

HALLE ENDOWMENT TRUST

England & Wales · Charity number 286145

Details

Status Registered

Legal form Trust

Registered 1983-01-18

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

Contact

Address Halle Concerts Society
Bridgewater Hall
Great Bridgewater Street
Manchester
M1 5HA

Phone 01612377000

Email info@halle.co.uk

Website www.halle.co.uk

Activities

Objects: THE EDUCATION OF THE GENERAL PUBLIC IN THE STUDY, APPRECIATION AND PRACTICE OF MUSIC AND THE ALLIED ARTS BY ENDOWING FURTHERING AND SUPPORTING THE OBJECTS AND WORK OF THE HALLE CONCERTS SOCIETY AND THE HALLE ORCHESTRA IN SUCH MANNER AS THE ENDOWMENT TRUSTEES SHALL IN THEIR ABSOLUTE DISCRETION THINK FIT.

Activities: To maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Halle Concerts Society.

Classification

- **How:** Makes Grants To Organisations
- **What:** Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- Bolton
- Bury
- Manchester City
- Oldham
- Rochdale
- Salford City
- Stockport
- Tameside
- Trafford
- Wigan

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£292,530	£350,577	-	-
2023-12-31	£272,253	£381,340	-	-
2022-12-31	£252,588	£349,012	-	-
2021-12-31	£205,943	£347,976	-	-
2020-12-31	£332,185	£307,257	-	-

Trustees

Name	Role	Appointed
Claire Dwyer		2024-05-09
DAVID MCKEITH		2016-03-17
Deborah Anne Francis		2023-07-27
Elizabeth Margaret Shepherd		2022-05-10
John Eckersley		2018-05-01
Simon Shelbourn		2024-05-09
Timothy James Seagrave		2022-10-31

HALLE ENDOWMENT TRUST

England & Wales - Charity number 286145

Accounts

The Hallé Endowment Trust

For the year ended 31 December 2024

Charity registration number: 286145

The Hallé Endowment Trust

FINANCIAL STATEMENTS 31 DECEMBER 2024

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The Hallé Endowment Trust

Trustees and independent advisers

Board of Trustees

Mr J Schultz CBE – Chair – resigned April 2025

Mr J Eckersley – Chair – from July 2025

Mr D McKeith

Mr E Pysden (resigned 26 April 2024)

Ms E Shepherd

Ms D Francis

Mr S Shelbourn (appointed 9 May 2024)

Ms C Dwyer (appointed 9 May 2024)

Nominated by Manchester City Council:

Mr T Seagrave

Bankers

The Royal Bank of Scotland plc

St Ann Street

Manchester M60 2SS

Solicitors

CMS LLP

1 The Avenue

Spinningfields

Manchester M3 3AP

Investment Managers

CCLA Investment Management Limited

One Angel Lane

London EC4R 3AB

Auditor

Crowe U.K. LLP

3rd Floor

St George's House

56 Peter Street

Manchester

M2 3NQ

Principal office

The Bridgewater Hall

Manchester M1 5HA

The Hallé Endowment Trust

REPORT OF THE TRUSTEES

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2024, in compliance with the Trust Deed.

Reference and administrative details

The Hallé Endowment Trust (the 'Trust') is a registered charity, number 286145, governed by a trust deed dated 30 December 1982, as amended in a deed of consolidation and amendment dated 19 August 2021. The details of the Trustees, their advisers and other relevant information given on page 1, form part of this report.

Structure, Governance and Management

The governing body is the Board of Trustees whose members are non-executive and unpaid. All the Trustees are appointed by the Board of the Hallé Concerts Society (the Society'), other than one Trustee nominated by Manchester City Council. The Trustees delegate the day-to-day management and administration of the Trust's affairs to the Executive of the Hallé Concerts Society. Appropriate induction is given to all Trustees.

Objectives and activities of the Trust

The objective and principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Society.

With effect from 1 January 2017, for the Main Fund and from 1 January 2023 for the Catalyst Fund, the Trustees have adopted the total return approach to investment under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows the Funds to be invested to optimise the overall return, no matter whether it takes the form of capital or income. The Trustees then decide how much of that overall return should be allocated to meet the current charitable objectives whilst balancing their decision with the maintenance of the long-term capital value of the Funds.

The Hallé Endowment Trust holds the Catalyst Endowment Fund as a separate endowment fund within its accounts, following the Society's successful application to the Arts Council's Catalyst Endowment programme in 2011. The income only from the Catalyst Endowment Fund was previously used to support the Society's educational activity at Hallé St Peter's and ambitious artistic projects not funded by other funding agreements. The Arts Council approved the Total Return approach to be applied to the Catalyst Fund from 1 January 2023, since then allowing the trustees to decide how much of the overall return should be allocated to meet the charitable objectives of this Fund.

Further information is provided in the Financial Review section below and in the Notes to the Accounts.

Public Benefit

The Trustees have considered the Charity Commission's guidance on public benefit, and they believe that the support provided to the Hallé Concerts Society allows the objectives above to benefit a wide section of the public. The Society's Hallé Connect education ensembles and outreach programmes reach over 75,000 people each year, of which over 40,000 are children and young people. Membership of the Society's youth and children's ensembles is free. A full review of the Society's outreach work is given in its own statutory accounts, and further details are available on the Hallé website: www.halle.co.uk. The Society's facilities at Hallé St Peter's and St Michael's are enabling its education and community programme to extend to an even broader cross section of the community, and the return generated by the Catalyst Endowment Fund referred to below facilitates this work.

Achievements and performance

An Investment Committee (of which the Trustees are members, along with the Finance Director), established by the Hallé Concerts Society, reviews the investment strategy and performance of the Trust and all the Society's other related entities. Working within the Investment Policy described below, the Investment Managers are given investment discretion which is then reported upon by them to the Investment Committee.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Achievements and performance (continued)

The investment portfolio's objective is to generate a total return of CPI+4% per annum over the long term, without distinguishing between capital return and income return. Both the Main Endowment Fund and the Catalyst Fund have been invested in the CCLA Ethical Investment Fund for the full financial year.

CPI at 31 December 2024 was reported as 2.5%, resulting in a target for the financial year of 6.5%. The performance of the Ethical Investment Fund at 5.7% was below this target. Gross return was 6.4%, before notional fees of 0.7%.

It is important to note that there have been significant market movements since the balance sheet date, due to the global trade tariffs imposed by the USA administration.

The Main Fund saw an increase of £116,001 in investment value (2023: increase of £387,009) whilst the Catalyst Fund saw an increase of £84,817 (2023: increase of £249,057). When investment income is taken into account, the overall return over the 12 months to 31 December 2024, net of fees, is 5.7% (2023: 11.1%) return for the Main Fund and 5.7% (2023: 12.6%) return for the Catalyst. This compares to the target return of CPI+4% which is 6.5% for 2024.

Financial Review

Main Endowment Fund overview - During the year the Main Fund received donations and legacies of £nil (2023: £nil), investment income of £123,304 (2023: £140,935) and short-term deposit interest of £1,375 (2023: £1,659). There was an unrealised gain on investments of £116,001 (2023: gain of £387,009). A grant of £244,430 was made to the Society (2023: £229,000). The grant in 2024 to the Society reflects the power to distribute cumulative investment gain as well as investment income under the total return approach.

At 31 December 2024, the endowment fund of the Main Fund stood at £4,361,479 (2023: £4,383,143) and the restricted funds of the Main Fund stood at £nil (2023: £nil).

Catalyst Fund overview - Regular donations are normally received into the Catalyst Fund rather than the Main Fund. The Catalyst Fund received donations and legacies of £77,694 (2023: £26,363). The higher level in 2024 is due to legacy income. Investment income for the Catalyst Fund amounted to £90,157 (2023: £101,641) and short-term deposit interest of £nil (2023: £1,655). A grant was made to the Society of £86,320 (2023: £83,000).

At 31 December 2024 the endowment fund of the Catalyst Fund stood at £3,279,594 (2023: £3,115,157) and the restricted funds of the Catalyst Fund stood at £0 (2023: £0). The grant in 2024 to the Society reflects the power to distribute cumulative investment gain as well as investment income under the total return approach.

Total fund balances at the year-end were £7,641,073 (2023: £7,498,302).

Total return approach to investment

A resolution to adopt the total return approach to accounting for the Main Fund was made by the Trustees on 8 February 2018, effective from 1 January 2017. The Catalyst Fund initially remained under permanent endowment rules as it is an Arts Council based fund and subject to different arrangements from the Main Fund. A proposal to the Arts Council for the Catalyst Fund to be managed on a total return accounting basis was agreed in a Declaration of Trust signed 1 January 2023 and the Trustees implemented this approach for the Catalyst Fund for the financial year ended 31 December 2023.

The Trustees' decision to move to total return was taken in order to enable increased flexibility in the financial support provided by the Endowment to the Hallé Concert Society. Under the original rules, there could be significant variation of the income available to distribute, depending on whether investment returns are derived from income or capital gains, even though the overall return may be the same. The total return approach enables the focus to be on overall best return for the investment portfolio rather than focusing on investments to produce investment income. It also facilitates a more planned approach

to grant making because the impact of year-to-year variation in investment income can be smoothed

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

through the application of part of the Unapplied Total Return fund (UTR). It is important to note that although the total return approach provides more flexibility, the Trustees are mindful of their legal responsibility to take a sustainable approach in determining the way that investment returns are allocated between current and future needs. The Trustees will therefore retain resources in the UTR fund to support the future needs of the Society and furthering the objectives of the Hallé Endowment Trust. Further details are provided in note 12.

Investment Policy

The investment strategy reflects the investment focus on total investment return rather than investment income.

The target return of the investment strategy is CPI +4% per annum for both funds, by definition without distinguishing between capital return and income return. The investment objective is to maintain the real capital value of the investment portfolio above inflation whilst generating a sustainable and reliable income.

Investment risk:

The key risk to the long-term sustainability of the funds is inflation, and the strategy is that assets should be invested to mitigate this risk over the long term. The trustees understand that this is likely to mean that investment will be concentrated in real assets and that the capital value will fluctuate. The trustees are able to tolerate volatility of the capital value of the funds as long as they are able to meet current expenditure from investment returns. The trustees acknowledge that they accept some investment risk in order to maximise total return and refer to this as a “balanced attitude towards risk”.

Restrictions on the Trustees’ power to invest:

- There are currently no restrictions on the Trustees’ power to invest.
- The Trustees believe that Environmental, Social and Governance (ESG) related risks, including climate change risks, are an important component of investment risk and that organisations that soundly manage these risks are more likely to be financially sustainable over time. Consideration of ESG risks will therefore form a financially material component of the investment framework.
- The Trustees require the Investment Manager to integrate analysis of relevant ESG issues into their investment processes. The Trustees will monitor how the Investment Manager takes ESG issues into account in practice on a regular basis.
- The Trustees acknowledge that a greater focus on ESG could also have a potentially negative impact on financial returns. Performance will therefore be monitored as outlined below, alongside the wider overall aims, objectives and principles of the Hallé Concerts Society.
- The Trustees continue to monitor the evolving ESG landscape and current thinking on best practice.

Benchmark and Performance Measurement:

- Performance will be measured against a benchmark of CPI plus 4%.
- In addition, the Investment Manager will report on a quarterly basis on the performance of the investment portfolio against appropriate composite and comparable indices.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Investment Committee:

- The Investment Committee of the Hallé Concerts Society supports the trustees in setting and monitoring investment policy, strategy and performance benchmarks.
- The Committee is appointed by the Hallé Concerts Society Board and trustees of the Hallé Endowment Trust will normally be members.
- The Investment Committee is responsible for identifying and monitoring suitable Investment Managers and performance.

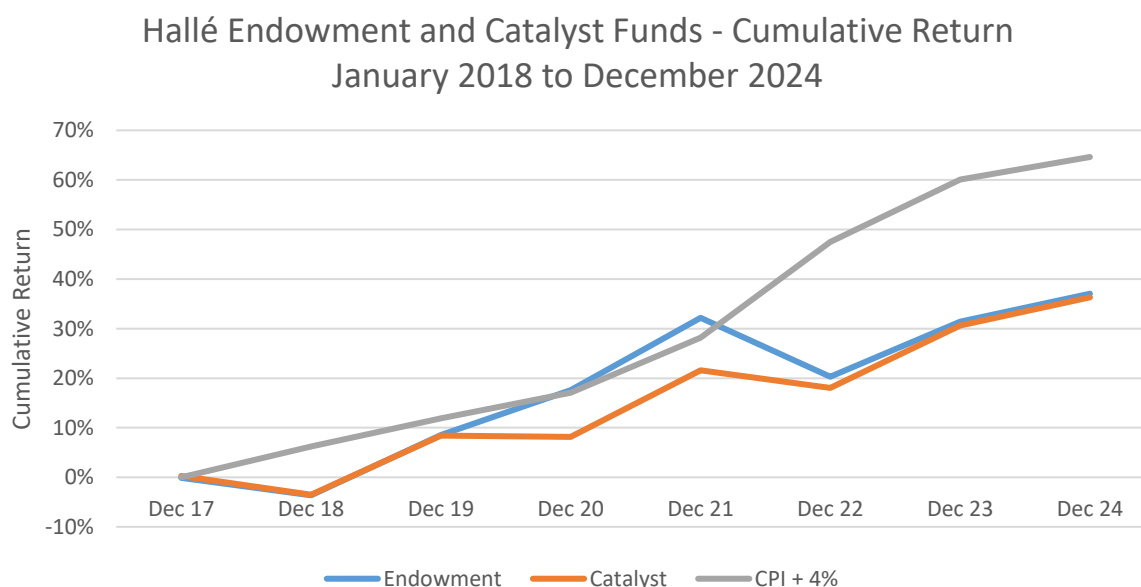
The trustees will work with their Investment Manager to review the Investment Policy and Strategy with the overall intention of maintaining the current target return of CPI +4% aligned with a robust and transparent ESG focused approach.

Investment Performance

For the Financial Year to December 2024, both the Main Fund and Catalyst Funds have been invested on a total return basis with all assets under management with CCLA and invested in the COIF Charities Ethical Investment Fund.

The overall investment return, including unrealised gains and distributions for the year, was 5.7% net of charges (2023 11.7% overall – made up of 11.1% for the Main Fund and 12.6% for the Catalyst Fund). This is compared to a target of CPI + 4% - which in 2024 was 6.5%.

It should be noted, however, that the target return of CPI+4% is an average target per annum over the longer term and the graph below illustrates performance compared to this target, on a cumulative basis, since January 2018. There can be annual periods where the returns achieved by the Funds are lower or higher than the target of CPI +4%.



The large difference between cumulative actual returns achieved and the target is a result of inflation rising significantly during the COVID pandemic to historically high levels, with the most significant increases observed between 2021 and 2023, peaking at 11.1%.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

In December 2023, the Catalyst Fund investment policy was changed to a total return basis and returns since then have been the same for both the Main and Catalyst funds. Before this, the Catalyst Fund investments were aimed at providing income, and this led to a greater allocation to UK investments, explaining the difference in return to the Main Fund prior to this change.

The priority for the Trustees remains the longer-term performance of the investments to provide support for the Society in the future. The Trustees are confident that the investment policy provides a good basis to achieve the investment objective over the medium and longer term and to secure this outcome.

Reserves policy

Main Fund: the Trustees have considered their reserves policy in respect of the Main Endowment Fund with regard to their responsibility to adopt a sustainable balance between the current and future needs of the Society.

The Trustees consider that reserves should be maintained as protection for the Endowment Trust against a fall in the value of investments which would impact the ability of the Endowment Trust to support the Society and its objectives in future periods. On the basis of information from the Investment Managers the trustees have set the target level for this “Buffer reserve” at 20% of the market value of investments and this will be reviewed at least annually. The Unallocated Total Return (UTR) Fund provides this “Buffer reserve”. At 31 December 2024 the UTR stood at £1,409,075 (2023: £1,480,114) which is 32% of investment value (2023: 35%) and therefore achieves the reserves target. In addition, the current level of reserves is considered reasonable to enable the Trustees to smooth the pattern of grant making to the Society in years when investment returns may be low. The indicative annual grant level to the Society from the Main Endowment is £200,000 (at 2020 level) plus CPI and the UTR at this level enables the Trustees to provide assurance to the Society that the annual grant can be relied upon for planning purposes.

The Trustees will also take account of the sufficiency of the Catalyst Fund UTR and its ability to support the indicative level of grant to the Society in any particular year and will consider providing a shortfall of the indicative grant from the UTR of the Main Fund, thus re-balancing the grant to the Society between the two funds.

In making decisions on grant making to the Society, the Trustees will take account of the return on investment for the year, the long-term sustainability of the investment fund after considering various levels of transfer to income and the income needs of the Society. As part of this review the trustees will also consider whether a transfer of the UTR to the original Endowment is appropriate. Under the regulations (Section 4 of the Trusts (Capital and Income) Act 2013) charities have the power to add part of the UTR to the original endowment. The amount that can be added annually is capped and is calculated by reference to the increase in inflation and the value of the original endowment. The purpose of such a transfer is to maintain the real value of the original endowment fund. The Trustees have agreed that they will consider on an annual basis whether to make such a transfer and that the appropriate inflation index to use is CPI. Although it is important for the value of the original endowment to be protected, the trustees would not expect to use this option in a situation where market values had fallen, as this would seem to be inconsistent with the underlying general intention of a total return approach.

Catalyst Fund:

The Trustees have considered the reserves policy in respect of the Catalyst Endowment Fund with regard to their responsibility to adopt a sustainable approach between the current and future needs of the Society. The Fund is held as a permanent endowment until 29 October 2037 with its own particular charitable purposes. Thereafter, the Fund – both capital and interest – is available to the Society for the furtherance of its own charitable purposes. Until then, the objective is to maintain a positive UTR fund on the basis that, on average and with target investment returns, it should be possible to fund the target grant level to the Society. A specific target reserves level has not been set for the Catalyst Fund. At 31 December 2024 the UTR stood at £507,677. (2023: £420,938)

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Reserves policy (continued)

In making their decisions on grant making to the Society, the Trustees will take account of the return on investment for the year, the long-term sustainability of the investment fund after considering various levels of transfer to income and the income needs of the Society. The Trustees will also take account of the sufficiency of the Main Fund UTR to cover any shortfall in the ability of the UTR of the Catalyst Fund to support the indicative level of grant to the Society in any particular year, thus re-balancing the grant to the Society between the two funds.

At the end of the Catalyst Fund's 25-year term in 2037, the Fund will become expendable for both capital and income, at the discretion of the trustees. In April 2024, the trustees agreed that the priority for the Catalyst Fund is to build up its Unallocated Total Return (UTR) and therefore not to have increasing the capital endowment capital by the CPI index as an implicit objective for the fund. This reflects the fact that the Catalyst, as a newer fund, has not had the opportunity to build up a significant UTR.

The current level of reserves is considered reasonable to enable the Trustees to smooth the pattern of grant making to the Society in years when investment returns may be low. The indicative annual grant level to the Society from the Catalyst Fund is £80,000 (at 2023 level when total return commenced for Catalyst Fund) plus CPI.

Fundraising Practices

The Endowment Trust's fundraising is delegated by the Trustees to the Hallé Concerts Society Development Team which also fundraises more widely on behalf of the Hallé Concerts Society as a whole. Regular reports are received from the Development Team with assurance that fundraising activity is conducted in compliance with the Fundraising Regulator Code of Fundraising Practice and all relevant regulations. Implementation of the Society-wide fundraising strategy is mainly delivered by the in-house fundraising team with support from a professional fundraiser on bids to charitable trusts and foundations. This person does not carry out fundraising with the general public on behalf of the Hallé Concerts Society or the Endowment Trust.

