principal accounting policies Year to 31 December 2022

Company information

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

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

Basis of accounting

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

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

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

Going concern

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

Principal accounting policies Year to 31 December 2022

Going concern (continued)

After a period of extensive closure due to the pandemic, the Hall was open to audiences all year, closing only once as a mark of respect following the death of Her Majesty the Queen. Whilst 2022 began slowly and overall audiences were 15% down on the last comparable year of 2019, ticket bookings were strong culminating in an excellent Christmas season. The Hall is also successfully absorbing the financial impact of high energy prices and inflation on its cost base.

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

Whilst the Hall was financially weakened over the pandemic, we have returned to full time business and financial surplus in 2022. Our planning process, including financial projections, has taken into consideration the current economic climate of inflation, high energy prices and the current cost of living crisis and its impact on the various sources of income and planned expenditure.

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

Principal accounting policies Year to 31 December 2022

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

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

Financial instruments

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

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

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

Accounting for income

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

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

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

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

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

Principal accounting policies Year to 31 December 2022

Accounting for income (continued)

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

Expenditure

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

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

Allocation of support costs

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

Termination Payments

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

Pension costs

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

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

Principal accounting policies Year to 31 December 2022

Pension costs (continued)

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

◆ *Stakeholder Pension Plan and The Peoples' Pension*

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

◆ *Defined contribution section*

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

◆ *Defined benefit section*

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

Tangible fixed assets

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

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

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

- | | |
|---|------------------------------------|
| ◆ Property costs | 5% - 10% per annum based on cost |
| ◆ Basement | 1% per annum based on cost |
| ◆ Plant, fixtures, fittings and equipment | 6.7% - 20% per annum based on cost |
| ◆ Computers and office equipment | 20 - 33.3% per annum based on cost |

Principal accounting policies Year to 31 December 2022

Tangible fixed assets (continued)

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

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

Assets under construction are not depreciated until complete and operational.

No depreciation is charged on freehold land.

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

Intangible fixed assets

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

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

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

Heritage assets

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

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

Principal accounting policies Year to 31 December 2022

Heritage assets (continued)

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

Fund accounting

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

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

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

Government loan

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

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

As at 31 December 2022, the loan remained fully drawn down.

Taxation – subsidiary

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

1 Donations and legacies

| | 2022 Restricted funds £'000 | 2022 Unrestricted funds £'000 | 2021 Restricted funds £'000 | 2021 Unrestricted funds £'000 |
|--------------------------|--------------------------------------|--|--------------------------------------|--|
| Donations | 1,178 | 1,610 | 3,065 | 1,519 |
| Legacies | 86 | | 248 | |
| Government Grants - CJRS | - | - | - | 2,386 |
| | 1,264 | 1,610 | 3,313 | 3,905 |

Government Grant balance in 2021 related to the Coronavirus Job Retention Scheme (CJRS), this scheme ended in 2021.

2 Income from charitable activities

| | 2022 Restricted funds £'000 | 2022 Unrestricted funds £'000 | 2021 Restricted funds £'000 | 2021 Unrestricted funds £'000 |
|-----------------------|--------------------------------------|--|--------------------------------------|--|
| Rentals | - | 3,336 | - | 1,741 |
| Ticket commission | - | 16,382 | - | 6,307 |
| Members' contribution | - | 2,300 | - | 2,219 |
| Other | - | 2,034 | 19 | 845 |
| | - | 24,052 | 19 | 11,112 |

3 Income from other activities

| | 2022 Restricted funds £'000 | 2022 Unrestricted funds £'000 | 2021 Restricted funds £'000 | 2021 Unrestricted funds £'000 |
|----------------------------------|--------------------------------------|--|--------------------------------------|--|
| Rental | - | 552 | - | 310 |
| Ticket sales and commission | - | 6,396 | - | 2,312 |
| Concessions and licences granted | - | 5,722 | - | 1,937 |
| Other show-related income | - | 2,492 | - | 1,156 |
| Other income | - | 1,037 | - | 317 |
| | - | 16,199 | - | 6,032 |

Please see note 15 for information on the Corporation's wholly owned trading subsidiary, Royal Albert Hall Developments Limited, and its respective wholly owned subsidiary RAH Concerts Ltd for more information on these activities.