The Trustees acknowledge that as part of the wider fundraising strategy of the Halle Concerts Society, there is currently little active fundraising specifically for the Hallé Endowment Trust. This reflects the focus of the Society on raising funds, without restrictions, to fund core activities. The main source of funds is legacies where the gift is specifically allocated to the Trust by the donor. In the financial year to 31st December 2024 no donation or legacies were received attributable to the Main Fund and donations and legacies of £77,694 were received for the Catalyst Fund.

Plans for future periods

The move to a total return approach to accounting and to a total return investment strategy were introduced by the Trustees in order to provide more secure and sustainable financial support to achieve the Trust's objectives, in particular the financial support provided to the Hallé Concerts Society. Now that the Arts Council have confirmed approval for the Catalyst Fund to adopt the total return approach, the Trustees will work to optimise this flexibility for both funds.

The Trustees will continue to work with the Investment Managers in maintaining the investment strategy to reflect ESG challenges and opportunities, whilst achieving the target return.

Risk management

A risk management strategy has been implemented for the Hallé Concerts Society group, of which the Hallé Endowment Trust is a part. A review of overall financial controls is undertaken annually by the Society's Audit Committee. The last risk review was completed in July 2024. A more detailed explanation is contained in the accounts of the Hallé Concerts Society.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the Trust Deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The Trustees have elected to prepare the financial statements in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice requires that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are required to act in accordance with the Trust Deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Disclosure of information to independent auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the trust's auditor is aware of that information.

Auditor

Crowe U.K. LLP is the appointed auditor and has indicated its willingness to continue in office.

Approved on behalf of the Trustees on 29 October 2025.



J Eckersley

Independent Auditor's Report to the Trustees of The Hallé Endowment Trust

Opinion

We have audited the financial statements of The Hallé Endowment Trust ('the charity') for the year ended 31 December 2024 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 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) and in other respects 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 United Kingdom, including the Financial Reporting Council'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

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements 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

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

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011.

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit approach for income was to begin our testing from source documentation such as grant agreements and donation documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non compliance and cannot be expected to detect non compliance with all laws and regulations.

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with 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 anyone other than the Charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe UK LLP
Statutory Auditors
3rd Floor
St George's House
56 Peter Street
Manchester
M2 3NQ

Date: 31st October 2025

The Hallé Endowment Trust

Statement of Financial Activities

for the year ended 31 December 2024

	Note	Endowment Funds £	Catalyst Endowment Funds £	2024 Total £	2023 Total £
Income					
Donations and legacies	3	-	77,694	77,694	26,363
Investment income		123,304	90,157	213,460	242,576
Short-term deposit income		1,375	-	1,375	3,314
Total incoming resources		124,679	167,850	292,530	272,253
Expenditure					
<i>Charitable Expenditure</i>					
Investment management costs	4	-	-	-	(49,632)
Governance and support costs	4	(1,913)	(1,912)	(3,827)	(3,708)
Depreciation		(16,000)	-	(16,000)	(16,000)
Grant to Hallé Concerts Society	5	(244,430)	(86,320)	(330,750)	(312,000)
Total expenditure		(262,343)	(88,234)	(350,577)	(381,340)
Net (expenditure)/income and net movement in funds before gains and losses on investments		(137,664)	79,617	(58,047)	(109,087)
Net (losses)/gains on investments		116,001	84,817	200,818	636,066
Net (expenditure)/income before transfers		(21,663)	164,434	142,771	526,979
Transfers between funds		-	-	-	-
Net movement in funds		(21,663)	164,434	142,771	526,979
Fund balances brought forward at 1 January 2024		4,383,142	3,115,160	7,498,302	6,971,323
Fund balances carried forward at 31 December 2024		4,361,479	3,279,594	7,641,073	7,498,302

The notes on pages 14-24 form part of the financial statements.

All of the above results are derived from continuing activities.

There are no gains or losses other than those recognised in this statement of financial activities.

The Hallé Endowment Trust

Balance Sheet
at 31 December 2024

	Notes	Endowment	Catalyst	2024 Total	2023 Total
		£	£	£	£
Fixed assets					
Instruments	6	272,000		272,000	288,000
Investments					
Investments at market value	7	4,343,153	3,175,615	7,518,768	7,317,950
Current assets					
Short-term bank deposits		184,340	10,343	194,683	151,370
Debtors and Accrued income	8	30,896	80,591	111,487	63,244
Income Tax Recoverable	8	-	1,207	1,207	587
		<u>215,236</u>	<u>92,141</u>	<u>307,377</u>	<u>215,201</u>
Current Liabilities					
Due from/(to)					
Hallé Concerts Society		(467,448)	13,270	(454,178)	(320,118)
Other creditors and accruals		(1,462)	(1,432)	(2,894)	(2,730)
	9	<u>(468,910)</u>	<u>11,838</u>	<u>(457,072)</u>	<u>(322,848)</u>
Net current assets/(liabilities)		(253,674)	103,979	(149,695)	107,647
Net assets		<u>4,361,479</u>	<u>3,279,594</u>	<u>7,641,073</u>	<u>7,498,302</u>
Represented by:					
Endowment Fund		4,361,479	-	4,361,479	4,383,142
Catalyst Endowment Fund		-	3,279,594	3,279,594	3,115,160
		<u>4,361,479</u>	<u>3,279,594</u>	<u>7,641,073</u>	<u>7,498,302</u>

The notes on pages 14-24 form part of the financial statements.
The accounts on pages 12-24 were approved by the Trustees on 29 October 2025.



J Eckersley

The Hallé Endowment Trust

NOTES (forming part of the financial statements)

1 **Trust activities**

The Hallé Endowment Trust was established to further the education of the general public in the study, appreciation and practice of music and the allied arts by endowing, furthering and supporting the work of the Hallé Concerts Society and the Hallé Orchestra.

The Trust is a subsidiary of the Hallé Concert Society which includes the Trust in its consolidated and aggregated financial statements. The consolidated and aggregated financial statements of the Hallé Concert Society are prepared in accordance with FRS 102 and are available to the public and may be obtained from Hallé Concerts Society, The Bridgewater Hall, Manchester M1 5HA. The Hallé Endowment Trust is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

Cash Flow Statement and related notes: The Trust proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

2 **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's accounts.

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and the Trust Deed.

The Trust constitutes a public benefit entity as defined by FRS 102.

Cash flow statement

The charity is exempt from the requirement to prepare a cash flow statement as it is a qualifying entity under FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Income

Donations are recognised when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution, the grant of probate where known or the legacy being received. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income is accounted for in the period in which the Trust is entitled to receipt.

Expenditure

Expenditure is accounted for on an accruals basis.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and valued at historic cost. The revaluation model is applied for musical instruments. Depreciation is provided in order to write off tangible fixed assets over their expected useful lives in equal instalments as follows: Musical instruments – 25 years.

Investments

There are no restrictions on the Trust's powers to invest. Investments are included at fair value at the balance sheet date. The Statement of Financial Activities (SOFA) includes the net gains and losses arising on valuations and disposals throughout the year.

The Hallé Endowment Trust

NOTES (continued)

2 **Accounting policies (continued)**

Funds structure

The charity has two permanent endowment funds. The principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society.

In accordance with the terms of the Trust Deed, transfers of income can be made to the Trust's Main Fund at the discretion of the Trustees.

Following the Society's successful application to the Arts Council's Catalyst Endowment programme, the Hallé Endowment Trust is the recipient of the Catalyst Endowment Fund and holds that fund as a separate endowment fund within its accounts, the income from which will be used to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

The Catalyst Endowment Fund is held as a segregated fund, separate from the Main Fund, within the overall Hallé Endowment Trust under the terms of a Trust deed dated 29 October 2012 between the Hallé Concerts Society and Arts Council England.

The Trustees have adopted the total return approach to investment accounting for the Main Endowment Fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. Permission was given by Arts Council England to adopt the total return approach for the Catalyst Fund from 1st January 2023. This allows any increase in the value of an investment to be treated as income.

Preparation of accounts on a going concern basis

Taking into account the position on reserves (as explained in the Trustees' report on page 4), the current cash balances and forecast income and expenditure flows, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. They therefore consider the going concern basis to be appropriate for the preparation of these financial statements.

Accounting estimates and judgements

In the application of the Trust's accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees consider that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Taxation

The Hallé Endowment Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore to meet the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Hallé Endowment Trust

NOTES (continued)

3. Donations and Legacies

	2024 Endowment Funds £	2024 Catalyst Funds £	2024 Total Funds £	2023 Total Funds £
Donations	-	19,694	19,694	9,995
Legacies	-	58,000	58,000	16,368
	-	77,694	77,694	26,363

4. Investment Management & Governance/Support Costs

	2024 Endowment Funds £	2024 Catalyst Restricted Funds £	2024 Total Funds £	2023 Total Funds £
Investment Management	-	-	-	49,632
Governance/Support Costs	1,913	1,913	3,826	3,708
	1,913	1,913	3,826	53,340

In 2024, investment management costs are not separated out from the total performance of the fund. CCLA states that the notional percentage fee charged is 0.72%. The estimated cost of these nominal fees is £54,168. In 2023 investment management costs from Cazenove (the immediately preceding investment manager) were allocated as follows: £28,275 was attributable to the Main Endowment fund and £21,357 to the Catalyst fund, totaling £49,632.

In 2023 governance and support costs were allocated as follows: £1,854 was attributable to the Endowment fund and £1,854 to the Catalyst fund.

Allocation of governance and support costs

Directly attributable costs are allocated to the restricted charitable activities of the Endowment or Catalyst endowment as incurred. Other costs are apportioned equally between the two funds.

	2024 Endowment Funds £	2024 Catalyst Funds £	2024 Total Funds £	2023 Total Funds £
Audit fees	1,431	1,431	2,862	3,256
Bank charges	177	177	354	452
Sundry expenses	305	305	610	-
	1,913	1,913	3,826	3,708

The Hallé Endowment Trust

NOTES (continued)

5 Expenditure on charitable activities

	2024 Endowment Funds £	2024 Catalyst Funds £	2024 Total Funds £	2023 Total Funds £
Grants to the Hallé Concerts Society	244,430	86,320	330,750	312,000

6 Fixed assets

	Musical Instruments £
Cost	
At 1 January 2024	400,000
At 31 December 2024	400,000
Depreciation	
At 1 January 2024	112,000
Charge for period	16,000
At 31 December 2024	128,000
Net Book Value	
At 31 December 2024	272,000
At 31 December 2023	288,000

The Hallé senior management team revalued the musical instrument to £400,000 at 1 January 2017 by reference to the Coutts index. It was agreed that the fee for a professional valuation was not an effective use of charitable funds, particularly given the volatility of this market over recent years.

All tangible assets are used for direct charitable purposes.

Depreciation amounted to £16,000 (2023: £16,000) and is allocated to the Endowment Fund.

7 Investments

	Main Fund Market Value £	Catalyst Market Value £	Combined Market Value £
Balance at 1 January 2024	4,227,152	3,090,798	7,317,950
Net additions / (disposals)	-	-	-
Investment management fee	-	-	-
Change in market value	116,001	84,817	200,818
Balance at 31 December 2024	4,343,153	3,175,615	7,518,768

The Hallé Endowment Trust

NOTES (continued)

7 Investments (continued)

The following table shows the valuation and asset allocation of assets at 31 December 2024.

Asset class	Main Fund £	%	Catalyst Fund £	%	Total £
CCLA Ethical Investment Fund	4,343,153	100	3,175,615	100	7,518,768
Balance at 31 December 2024	<u>4,343,153</u>	<u>100</u>	<u>3,175,615</u>	<u>100</u>	<u>7,518,768</u>

All investments are held at fair value.

Investments are held in a single common investment fund and valued at a single, mid-price.

8 Other debtors and accrued income

	Endowment Funds 2024	Catalyst Funds 2024	Total Funds 2024	Total Funds 2023
	£	£		£
Investment income	22,591	30,896	53,487	53,244
Legacies	-	58,000	58,000	10,000
Income Tax Recoverable	-	557	557	587
	<u>22,591</u>	<u>89,453</u>	<u>112,044</u>	<u>63,831</u>

9 Other Creditors and Accruals

	Endowment	Catalyst	Total 2024	Total 2023
	£	£	£	£
Audit Fee	1,431	1,431	2,862	2,700
Bank Charges	30	-	30	30
HCS Intercompany	467,448	(13,270)	454,178	320,118
	<u>468,909</u>	<u>(11,839)</u>	<u>457,070</u>	<u>322,848</u>

The Hallé Endowment Trust

NOTES (continued)

10 Analysis of net assets between funds

	Endowment Funds £	Catalyst Funds £	Total Funds £
Balances at 31 December 2024 represented by:			
Tangible assets	272,000	-	272,000
Investments	4,343,153	3,175,615	7,518,768
Current assets	215,236	92,140	307,376
Current liabilities	(468,909)	11,839	(457,070)
	<u>4,361,479</u>	<u>3,279,594</u>	<u>7,641,073</u>

Analysis of net assets between funds

	Endowment Funds £	Catalyst Funds £	Total Funds £
Balances at 31 December 2023 represented by:			
Tangible assets	288,000	-	288,000
Investments	4,227,152	3,090,798	7,317,950
Current assets	121,109	94,091	215,200
Current liabilities	(236,118)	(86,730)	(322,848)
	<u>4,383,143</u>	<u>3,115,159</u>	<u>7,498,302</u>

The Hallé Endowment Trust

NOTES (continued)

11 Statement of Funds

	At 1 January 2024 £	Income £	Expenditure £	Transfers, Gains and Losses £	At 31 December 2024 £
Main endowment					
Restricted funds	-	-	-	-	-
Endowment funds	4,383,142	124,679	(262,343)	116,001	4,361,479
Total main endowment funds	4,383,142	124,679	(262,343)	116,001	4,361,479
Catalyst endowment					
Catalyst restricted funds	-	-	-	-	-
Catalyst endowment funds	3,115,160	167,850	(88,233)	84,817	3,279,594
Total Catalyst endowment funds	3,115,160	167,850	(88,233)	84,817	3,279,594
Total funds	7,498,302	292,530	(350,577)	200,818	7,641,073

The purpose of the Main Endowment is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society.

The purpose of the Catalyst Endowment Fund is to apply the income from the endowment to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

Both funds are now accounted for on a total return basis.

The Hallé Endowment Trust

NOTES (continued)

12 Total return investment

With effect from 1 January 2017 for the Main Fund and 1 January 2023 for the Catalyst Fund, the Trustees have adopted the total return approach to investment, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013.

The Trustees identified the value of the gifts of permanent endowment received since the establishment of both funds and this set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. Within each of the Main Fund and the Catalyst Fund this is referred to as the “original endowment” and forms the initial “Investment Fund”. The difference between the total value of endowment funds and the value of the gift component at the point when total return was adopted represents the opening balance of Unapplied Total Return (UTR) for each fund. The UTR is classed as part of the Endowment fund until it is allocated to income.

The Trustees are now empowered to invest the permanently endowed funds of the Main Fund and the Catalyst Fund to maximise total return and to apply an appropriate portion of the UTR to income each year. Until the power is exercised to transfer a portion of UTR to income, the UTR remains invested as part of the permanent endowment.

The Trustees decide annually how much of the UTR is transferred to income funds and so available for expenditure as grants to the Society. In 2024 the Trustees made a transfer of £244,430 (2023: £229,000) from the Main Fund and £86,320 (2023: £83,000) from the Catalyst Fund from the respective UTR in each fund to unrestricted income funds, enabling the making of grants to the Society of £244,430 from the Main Fund and £86,320 from the Catalyst Fund. In making this decision the Trustees have taken account of the return on investment for the year, the long-term sustainability of the investment funds after considering various levels of transfer to income and the income needs of the Society.

Under the regulations (Section 4 of the Trusts (Capital and Income) Act 2013) charities have the power to add part of the UTR to the Investment Fund. The amount that can be added annually is capped and is calculated by reference to the increase in inflation and the value of the Investment Fund. The purpose of such a transfer is to maintain the real value of the Investment Fund. The Trustees have agreed that they will consider on an annual basis whether to make such a transfer and that the appropriate inflation index to use is CPI. For 2024 the trustees agreed to transfer £65,376 from the UTR of the Main Fund to the Endowment Investment Fund of the Main Fund and not to make a transfer from the Catalyst UTR to the Catalyst Investment Fund. The latter decision reflects the differing reserves policies of the Main and Catalyst Funds – in turn arising from their different duration and background.

With in-year donations to the Main Fund of £0 the balance of the Investment Fund at 31 December 2024 is £2,952,405 of which £272,000 is the net book value of the Amati violin at 31 December 2024. (£120,000 original gift value £152,000 revaluation less depreciation). The violin is accounted for and revalued separately and shown in the following table to reconcile the overall value of the Endowment Fund.

With in-year donations and legacies to the Catalyst Fund of £77,694, the balance of the Endowment Investment Fund at 31 December 2024 is £2,771,918.

The Hallé Endowment Trust

NOTES (continued)

12 Total return investment – Main Endowment (continued)

The investment fund and application of total return to permanent endowment funds	Trust for investment	Unapplied Total Return	Total Endowment
	£	£	£
Opening value of endowment:			
Gift component of permanent endowment (incl. £120k instrument)	2,735,029	-	2,735,029
Unapplied total return	-	1,480,114	1,480,114
Total	2,735,029	1,480,114	4,125,143
Revaluation reserve – Instrument	168,000	-	168,000
Total Endowment 1/1/2024	2,903,029	1,480,114	4,383,143
Movement in unapplied total return and endowment in the year:			
Gifts received	-	-	-
Investment return: dividends and interest	-	124,679	124,679
Investment return: recognised and unrecognised gain	-	116,001	116,001
Investment / management costs	-	(1,913)	(1,913)
Allocations of Unallocated Total Return (UTR) in the year: -			
Unapplied total return allocated to income	-	(244,430)	(244,430)
Unapplied total return allocated to Investment Fund	65,376	(65,376)	-
Net movement in the reporting period	65,376	(71,039)	(5,663)
Revaluation reserve – Instrument	(16,000)	-	(16,000)
Total Endowment movement in year	49,376	(71,039)	(21,663)
Gift component of permanent endowment			
Investment Fund	2,800,405	-	2,800,405
Unapplied total return	-	1,409,075	1,409,075
Total	2,800,405	1,409,075	4,209,480
Revaluation reserve – Instrument	152,000	-	152,000
Total Endowment 31/12/2024	2,952,405	1,409,075	4,361,480

The Hallé Endowment Trust

NOTES (continued)

12 Total return investment – Catalyst (continued)

The investment fund and application of total return to permanent endowment funds	Trust for investment £	Unapplied Total Return £	Total Endowment £
Opening value of endowment:			
Gift component of permanent endowment (incl. £120k instrument)	2,694,224	-	2,694,224
Unapplied total return	-	420,937	420,937
Total Endowment 1/1/2024	2,694,224	420,937	3,115,161
Movement in unapplied total return and endowment in the year:			
Gifts received	77,694	-	77,694
Investment return: dividends and interest	-	90,157	90,157
Investment return: recognised and unrecognised gain	-	84,817	84,817
Investment management costs	-	(1,913)	(1,913)
Allocations of Unallocated Total Return (UTR) in the year:-			
Unapplied total return allocated to income	-	(86,320)	(86,320)
Unapplied total return allocated to Investment Fund	-	-	-
Total Endowment movement in year	77,694	86,740	164,434
Gift component of permanent endowment			
Investment Fund	2,771,918	-	2,771,918
Unapplied total return	-	507,677	507,677
Total Endowment 31/12/2024	2,771,918	507,677	3,279,595

13 Financial instruments

	2024	2023
Financial assets measured at amortised cost	307,376	215,200
Financial assets measured at fair value	7,518,768	7,317,950
Financial liabilities measured at amortised cost	(457,070)	(322,848)

Financial assets measured at amortised cost are cash, trade and other debtors. Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2023: £nil).

Financial assets measured at fair value are the investments. Financial liabilities measured at amortised cost are trade creditors, other creditors and accruals.

The Hallé Endowment Trust

NOTES (continued)

14 Remuneration of the Trustees and employees

The Trustees received no remuneration nor reimbursement of expenses and derived no financial benefit from their services to the Trust.

No staff were employed by the Trust during the year (2023: none).

15 Related Parties

The Hallé Endowment Trust is a subsidiary of the Hallé Concerts Society and is aggregated in the group accounts of the Society. The Society is a registered charity (number 223882) and a company limited by guarantee (number 62753), incorporated in the UK.

The Hallé Concerts Society's registered office is: The Bridgewater Hall, Manchester M1 5HA and consolidated accounts can be obtained from this address.

The Trustees have taken advantage of the exemption in FRS 102 and have not disclosed related party transactions with fellow group undertakings.

There have been no individual donations by Trustees to the Hallé Endowment Trust during the year.

HALLE ENDOWMENT TRUST

England & Wales - Charity number 286145

Accounts

The Hallé Endowment Trust

For the year ended 31 December 2023

Charity registration number: 286145

The Hallé Endowment Trust

FINANCIAL STATEMENTS 31 DECEMBER 2023

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The Hallé Endowment Trust

Trustees and independent advisers

Board of Trustees

Mr J Schultz CBE - Chair

Mr J Eckersley

Mr D McKeith

Mr E Pysden (resigned 26 April 2024)

Ms E Shepherd

Ms D Francis (appointed 27 July 2023)

Mr S Shelbourn (appointed 9 May 2024)

Ms C Dwyer (appointed 9 May 2024)

Nominated by Manchester City Council:

Mr T Seagrave

Bankers

The Royal Bank of Scotland plc

St Ann Street

Manchester M60 2SS

Solicitors

CMS LLP

1 The Avenue

Spinningfields

Manchester M3 3AP

Investment advisers

Cazenove Capital

Liverpool House

Lower Bridge Street

Chester CH1 1RS

Part of:

Schroder & Co Limited

2 Moorgate

London EC2R 6DA

In March 2022 CCLA Investment Management were appointed as Investment Managers to replace Cazenove Capital. The transfer of assets took place in spring 2023.

CCLA Investment Management Limited

One Angel Lane

London EC4R 3AB

Auditor

Crowe U.K. LLP

3rd Floor

St George's House

56 Peter Street

Manchester

M2 3NQ

Principal office

The Bridgewater Hall

Manchester M1 5HA

The Hallé Endowment Trust

REPORT OF THE TRUSTEES

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2023, in compliance with the Trust Deed.

Reference and administrative details

The Hallé Endowment Trust (the 'Trust') is a registered charity, number 286145, governed by a trust deed dated 30 December 1982, as amended in a deed of consolidation and amendment dated 19 August 2021. The details of the Trustees, their advisers and other relevant information given on page 1, form part of this report.

Structure, Governance and Management

The governing body is the Board of Trustees whose members are non-executive and unpaid. All the Trustees are appointed by the Board of the Hallé Concerts Society ('the Society'), other than one Trustee nominated by Manchester City Council. The Trustees delegate the day-to-day management and administration of the Trust's affairs to the Executive of the Hallé Concerts Society. Appropriate induction is given to all Trustees.

Objectives and activities of the Trust

The objective and principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Society.

With effect from 1 January 2017, for the Main Fund and from 1 January 2023 for the Catalyst Fund, the Trustees have adopted the Total Return approach to investment under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows the Funds to be invested to optimise the overall return, no matter whether it takes the form of capital or income. The Trustees then decide how much of that overall return should be allocated to meet the current charitable objectives whilst balancing their decision with the maintenance of the long-term capital value of the Funds.

The Hallé Endowment Trust holds the Catalyst Endowment Fund as a separate endowment fund within its accounts, following the Society's successful application to the Arts Council's Catalyst Endowment programme in 2011. The income from the Catalyst Endowment Fund is used to support the Society's educational activity at Hallé St Peter's and ambitious artistic projects not funded by other funding agreements. The Arts Council approved the Total Return approach to be applied to the Catalyst Fund from 1 January 2023.

Further information is provided in the Financial Review section below and in the Notes to the Accounts.

Public Benefit

The Trustees have considered the Charity Commission's guidance on public benefit and they believe that the support provided to the Hallé Concerts Society allows the objectives above to benefit a wide section of the public. The Society's Hallé Connect education ensembles and outreach programmes reach over 75,000 people each year, of which over 40,000 are children and young people. Membership of the Society's youth and children's ensembles is free. A full review of the Society's outreach work is given in its own statutory accounts and further details are available on the Hallé website: www.halle.co.uk. The Society's facilities at Hallé St Peter's and St Michael's are enabling its education and community programme to extend to an even broader cross section of the community, and the income of the Catalyst Endowment Fund referred to below facilitates this work.

Achievements and performance

An Investment Committee (of which the Trustees are members, along with the Finance Director), established by the Hallé Concerts Society, reviews the investment strategy and performance of the Trust and all the Society's other related entities. Working within the Investment Policy described below, the Investment Advisers are given investment discretion which is then reported upon by them to the Investment Committee.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Achievements and performance (continued)

The investment portfolio's objective is to generate a total return of CPI+4% per annum over the long term, without distinguishing between capital return and income return.

The Main Fund saw an increase of £387,009 in investment values (2022: loss of £457,184) whilst the Catalyst Fund has seen an increase of £249,057 (2022: loss of £161,137). When investment income is taken into account, the overall return over the 12 months to 31 December 2023 is 11.1% (2022: negative -8.8%) for the Main Fund and 12.6% (2022: negative -3.0%) for the Catalyst. This compares to the target return of CPI+4% which is 8% for 2023 and reflects the improvements in investment markets generally in the year to 31 December 2023.

Financial Review

Main Fund overview - During the year the Main Fund received donations and legacies of £nil (2022: £nil), investment income of £140,935 (2022: £74,986) and short-term deposit interest of £1,659 (2022: £420). There was a gain on investments in 2023 of £387,009 (2022: loss of £457,184). A grant of £229,000 was made to the Society (2022: £220,000). The grant in 2023 to the Society reflects the power to distribute cumulative investment gain as well as investment income under the total return approach.

At 31 December 2023 the endowment fund of the Main Fund stood at £4,383,143 (2022: £4,128,668) and the restricted funds of the Main Fund stood at £nil (2022: £nil).

Catalyst Fund overview - Regular donations are normally received into the Catalyst Fund rather than the Main Fund. The Catalyst Fund received donations and legacies of £26,363 (2022: £84,596). The higher level in 2022 is due to legacy income. Investment income for the Catalyst Fund amounted to £101,641 (2022: £90,907) and short-term deposit interest of £1,655 (2022: £1,679). A grant was made to the Society of £83,000 (2022: £80,000).

At 31 December 2023 the endowment fund of the Catalyst Fund stood at £3,115,157 (2022: £2,841,827) and the restricted funds of the Catalyst Fund stood at £2 (2022: £828). The grant in 2023 to the Society reflects the power to distribute cumulative investment gain as well as investment income under the total return approach.

Total fund balances at the year-end were £7,498,302 (2022: £6,971,323).

Total return approach to investment

A resolution to adopt the total return approach to accounting for the Main Fund was made by the Trustees on 8 February 2018, effective from 1 January 2017. The Catalyst Fund initially remained under permanent endowment rules as it is an Arts Council based fund and subject to different arrangements from the Main Fund. A proposal to the Arts Council for the Catalyst Fund to be managed on a total return accounting basis was agreed in a Declaration of Trust signed 1 January 2023 and the Trustees implemented this approach for the Catalyst Fund for this financial year ending 31 December 2023.

The Trustees' decision to move to total return was taken in order to enable increased flexibility in the financial support provided by the Endowment to the Hallé Concert Society. Under the original rules, there could be significant variation of the income available to distribute, depending on whether investment returns are within income or capital gains, even though the overall return may be the same. The total return approach enables the focus to be on overall best return for the investment portfolio rather than focusing on investments to produce investment income. It also facilitates a more planned approach to grant making because the impact of year-to-year variation in investment income can be smoothed through the Unapplied Total Return fund (UTR). It is important to note that although the total return approach provides more flexibility, the Trustees are mindful of their legal responsibility to take a sustainable approach in determining the way that investment returns are allocated between current and future needs. The Trustees will therefore retain resources in the UTR fund for supporting the future needs of the Society and furthering the objectives of the Hallé Endowment Trust.

Further detail is provided in note 12.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Investment Policy

The investment strategy reflects the investment focus on total investment return rather than investment income.

The target return of the investment strategy is CPI +4% per annum for both funds, by definition without distinguishing between capital return and income return. The investment objective is to maintain the real capital value of the investment portfolio above inflation whilst generating a sustainable and reliable income.

Investment risk:

The key risk to the long term sustainability of the funds is inflation, and the strategy is that assets should be invested to mitigate this risk over the long term. The trustees understand that this is likely to mean that investment will be concentrated in real assets and that the capital value will fluctuate. The trustees are able to tolerate volatility of the capital value of the funds as long as they are able to meet current expenditure from investment returns. The trustees acknowledge that they accept some investment risk in order to maximise total return and refer to this as a “balanced attitude towards risk”.

Restrictions on the Trustees’ power to invest:

- There are currently no restrictions on the Trustees’ power to invest.
- The Trustees believe that Environmental, Social and Governance (ESG) related risks, including climate change risks, are an important component of investment risk and that organisations that soundly manage these risks are more likely to be financially sustainable over time. Consideration of ESG risks will therefore form a financially material component of the investment framework.
- The Trustees require the Investment Manager to integrate analysis of relevant ESG issues into their investment processes. The Trustees will monitor how the Investment Manager takes ESG issues into account in practice on a regular basis.
- The Trustees acknowledge that a greater focus on ESG could also have a potentially negative impact on financial returns. Performance will therefore be monitored as outlined below, alongside the wider overall aims, objectives and principles of the Hallé Concerts Society.
- The Trustees continue to monitor the evolving ESG landscape and current thinking on best practice.

Benchmark and Performance Measurement:

- Performance will be measured against a benchmark of CPI plus 4%.
- In addition, the Investment Manager will report on a quarterly basis on the performance of the investment portfolio against appropriate composite and comparable indices.

Investment Committee:

- The Investment Committee of the Hallé Concerts Society supports the trustees in setting and monitoring investment policy, strategy and performance benchmarks.
- The Committee is appointed by the Hallé Concerts Society Board and trustees of the Hallé Endowment Trust will normally be members.
- The Investment Committee is responsible for identifying and monitoring suitable Investment Managers and performance.

The trustees will work with CCLA to review the Investment Policy and Strategy with the overall intention of maintaining the current target return of CPI +4% aligned with a robust and transparent ESG focused approach.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Investment Performance

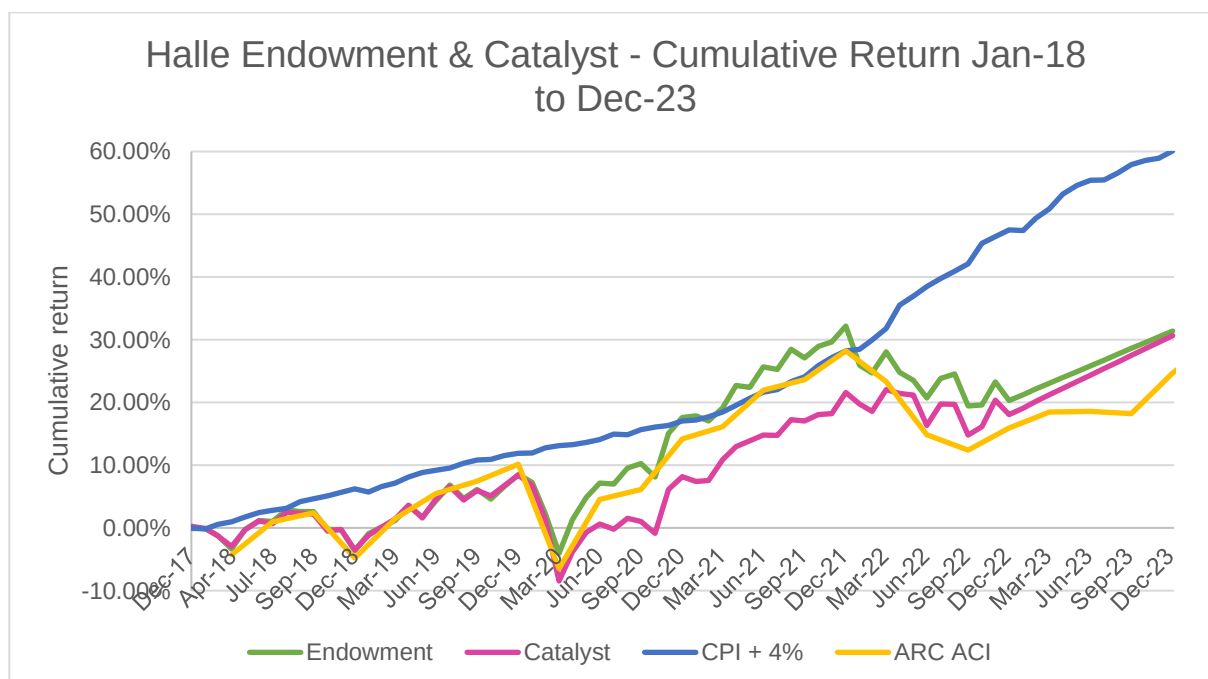
The aggregate investment performance for the year to 31 December 2023 of the Main and Catalyst Funds was positive in terms of overall return, more than recovering the loss on investment value in the previous year and reflecting performance of wider investment markets in the same period.

In February 2023, when asset management was transferred to CCLA, both funds were invested in the COIF Charities Ethical Investment Fund and this grew ahead of the relevant sector benchmark (ARC-ACI).

When investment income is taken into account, the overall investment return in the year to 31 December 2023 was 11.7% overall, with 11.1% for the Main Fund and 12.6% for the Catalyst. The target of 8% (CPI+4%) was therefore exceeded.

The target return of CPI+4% is an average target over the longer term and the graph below illustrates performance compared to this target and benchmark since January 2018, being the six years since commencement of total return for the Main Fund. The longer term target has not been met due to high inflation, compared to historic norms, since 2021.

The graph also shows that Catalyst Fund's focus on income (before the move to total return from January 2023) led to a greater allocation to UK investments which resulted in lower returns than the Main Fund. The change in investments was not made until the transfer to CCLA in February 2023.



The priority for the Trustees remains the longer-term performance of the investments to provide support for the Society in the future. The Trustees are confident that the investment policy provides a good basis to achieve the investment objective over the medium and longer term and to secure this outcome.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Reserves policy

Main Fund: the Trustees have considered their reserves policy in respect of the Main Endowment Fund with regard to their responsibility to adopt a sustainable balance between the current and future needs of the Society.

The Trustees consider that reserves should be maintained as protection for the Endowment Trust against a fall in the value of investments which would impact the ability of the Endowment Trust to support the Society and its objectives in future periods. On the basis of information from CCLA the trustees have set the target level for this “Buffer reserve” at 20% of the market value of investments and this will be reviewed at least annually. The Unallocated Total Return (UTR) Fund provides this “Buffer reserve”. At 31 December 2023 the UTR stood at £1,480,114 which is 35% of investment value and therefore achieves the reserves target. In addition, the current level of reserves is considered reasonable to enable the Trustees to smooth the pattern of grant making to the Society in years when investment returns may be low. The indicative annual grant level to the Society from the Main Endowment is £200,000 (at 2020 level) plus CPI and the UTR at this level enables the Trustees to provide assurance to the Society that the annual grant can be relied upon for planning purposes.

The Trustees will also take account of the sufficiency of the Catalyst Fund UTR and its ability to support the indicative level of grant to the Society in any particular year and will consider providing a shortfall of the indicative grant from the UTR of the Main Fund, thus re-balancing the grant to the Society between the two funds.

In making decisions on grant making to the Society, the Trustees will take account of the return on investment for the year, the long-term sustainability of the investment fund after considering various levels of transfer to income and the income needs of the Society. As part of this review the trustees will also consider whether a transfer of the Unallocated Total Return to the original Endowment is appropriate. Under the regulations (Section 4 of the Trusts (Capital and Income) Act 2013) charities have the power to add part of the UTR to the original endowment. The amount that can be added annually is capped and is calculated by reference to the increase in inflation and the value of the original endowment. The purpose of such a transfer is to maintain the real value of the original endowment fund. The Trustees have agreed that they will consider on an annual basis whether to make such a transfer and that the appropriate inflation index to use is CPI. Although it is important for the value of the original endowment to be protected, the trustees would not expect to use this option in a situation where market values had fallen, as this would seem to be inconsistent with the underlying general intention of a total return approach.

Catalyst Fund:

The Trustees have considered their reserves policy in respect of the Catalyst Endowment Fund with regard to their responsibility to adopt a sustainable approach between the current and future needs of the Society. The Fund is held as a permanent endowment until 29 October 2037 with its own particular charitable purposes. Thereafter, the Fund – both capital and interest – is available to the Society for the furtherance of its own charitable purposes. Until then, the objective is to maintain a positive UTR fund on the basis that, on average and with target investment returns, it should be possible to fund the target grant level to the Society. A specific target reserves level has not been set for the Catalyst Fund. At 31 December 2023 the UTR stood at £420,938.

In making their decisions on grant making to the Society, the Trustees will take account of the return on investment for the year, the long-term sustainability of the investment fund after considering various levels of transfer to income and the income needs of the Society. The Trustees will also take account of the sufficiency of the Main Fund UTR to cover any shortfall in the ability of the UTR of the Catalyst Fund to support the indicative level of grant to the Society in any particular year, thus re-balancing the grant to the Society between the two funds.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Reserves policy (continued)

In making their decisions on grant making to the Society, the trustees will also consider whether a transfer from the UTR to the original Endowment is appropriate (using CPI as the relevant index).

Although it is important for the value of the original endowment to be protected, the trustees would not expect to use this option in a situation where market values had fallen, as this would seem to be inconsistent with the underlying general intention of a total return approach.

The current level of reserves is considered reasonable to enable the Trustees to smooth the pattern of grant making to the Society in years when investment returns may be low. The indicative annual grant level to the Society from the Catalyst Fund is £80,000 (at 2023 when total return commenced for Catalyst Fund) plus CPI.

Fundraising Practices

The Endowment Trust's fundraising is delegated by the Trustees to the Hallé Concerts Society Development Team which also fundraises more widely on behalf of the Hallé Concerts Society as a whole. Regular reports are received from the Development Team with assurance that fundraising activity is conducted in compliance with the Fundraising Regulator Code of Fundraising Practice and all relevant regulations. Implementation of the Society-wide fundraising strategy is mainly delivered by the in-house fundraising team with support from a professional fundraiser on bids to charitable trusts and foundations. This person does not carry out fundraising with the general public on behalf of the Hallé Concerts Society or the Endowment Trust.