4 Analysis of expenditure on charitable activities

| | Maintaining and developing the Hall £'000 | Promoting the arts and sciences £'000 | 2022 Total £'000 | 2021 Total £'000 |
|---|---|--|------------------------|------------------------|
| Building maintenance | 2,014 | - | 2,014 | 1,663 |
| Building refurbishment and improvements | 1,358 | - | 1,358 | 2,982 |
| Security and housekeeping | 1,944 | 1,482 | 3,426 | 2,165 |
| Archives | 113 | - | 113 | 99 |
| Ticketing | - | 1,945 | 1,945 | 1,591 |
| Show management and production | - | 10,866 | 10,866 | 4,941 |
| Front of house services | - | 3,543 | 3,543 | 2,652 |
| Programming, marketing and PR | - | 1,655 | 1,655 | 1,472 |
| Education activities | - | 319 | 319 | 338 |
| Miscellaneous | - | 1,082 | 1,082 | 592 |
| Support costs (see note 5) | 2,594 | 6,754 | 9,348 | 7,927 |
| | 8,023 | 27,646 | 35,669 | 26,422 |

5 Support costs

| | Maintaining and developing the Hall £'000 | Promoting the arts and sciences £'000 | 2022 Total £'000 | 2021 Total £'000 |
|------------------------------------|---|--|------------------------|------------------------|
| Finance and information systems | 455 | 1,535 | 1,990 | 1,758 |
| Administration and human resources | 333 | 1,323 | 1,656 | 1,792 |
| Overheads and insurance | 446 | 519 | 965 | 680 |
| Utilities | 218 | 1,119 | 1,337 | 670 |
| Depreciation and amortisation | 542 | 2,183 | 2,725 | 2,580 |
| General Office | 23 | 75 | 98 | - |
| Governance costs (note 6) | 577 | - | 577 | 447 |
| | 2,594 | 6,754 | 9,348 | 7,927 |

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

6 Governance costs

| | Maintaining and developing the Hall £'000 | Promoting the arts and sciences £'000 | 2022 Total £'000 | 2021 Total £'000 |
|-----------------------------------|---|--|------------------------|------------------------|
| Salaries, wages and related costs | 210 | - | 210 | 152 |
| General office | 121 | - | 121 | 26 |
| Audit fees | 61 | - | 61 | 60 |
| Legal and other professional fees | 185 | - | 185 | 209 |
| | 577 | - | 577 | 447 |

7 Auditor's remuneration

| | 2022 £'000 | 2021 £'000 |
|--------------------------------------|---------------|---------------|
| Group audit | 61 | 60 |
| Taxation services | 11 | 11 |
| Other services – predecessor auditor | 1 | 16 |

8 Staff costs

| | 2022 £'000 | 2021 £'000 |
|-----------------------|---------------|---------------|
| Salaries | 10,987 | 10,143 |
| Social security costs | 1,082 | 885 |
| Pension costs | 545 | 518 |
| Staff benefits | 148 | 157 |
| | 12,762 | 11,703 |

The Council Members were not paid and did not receive any other benefits from employment with the Corporation or its subsidiaries in the year (2021: £nil). Two members of Council received out of pocket expenses in the year of £354 (2021: One member £23). No Council Member received payment for professional or other services supplied to the Corporation (2021: £nil).

Ex gratia and termination payments in the year totalled £48k (2021: £179k). Of this amount, at the year-end £nil (2021: £113k) was still to be paid.

The key management personnel of the Corporation comprise the Council Members, the Executive Board and the Heads of Departments. The total employee benefits of the key management personnel of the Corporation were £2,092,027 (2021: £1,693,380).

8 Staff costs (continued)

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

| | 2022 Number | Full-time equivalent 2022 Number | 2021 Number | Full-time equivalent 2021 Number |
|-----------------------------|----------------|---|----------------|---|
| Generating funds | 8 | 8 | 8 | 8 |
| Maintaining the Hall | 50 | 41 | 49 | 38 |
| Promoting arts and sciences | 282 | 204 | 278 | 197 |
| Administration and support | 35 | 35 | 34 | 34 |
| Governance | 2 | 2 | 2 | 2 |
| | 377 | 290 | 371 | 279 |

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

| | 2022 Number | 2021 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | 11 | 6 |
| £70,001 - £80,000 | 3 | 2 |
| £80,001 - £90,000 | 2 | 1 |
| £90,001 - £100,000 | 2 | 5 |
| £100,001 - £110,000 | 2 | 1 |
| £110,001 - £120,000 | 1 | - |
| £140,001 - £150,000 | 1 | 2 |
| £180,001 - £190,000 | - | 1 |
| £190,001 - £200,000 | 1 | - |
| | 23 | 18 |

Emoluments include remuneration, benefits-in-kind and (where relevant) redundancy payments. There are no employees accruing benefits under the Corporation's defined benefit scheme whose emoluments exceeded £60,000 (2021: none). Total employer's pension contributions for the provision of money purchase benefits for employees whose emoluments exceeded £60,000 were £196,630 (2021: £204,503).