The Trustees acknowledge that as part of the wider fundraising strategy of the Halle Concerts Society, there is currently little active fundraising specifically for the Hallé Endowment Trust. This reflects the focus of the Society on raising funds, without restrictions, to fund core activities. The main source of funds is legacies where the gift is specifically allocated to the Trust by the donor. In the financial year to 31st December 2023 no donation or legacies were received attributable to the Main Fund and donations and legacies of £26,363 were received for the Catalyst Fund.

Plans for future periods

The move to a total return approach to accounting and to a total return investment strategy were introduced by the Trustees in order to provide more secure and sustainable financial support to achieve the Trust's objectives, in particular the financial support provided to the Hallé Concerts Society. Now that the Arts Council have confirmed approval for the Catalyst Fund to adopt the total return approach, the Trustees will work to optimise this flexibility for both funds.

The Trustees also look forward to the new relationship with CCLA and developing the investment strategy to reflect ESG challenges and opportunities, whilst achieving the target return.

Risk management

A risk management strategy has been implemented for the Hallé Concerts Society group, of which the Hallé Endowment Trust is a part. A review of overall financial controls is undertaken annually by the Society's Audit Committee. The last risk review was completed in July 2024. A more detailed explanation is contained in the accounts of the Hallé Concerts Society.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the Trust Deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The Trustees have elected to prepare the financial statements in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice requires that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are required to act in accordance with the Trust Deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Disclosure of information to independent auditor

The Trustees who held office at the date of approval of this Trustees' 'report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the trust's auditor is aware of that information.

Auditor

Crowe U.K. LLP is the appointed auditor and has indicated its willingness to continue in office.

Approved on behalf of the Trustees on 14 October 2024:



J Schultz

Independent Auditor's Report to the Trustees of The Hallé Endowment Trust

Opinion

We have audited the financial statements of The Hallé Endowment Trust ('the charity') for the year ended 31 December 2023 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 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) and in other respects 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 United Kingdom, including the Financial Reporting Council'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

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements 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

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

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011.

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit approach for income was to being our testing from source documentation such as grant agreements and donation documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non compliance and cannot be expected to detect non compliance with all laws and regulations.

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with 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 anyone other than the Charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe UK LLP
Statutory Auditor
3rd Floor
St George's House
56 Peter Street
Manchester
M2 3NQ

Date: 21st October 2024

The Hallé Endowment Trust

Statement of financial activities
for the year ended 31 December 2023

	Note				2023	2022
		Endowment Funds £	Catalyst Restricted Funds £	Catalyst Endowment Funds £	Total £	Total £
Income and endowments from:						
Donations and legacies						
Donations and legacies	3	-	-	26,363	26,363	84,596
Investments						
Investment income		140,935	-	101,641	242,576	165,893
Short-term deposit income		1,659	-	1,655	3,314	2,099
Total income		<u>142,594</u>	<u>-</u>	<u>129,659</u>	<u>272,253</u>	<u>252,588</u>
Expenditure on:						
Raising Funds						
Investment management costs	4	(28,275)	-	(21,357)	(49,632)	(30,165)
Governance and support costs	4	(1,854)	-	(1,854)	(3,708)	(2,847)
Depreciation		(16,000)	-	-	(16,000)	(16,000)
Grant to Hallé Concerts Society	5	(229,000)	-	(83,000)	(312,000)	(300,000)
Total expenditure		<u>(275,129)</u>	<u>-</u>	<u>(106,211)</u>	<u>(381,340)</u>	<u>(349,012)</u>
Net (expenditure)/income and net movement in funds before gains and losses on investments		(132,535)	-	23,448	(109,087)	(96,424)
Other recognised gains and losses						
Net (losses)/gains on investments	7	387,009	-	249,057	636,066	(618,321)
Net (expenditure)/income before transfers		<u>254,474</u>	<u>-</u>	<u>272,505</u>	<u>526,979</u>	<u>(714,745)</u>
Transfers between funds	11	-	(828)	828	-	-
Net movement in funds		<u>254,474</u>	<u>(828)</u>	<u>273,333</u>	<u>526,979</u>	<u>(714,745)</u>
Fund balances brought forward at 1 January 2023		<u>4,128,668</u>	<u>828</u>	<u>2,841,827</u>	<u>6,971,323</u>	<u>7,686,068</u>
Fund balances carried forward at 31 December 2023		<u>4,383,142</u>	<u>-</u>	<u>3,115,160</u>	<u>7,498,302</u>	<u>6,971,323</u>

The notes on pages 14-24 form part of the financial statements.

All of the above results are derived from continuing activities.

There are no gains or losses other than those recognised in this statement of financial activities.

The Hallé Endowment Trust

Balance sheet
at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Instruments	6	288,000	304,000
Investments at market value	7	7,317,950	6,527,395
Current assets			
Short-term bank deposits		151,370	446,837
Debtors and Accrued income	8	63,830	8,489
		<u>215,200</u>	<u>455,326</u>
Current Liabilities			
Due to Hallé Concerts Society		(320,118)	(305,558)
Other creditors and accruals	9	(2,730)	(9,840)
		<u>(322,848)</u>	<u>(315,398)</u>
Net current assets		<u>(107,648)</u>	<u>139,928</u>
Net assets	10	<u>7,498,302</u>	<u>6,971,323</u>
The funds of the charity:			
Endowment fund	12	4,383,142	4,128,668
Catalyst endowment fund	12	3,115,160	2,841,827
Income funds			
Catalyst Restricted income funds	12	-	828
		<u>7,498,302</u>	<u>6,971,323</u>

The notes on pages 14-24 form part of the financial statements.

The accounts on pages 12-24 were approved by the Trustees on 14 October 2024.



J Schultz

The Hallé Endowment Trust

NOTES (forming part of the financial statements)

1 **Trust activities**

The Hallé Endowment Trust was established to further the education of the general public in the study, appreciation and practice of music and the allied arts by endowing, furthering and supporting the work of the Hallé Concerts Society and the Hallé Orchestra.

The Trust is a subsidiary of the Hallé Concert Society which includes the Trust in its consolidated and aggregated financial statements. The consolidated and aggregated financial statements of the Hallé Concert Society are prepared in accordance with FRS 102 and are available to the public and may be obtained from Hallé Concerts Society, The Bridgewater Hall, Manchester M1 5HA. The Hallé Endowment Trust is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

Cash Flow Statement and related notes: The Trust proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

2 **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's accounts.

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and the Trust Deed.

The Trust constitutes a public benefit entity as defined by FRS 102.

Cash flow statement

The charity is exempt from the requirement to prepare a cash flow statement as it is a qualifying entity under FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Income

Donations are recognised when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution, the grant of probate where known or the legacy being received. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income is accounted for in the period in which the Trust is entitled to receipt.

Expenditure

Expenditure is accounted for on an accruals basis.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and valued at historic cost. The revaluation model is applied for musical instruments. Depreciation is provided in order to write off tangible fixed assets over their expected useful lives in equal instalments as follows: Musical instruments – 25 years.

Investments

There are no restrictions on the Trust's powers to invest. Investments are included at fair value at the balance sheet date. The Statement of Financial Activities (SOFA) includes the net gains and losses arising on valuations and disposals throughout the year.

The Hallé Endowment Trust

NOTES (continued)

2 **Accounting policies (continued)****Funds structure**

The charity has two permanent endowment funds. The principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society.

In accordance with the terms of the Trust Deed, transfers of income can be made to the Trust's Main Fund at the discretion of the Trustees.

Following the Society's successful application to the Arts Council's Catalyst Endowment programme, the Hallé Endowment Trust is the recipient of the Catalyst Endowment Fund and holds that fund as a separate endowment fund within its accounts, the income from which will be used to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

The Catalyst Endowment Fund is held as a segregated fund, separate from the Main Fund, within the overall Hallé Endowment Trust under the terms of a Trust deed dated 29 October 2012 between the Hallé Concerts Society and Arts Council England.

The Trustees have adopted the total return approach to investment accounting for the Main Endowment Fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. Permission was given by Arts Council England to adopt the total return approach for the Catalyst Fund from 1st January 2023. This allows any increase in the value of an investment to be treated as income.

Preparation of accounts on a going concern basis

Taking into account the position on reserves (as explained in the Trustees' report on page 4), the current cash balances and forecast income and expenditure flows, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. They therefore consider the going concern basis to be appropriate for the preparation of these financial statements.

Accounting estimates and judgements

In the application of the Trust's accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees consider that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Taxation

The Hallé Endowment Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore to meet the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Hallé Endowment Trust

NOTES (continued)

3. Donations and Legacies

	2023 Endowment Funds £	2023 Catalyst Funds £	2023 Total Funds £	2022 Total Funds £
Donations	-	9,995	9,995	19,783
Legacies	-	16,368	16,368	64,813
	-	26,363	26,363	84,596

In 2022 total donations and legacies amounted to £84,596 which comprised donations of £19,783 and legacies of £64,813 for the Catalyst Funds.

4. Investment management & governance/support costs

	2023 Endowment Funds £	2023 Catalyst Restricted Funds £	2023 Total Funds £	2022 Total Funds £
Investment management	28,275	21,357	49,632	30,165
Governance/support costs	1,854	1,854	3,708	2,847
	30,129	23,211	53,340	33,012

In 2022 investment management costs were allocated as follows: £18,771 was attributable to the Endowment funds and £11,394 to the Catalyst funds, totaling £30,165.

In 2022 governance and support costs were allocated as follows: £1,424 was attributable to the Endowment funds and £1,423 to the Catalyst funds.

Allocation of governance and support costs

Directly attributable costs are allocated to the restricted charitable activities of the Endowment or Catalyst endowment as incurred. Other costs are apportioned equally between the two funds.

	2023 Endowment Funds £	2023 Catalyst Funds £	2023 Total Funds £	2022 Total Funds £
Audit fees	1,628	1,628	3,256	2,350
Bank charges	226	226	462	462
Sundry expenses	-	-	-	35
	1,854	1,854	3,708	2,847

5 Expenditure on charitable activities

	2023 Endowment Funds £	2023 Catalyst Funds £	2023 Total Funds £	2022 Total Funds £
Grants to the Hallé Concerts Society	229,000	83,000	312,000	300,000

The Hallé Endowment Trust

NOTES (continued)

6 Fixed assets

	Musical Instruments £
Cost	
At 1 January 2023	<u>304,000</u>
At 31 December 2023	<u>304,000</u>
Depreciation	
At 1 January 2023	96,000
Charge for period	<u>16,000</u>
At 31 December 2023	<u>112,000</u>
Net Book Value	
At 31 December 2023	<u>288,000</u>
At 31 December 2022	<u>304,000</u>

The Hallé senior management team revalued the musical instrument to £400,000 at 1 January 2017 by reference to the Coutts index. It was agreed that the fee for a professional valuation was not an effective use of charitable funds, particularly given the volatility of this market over recent years.

All tangible assets are used for direct charitable purposes.

Depreciation amounted to £16,000 (2022: £16,000) and is allocated to the Endowment Fund.

7 Investments

	Main Fund Market Value £	Catalyst Market Value £	Combined Market Value £
Balance at 1 January 2023	4,025,233	2,502,162	6,527,395
Net additions/(disposals)	(151,915)	363,836	211,921
Investment management fee	(33,175)	(24,257)	(57,432)
Change in market value	<u>387,009</u>	<u>249,057</u>	<u>636,066</u>
Balance at 31 December 2023	<u>4,227,152</u>	<u>3,090,798</u>	<u>7,317,950</u>

The Hallé Endowment Trust

NOTES (continued)

7 Investments (continued)

The following table shows the valuation and asset allocation of assets at 31 December 2022. The majority of holdings are in common investment funds.

Asset class	Main Fund £	%	Catalyst Fund £	%	Total £
CCLA Ethical Investment Fund	4,227,152	100	3,090,798	100	7,317,950
Balance at 31 December 2023	<u>4,227,152</u>	<u>100</u>	<u>3,090,798</u>	<u>100</u>	<u>7,317,950</u>

All investments are held at fair value. Investments are held in a single common investment fund and valued at a single, mid price.

8 Other debtors and accrued income

	Endowment Funds 2023 £	Catalyst Funds 2023 £	Total Funds 2023	Total Funds 2022 £
Investment income	30,756	22,488	53,244	3,507
Legacies	-	10,000	10,000	-
Income Tax Recoverable	-	586	586	4,982
	<u>30,756</u>	<u>33,074</u>	<u>63,830</u>	<u>8,489</u>

9 Other Creditors and Accruals

	2023 £	2022 £
Accruals	<u>2,730</u>	<u>9,840</u>
	<u>2,730</u>	<u>9,840</u>

The Hallé Endowment Trust

NOTES (continued)

10 Analysis of net assets between funds

	Endowment Funds £	Catalyst Funds £	Total Funds £
Balances at 31 December 2023 represented by:			
Tangible assets	288,000	-	288,000
Investments	4,227,152	3,090,798	7,317,950
Current assets	121,109	94,091	215,200
Current liabilities	(236,118)	(86,730)	(322,848)
	<u>4,383,143</u>	<u>3,115,159</u>	<u>7,498,302</u>

Analysis of net assets between funds

	Restricted Funds £	Endowment Funds £	Catalyst Restricted Funds £	Catalyst Funds £	Total Funds £
Balances at 31 December 2022 represented by:					
Tangible assets	-	304,000	-	-	304,000
Investments	-	4,025,233	828	2,501,334	6,527,395
Current assets	242,086	29,831	-	425,495	455,326
Current liabilities	(242,086)	(230,396)	-	(85,002)	(315,398)
	<u>-</u>	<u>4,128,668</u>	<u>828</u>	<u>2,841,827</u>	<u>6,971,323</u>

The Hallé Endowment Trust

NOTES (continued)

11 Statement of Funds

	At 1 January 2023 £	Income £	Expenditure £	Transfers, Gains and Losses £	At 31 December 2023 £
Main endowment					
Restricted funds	-	-	-	-	-
Endowment funds	4,128,668	142,594	(275,129)	387,009	4,383,142
Total main endowment funds	4,128,668	142,594	(275,129)	387,009	4,383,142
Catalyst endowment					
Catalyst restricted funds	828	-	-	(828)	-
Catalyst endowment funds	2,841,827	129,659	(106,211)	249,885	3,115,160
Total Catalyst endowment funds	2,842,655	129,659	(106,211)	249,057	3,115,160
Total funds	6,971,323	272,253	(381,340)	636,066	7,498,302

The purpose of the Main Endowment is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society.

The purpose of the Catalyst Endowment Fund is to apply the income from the endowment to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

Both funds are now accounted for on a total return basis.

The Hallé Endowment Trust

NOTES (continued)

12 Total return investment

With effect from 1 January 2017 for the Main Fund and 1 January 2023 for the Catalyst Fund, the Trustees have adopted the total return approach to investment, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013.

The Trustees identified the value of the gifts of permanent endowment received since the establishment of both funds and this set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. Within each of the Main Fund and the Catalyst Fund this is referred to as the “original endowment” and forms the initial “Investment Fund”. The difference between the total value of endowment funds and the value of the gift component at the point when total return was adopted represents the opening balance of Unapplied Total Return (UTR) for each fund. The UTR is classed as part of the Endowment fund until it is allocated to income.

The Trustees are now empowered to invest the permanently endowed funds of the Main Fund and the Catalyst Fund to maximise total return and to apply an appropriate portion of the UTR to income each year. Until the power is exercised to transfer a portion of UTR to income, the UTR remains invested as part of the permanent endowment.

The Trustees decide annually how much of the UTR is transferred to income funds and so available for expenditure as grants to the Society. In 2023 the Trustees made a transfer of £229,000 from the Main Fund and £83,000 from the Catalyst Fund from the respective UTR in each fund to unrestricted income funds, enabling the making of grants to the Society of £229,000 from the Main Fund and £83,000 from the Catalyst Fund. In making this decision the Trustees have taken account of the return on investment for the year, the long-term sustainability of the investment funds after considering various levels of transfer to income and the income needs of the Society.

Under the regulations (Section 4 of the Trusts (Capital and Income) Act 2013) charities have the power to add part of the UTR to the Investment Fund. The amount that can be added annually is capped and is calculated by reference to the increase in inflation and the value of the Investment Fund. The purpose of such a transfer is to maintain the real value of the Investment Fund. The Trustees have agreed that they will consider on an annual basis whether to make such a transfer and that the appropriate inflation index to use is CPI. For 2023 the trustees agreed to transfer £100,578 from the UTR of the Main Fund to the Investment Fund of the Main Fund and not to make a transfer from the Catalyst UTR to the Catalyst Investment Fund. The latter decision reflects the differing reserves policies of the Main and Catalyst Funds – in turn arising from their different duration and background.

With in-year donations to the Main Fund of £0 the balance of the Investment Fund at 31 December 2023 is £2,903,029, of which £288,000 is the net book value of the Amati violin at 31 December 2023. (£120,000 original gift value, £168,000 revaluation less depreciation). The violin is accounted for and revalued separately and shown in the following table to reconcile the overall value of the Endowment Fund.

With in-year donations to the Catalyst Fund of £23,363 the balance of the Investment Fund at 31 December 2023 is £2,694,224.

The Hallé Endowment Trust

NOTES (continued)

12 Total return investment – Main Endowment (continued)

The investment fund and application of total return to permanent endowment funds	Trust for investment	Unapplied Total Return	Total Endowment
	£	£	£
Opening value of endowment:			
Gift component of permanent endowment (incl. £120k instrument)	2,634,451	-	2,634,451
Unapplied total return	-	1,310,217	1,310,217
Total	2,634,451	1,310,217	3,944,668
Revaluation reserve – Instrument	184,000	-	184,000
Total Endowment 1/1/2023	2,818,451	1,310,217	4,128,668
Movement in unapplied total return and endowment in the year:			
Gifts received	-	-	-
Investment return: dividends and interest	-	142,594	142,594
Investment return: recognised and unrecognised gain	-	387,009	387,009
Investment management costs	-	(30,129)	(30,129)
Allocations of Unallocated Total Return (UTR) in the year:-			
Unapplied total return allocated to income	-	(229,000)	(229,000)
Unapplied total return allocated to Investment Fund	100,578	(100,578)	-
Net movement in the reporting period	100,578	169,896	270,474
Revaluation reserve – Instrument	(16,000)	-	(16,000)
Total Endowment movement in year	84,578	169,896	254,474
Gift component of permanent endowment			
Investment Fund	2,735,029	-	2,735,029
Unapplied total return	-	1,480,113	1,480,113
Total	2,735,029	1,480,113	4,215,142
Revaluation reserve – Instrument	168,000	-	168,000
Total Endowment 31/12/2023	2,903,029	1,480,113	4,383,142

The Hallé Endowment Trust

NOTES (continued)

12 Total return investment – Catalyst (continued)

The investment fund and application of total return to permanent endowment funds	Trust for investment £	Unapplied Total Return £	Total Endowment £
Opening value of endowment:			
Gift component of permanent endowment (incl. £120k instrument)	2,667,861	-	2,667,861
Unapplied total return	-	174,794	174,794
Total Endowment 1/1/2023	2,667,861	174,794	2,842,655
Movement in unapplied total return and endowment in the year:			
Gifts received	26,363	-	26,363
Investment return: dividends and interest	-	103,296	103,296
Investment return: recognised and unrecognised gain	-	249,057	249,057
Investment management costs	-	(23,211)	(23,211)
Allocations of Unallocated Total Return (UTR) in the year:-			
Unapplied total return allocated to income	-	(83,000)	(83,000)
Unapplied total return allocated to Investment Fund	-	-	-
Total Endowment movement in year	26,363	246,142	272,505
Gift component of permanent endowment Investment Fund	2,694,224	-	2,694,224
Unapplied total return	-	420,396	420,396
Total Endowment 31/12/2023	2,694,224	420,396	3,115,160

13 Financial instruments

	2023	2022
Financial assets measured at amortised cost	215,200	455,326
Financial assets measured at fair value	7,317,950	6,527,395
Financial liabilities measured at amortised cost	(322,848)	(315,398)

Financial assets measured at amortised cost are cash, trade and fee debtors, staff loans and other debtors. Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2022: £nil).

Financial assets measured at fair value are the investments. Financial liabilities measured at amortised cost are trade creditors, other creditors and accruals.

The Hallé Endowment Trust

NOTES (continued)

14 **Remuneration of the Trustees and employees**

The Trustees received no remuneration nor reimbursement of expenses and derived no financial benefit from their services to the Trust.

No staff were employed by the Trust during the year (2022: none).

15 **Related Parties**

The Hallé Endowment Trust is a subsidiary of the Hallé Concerts Society and is aggregated in the group accounts of the Society. The Society is a registered charity (number 223882) and a company limited by guarantee (number 62753), incorporated in the UK.

The Hallé Concerts Society's registered office is: The Bridgewater Hall, Manchester M1 5HA and consolidated accounts can be obtained from this address.

The Trustees have taken advantage of the exemption in FRS 102 and have not disclosed related party transactions with fellow group undertakings.

There have been no individual donations by Trustees to the Hallé Endowment Trust during the year.

HALLE ENDOWMENT TRUST

England & Wales - Charity number 286145

Accounts

The Hallé Endowment Trust

For the year ended 31 December 2022

Charity registration number: 286145

The Hallé Endowment Trust

FINANCIAL STATEMENTS 31 DECEMBER 2022

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The Hallé Endowment Trust

Trustees and independent advisers

Board of Trustees

Mr J Schultz CBE - Chair
Mr J Eckersley
Mr D McKeith
Mr E Pysden
Ms E Shepherd (appointed 10 May 2022)

Nominated by Manchester City Council:
Ms C Culley (resigned 31 October 2022)
Mr T Seagrave (appointed 31 October 2022)

Bankers

The Royal Bank of Scotland plc
St Ann Street
Manchester M60 2SS

Solicitors

CMS LLP
1 The Avenue
Spinningfields
Manchester M3 3AP

Investment advisers

Cazenove Capital
Liverpool House
Lower Bridge Street
Chester CH1 1RS

Part of:
Schroder & Co Limited
2 Moorgate
London EC2R 6DA

In March 2022 CCLA Investment Management were appointed as Investment Managers to replace Cazenove Capital. The transfer of assets took place in spring 2023 after this year of account.

CCLA Investment Management Limited
One Angel Lane
London EC4R 3AB

Auditor

Crowe U.K. LLP
3rd Floor
The Lexicon
Mount Street
Manchester
M2 5NT

Principal office

The Bridgewater Hall
Manchester M1 5HA

The Hallé Endowment Trust

REPORT OF THE TRUSTEES

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2022, in compliance with the Trust Deed.

Reference and administrative details

The Hallé Endowment Trust (the 'Trust') is a registered charity, number 286145, governed by a trust deed dated 30 December 1982, as amended in a deed of consolidation and amendment dated 19 August 2021. The details of the Trustees, their advisers and other relevant information given on page 1, form part of this report.

Structure, Governance and Management

The governing body is the Board of Trustees whose members are non-executive and unpaid. All the Trustees are appointed by the Board of the Hallé Concerts Society ('the Society'), other than one Trustee nominated by Manchester City Council. The Trustees delegate the day-to-day management and administration of the Trust's affairs to the Executive of the Hallé Concerts Society. Appropriate induction is given to all Trustees.

Objectives and activities of the Trust

The objective and principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Society.

With effect from 1 January 2017, for the Main Fund, the Trustees have adopted the Total Return approach to investment under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows the Main Fund to be invested to optimise the overall return, no matter whether it takes the form of capital or income. The Trustees then decide how much of that overall return should be allocated to meet the current charitable objectives whilst balancing their decision with the maintenance of the long-term capital value of the Main Fund.

Following the Society's successful application to the Arts Council's Catalyst Endowment programme, the Hallé Endowment Trust now holds the Catalyst Endowment Fund as a separate endowment fund within its accounts, the income from which is used to support the Society's educational activity at Hallé St Peter's and ambitious artistic projects not funded by other funding agreements. The Arts Council have approved the Total Return approach to be applied to the Catalyst Fund from 1 January 2023; this means that for the 2023 financial year the same Total Return approach will apply for both the Main and Catalyst Funds.

Further information is provided in the Financial Review section below and in the Notes to the Accounts.

Public Benefit

The Trustees have considered the Charity Commission's guidance on public benefit and they believe that the support provided to the Hallé Concerts Society allows the objectives above to benefit a wide section of the public. The Society's HALLÉ CONNECT education, ensembles and outreach programmes reach 40,000 children and young people each year. Membership of the Society's youth and children's ensembles is free. A full review of the Society's outreach work is given in its own statutory accounts and further details are available on the Hallé website: www.halle.co.uk. The Society's facilities at Hallé St Peter's and St Michael's are enabling its education and community programme to extend to an even broader cross section of the community, and the income of the Catalyst Endowment Fund referred to below facilitates this work.

Achievements and performance

An Investment Committee (of which the Trustees are members, along with the Finance Director), established by the Hallé Concerts Society, reviews the investment strategy and performance of the Trust and all the Society's other related entities. Working within the Investment Policy below the Investment Advisers are given investment discretion which is then reported upon by them to the Investment Committee.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Achievements and performance (continued)

The investment portfolio's objective is to generate a total return of CPI+4% per annum over the long term, by definition without distinguishing between capital return and income return. This objective was 13.2% for the year ended 31 December 2022. Overall, investment performance in 2022 reflects the wider falls in investment markets experienced in the calendar year 2022.

The Main Fund saw a decrease of £457k in 2022 in investment values (2021: gain of £446k) whilst the Catalyst Fund saw a decrease in 2022 of £161k (2021: gain of £240k). When investment income is taken into account the overall return is -8.8% (2021:11.9%) for the Main Fund and -3.0% (2021:12.6%) for the Catalyst Fund.

Financial Review

Main Fund overview - During the year the Main Fund received donations and legacies of £nil (2021: £209), investment income of £74,986 (2021: £63,155) and short-term deposit interest of £420 (2021: £30). The reduction in income is not a cause for concern as regular donations are normally received into the Catalyst Fund rather than the Main Fund and legacy income is by its nature irregular. There was a loss on investments in 2022 of £457,184 (2021: gain of £445,766). A grant of £220,000 was made to the Society (2021: £233,000). The grant in 2022 to the Society reflects the power to distribute cumulative investment gain as well as investment income under the total return approach.

At 31 December 2022 the endowment fund of the Main Fund stood at £4,128,668 (2021: £4,766,641) and the restricted funds of the Main Fund stood at £nil (2021: £nil).

Catalyst Fund overview - the Catalyst Fund received donations and legacies of £84,596 (2021: £63,169). Investment income for the Catalyst Fund amounted to £90,907 (2021: £79,380) and short-term deposit interest of £1,679 (2021: £nil). A grant was made to the Society of £80,000 (2021: £67,000). At 31 December 2022 the endowment fund of the Catalyst Fund stood at £2,841,828 (2021: £2,918,368) and the restricted funds of the Catalyst Fund stood at £828 (2021: £1,059).

Total fund balances at the year-end were £6,971,323 (2021: £7,686,068).

Total return approach to investment

A resolution to adopt the total return approach to accounting for the Main Fund was made by the Trustees on 8 February 2018, effective from 1 January 2017. The Catalyst Fund initially remained under permanent endowment rules as it is an Arts Council based fund and subject to different arrangements from the Main Fund. A proposal to the Arts Council for the Catalyst Fund to be managed on a total return accounting basis has since been agreed in a Declaration of Trust signed 1 January 2023 and the Trustees will implement this approach for the Catalyst Fund for the financial year ending 31 December 2023.

The Trustees' decision to move to total return was taken in order to enable increased flexibility in the financial support provided by the Endowment to the Hallé Concert Society. Under the standard rules, there can be significant variation of the income available to distribute, depending on whether investment returns are within income or capital gains, even though the overall return may be the same. The total return approach enables the focus to be on overall best return for the investment portfolio rather than focusing on investments to produce investment income. It also facilitates a more planned approach to grant making because the impact of year-to-year variation in investment income can be smoothed through the Unapplied Total Return fund (UTR). It is important to note that although the total return approach provides more flexibility, the Trustees are mindful of their legal responsibility to be even-handed in the way that they allocate investment returns between current and future needs. The Trustees will therefore retain resources in the UTR fund for supporting the future needs of the Society and furthering the objectives of the Hallé Endowment Trust.

Further detail is provided in note 13 to the financial statements.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Investment Policy

The investment strategy allows the investment focus for the Main Fund to be on total investment return rather than investment income, without the restriction in place for the Catalyst Fund up to 31 December 2022 under which only investment income could be distributed to the Society. The strategy also accommodates the greater focus on income by the Catalyst Fund up to 31 December 2022 after which this focus will change to total investment return.

The target return of the investment strategy is CPI +4% per annum for both funds. For the Main Fund the objective is to maintain the real capital value of the investment portfolio above inflation whilst generating a sustainable and reliable distribution from an overall return of +4% per annum. For the Catalyst Fund the target up to 31 December 2022 was to provide income at +4% per annum and maintain the real value of the portfolio above inflation. As described above the Catalyst Fund has adopted the total return approach from January 2023 and from this point will have the same strategy as the Main Fund.

The long-term strategic asset allocation parameters and benchmarks for the portfolio during 2022 were as follows.

	Range	Benchmark
Bonds	0%-30%	25% FTSE Brit Gov't Fixed All Stocks Index 25% BOFA ML £ Non-Gilts Index
Equities (UK & international)	50%-80%	FTSE All Share Index FTSE World ex UK
Property and alternatives	0%-30%	IPD Monthly Property Index
Cash	0%-20%	UK Interbank 7 day

There are currently no restrictions on the Trustees' power to invest.

The Trustees believe that Environmental, Social and Governance (ESG) related risks, including climate change risks, are an important component of investment risk and that organisations that soundly manage these risks are more likely to be financially sustainable over time. The decision was taken for consideration of ESG risks to form a financially material component of our investment framework.

Accordingly, in early 2022, the trustees conducted a tender process for an investment manager providing an approach which would give a greater emphasis to ESG factors.

The tender process resulted in the appointment of CCLA Investment Management Limited (CCLA) in March 2022. The full transfer of assets took place in early 2023 after the completion of all governance, administrative and practical aspects. For this year of account therefore the investments remained under the management of Cazenove Capital who have managed our investments over recent years. The decision to move from Cazenove to CCLA was not a result of any dissatisfaction with Cazenove's service or performance. In the Trustees' opinion CCLA's proposition best met the needs of the investment framework the Trustees were seeking.

We will work with CCLA to review our Investment Policy and Strategy with the overall intention of maintaining the current target return of CPI +4% aligned with a robust and transparent ESG focused approach.

The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Investment Performance

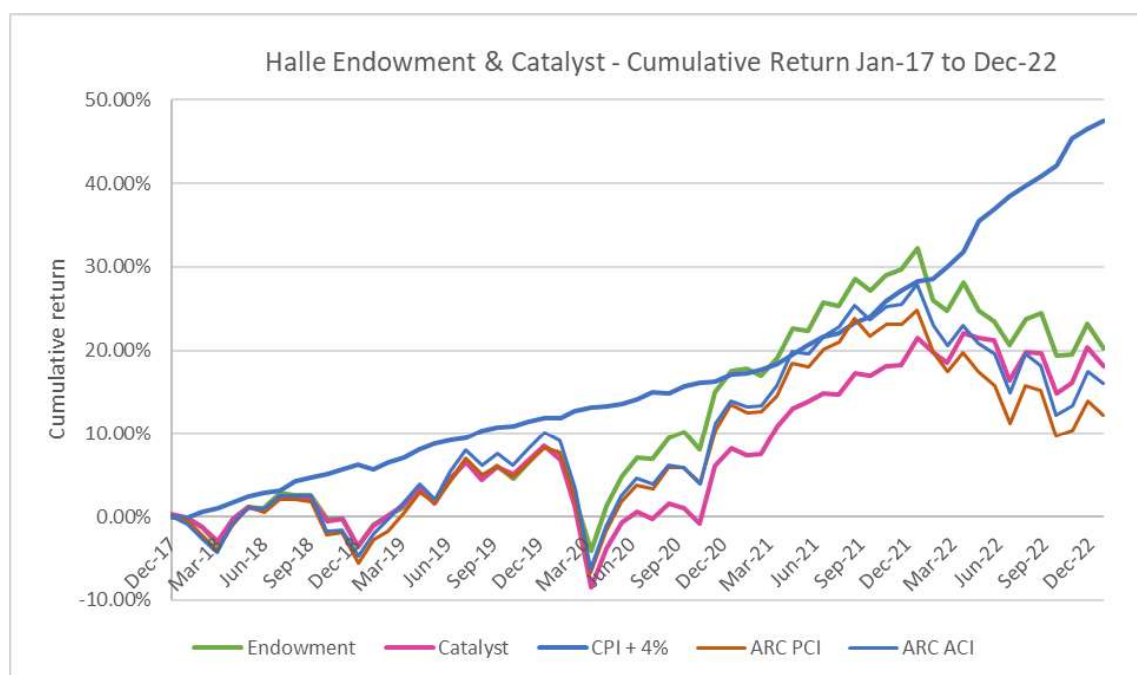
The investment performance for the year to 31 December 2022 was disappointing in terms of overall return, reflecting performance of the wider investment markets in the same period, particularly in autumn 2022 and in UK Government bonds with the impact of the mini budget.

When investment income is taken into account, the overall investment return in the year to 31 December 2022 was -8.8% for the Main Fund and -3.0% for the Catalyst. These returns compare poorly to the target return of CPI+4% which was 13.2% for the same period. It should be noted, however, that the target return of CPI+4% is an average target over the longer term and clearly this has been another exceptional year for investment markets.

The Catalyst Fund's focus on income (before the move to total return from January 2023) led to a greater allocation to UK investments. Previously this had adversely affected performance, but it has been beneficial during the past 12 months, with the energy and utility companies continuing to benefit from the political and economic situation and performing relatively well over the period.

The graph below illustrates investment performance compared to benchmark and target over the last five years. This shows that cumulatively to December 2021 the Main Endowment Fund had exceeded the CPI+4% target as well as the other relevant sector benchmarks (ARC). Over the same period the Catalyst Fund had fallen behind target because income-producing investments had not performed as well. Since December 2021 the performance of the Endowment Funds has been above that of the benchmark indices although it has understandably fallen behind the CPI+4% target due to the impact of exceptionally high rates of inflation.

The priority for the Trustees remains the longer-term performance of the investments to provide support for the Society in the future. The Trustees are confident that the investment policy provides a good basis to achieve the investment objective over the medium and longer term and to secure this outcome.



The Hallé Endowment Trust

REPORT OF THE TRUSTEES (continued)

Reserves policy

Main Fund: the Trustees have considered their reserves policy in respect of the Unallocated Total Return Fund within the Main Endowment Fund in the light of their responsibility to adopt an even-handed approach between the current and future needs of the Society.

The Trustees consider that reserves should be maintained as protection for the Endowment Trust against a fall in the value of investments which would impact the ability of the Endowment Trust to support the Society and fulfil its objectives in future periods. On the basis of advice from Cazenove (the Endowment Trust investment managers when total return was implemented), the Trustees set the target level for this “buffer reserve” at 30% of the market value of investments and this will be reviewed at least annually. The Unallocated Total Return (UTR) Fund provides this “buffer reserve”: at 31 December 2022 the UTR stood at £1,310K which is 33% of investment value and therefore achieved the reserve target. In addition, the current level of reserves is considered reasonable to enable the Trustees to smooth the pattern of grant making to the Society in years when investment returns may be low. The indicative annual grant level to the Society from the Main Fund is £200,000 plus CPI and the UTR at this level enables the Trustees to provide assurance to the Society that the annual grant can be relied upon for planning purposes.

Catalyst Fund: The Trustees did not consider that reserves were required for the Catalyst Fund at 31 December 2022 because the amount distributable was limited to the investment income generated. This position will be reviewed during 2023 following the move to total return accounting noted above.

Fundraising Practices

The Endowment Trust’s fundraising is delegated by the Trustees to the Hallé Concerts Society Development Team which also fundraises more widely on behalf of the Hallé Concerts Society as a whole. Regular reports are received from the Development Team with assurance that fundraising activity is conducted in compliance with the Fundraising Regulator Code of Fundraising Practice and all relevant regulations. Implementation of the Society-wide fundraising strategy is mainly delivered by the in-house fundraising team with support from a professional fundraiser on bids to charitable trusts and foundations. This person does not carry out fundraising with the general public on behalf of the Hallé Concerts Society or the Endowment Trust.

The Trustees acknowledge that as part of the wider fundraising strategy of the Halle Concerts Society, there is currently little active fundraising specifically for the Halle Endowment Trust. This reflects the focus of the Society on raising funds, without restrictions, to fund core activities. The main source of funds is legacies where the gift is specifically allocated to the Trust by the donor. In the financial year to 31st December 2022 no legacies were received attributable to the Main Fund and donations and legacies of £84,596 were received for the Catalyst Fund.

Plans for future periods

The move to a total return approach to accounting and to a total return investment strategy were introduced by the Trustees in order to provide more secure and sustainable financial support to achieve the Trust’s objectives, in particular the financial support provided to the Hallé Concerts Society. Now that the Arts Council have confirmed approval for the Catalyst Fund to adopt the total return approach, the Trustees will work to optimise this flexibility for both funds from 2023.

We also look forward to our new relationship with CCLA and developing the investment strategy to reflect ESG challenges and opportunities, whilst achieving the target return.

Risk management

A risk management strategy has been implemented for the Hallé Concerts Society group, of which the Hallé Endowment Trust is a part. A review of overall financial controls is undertaken annually by the Society’s Audit Committee. The last risk review was completed in July 2023. A more detailed explanation is contained in the accounts of the Hallé Concerts Society.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the Trust Deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The Trustees have elected to prepare the financial statements in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice requires that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are required to act in accordance with the Trust Deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Disclosure of information to independent auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the trust's auditor is aware of that information.

Auditor

Crowe U.K. LLP is the appointed auditor and has indicated its willingness to continue in office.

Approved on behalf of the Trustees on 13th October 2023.



J Schultz

Independent Auditor's Report to the Trustees of The Hallé Endowment Trust

Opinion

We have audited the financial statements of The Hallé Endowment Trust ('the charity') for the year ended 31 December 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 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) and in other respects 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 United Kingdom, including the Financial Reporting Council'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

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements 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

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

**Independent Auditor's report to the Trustees of The Hallé Endowment Trust
(cont'd)**

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011.

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit approach for income was to being our testing from source documentation such as grant agreements and donation documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non compliance and cannot be expected to detect non compliance with all laws and regulations.