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the directors, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £17k (2021: £17k) and the cover provided totalled £5m (2021: £5m).

9 Related party transactions

During the year the Royal Albert Hall Trust, a related charity, made a donation to the Corporation of £2.1m (2021: £3.5m). As summarised in note 17, at the year-end there was an intercompany debtor between the Corporation and Royal Albert Hall Developments Limited of £10.7m (2021: £0.6m creditor) an intercompany creditor between the Corporation and RAH Concerts Limited of £0.1m (2021: £0.7m) and an intercompany creditor between the Corporation and Royal Albert Hall Trust of £2.3m (2021: £0.6m).

In accordance with the Corporation's Charter, elected Council members (which exclude appointed Council Members) are required to be seatholders. For a detailed explanation of the relationship and transactions between Council members and the Corporation, please see under 'Council members', within "Structure, governance and management" section, on pages 20 to 39.

At the year-end there was a total of £25k (2021: £9k) due to Council Members in respect of rebate income collected during 2022 which will be paid across in 2023. At the year-end there was a total of £nil (2021: £1k) due from Council Members in respect of annual contributions and supplementary seat rate charged during 2022.

The key matters are summarised in the table below:

| | 2022 Number | 2021 Number |
|--|----------------|----------------|
| Number of seats owned by Council members | 43 | 34 |
| Number of seats owned by parties related to Council members | 112 | 117 |
| Number of tickets returned by Council members and related parties through ticket return scheme | 21,132 | 8,294 |
| Number of complimentary tickets requested by Council members under the GT29 policy | 76 | 90 |
| | 2022 £ | 2021 £ |
| Total seat rate amount paid by Council members and related parties | 281,170 | 264,250 |
| Total rebate amount received by Council members and related parties | 40,610 | 23,103 |
| Amount distributed to Council members & related parties for returned Tickets | 496,982 | 102,645 |
| Value of complimentary tickets requested by Council members under the GT29 policy | 13,881 | 12,282 |
| Donations from Council members | 1,854 | 1,530 |

10 Taxation

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

Theatre Tax Relief of £0.4m was claimed in 2022 for eligible costs associated with 14 performances of Matthew Bourne's *Car Man* in June.

11 Tangible fixed assets - Group and charity

| | Freehold land £'000 | Leasehold land £'000 | Archival collections £'000 | Property Costs £'000 | Plant, fixtures, fittings & equipment £'000 | Computers & office equipment £'000 | Assets under construction £'000 | TOTAL £'000 |
|--------------------------------------|---------------------------|----------------------------|----------------------------------|----------------------------|---|---|--|----------------|
| Cost or valuation | | | | | | | | |
| As at 1 January 2022 | 1,575 | 629 | 1,496 | 16,297 | 26,954 | 1,537 | 14,300 | 62,788 |
| Additions | - | - | - | 59 | 425 | - | 1,644 | 2,128 |
| Transfers | - | - | - | 11,591 | 23 | - | (11,614) | - |
| As at 31 December 2022 | 1,575 | 629 | 1,496 | 27,947 | 27,402 | 1,537 | 4,330 | 64,916 |
| Valuation 2001 | 1,575 | 629 | 1,496 | - | - | - | - | 3,700 |
| Cost | - | - | - | 27,947 | 27,402 | 1,537 | 4,330 | 61,216 |
| | 1,575 | 629 | 1,496 | 27,947 | 27,402 | 1,537 | 4,330 | 64,916 |
| Depreciation & impairment | | | | | | | | |
| As at 1 January 2022 | - | - | 610 | 1,468 | 9,698 | 1,303 | 1,238 | 14,317 |
| Reclass bfw d balances | - | - | - | - | - | - | - | - |
| Depreciation charge for year | - | - | - | 542 | 1,920 | 82 | - | 2,544 |
| Impairment/(reversal) | - | - | (4) | - | - | - | - | (4) |
| As at 31 December 2022 | - | - | 606 | 2,010 | 11,618 | 1,385 | 1,238 | 16,857 |
| Net book values | | | | | | | | |
| As at 31 December 2022 | 1,575 | 629 | 890 | 25,937 | 15,784 | 152 | 3,092 | 48,059 |
| As at 1 January 2022 | 1,575 | 629 | 886 | 14,829 | 17,256 | 234 | 13,062 | 48,471 |