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with 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 anyone other than the Charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe UK LLP
Statutory Auditor
3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 24th October 2023

The Hallé Endowment Trust

Statement of financial activities
for the year ended 31 December 2022

	Note					2022	2021
		Restricted Funds	Endowment Funds	Catalyst Restricted Funds	Catalyst Endowment Funds	Total	Total
		£	£	£	£	£	£
Income and endowments from:							
Donations and legacies							
Donations and legacies	3	-	-	-	84,596	84,596	63,378
Investments							
Investment income		-	74,986	90,907	-	165,893	142,535
Short-term deposit income		420	-	1,679	-	2,099	30
Total income		420	74,986	92,586	84,596	252,588	205,943
Expenditure on:							
Raising Funds							
Investment management costs	4	-	(18,771)	(11,394)	-	(30,165)	(29,755)
Governance and support costs	4	(1,424)	-	(1,423)	-	(2,847)	(2,221)
Depreciation		-	(16,000)	-	-	(16,000)	(16,000)
Grant to Hallé Concerts Society	5	(220,000)	-	(80,000)	-	(300,000)	(300,000)
Total expenditure		(221,424)	(34,771)	(92,817)	-	(349,012)	(347,976)
Net (expenditure)/income and net movement in funds before gains and losses on investments		(221,004)	40,215	(231)	84,596	(96,424)	(142,033)
Other recognised gains and losses							
Net (losses)/gains on investments	7	-	(457,184)	-	(161,137)	(618,321)	685,672
Net (expenditure)/income before transfers		(221,004)	(416,969)	(231)	(76,541)	(714,745)	543,639
Transfers between funds	11	221,004	(221,004)	-	-	-	-
Net movement in funds		-	(637,973)	(231)	(76,541)	(714,745)	543,639
Fund balances brought forward at 1 January 2022		-	4,766,641	1,059	2,918,368	7,686,068	7,142,429
Fund balances carried forward at 31 December 2022		-	4,128,668	828	2,841,827	6,971,323	7,686,068

The notes on pages 14-23 form part of the financial statements

All of the above results are derived from continuing activities.

There are no gains or losses other than those recognised in this statement of financial activities.

The Hallé Endowment Trust

Income and expenditure account
for the year ended 31 December 2022

	Note	2022 £	2021 £
Income			
Investment income receivable		90,907	79,380
Bank interest		2,099	30
		<u>93,006</u>	<u>79,410</u>
Expenditure			
Audit fees	4	(2,350)	(1,800)
Bank charges	4	(462)	(385)
Investment management	4	(11,394)	(11,120)
Sundry expenses	4	(35)	(36)
Catalyst grant to Hallé Concerts Society	5	(80,000)	(64,000)
Main Endowment grant to Hallé Concerts Society	5	<u>(220,000)</u>	<u>(233,000)</u>
		<u>(314,241)</u>	<u>(313,341)</u>
Net expenditure for the period before transfers and investment disposals		(221,235)	(233,931)
Transfers from endowment funds	11	221,004	234,099
Net (expenditure)/income for the year		<u>(231)</u>	<u>168</u>
Excess of income over expenditure brought forward at 1 January 2022		1,059	891
Excess of income over expenditure carried forward at 31 December 2022		<u>828</u>	<u>1,059</u>

The notes on pages 14-23 form part of the financial statements.

In 2022 the investment income receivable for the Main Fund of £74,986 (2021: £63,155) is accounted for within the permanent endowment of the Main Fund, in accordance with total return accounting requirements. The permanent endowment funds are not reported within the income and expenditure account.

The Hallé Endowment Trust

Balance sheet
at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Instruments	6	304,000	320,000
Investments at market value	7	6,527,395	7,146,750
Current assets			
Short-term bank deposits		446,837	498,606
Debtors and Accrued income	8	8,489	33,726
		455,326	532,332
Current Liabilities			
Due to Hallé Concerts Society		(305,558)	(303,324)
Other creditors and accruals	9	(9,840)	(9,690)
		(315,398)	(313,014)
Net current assets		139,928	219,318
Net assets	10	<u>6,971,323</u>	<u>7,686,068</u>
The funds of the charity:			
Endowment fund	12	4,128,668	4,766,641
Catalyst endowment fund	12	2,841,827	2,918,368
Income funds			
Restricted income funds	12	-	-
Catalyst Restricted income funds	12	828	1,059
		<u>6,971,323</u>	<u>7,686,068</u>

The notes on pages 14-23 form part of the financial statements.

The accounts on pages 14-23 were approved by the Trustees on 13th October 2023.



J Schultz



D McKeith

The Hallé Endowment Trust

NOTES (forming part of the financial statements)

1 **Trust activities**

The Hallé Endowment Trust was established to further the education of the general public in the study, appreciation and practice of music and the allied arts by endowing, furthering and supporting the work of the Hallé Concerts Society and the Hallé Orchestra.

The Trust is a subsidiary of the Hallé Concert Society which includes the Trust in its consolidated and aggregated financial statements. The consolidated and aggregated financial statements of the Hallé Concert Society are prepared in accordance with FRS 102 and are available to the public and may be obtained from Hallé Concerts Society, The Bridgewater Hall, Manchester M1 5HA. The Hallé Endowment Trust is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

Cash Flow Statement and related notes: The Trust proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

2 **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's accounts.

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and the Trust Deed.

The Trust constitutes a public benefit entity as defined by FRS 102.

Cash flow statement

The charity is exempt from the requirement to prepare a cash flow statement as it is a qualifying entity under FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Income

Donations are recognised when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution, the grant of probate where known or the legacy being received. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income is accounted for in the period in which the Trust is entitled to receipt.

Expenditure

Expenditure is accounted for on an accruals basis.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and valued at historic cost. The revaluation model is applied for musical instruments. Depreciation is provided so as to write off tangible fixed assets over their expected useful lives in equal instalments as follows: Musical instruments – 25 years.

Investments

There are no restrictions on the Trust's powers to invest. Investments are included at fair value at the balance sheet date. The SOFA includes the net gains and losses arising on valuations and disposals throughout the year.

The Hallé Endowment Trust

NOTES (continued)

2 **Accounting policies (continued)**
Funds structure –

The charity has two permanent endowment funds. The principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. The Trustees have adopted the total return approach to investment accounting for the Main Endowment Fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows any increase in the value of an investment to be treated as income.

In accordance with the terms of the Trust Deed, transfers of income can be made to the Trust's Main Fund at the discretion of the Trustees.

Following the Society's successful application to the Arts Council's Catalyst Endowment programme, the Hallé Endowment Trust is the recipient of the Catalyst Endowment Fund and holds that fund as a separate endowment fund within its accounts, the income from which will be used to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

The Catalyst Endowment Fund is held as a segregated fund, separate from the Main Fund, within the overall Hallé Endowment Trust under the terms of a Trust deed dated 29 October 2012 between the Hallé Concerts Society and the Arts Council of England. The income of the Catalyst Fund will be used to support educational activity at Hallé St Peter's and to undertake more ambitious large-scale projects not funded by other funding agreements. During the year to 31 December 2022, the Catalyst Fund remained as a permanent endowment under the separate terms of an Arts Council agreement and therefore capital gain could not be distributed.

Preparation of accounts on a going concern basis

Taking into account the position on reserves (as explained in the Trustees' report on page 4), the current cash balances and forecast income and expenditure flows, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. They therefore consider the going concern basis to be appropriate for the preparation of these financial statements.

Accounting estimates and judgements

In the application of the Trust's accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees consider that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Taxation

The Hallé Endowment Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore to meet the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Hallé Endowment Trust

NOTES (continued)

3. Donations and Legacies

	2022 Endowment Funds £	2022 Catalyst Funds £	2022 Total Funds £	2021 Total Funds £
Donations	-	19,783	19,783	12,061
Legacies	-	64,813	64,813	51,317
	-	84,596	84,596	63,378

In 2021 total donations and legacies amounted to £63,378 which comprised legacies of £209 for the Endowment Fund, legacies of £51,108 and donations of £12,061 for the Catalyst Funds.

4. Investment management & governance/support costs

	2022 Endowment Funds £	2022 Endowment Restricted Funds £	2022 Catalyst Restricted Funds £	2022 Total Funds £	2021 Total Funds £
Investment management	18,771	-	11,394	30,165	29,755
Governance/support costs	-	1,424	1,423	2,847	2,221
	18,771	1,424	12,817	33,012	31,976

In 2021 investment management costs were allocated as follows: £19,762 was attributable to the Endowment funds and £12,213 to the Catalyst funds, totaling £31,975.

In 2021 governance and support costs were allocated as follows: £1,128 was attributable to the Endowment funds and £1,093 to the Catalyst funds.

Allocation of governance and support costs

Directly attributable costs are allocated to the restricted charitable activities of the Endowment or Catalyst endowment as incurred. Other costs are apportioned equally between the two funds.

	2022 Endowment Funds £	2022 Catalyst Funds £	2022 Total Funds £	2021 Total Funds £
Audit fees	1,175	1,175	2,350	1,800
Bank charges	231	231	462	385
Sundry expenses	18	17	35	36
	1,424	1,423	2,847	2,221

5 Expenditure on charitable activities

	2022 Endowment Restricted Funds £	2022 Catalyst Restricted Funds £	2022 Total Funds £	2021 Total Funds £
Grants to the Hallé Concerts Society	220,000	80,000	300,000	300,000

The Hallé Endowment Trust

NOTES (continued)

6 Fixed assets

	Musical Instruments £
Cost	
At 1 January 2022	<u>400,000</u>
At 31 December 2022	<u>400,000</u>
Depreciation	
At 1 January 2022	80,000
Charge for period	<u>16,000</u>
At 31 December 202	<u>96,000</u>
Net Book Value	
At 31 December 2022	<u>304,000</u>
At 31 December 2021	<u>320,000</u>

The Hallé senior management team revalued the musical instrument to £400,000 as at 1 January 2017 by reference to the Coutts index. It was agreed that the fee for a professional valuation was not an effective use of charitable funds, particularly given the volatility of this market over recent years.

All tangible assets are used for direct charitable purposes.

Depreciation amounted to £16,000 (2021: £16,000) and is allocated to the Endowment Fund.

7 Investments

	Main Fund Market Value £	Catalyst Market Value £	Combined Market Value £
Balance at 1 January 2022	4,483,629	2,663,121	7,146,750
Net additions/(disposals)	(1,212)	178	(1,034)
Change in market value	<u>(457,184)</u>	<u>(161,137)</u>	<u>(618,321)</u>
Balance at 31 December 2022	<u>4,025,233</u>	<u>2,502,162</u>	<u>6,527,395</u>

The Hallé Endowment Trust

NOTES (continued)

7 Investments (continued)

The following table shows the valuation and asset allocation of assets at 31 December 2022. The majority of holdings are in common investment funds.

Asset class	Main Fund		Catalyst Fund		Total
	£	%	£	%	£
UK Equities	453,951	11.3	454,848	18.2	908,799
International Equities	2,366,584	58.8	1,319,749	52.7	3,686,333
Bond Funds:					
UK Bonds	136,232	3.4	172,677	6.9	308,909
International Bonds	230,883	5.7	187,813	7.5	418,696
Multi-Asset Funds	165,229	4.1	-	0.0	165,229
Property and alternatives	672,354	16.7	367,075	14.7	1,039,429
Balance at 31 December 2022	<u>4,025,233</u>	<u>100</u>	<u>2,502,162</u>	<u>100</u>	<u>6,527,395</u>

All investments are held at fair value. Investments in UK equity and bond funds are all pooled funds traded on quoted public markets, primarily the London Stock Exchange. Holdings in international equities are also traded on quoted public markets. Holdings in common investment funds and unit trusts are at bid price. The basis of fair value for quoted investments is equivalent to market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is, their transaction price).

The Hallé Endowment Trust

NOTES (continued)

8 Other debtors and accrued income

	Endowment Funds 2022	Catalyst Funds 2022	Total Funds 2022	Total Funds 2021
	£	£		£
Investment income	1,585	1,922	3,507	6,726
Legacies	-	-	-	27,000
Income Tax Recoverable	-	4,982	4,982	-
	<u>1,585</u>	<u>6,904</u>	<u>8,489</u>	<u>33,726</u>

9 Other Creditors and Accruals

	2022	2021
	£	£
Accruals	<u>9,840</u>	<u>9,690</u>
	<u>9,840</u>	<u>9,690</u>

10 Analysis of net assets between funds

	Restricted Funds	Endowment Funds	Catalyst Restricted Funds	Catalyst Funds	Total Funds
	£	£	£	£	£
Balances at 31 December 2022 represented by:					
Tangible assets	-	304,000	-	-	304,000
Investments	-	4,025,233	828	2,501,334	6,527,395
Current assets	-	29,831	-	425,495	455,326
Current liabilities	-	(230,396)	-	(85,002)	(315,398)
	<u>-</u>	<u>4,128,668</u>	<u>828</u>	<u>2,841,827</u>	<u>6,971,323</u>

Analysis of net assets between funds

	Restricted Funds	Endowment Funds	Catalyst Restricted Funds	Catalyst Funds	Total Funds
	£	£	£	£	£
Balances at 31 December 2021 represented by:					
Tangible assets	-	320,000	-	-	320,000
Investments	-	4,483,629	-	2,663,121	7,146,750
Current assets	242,086	(36,988)	-	327,233	532,331
Current liabilities	(242,086)	-	-	(70,927)	(313,013)
	<u>-</u>	<u>4,766,641</u>	<u>-</u>	<u>2,919,427</u>	<u>7,686,068</u>

The Hallé Endowment Trust

NOTES (continued)

11 Transfers from Endowment Funds

The transfer from endowment funds to restricted funds during the year represents the transfer of unapplied total return required to fund the provisional grant award to HCS less restricted funds already available. This transfer includes investment income received into the Main Endowment Fund in 2022

Endowment Fund £	Catalyst Fund £	Total £
(221,004)	-	(221,004)

12 Statement of Funds

	At 1 January 2022 £	Income £	Expenditure £	Transfers, Gains and Losses £	At 31 December 2022 £
Main endowment					
Restricted funds	-	420	(221,424)	221,004	-
Endowment funds	4,766,641	74,986	(34,771)	(678,188)	4,128,668
Total main endowment funds	4,766,641	75,406	(256,195)	(457,184)	4,128,668
Catalyst endowment					
Catalyst restricted funds	1,059	92,586	(92,817)	-	828
Catalyst endowment funds	2,918,368	84,596	-	(161,137)	2,841,827
Total Catalyst endowment funds	2,919,427	177,182	(92,817)	(161,137)	2,842,655
Total funds	7,686,068	252,588	(349,012)	(618,321)	6,971,323

As established the purpose of the Main Endowment is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. This fund is now accounted for on a total return basis.

The purpose of the Catalyst Endowment Fund is to apply the income from the endowment to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements. The income and related expenditure, including grants to the Society are accounted for as restricted funds.

The Hallé Endowment Trust

NOTES (continued)

13 Total return investment – Main Endowment

The purpose of the Main Fund, as set out in its Trust Deed, is to maintain a capital endowment fund and to apply the annual income derived from the investment of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society.

With effect from 1 January 2017, the Trustees adopted the total return approach to investment for the Main Fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. A resolution to adopt the total return approach for the Main Fund was passed by the Trustees on 8 February 2018 effective from 1 January 2017. Until 31 December 2022 the Catalyst Fund remained as a capital endowment, as it is an Arts Council based fund and subject to different arrangements from the Main Fund.

The Trustees identified the value of the gifts of permanent endowment received since 1983 up until 1 January 2017. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. This is now referred to as the “original endowment” and forms the initial “Investment Fund”. The difference between the total value of endowment funds as at 1 January 2017 and the value of the gift component represents the opening balance of unapplied total return (UTR). The UTR is classed as part of the Endowment fund until it is allocated to income.

The Trustees are now empowered to invest permanently endowed funds of the Main Fund to maximise total return and to apply an appropriate portion of the Unapplied Total Return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income, the Unapplied Total Return remains invested as part of the permanent endowment.

The Trustees now decide in each year how much (if any) of the Unapplied Total Return is transferred to income funds and so available for expenditure as grants to the Society. In 2022 the Trustees made a transfer of £221,004 from the Unapplied Total Return to unrestricted income funds, enabling the making of grants to the Society of £220,000 from the Main Fund. In making this decision the Trustees have taken account of the return on investment for the year, the long term sustainability of the investment fund after considering various levels of transfer to income and the income needs of the Society.

Under the regulations (Section 4 of the Trusts (Capital and Income) Act 2013) charities have the power to add part of the UTR to the Investment Fund. The amount that can be added annually is capped and is calculated by reference to the increase in inflation and the value of the Investment Fund. The purpose of such a transfer is to maintain the real value of the Investment Fund. The Trustees have agreed that they will consider on an annual basis whether to make such a transfer and that the appropriate inflation index to use is CPI. For 2022 the trustees have agreed that such a transfer is not desirable following the fall in investment values experienced in the year.

With in-year donations to the Endowment of £0 the balance of the Investment Fund at 31 December 2022 is £2,818,451, of which £184,000 is the net book value of the Amati violin at 31 December 2022 (£120,000 original gift value). The violin is accounted for and revalued separately and shown in the following table to reconcile the overall value of the Endowment Fund.

The Hallé Endowment Trust

NOTES (continued)

13 **Total return investment – Main Endowment (continued)**

The investment fund and application of total return to permanent endowment funds	Trust for investment £	Unapplied Total Return £	Total Endowment £
Opening value of endowment:			
Gift component of permanent endowment (incl. £120k instrument)	2,634,451	-	2,634,451
Unapplied total return	-	1,932,190	1,932,190
Total	2,634,451	1,932,190	4,566,641
Revaluation reserve – Instrument	200,000	-	200,000
Total Endowment 1/1/2022	2,834,451	1,932,190	4,766,641
 Movement in unapplied total return and endowment in the year:			
Gifts received	-	-	-
Investment return: dividends and interest	-	74,986	74,986
Investment return: recognised and unrecognised gain	-	(457,184)	(457,184)
Investment management costs	-	(18,771)	(18,771)
Allocations of Unallocated Total Return (UTR) in the year:-			
Unapplied total return allocated to income	-	(221,004)	(221,004)
Unapplied total return allocated to Investment Fund	-	-	-
Net movement in the reporting period	-	(621,973)	(621,973)
Revaluation reserve – Instrument	(16,000)	-	(16,000)
Total Endowment movement in year	(16,000)	(621,973)	(637,973)
 Gift component of permanent endowment			
Investment Fund	2,634,451	-	2,634,451
Unapplied total return	-	1,310,217	1,310,217
Total	2,634,451	1,310,217	3,944,668
Revaluation reserve – Instrument	184,000	-	184,000
Total Endowment 31/12/2022	2,818,451	1,310,217	4,128,668

14 **Financial instruments**

	2022	2021
Financial assets measured at amortised cost	455,326	532,332
Financial assets measured at fair value	6,527,395	7,146,750
Financial liabilities measured at amortised cost	(315,398)	(313,014)

Financial assets measured at amortised cost are cash, trade and fee debtors, staff loans and other debtors. Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2021: £nil).

Financial assets measured at fair value are the investments. Financial liabilities measured at amortised cost are trade creditors, other creditors and accruals.

The Hallé Endowment Trust

NOTES (continued)

15 Remuneration of the Trustees and employees

The Trustees received no remuneration nor reimbursement of expenses and derived no financial benefit from their services to the Trust.

No staff were employed by the Trust during the year (2021: none).