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

- ◆ Freehold land comprising car parking spaces situated below the Royal Albert Hall, London, SW7 are being carried at a deemed cost of £1.6m. This is based on advice received from Messrs Stile Harold Williams, Surveyors and Valuers during 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Similarly, the Corporation's archival collections are included in the accounts at a deemed cost. This was following a valuation made by Messrs King Sturge, Chartered Surveyors in 2001, the Corporation having taken advantage of the transitional accounting rules available at the time. Following valuation by an independent expert of certain elements of the archival collection in March 2022, the impairment has been reduced by £4k. The net book value for the archival collection as at 31 December 2022 is £0.9m.
- ◆ Leasehold land comprising the purchase of additional land in 2016, valued at cost, to enable the basement development work to the southwest of the building.

11 Tangible fixed assets - Group and charity (continued)

- ♦ Fixtures and fittings, equipment, computers and office equipment are all included in the accounts at cost less depreciation and impairment changes.
- ♦ Subsequent expenditure on the building that meets the criteria for capitalisation under FRS102 is capitalised at cost.

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

At 31 December 2022 the Corporation had capital commitments of £3.1m (2021 - £0.1m).

12 Intangible fixed assets (Group and Charity)

| | Property rights £'000 | Computer & Office Equipment £'000 | TOTAL £'000 |
|-------------------------------|-----------------------------|--|----------------|
| Cost or valuation | | | |
| As at 1 January 2022 | 890 | 2,172 | 3,062 |
| Additions | - | - | - |
| As at 31 December 2022 | 890 | 2,172 | 3,062 |
| Cost | 890 | 2,172 | 3,062 |
| | 890 | 2,172 | 3,062 |
| Depreciation | | | |
| As at 1 January 2022 | 369 | 1,926 | 2,295 |
| Charge for year | 89 | 91 | 180 |
| As at 31 December 2022 | 458 | 2,017 | 2,475 |
| Net book values | | | |
| As at 31 December 2022 | 432 | 155 | 587 |
| <i>As at 1 January 2022</i> | <i>521</i> | <i>246</i> | <i>767</i> |

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

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

13 Heritage assets

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

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

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

The Hall is valued for insurance purposes only at a gross reinstatement cost of £434m, based on a surveyor's valuation as at August 2022 by Ecclesiastical.

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

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

Fixed asset additions to heritage assets in 2022 totalled £1.1m (2021: £5.1m). Project expenditure overall in 2022 was less than in previous years due to supply and resource issues with significant expenditure slipping in to Q1 2023.

| | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|---------------|---------------|---------------|
| Expenditure on heritage assets | | | | | |
| Capital expenditure | | | | | |
| Facilities for performers and the public | 1,067 | 1,001 | 1,903 | 368 | - |
| Other building works and fees | 58 | 4,082 | 3,121 | 4,682 | 8,265 |
| | 1,125 | 5,083 | 5,024 | 5,050 | 8,265 |
| Revenue expenditure | | | | | |
| Facilities for performers and the public | 576 | 7 | 575 | 1,554 | 398 |
| The building's structure | 29 | 247 | 2,677 | 3,081 | 3,224 |
| The auditorium | 64 | - | - | - | - |
| Other building works and fees | 64 | 406 | 2,139 | - | - |
| | 733 | 660 | 5,391 | 4,635 | 3,622 |
| | 1,858 | 5,743 | 10,415 | 9,685 | 11,887 |

14 Investments - Group

Any investments held on the balance sheet are held to fulfil long term objectives. Investments held for short term use within current assets were nil (2021: nil). Cash held for long term use within Fixed Assets was £nil (2021: £6.2m). Further details on the Investment Policy are on page 15.

There were no listed investments held at 31 December 2022 (2021: nil).