16 Related Parties

The Hallé Endowment Trust is a subsidiary of the Hallé Concerts Society and is aggregated in the group accounts of the Society. The Society is a registered charity (number 223882) and a company limited by guarantee (number 62753), incorporated in the UK.

The Hallé Concerts Society's registered office is: The Bridgewater Hall, Manchester M1 5HA and consolidated accounts can be obtained from this address.

The Trustees have taken advantage of the exemption in FRS 102 and have not disclosed related party transactions with fellow group undertakings.

There have been no individual donations by Trustees to the Hallé Endowment Trust during the year.

HALLE ENDOWMENT TRUST

England & Wales - Charity number 286145

Accounts

The Hallé Endowment Trust

Financial Statements

For the year ended 31 December 2021

Charity registration number: 286145

The Hallé Endowment Trust

FINANCIAL STATEMENTS 31 DECEMBER 2021

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Trustees and independent advisers

Board of Trustees

Mr J Finlay (resigned 8 January 2021)
Mr D McKeith
Mr E S Pysden
Mr J Schultz CBE
Mr J Eckersley
Elizabeth Shepherd (appointed 10 May 2022)

Nominated by Manchester City Council:
Ms C Culley

Bankers

The Royal Bank of Scotland plc
St Ann Street
Manchester
M60 2SS

Solicitors

CMS LLP
1 The Avenue, Spinningfields
Manchester M3 3AP

Investment advisers

Cazenove Capital
Liverpool House
Lower Bridge Street
Chester
CH1 1RS

Part of:
Schroder & Co Limited
2 Moorgate
London
EC2R 6DA

Auditor

Crowe U.K. LLP
3rd Floor
The Lexicon
Mount Street
Manchester
M2 5NT

Principal office

The Bridgewater Hall
Manchester
M1 5HA

REPORT OF THE TRUSTEES

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2021, in compliance with the Trust Deed.

Reference and administrative details

The Hallé Endowment Trust (the 'Trust') is a registered charity, number 286145, governed by a trust deed dated 30 December 1982, as amended in a deed of consolidation and amendment dated 19 August 2021. The details of the Trustees, their advisers and other relevant information given on page 1, form part of this report.

Structure, Governance and Management

The governing body is the Board of Trustees whose members are non-executive and unpaid. The Trustees are appointed by the Board of the Hallé Concerts Society ('the Society'). The Trustees delegate the day to day management and administration of the Trust's affairs to the Executive of the Hallé Concerts Society. Appropriate induction and training is given to all Trustees.

Objectives and activities of the Trust

The objective and principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society.

Following the Society's successful application to the Arts Council's Catalyst Endowment programme, the Hallé Endowment Trust is the recipient of the Catalyst Endowment Fund and holds that fund as a separate endowment fund within its accounts, the income from which will be used to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

Public Benefit

The Trustees have considered the Charity Commission's guidance on public benefit and they believe that the support provided to the Hallé Concerts Society allows the objectives above to benefit a wide section of the public. The Society's HALLÉ CONNECT education, ensembles and outreach programmes would normally reach over 50,000 children and young people each year. Membership of the Society's youth and children's ensembles is free. A full review of the Society's outreach work is given in its own statutory accounts and further details are available on the Hallé website: www.halle.co.uk. The Society's facilities at Hallé St Peter's and St Michael's are enabling its education and community programme to extend to an even broader cross section of the community and the income of the Catalyst Endowment Fund referred to below, will facilitate this work.

Achievements and performance

An Investment sub-committee, established by the Hallé Concerts Society, reviews the investment strategy and performance of all its related entities.

With effect from 1 January 2017, for the Main fund, the Trustees adopted the Total Return approach to investment under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows any increase in the value of an investment to be treated as income. Further information is provided in the Financial Review section below and in the Notes to the Accounts.

The investment portfolio's objective is to generate a reliable and sustainable income from the portfolio whilst maintaining the real capital value above inflation. The target return is CPI+4% which was 9.5% for the year ending 31 December 2021. Overall, investment values reflect the rise in investment markets experienced in the calendar year 2021 building on the recovery from the low valuations at the end of March 2020.

The Main Fund has seen an increase of £446k in 2021 in investment values (2020: gain of £269k) whilst the Catalyst has seen a gain in 2021 of £240k (2020: loss of £88k). When investment income is taken into account the overall return is 11.9% (2020:8.8%) for the Main Fund and 12.6% (2020: -0.2%) for the Catalyst. The small difference in performance over the year is due to the differing investment strategies currently adopted, with the Catalyst being more focused on income-producing assets which have performed better than growth assets in the past year.

REPORT OF THE TRUSTEES (continued)

Financial Review

Main Fund overview - During the year the main fund received donations and legacies of £209 (2020: £139,000), investment income of £63,155 (2020: £72,932) and short term deposit interest of £30 (2020: £1,255). The reduction in income is not a cause for concern as regular donations are normally received into the Catalyst Fund and legacy income (of which there was a large legacy in 2020) is by its nature irregular. There was a gain on investments in 2021 of £445,766 (2020: £268,734). A grant of £233,000 was made to the Society (2020: £200,000). The grant in 2021 to the Society reflects the power to distribute cumulative investment gain as well as investment income under the total return approach.

At 31 December 2021 the endowment fund of the Main fund stood at £4,766,641 (2020: £4,526,245) and the restricted funds of the Main fund stood at £nil (2020: £nil).

Catalyst Fund overview - the Catalyst Endowment fund received donations and legacies of £63,169 (2020: £43,908). Investment income for the Catalyst fund amounted to £79,380 (2020: £74,385) and short term deposit interest of £0 (2020: £705). A grant was made to the Society of £67,000 (2020: £64,000). At 31 December 2021 the endowment fund of the Catalyst Fund stood at £2,918,368 (2020: £2,615,293) and the restricted funds of the Catalyst Fund stood at £1,059 (2020: £891).

Total fund balances at the year-end were £7,686,068 (2020: £7,142,429).

Total return approach to investment

A resolution to adopt the total return approach for the Main fund was made by the Trustees on 8 February 2018 effective from 1 January 2017. The Catalyst fund remained under permanent endowment rules as it is an Arts Council based fund and subject to different arrangements from the Main fund. A proposal to the Arts Council for the Catalyst Fund to be managed on a total return basis has recently been agreed in principle and the trustees expect to implement this approach shortly on completion of formalities.

The Trustees' decision to move to total return was taken in order to enable increased flexibility in the financial support provided by the Endowment to the Hallé Concert Society. Under the standard rules, there can be significant variation of the income available to distribute, depending on whether investment returns are within income or capital gains, even though the overall return may be the same. The total return approach enables the focus to be on overall best return for the investment portfolio rather than focussing on investments to produce investment income. It also facilitates a more planned approach to grant making because the impact of year- to- year variation in investment income can be smoothed through the Unapplied Total Return fund (UTR). It is important to note that although the total return approach provides more flexibility, the Trustees are mindful of their legal responsibility to be even-handed in the way that they allocate investment returns between current and future needs. The Trustees will therefore retain resources in the UTR fund for supporting the future needs of the Society and furthering the objectives of the Hallé Endowment Trust.

Further detail is provided in note 13 to the financial statements.

Investment Policy

In March 2017 the Trustees agreed a move to a total return approach for the investment strategy. This was a separate but related decision to the total return approach to investment accounting described above. With a total return investment strategy, the focus is on total investment return rather than investment income (the previous strategy). This is consistent with the Main Fund approach to total return investment accounting described above but also allows for the income objective of the Catalyst Fund to be accommodated.

The target return of the investment strategy is CPI +4% for both funds. For the Main Fund the objective is to maintain the real capital value of the investment portfolio above inflation whilst generating a sustainable and reliable distribution from an overall return of +4% per annum. For the Catalyst Fund the current target is to provide income at +4% per annum and maintain the real value of the portfolio above inflation.

REPORT OF THE TRUSTEES (continued)

Investment Policy (continued)

The long term strategic asset allocation parameters and benchmarks for the portfolio during 2021 were as follows.

	Range	Benchmark
Bonds	0%-30%	25% FTSE Brit Gov't Fixed All Stocks Index 25% BOFA ML £ Non-Gilts Index
Equities (UK & international)	50%-80%	FTSE All Share Index FTSE World ex UK
Property and alternatives	0%-30%	IPD Monthly Property Index
Cash	0%-20%	UK Interbank 7 day

There are currently no restrictions on the Trustees' power to invest and during 2021 the Trustees had not adopted an ethical investment policy, in order that their flexibility to invest was not restricted.

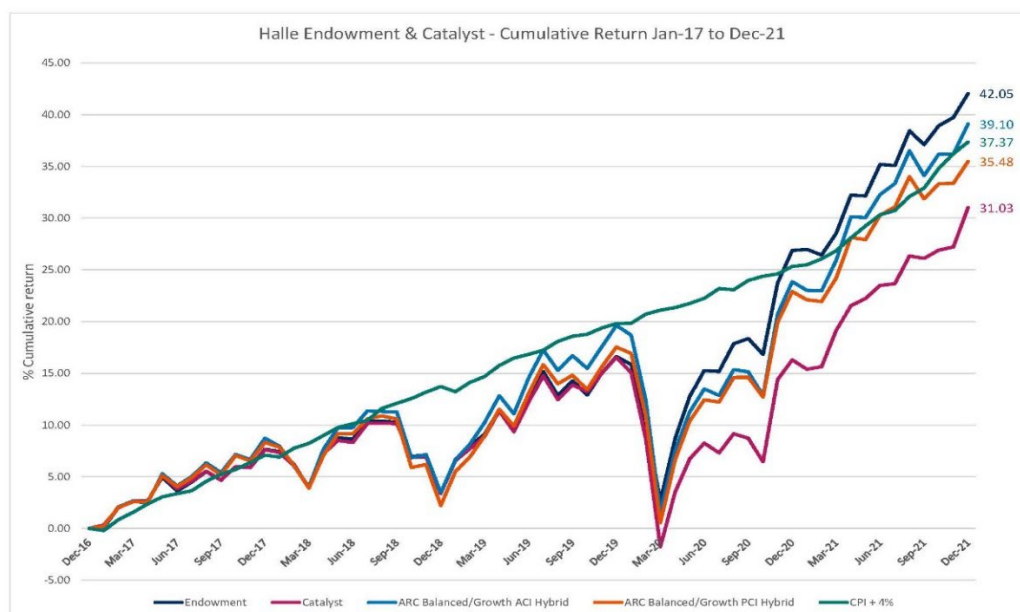
After this year of account, in early 2022, the trustees conducted a tender process for an investment manager providing an approach which would give a greater emphasis to Environmental, Social and Governance (ESG) factors. The Trustees believe that ESG related risks, including climate change risks, are an important component of investment risk and that organisations that soundly manage these risks are more likely to be financially sustainable over time. The decision was taken for consideration of ESG risks to form a financially material component of our investment framework.

The tender process resulted in the appointment of CCLA Investment Management Limited (CCLA) in March and we are in the process of transferring to CCLA from Cazenove Capital who have managed our investments over recent years. The decision to move from Cazenove to CCLA was not a result of any dissatisfaction with Cazenove's service or performance, rather a wish to appoint an investment management company whose entire focus was on charities and ESG.

We will work with CCLA to review our Investment Policy and Strategy with the overall intention of maintaining the current target return of CPI +4% aligned with a robust and transparent ESG focussed approach.

Investment Performance

The graph below illustrates investment performance compared to benchmark and target over the last 5 years.



REPORT OF THE TRUSTEES (continued)

Investment Performance (continued)

When investment income is taken into account, the overall return during 2021 was 11.9% for the Main Fund and 12.6% for the Catalyst. The return for both portfolios exceeded the target return of CPI+4% which was 9.5% for 2021 and reflects the general recovery and greater confidence in economic growth through 2021, before the invasion of Ukraine and the energy crisis which is impacting in 2022.

Reserves policy

Main Fund: the Trustees have considered their reserves policy in respect of the Unallocated Total Return Fund within the Main Endowment Fund with regard to their responsibility to adopt an even-handed approach between the current and future needs of the Society.

The Trustees consider that reserves should be maintained as protection for the Endowment Trust against a fall in the value of investments which would impact the ability of the Endowment Trust to support the Society and fulfil its objectives in future periods. On the basis of advice from Cazenove, the Endowment Trust investment managers, the Trustees set the target level for this "Buffer reserve" at 30% of the market value of investments and this will be reviewed at least annually. The Unallocated Total Return (UTR) Fund provides this "Buffer reserve"; at 31 December 2021 the UTR stood at £1,932K which is 43% of investment value and therefore achieved the reserve target.

In addition, the current level of reserves is considered reasonable to enable the Trustees to smooth the pattern of grant making to the Society in years when investment returns may be low. The indicative annual grant level to the Society from the Main Endowment is £200,000 plus CPI and the UTR at this level enables the Trustees to provide assurance to the Society that the annual grant can be relied upon for planning purposes.

Catalyst Fund: The trustees do not consider that reserves are required for the Catalyst Fund at 31 December 2021 because the amount distributable was limited to the investment income generated; this position will be reviewed at December 2022 following the anticipated move to total return accounting noted above.

Fundraising Practices

The Endowment Trust's fundraising is delegated by the Trustees to the Hallé Concerts Society Development Team which also fundraises on behalf of the Hallé Concerts Society. Fundraising is targeted at individuals who already have a relationship with the Orchestra, such as regular audience members. There is very little fundraising from the wider general public. The Endowment Trust's fundraising strategy is overseen by its Board of Trustees and all its fundraising activity is conducted in compliance with the Fundraising Regulator Code of Fundraising Practice and all relevant regulations. The implementation of the fundraising strategy is mainly delivered by the in-house fundraising team with support from a professional fundraiser on bids to charitable trusts and foundations. This person does not carry out fundraising with the general public on behalf of the Hallé Concerts Society or the Endowment Trust.

Plans for future periods

The changes to the total return approach to accounting and to total return in respect of the investment strategy were introduced by the Trustees in order to provide more secure and sustainable financial support to achieve the Trust's objectives, in particular the financial support provided to the Hallé Concerts Society. Now that the Arts Council have confirmed approval in principle for the Catalyst Fund to adopt the total return approach, we will work with them to extend this flexibility to the Catalyst Fund in 2022.

We also look forward to our new relationship with CCLA and developing the investment strategy to reflect ESG challenges and opportunities, whilst achieving the target return.

Risk management

A risk management strategy has been implemented for the Hallé Concerts Society group, of which the Hallé Endowment Trust is a part. A review of overall financial controls is undertaken annually by the Society's Audit Committee. The last risk review was completed in July 2022. A more detailed explanation is contained in the accounts of the Hallé Concerts Society.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the trust deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The Trustees have elected to prepare the financial statements in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Disclosure of information to independent auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the trust's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the trust's auditor is aware of that information.

Auditor

Crowe U.K. LLP is the appointed auditor and has indicated its willingness to continue in office.

Approved on behalf of the Trustees on 7th October 2022:



J Schultz

Independent Auditor's Report to the Trustees of The Hallé Endowment Trust

Opinion

We have audited the financial statements of The Hallé Endowment Trust ('the charity') for the year ended 31 December 2021 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 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) and in other respects 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 United Kingdom, including the Financial Reporting Council'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

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements 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

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

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011.

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit approach for income was to being our testing from source documentation such as grant agreements and donation documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non compliance and cannot be expected to detect non compliance with all laws and regulations.

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with 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 anyone other than the Charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP

Statutory Auditor
3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 10 October 2022

Statement of financial activities
for the year ended 31 December 2021

	Note	Restricted Funds £	Endowment Funds £	Catalyst Restricted Funds £	Catalyst Endowment Funds £	2021 Total £	2020 Total £
Income and endowments from:							
Donations and legacies							
Donations and legacies	3	-	209	-	63,169	63,378	182,908
Investments							
Investment income		-	63,155	79,380	-	142,535	147,317
Short-term deposit income		30	-	-	-	30	1,960
Total income		30	63,364	79,380	63,169	205,943	332,185
Expenditure on:							
Raising Funds							
Investment management costs	4	-	(18,635)	(11,120)	-	(29,755)	(25,166)
Governance and support costs	4	(1,129)	-	(1,092)	-	(2,221)	(2,091)
Depreciation		-	(16,000)	-	-	(16,000)	(16,000)
Grant to Hallé Concerts Society	5	(233,000)	-	(67,000)	-	(300,000)	(264,000)
Total expenditure		(234,129)	(34,635)	(79,212)	-	(347,976)	(307,257)
Net income/ (expenditure) and net movement in funds before gains and losses on investments		(234,099)	28,729	168	63,169	(142,033)	24,928
Other recognised gains and losses							
Net gains on investments		-	445,766	-	239,906	685,672	181,142
Net (expenditure)/income before transfers		(234,099)	474,495	168	303,075	543,639	206,070
Transfers between funds	11	234,099	(234,099)	-	-	-	-
Net movement in funds		-	240,396	168	303,075	543,639	206,070
Fund balances brought forward at 1 January 2020		-	4,526,245	891	2,615,293	7,142,429	6,936,359
Fund balances carried forward at 31 December 2021		-	4,766,641	1,059	2,918,368	7,686,068	7,142,429

All of the above results are derived from continuing activities.

There are no gains or losses other than those recognised in this statement of financial activities.

Income and expenditure account
for the year ended 31 December 2021

	Note	2021	2020
		£	£
Income			
Investment income receivable		79,380	74,385
Bank interest		30	1,960
		<u>79,410</u>	<u>76,345</u>
Expenditure			
Audit fees	4	(1,800)	(1,579)
Bank charges	4	(385)	(479)
Investment management	4	(11,120)	(9,276)
Sundry expenses	4	(36)	(35)
Catalyst grant to Hallé Concerts Society	5	(67,000)	(64,000)
Main Endowment grant to Hallé Concerts Society	5	<u>(233,000)</u>	<u>(200,000)</u>
		<u>(313,341)</u>	<u>(275,369)</u>
Net expenditure for the period before transfers and investment disposals		(233,931)	(199,024)
Transfers from endowment funds	11	234,099	199,809
Net income for the year		<u>168</u>	<u>785</u>
Excess of income over expenditure brought forward at 1 January 2021		891	106
Excess of income over expenditure carried forward at 31 December 2021		<u>1,059</u>	<u>891</u>

The notes on pages 13-22 form part of the financial statements.

In 2020 the investment income receivable for the Main Fund of £63,155 (2020: £72,932) is accounted for within the permanent endowment of the Main Fund, in accordance with total return accounting requirements. The permanent endowment funds are not reported within the income and expenditure account.

Balance sheet
at 31 December 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Instruments	6		320,000		336,000
Investments at market value	7		7,146,750		6,316,414
Current assets					
Short-term bank deposits		498,606		690,840	
Debtors and Accrued income	8	33,726		70,738	
		532,332		763,698	
Current Liabilities					
Due to Hallé Concerts Society		(303,324)		(265,489)	
Other creditors and accruals	9	(9,690)		(8,194)	
		(313,014)		(273,683)	
Net current assets			219,318		497,015
Net assets	10		<u>7,686,068</u>		<u>7,142,429</u>
The funds of the charity:					
Endowment fund	12		4,766,641		4,526,245
Catalyst endowment fund	12		2,918,368		2,615,293
Income funds					
Restricted income funds	12		-		-
Catalyst Restricted income funds	12		1,059		891
			<u>7,686,068</u>		<u>7,142,429</u>

The notes on pages 13-22 form part of the financial statements.

The accounts on pages 13-22 were approved by the Trustees on 7th October 2022.