15 Investment in subsidiary undertakings

Royal Albert Hall Developments Limited

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

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

| Statement of Comprehensive Income | 2022 £'000 | 2021 £'000 |
|---|-----------------------|-----------------------|
| Turnover | 15,242 | 5,720 |
| Cost of sales | (11,955) | (3,819) |
| Operating (loss)/profit | 3,287 | 1,901 |
| Net interest receivable | 74 | 1 |
| Profit on ordinary activities before taxation | 3,361 | 1,902 |
| Tax on ordinary activities | 369 | (5) |
| Profit on ordinary activities after taxation | 3,730 | 1,897 |
| Retained earnings at the start of the period | - | (13) |
| Deed of Covenant payable to the Corporation | (3,369) | (1,884) |
| Retained earnings at the end of the period | 361 | - |

| Summarised balance sheet | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| Current assets | 16,007 | 11,069 |
| Creditors: amounts falling due within one year | (15,621) | (11,044) |
| Net assets | 386 | 25 |
| Called up share capital | 25 | 25 |
| Profit and loss account | 361 | - |
| | 386 | 25 |

15 Investment in subsidiary undertakings (continued)

RAH Concerts Limited

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

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

| Statement of comprehensive income | 2022 £'000 | 2021 £'000 |
|---|-----------------------|-----------------------|
| Turnover | 957 | 322 |
| Cost of sales | (709) | (171) |
| Operating (loss)/profit | 248 | 151 |
| Net interest receivable | - | - |
| Profit on ordinary activities before taxation | 248 | 151 |
| Tax on ordinary activities | 3 | (1) |
| Profit on ordinary activities after taxation | 251 | 150 |
| Retained earnings at the start of the period | - | (2) |
| Deed of Covenant payable to the Corporation | (251) | (148) |
| Retained earnings at the end of the period | - | - |

| Summarised balance sheet | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| Current assets | 277 | 747 |
| Creditors: amounts falling due within one year | (277) | (747) |
| Net assets | - | - |
| Called up share capital | - | - |
| Profit and loss account | - | - |

16 Stock

| | Corporation 2022 £'000 | Group 2022 £'000 | Corporation 2021 £'000 | Group 2021 £'000 |
|-------|---------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
| Stock | - | 110 | - | 167 |
| | - | 110 | - | 167 |

17 Debtors

| | Corporation 2022 £'000 | Group 2022 £'000 | Corporation 2021 £'000 | Group 2021 £'000 |
|--|---------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
| Rentals and concession income receivable | 1,414 | 3,425 | 844 | 2,047 |
| Other debtors | 108 | 135 | 380 | 1,184 |
| Tax credit receivable | - | 361 | - | - |
| Amounts due from subsidiary | 8,366 | - | - | - |
| Prepayments and accrued income | 1,274 | 1,639 | 1,151 | 1,922 |
| | 11,162 | 5,560 | 2,375 | 5,153 |

18 Creditors: amounts falling due within one year

| | Corporation 2022 £'000 | Group 2022 £'000 | Corporation 2021 £'000 | Group 2021 £'000 |
|---|------------------------------|------------------------|------------------------------|------------------------|
| Trade creditors | 2,937 | 2,941 | 1,698 | 2,477 |
| Other creditors | 12,948 | 14,346 | 8,681 | 12,863 |
| Social security and other payroll taxes | 324 | 324 | 263 | 263 |
| Accruals | 3,168 | 3,825 | 1,951 | 2,190 |
| Amount due to subsidiary | - | - | 1,883 | - |
| VAT | 790 | 1,443 | 271 | 962 |
| Deferred Income (see note 19) | 4,298 | 6,706 | 1,291 | 7,203 |
| | 24,465 | 29,585 | 16,038 | 25,958 |

Included within other creditors are amounts of £11.0m (2021: £11.2m) held in respect to ticket sales for future performances hosted by third-parties which is held on their behalf and will be passed on to promoters in due course as part of the show settlement process. Included in other creditors is £102k of unpaid pension contributions (2021: £93k).

19 Deferred Income

| | Corporation 2022 £'000 | Group 2022 £'000 |
|---------------------------------------|------------------------------|------------------------|
| Balance as at 1 January 2022 | 1,291 | 7,203 |
| Amount released to incoming resources | (1,213) | (6,788) |
| Amount deferred in year | 4,220 | 6,291 |
| Balance as at 31 December 2022 | 4,298 | 6,706 |

Deferred income for the Corporation comprises deposits on future lettings of £2.9m (2021: £1.0m) and advance ticket sales on RAH presents performances of £1.4m (2021: £0.3m) relating to performances after the balance sheet date. Deferred income for the Group comprises deposits on future lettings of £2.9m (2021: £1.8m), advance ticket sales on RAH presents performances of £2.6m (2021: £4.3m) and other advance income £1.2m (2021: £1.1m) relating to performances after the balance sheet date.

20 Government loan

| | 2022 £'000 | 2021 £'000 |
|------------------|---------------|---------------|
| Amounts payable: | | |
| Under 1 year | - | - |
| 1 – 5 years | 4,751 | 3,168 |
| Over 5 years | 16,748 | 17,572 |
| | 21,499 | 20,740 |

In March 2021, the Hall received a loan of £20.7m from Arts Council England and the Department of Culture, Media and Sport as part of the Culture Recovery Fund. The loan incurs an annual interest charge of 2%, which has been accrued and added to the total amount payable, and is repayable over 20 years, with a repayment holiday for the first four years. Repayments of the loan commence March 2025.

21 Restricted funds

| | Education & Outreach Fund £'000 | Building Fund £'000 | Production Fund £'000 | Royal Albert Hall Trust £'000 | Total £'000 |
|---------------------------------------|--|---------------------------|-----------------------------|-------------------------------------|----------------|
| Balance at 1 January 2022 | - | - | - | 1,789 | 1,789 |
| Income | - | - | - | 1,610 | 1,610 |
| Expenditure | (216) | (226) | (76) | - | (518) |
| Transfers | - | (284) | - | - | (284) |
| Donation from Royal Albert Hall Trust | 216 | 510 | 76 | (802) | - |
| Balance at 31 December 2022 | - | - | - | 2,597 | 2,597 |

| | Education & Outreach Fund £'000 | Building Fund £'000 | Production Fund £'000 | Royal Albert Hall Trust £'000 | Total £'000 |
|---------------------------------------|--|---------------------------|-----------------------------|-------------------------------------|----------------|
| Balance at 1 January 2021 | - | - | - | 418 | 418 |
| Income | - | - | - | 3,332 | 3,332 |
| Expenditure | (125) | - | - | - | (125) |
| Transfers | - | (1,836) | - | - | (1,836) |
| Donation from Royal Albert Hall Trust | 125 | 1,836 | - | (1,961) | - |
| Balance at 31 December 2021 | - | - | - | 1,789 | 1,789 |

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

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

During the year the Trust made a grant of £0.2m to the Corporation's Engagement Programme (2021: £0.1m). It also made a grant of £0.5m (2021: £1.8m), to the restricted Building Fund (which comprises grants and donations raised from companies and individuals), in order to fund improvements to the building, and £0.1m (2021: nil) from the Production Fund to fund the Hall's Artistic Development programme. These funds were received by the Corporation and spent in the year.

During the year a transfer of £0.3m (2021: £1.8m) was made from the Building Fund to unrestricted reserves. This represents the transfer of assets as the money has been used for the purpose for which it was given.

Notes to the accounts 31 December 2022

22 Unrestricted funds

| Corporation | Tangible & intangible fixed assets fund | Education & Outreach fund | Plant and fabric sinking fund | Major building development fund | Total designated funds | General fund | Total unrestricted funds |
|-----------------------------|---|---------------------------|-------------------------------|---------------------------------|------------------------|--------------|--------------------------|
| - | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 January 2022 | 49,238 | 400 | - | - | 49,638 | (7,640) | 41,998 |
| Income | - | - | - | - | - | 30,388 | 30,388 |
| Transfer | 284 | (400) | - | - | (116) | 400 | 284 |
| Utilisation/expenditure | (876) | - | - | - | (876) | (23,994) | (24,870) |
| Balance at 31 December 2022 | 48,646 | - | - | - | 48,646 | (846) | 47,800 |

| Group | Tangible & intangible fixed assets fund | Education & Outreach fund | Plant and fabric sinking fund | Major building development fund | Total designated funds | General fund | Total unrestricted funds |
|-----------------------------|---|---------------------------|-------------------------------|---------------------------------|------------------------|--------------|--------------------------|
| - | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 January 2022 | 49,238 | 400 | - | - | 49,638 | (7,640) | 41,998 |
| Income | - | - | - | - | - | 41,648 | 41,648 |
| Other gain/(losses) | - | - | - | - | - | 361 | 361 |
| Transfer | 284 | (400) | - | - | (116) | 400 | 284 |
| Utilisation/expenditure | (876) | - | - | - | (876) | (35,255) | (36,131) |
| Balance at 31 December 2022 | 48,646 | - | - | - | 48,646 | (486) | 48,160 |

| Corporation | Tangible & intangible fixed assets fund | Education & Outreach fund | Plant and fabric sinking fund | Major building development fund | Total designated funds | General fund | Total unrestricted funds |
|-----------------------------|---|---------------------------|-------------------------------|---------------------------------|------------------------|----------------|--------------------------|
| - | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 January 2021 | 48,099 | 400 | - | 1,620 | 50,119 | (3,882) | 46,237 |
| Income | - | - | - | - | - | 17,487 | 17,487 |
| New designations | 1,139 | - | 603 | 1,217 | 2,959 | (2,959) | - |
| Transfer | - | - | - | 1,836 | 1,836 | - | 1,836 |
| Utilisation/expenditure | - | - | (603) | (4,673) | (5,276) | (18,286) | (23,562) |
| Balance at 31 December 2021 | 49,238 | 400 | - | - | 49,638 | (7,640) | 41,998 |

| Group | Tangible & intangible fixed assets fund | Education & Outreach fund | Plant and fabric sinking fund | Major building development fund | Total designated funds | General fund | Total unrestricted funds |
|-----------------------------|---|---------------------------|-------------------------------|---------------------------------|------------------------|----------------|--------------------------|
| - | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 January 2021 | 48,099 | 400 | - | 1,620 | 50,119 | (3,897) | 46,237 |
| Income | - | - | - | - | - | 21,052 | 21,052 |
| New designations | 1,139 | - | 603 | 1,217 | 2,959 | (2,959) | - |
| Transfer | - | - | - | 1,836 | 1,836 | - | 1,836 |
| Utilisation/expenditure | - | - | (603) | (4,673) | (5,276) | (21,836) | (27,112) |
| Balance at 31 December 2021 | 49,238 | 400 | - | - | 49,638 | (7,640) | 41,998 |

22 Unrestricted funds (continued)

The Tangible and Intangible Fixed Asset Funds represent the net book value of the Corporation's fixed assets. A decision was made to separate this fund from the general fund in recognition that the tangible and intangible fixed assets are essential to the day-to-day work of the Corporation and as such their value should not be regarded as funds that are realisable in order to meet future contingencies. The net decrease in the fund of £0.6m represents the level of capital additions during the year (net of depreciation).

The Education & Outreach Fund existed to protect initiatives from any adverse short term financial performance issue the Corporation may encounter. In 2022 this was released to general funds to support these reserves.

The Plant and Fabric Sinking Fund existed in 2021 to meet the cost of major non-capital expenditure required to maintain the fabric of the building and to replace its plant and equipment over the long term. There was no movement on this reserve in 2022.

The Major Building Development Fund existed in 2021 to help meet the cost of future major building developments. There was no movement on this reserve in 2022.

23 Analysis of net assets between funds

| Corporation | Unrestricted fund | | 2022 Total £'000 |
|------------------------------------|------------------------------|--------------------------|------------------------|
| | Fixed asset fund £'000 | General fund £'000 | |
| Tangible & Intangible fixed assets | 48,646 | - | 48,646 |
| Investments | - | 25 | 25 |
| Net current assets | - | 20,628 | 20,628 |
| Creditors over 1 year | - | (21,499) | (21,499) |
| Total net assets | 48,646 | (846) | 47,800 |

| Group | Unrestricted fund | | | 2022 Total £'000 |
|------------------------------------|------------------------------|--------------------------|-------------------------------------|------------------------|
| | Fixed asset fund £'000 | General fund £'000 | Royal Albert Hall Trust £'000 | |
| Tangible & Intangible fixed assets | 48,646 | - | - | 48,646 |
| Investments | - | - | - | - |
| Net current assets | - | 21,013 | 2,597 | 23,610 |
| Creditors over 1 year | - | (21,499) | - | (21,499) |
| Total net assets | 48,646 | (486) | 2,597 | 50,757 |

23 Analysis of net assets between funds (continued)

| | Unrestricted fund | | | 2021 Total £'000 |
|------------------------------------|------------------------------|---------------------------------------|--------------------------|------------------------|
| | Fixed asset fund £'000 | Education & Outreach fund £'000 | General fund £'000 | |
| Corporation | | | | |
| Tangible & Intangible fixed assets | 49,238 | - | - | 49,238 |
| Investments | - | - | 25 | 25 |
| Net current assets | - | 400 | (7,665) | (7,265) |
| Total net assets | 49,238 | 400 | (7,640) | 41,998 |

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

24 Pension commitments

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

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

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

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

24 Pension commitments (continued)

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

The unrestricted surplus, as calculated under the accounting standard FRS 102, was £1.3m as at 31 December 2022, down from £3.2m as at 31 December 2021. The main reason for the decrease in the surplus over the period is the Scheme's assets performing worse than expected and negative inflation experience. This has been partially offset by increases in corporate bond yields leading to a higher discount rate and a lower value being placed on the liabilities.

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

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

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

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Defined benefit section | - | - |
| Defined contribution section / Stakeholder Scheme | 545 | 516 |

The Hall expects to pay no contributions in the year to 31 December 2023 as there was a surplus in the Scheme at the last actuarial valuation. The Hall will meet directly any administrative costs and other expenses incurred by the Scheme.

24 Pension commitments (continued)

FRS 102 requires the surplus or deficit on the Scheme as at 31 December 2022, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation):

| | 2022 % | 2021 % |
|-------------------|-----------|-----------|
| Inflation | 3.4% | 3.6% |
| Salary increases | n/a | n/a |
| Rate of discount | 4.9% | 1.8% |
| Pension increases | 3.1% | 3.3% |

| Assumed life expectancy in years at age 65: | 2022 | 2021 |
|---|------|------|
| Retiring today – Males | 22.1 | 22.1 |
| Retiring today – Females | 24.6 | 24.5 |
| Retiring in 20 years' time – Males | 23.8 | 23.7 |
| Retiring in 20 years' time – Females | 26.3 | 26.2 |

| The assets in the scheme were: | Value at 31 December 2022 £'000 | Value at 31 December 2021 £'000 |
|--------------------------------|---|---|
| Assets | | |
| Equities | - | 4,049 |
| Cash | 73 | 88 |
| LDI | 9,973 | 9,460 |
| Multi Asset Credit | - | 3,220 |
| Insured assets | 635 | 711 |
| Insured liabilities | - | - |
| Total market value of assets | 10,681 | 17,528 |
| Actuarial value of liability | (9,407) | (14,290) |
| Surplus in Scheme | 1,274 | 3,238 |
| Unrecognised asset | (1,274) | (3,238) |
| Recoverable surplus | - | - |

The Scheme has in the past secured annuities with an insurance company for members on their retirement. An allowance has been made for these members in both the asset and liability figures at 31 December 2022.

24 Pension commitments (continued)

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

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------|---------------|---------------|
| Fair value of assets at 1 January | 17,528 | 17,579 |
| Interest on assets | 312 | 226 |
| Benefits paid | (352) | (378) |
| Return on plan assets less interest | (6,807) | 101 |
| Fair value of assets at 31 December | 10,681 | 17,528 |

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

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Actuarial value of liabilities at 1 January | 14,290 | 15,433 |
| Current service cost | - | - |
| Contributions by Scheme participants | - | - |
| Past service cost | - | - |
| Interest cost | 254 | 198 |
| Benefits paid | (352) | (378) |
| Experience (gain) on defined benefit obligation | 828 | 300 |
| Changes to demographic assumptions | - | (241) |
| Changes to financial assumptions | (5,613) | (1,022) |
| Actuarial value of liabilities at 31 December | 9,407 | 14,290 |

In accordance with FRS 102 the following components of pension charge have been recognised in the statement of financial activities for the year ended 31 December 2022.

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Analysis of the amount charged within resources expended | | |
| Current service cost | - | - |
| Past service cost | - | - |
| Total amount included within resources expended | - | - |

Analysis of net return on scheme

| | | |
|-------------------------------------|-------|-------|
| Interest assets | 515 | 226 |
| Interest on liabilities | (452) | (198) |
| Interest on effect of asset ceiling | (63) | (28) |
| Net return | - | - |

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

| | | |
|--|---------|---------|
| Gain/(loss) on scheme assets in excess of interest | (6,807) | 101 |
| Experience losses on liabilities | (828) | (300) |
| (Losses)/gains from changes to demographic assumptions | - | 241 |
| (Losses)/gains from changes to financial assumptions | 5,613 | 1,022 |
| Adjustment in respect of restriction of surplus | 2,022 | (1,064) |
| Actuarial gain recognised within statement of financial activities | - | - |

25 Prior year consolidated statement of financial activities

The statement of financial activities for 2021 is shown here for comparison purposes. The 2022 statement of financial activities is shown on page 44.

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