J Schultz



D McKeith

NOTES

(forming part of the financial statements)

1 Trust activities

The Hallé Endowment Trust was established to further the education of the general public in the study, appreciation and practice of music and the allied arts by endowing, furthering and supporting the work of the Hallé Concerts Society and the Hallé Orchestra.

The Trust is a subsidiary of the Hallé Concert Society which includes the Trust in its consolidated and aggregated financial statements. The consolidated and aggregated financial statements of the Hallé Concert Society are prepared in accordance with FRS 102 and are available to the public and may be obtained from Hallé Concerts Society, The Bridgewater Hall, Manchester M1 5HA. The Hallé Endowment Trust is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes;
The Trust proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's accounts.

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and the Trust Deed.

The Trust constitutes a public benefit entity as defined by FRS 102.

Cash flow statement

The charity is exempt from the requirement to prepare a cash flow statement as it is a qualifying entity under FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Income

Donations are recognised when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution, the grant of probate where known or the legacy being received. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income is accounted for in the period in which the Trust is entitled to receipt.

Expenditure

Expenditure is accounted for on an accruals basis.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and valued at historic cost. The revaluation model is applied for musical instruments. Depreciation is provided so as to write off tangible fixed assets over their expected useful lives in equal instalments as follows: Musical instruments – 25 years.

Investments

There are no restrictions on the Trust's powers to invest. Investments are included at fair value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

NOTES (continued)

2 Accounting policies (continued)
Funds structure –

The charity has two permanent endowment funds. The principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. The Trustees have adopted the total return approach to investment accounting for the Main Endowment Fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows any increase in the value of an investment to be treated as income.

Following the Society's successful application to the Arts Council's Catalyst Endowment programme, the Hallé Endowment Trust is the recipient of the Catalyst Endowment Fund and holds that fund as a separate endowment fund within its accounts, the income from which will be used to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

The Catalyst Endowment Fund is held as a segregated fund within the fund of the Hallé Endowment Trust under the terms of a Trust deed dated 29 October 2012 between the Hallé Concerts Society and the Arts Council of England. The income of that fund will be used to support educational activity at Hallé St Peter's and to undertake more ambitious large-scale projects not funded by other funding agreements. The Catalyst Fund remains as a permanent endowment under the separate terms of an Arts Council agreement and therefore capital gain cannot be distributed.

In accordance with the terms of the trust deed transfers of income can be made to the endowment fund at the discretion of the Trustees.

Preparation of accounts on a going concern basis

Taking into account the position on reserves (as explained in the Trustees' report on page 4), the current cash balances and forecast income and expenditure flows, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. The Trustees have considered the impact of Covid-19 in particular. The trustees consider the level of capital and reserves sufficient to manage the temporary fluctuations experienced as a result of Covid. They therefore consider the going concern basis to be appropriate for the preparation of these financial statements.

Accounting estimates and judgements

In the application of the Trust's accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees consider that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Taxation

The Hallé Endowment Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES (continued)

3 Donations and Legacies

	2021 Endowment Funds £	2021 Catalyst Funds £	2021 Total Funds £	2020 Total Funds £
Donations	-	12,061	12,061	16,291
Legacies	209	51,108	51,317	166,617
	<u>209</u>	<u>63,169</u>	<u>63,378</u>	<u>182,908</u>

In 2020 total donations and legacies amounted to £182,908, which comprised legacies of £139,000 for the Endowment Fund, legacies of £27,617 and donations of £16,291 for the Catalyst Funds.

4 Investment management & governance/support costs

	2021 Endowment Funds £	2021 Endowment Restricted Funds £	2021 Catalyst Restricted Funds £	2021 Total Funds £	2020 Total Funds £
Investment management	18,635	-	11,120	29,755	25,166
Governance/support costs	-	1,129	1,092	2,221	2,091
	<u>18,635</u>	<u>1,129</u>	<u>12,212</u>	<u>31,976</u>	<u>27,257</u>

In 2020 investment management costs were allocated as follows: £15,888 was attributable to the Endowment funds and £9,278 to the Catalyst funds, totalling £25,166.

In 2020 governance and support costs were allocated as follows: £1,064 was attributable to the Endowment funds and £1,027 to the Catalyst funds.

Allocation of governance and support costs

Directly attributable costs are allocated to the restricted charitable activities of the Endowment or Catalyst endowment as incurred. Other costs are apportioned equally between the two funds.

	2021 Endowment Funds £	2021 Catalyst Funds £	2021 Total Funds £	2020 Total Funds £
Audit fees	900	900	1800	1,580
Bank charges	193	192	385	476
Sundry expenses	36	-	36	35
	<u>1,129</u>	<u>1,092</u>	<u>2,221</u>	<u>2,091</u>

5 Expenditure on charitable activities

	2021 Endowment Restricted Funds £	2021 Catalyst Restricted Funds £	2021 Total Funds £	2020 Total Funds £
Grants to the Hallé Concerts Society	233,000	67,000	300,000	264,000

NOTES (continued)

6 Fixed assets

	Musical Instruments £
Cost	
At 1 January 2021	<u>336,000</u>
At 31 December 2021	<u>336,000</u>
Depreciation	
At 1 January 2021	-
Charge for period	<u>16,000</u>
At 31 December 2021	<u>16,000</u>
Net Book Value	
At 31 December 2021	<u>320,000</u>
At 31 December 2020	<u>336,000</u>

The musical instrument was revalued to £400,000 as at 1 January 2017. The revaluation was undertaken by reference to the Coutts index by the Hallé senior management team. It was agreed that the fee associated with a professional valuation was not an effective use of charitable funds, particularly given the volatility of this market over recent years.

All tangible assets are used for direct charitable purposes.

Depreciation amounted to £16,000 (2020: £16,000) and is allocated to the Endowment Fund.

7 Investments

	Main Fund Market Value £	Catalyst Market Value £	Combined Market Value £
Balance at 1 January 2021	4,036,813	2,279,601	6,316,414
Net additions	1,050	143,614	144,664
Change in market value	<u>445,766</u>	<u>239,906</u>	<u>685,672</u>
Balance at 31 December 2021	<u>4,483,629</u>	<u>2,663,121</u>	<u>7,146,750</u>

NOTES (continued)

7 Investments (continued)

The following table shows the valuation and asset allocation of assets at 31 December 2021. The majority of holdings are in common investment funds.

Asset class	Main Fund		Catalyst Fund		Total
	£	%	£	%	£
UK Equities	507,265	11.3	489,119	18.4	996,384
International Equities	2,679,239	59.8	1,351,685	50.8	4,030,924
Bond Funds:					
UK Bonds	159,875	3.6	316,354	11.9	476,229
International Bonds	268,175	6.0	113,002	4.2	381,177
Multi-Asset Funds	171,698	3.8	-	0.0	171,698
Property and alternatives	697,377	15.6	392,961	14.8	1,090,338
Balance at 31 December 2021	4,483,629	100	2,663,121	100	7,146,750

Investments comprising more than 5% of the total investment portfolio are:

	Main Fund	%	Catalyst Fund	%
	£		£	
Trojan Income Fund	232,830	5.1	143,910	5.2
JPMorgan US Equity Income Fund	239,382	5.2	167,310	6.1
Vanguard S&P 500 UCITS ETF	330,766	7.2	255,622	9.3
Vanguard FTSE All-World UCITS ETF	293,033	6.4	-	-
HSB FTSE All-World Index Fund	233,100	5.1	-	-
Veritas Global Equity Income Fund	-	-	157,738	5.7
M&G Global Dividend Fund	-	-	153,226	5.6
Schroder Sterling Corporate	-	-	167,794	6.1
Charities Property Fund	347,147	7.6	214,630	7.8

All investments are held at fair value. Investments in UK equity and bond funds are all pooled funds traded on quoted public markets, primarily the London Stock Exchange. Holdings in international equities are also traded on quoted public markets. Holdings in common investment funds and unit trusts are at bid price. The basis of fair value for quoted investments is equivalent to market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction price).

NOTES (continued)

8 Other debtors and accrued income

	Endowment Funds 2021	Catalyst Funds 2021	Total Funds 2021	Total Funds 2020
	£	£		£
Investment income	1,278	5,448	6,726	8,121
Legacies	-	27,000	27,000	62,617
	<u>1,278</u>	<u>32,448</u>	<u>33,726</u>	<u>70,738</u>

9 Other Creditors and Accruals

	2021 £	2020 £
Accruals	<u>9,690</u>	<u>8,194</u>
	9,690	8,194

10 Analysis of net assets between funds

	Restricted Funds	Endowment Funds	Catalyst Restricted Funds	Catalyst Funds	Total Funds
	£	£	£	£	£
Balances at 31 December 2021 represented by:					
Tangible assets	-	320,000	-	-	320,000
Investments	-	4,483,629	-	2,663,121	7,146,750
Current assets	242,086	(36,988)	-	327,234	532,332
Current liabilities	(242,086)	-	-	(70,928)	(313,014)
	<u>-</u>	<u>4,766,641</u>	<u>-</u>	<u>2,919,427</u>	<u>7,686,068</u>

Analysis of net assets between funds

	Restricted Funds	Endowment Funds	Catalyst Restricted Funds	Catalyst Funds	Total Funds
	£	£	£	£	£
Balances at 31 December 2020 represented by:					
Tangible assets	-	336,000	-	-	336,000
Investments	-	4,036,813	-	2,279,601	6,316,414
Current assets	206,456	153,432	-	403,810	763,698
Current liabilities	(206,456)	-	-	(67,227)	(273,683)
	<u>-</u>	<u>4,526,245</u>	<u>-</u>	<u>2,616,184</u>	<u>7,142,429</u>

NOTES (continued)

11 Transfers from Endowment Funds

The transfer from endowment funds to restricted funds during the year represents the transfer of unapplied total return required to fund the provisional grant award to HCS less restricted funds already available. This transfer includes investment income received into the Main Endowment Fund in 2021.

Endowment Fund	Catalyst Fund	Total
£	£	£
(234,099)	-	(234,099)

12 Statement of Funds

	At 1 January 2021 £	Income £	Expenditure £	Transfers, Gains and Losses £	At 31 December 2021 £
Main endowment					
Restricted funds	-	30	(234,129)	234,099	-
Endowment funds	4,526,245	63,364	(34,635)	211,667	4,766,641
Total main endowment funds	4,526,245	63,394	(268,764)	445,766	4,766,641
Catalyst endowment					
Catalyst restricted funds	891	79,380	(79,212)	-	1,059
Catalyst endowment funds	2,615,293	63,169	-	239,906	2,918,368
Total Catalyst endowment funds	2,616,184	142,549	(79,212)	239,906	2,919,427
Total funds	7,142,429	205,943	(347,976)	685,672	7,686,068

The purpose of the Main Endowment is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. This fund is accounted for on a total return basis.

The purpose of the Catalyst Endowment Fund is to apply the income from the endowment to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements. The income and related expenditure, including grants to the Society are accounted for as restricted funds.

NOTES (continued)

13 Total return investment – Main Endowment

The purpose of the Main endowment is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. This fund is accounted for on a total return basis.

With effect from 1 January 2017, the Trustees adopted the total return approach to investment for the Main fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. A resolution to adopt the total return approach for the Main fund was made by the Trustees on 8 February 2018 effective from 1 January 2017. The Catalyst Fund remains under current rules as it is an Arts Council based fund and subject to different arrangements from the Main fund.

The Trustees identified the value of the gifts of permanent endowment received since 1983 up until 1 January 2017. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. This is now referred to as the “original endowment” and forms the initial “Investment Fund”. The difference between the total of endowment funds as at 1 January 2017 and the value of the gift component represents the opening balance of unapplied total return UTR). The UTR is classed as part of the Endowment fund until it is allocated to income.

The power of total return permits the Trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The power allows the Trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure as grants to the Society. In 2021 having considered their obligations under the duty of even-handedness, the Trustees made a transfer of £234,099 unapplied total return to unrestricted income funds. In making this decision the Trustees have taken account of the return on investment for the year, the sustainability of the investment fund after considering various levels of transfer to income and the income needs of the charity.

Under the regulations (Section 4 of the Trusts (Capital and Income) Act 2013) charities have the power to add part of the Unapplied Total Return (UTR) to the Investment Fund. The amount that can be added annually is capped and is calculated by reference to the increase in inflation and the value of the Investment Fund. The purpose of such a transfer is to maintain the real value of the Investment Fund. The Trustees have agreed that they will consider on an annual basis whether to make such a transfer and that the appropriate inflation index to use is CPI. For 2021 the trustees have agreed the maximum transfer allowed which was calculated using CPI for 2021. The transfer to the Investment Fund is £131,074.

With in-year donations to the Endowment of £209 the balance of the Investment Fund at 31 December 2021 is £2,834,451, of which £320,000 is the net book value of the Amati violin at 31 December 2021 (£120,000 original gift value and £200,000 balance on revaluation reserve). The violin is accounted for and revalued separately and shown in the following table to reconcile the overall value of the Endowment Fund.

NOTES (continued)

13 Total return investment – Main Endowment (continued)

The investment fund and application of total return to permanent endowment funds	Trust for investment £	Unapplied Total Return £	Total Endowment £
Opening value of endowment:			
Gift component of permanent endowment (incl. £120k instrument)	2,503,168	-	2,503,168
Unapplied total return	-	1,807,077	1,807,077
Total	2,503,168	1,807,077	4,310,245
Revaluation reserve – Instrument	216,000	-	216,000
Total Endowment 1/1/2021	2,719,168	1,807,077	4,526,245
Movement in unapplied total return and endowment in the year:			
Gifts received	209	-	209
Investment return: dividends and interest	-	63,155	63,155
Investment return: recognised and unrecognised gain	-	445,766	445,766
Investment management costs	-	(18,635)	(18,635)
Allocations of Unallocated Total Return (UTR) in the year:-			
Unapplied total return allocated to income	-	(234,099)	(234,099)
Unapplied total return allocated to Investment Fund	131,074	(131,074)	-
Net movement in the reporting period	131,283	125,113	256,396
Revaluation reserve – Instrument	(16,000)	-	(16,000)
Total Endowment movement in year	115,283	125,113	240,396
Gift component of permanent endowment			
Investment Fund	2,634,451	-	3,634,451
Unapplied total return	-	1,932,190	1,932,190
Total	2,634,451	1,932,190	4,566,641
Revaluation reserve – Instrument	200,000	-	216,000
Total Endowment 31/12/2021	2,834,451	1,932,190	4,766,641

14 Financial instruments

	2021	2020
Financial assets measured at amortised cost	532,332	763,698
Financial assets measured at fair value	7,146,750	6,316,414
Financial liabilities measured at amortised cost	(313,014)	(273,683)

Financial assets measured at amortised cost are cash, trade and fee debtors, staff loans and other debtors. Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2020: £nil).

Financial assets measured at fair value are the investments. Financial liabilities measured at amortised cost are trade creditors, other creditors and accruals.

NOTES (continued)

15 Remuneration of the Trustees and employees

The Trustees received no remuneration nor reimbursement of expenses and derived no financial benefit from their services to the Trust.

No staff were employed by the Trust during the year (2020: none).

16 Related Parties

The Hallé Endowment Trust is a subsidiary of the Hallé Concerts Society and is aggregated in the group accounts of the Society. The Society is a registered charity (number 223882) and a company limited by guarantee (number 62753), incorporated in the UK.

The Hallé Concerts Society's registered office is: The Bridgewater Hall, Manchester M1 5HA and consolidated accounts can be obtained from this address.

The Trustees have taken advantage of the exemption in FRS 102 and have not disclosed related party transactions with fellow group undertakings.

A number of the Trustees have made individual donations to the Hallé Endowment Trust during the year.

HALLE ENDOWMENT TRUST

England & Wales - Charity number 286145

Accounts

The Hallé Endowment Trust

Financial Statements

For the year ended 31 December 2020

Charity registration number: 286145

The Hallé Endowment Trust

FINANCIAL STATEMENTS 31 DECEMBER 2020

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Trustees and independent advisers

Board of Trustees

Mr J Finlay (resigned 8 January 2021)
Mr D McKeith
Mr E S Pysden
Mr J Schultz CBE
Mr J Eckersley

Nominated by Manchester City Council

Ms C Culley

Bankers

The Royal Bank of Scotland plc
St Ann Street
Manchester
M60 2SS

Solicitors

Mills & Reeve LLP
1 Circle Square
Symphony Park
Manchester
M1 7FS

Investment advisers

Cazenove Capital
Liverpool House
Lower Bridge Street
Chester
CH1 1RS

Part of:
Schroder & Co Limited
2 Moorgate
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EC2R 6DA

Auditor

Crowe U.K. LLP
3rd Floor
The Lexicon
Mount Street
Manchester
M2 5NT

Principal office

The Bridgewater Hall
Manchester
M1 5HA

REPORT OF THE TRUSTEES

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2020, in compliance with the Trust Deed.

Reference and administrative details

The Hallé Endowment Trust (the 'Trust') is a registered charity, number 286145, governed by a trust deed dated 30 December 1982. The details of the Trustees, their advisers and other relevant information given on page 1 forms part of this report.

Structure, Governance and Management

The governing body is the Board of Trustees whose members are non-executive and unpaid. The Trustees are appointed by the Board of the Hallé Concerts Society ('the Society'). The Trustees delegate the day to day management and administration of the Trust's affairs to the Executive of the Hallé Concerts Society.

Appropriate induction and training is given to all Trustees.

Objectives and activities of the Trust

The objective and principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society.

Following the Society's successful application to the Arts Council's Catalyst Endowment programme, the Hallé Endowment Trust is the recipient of the Catalyst Endowment Fund and holds that fund as a separate endowment fund within its accounts, the income from which will be used to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

Public Benefit

The Trustees have considered the Charity Commission's guidance on public benefit and they believe that the support provided to the Hallé Concerts Society allows the objectives above to benefit a wide section of the public. The Society's HALLÉ CONNECT education, ensembles and outreach programmes would normally reach over 50,000 children and young people each year. Membership of the Society's youth and children's ensembles is free. A full review of the Society's outreach work is given in its own statutory accounts and further details are available on the Hallé website: www.halle.co.uk. The Society's facilities, Hallé St Peter's and St Michael's are enabling its education and community programme to extend to an even broader cross section of the community and the income of the Catalyst Endowment Fund referred to below, will facilitate this work.

Achievements and performance

An Investment sub-committee, established by the Hallé Concerts Society, reviews the investment strategy and performance of all its related entities.

With effect from 1 January 2017, for the Main fund, the Trustees have adopted the Total Return approach to investment under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows any increase in the value of an investment to be treated as income. Further information is provided in the Financial Review section below and in the Notes to the Accounts.

The investment portfolio's objective is to generate a reliable and sustainable income from the portfolio whilst maintaining the real capital value above inflation; the target return is CPI+4%. Overall, investment values reflect the rise in investment markets experienced in the calendar year 2020 with a significant recovery from the downturn at the end of March 2020. When investment income is taken into account the overall return is 8.8% for the Main Fund and -0.2% for the Catalyst. This compares to the target return of CPI+4% which is 4.6% for 2020. The Catalyst investment portfolio performed less well over the period due to the differing investment strategies currently adopted, with the Catalyst being more focused on income-producing assets which have performed badly in the past year. A move to a total return strategy for the Catalyst Fund is being considered by the trustees.

REPORT OF THE TRUSTEES (continued)

Financial Review

Main Fund overview - During the year the main fund received donations and legacies of £139,000 (2019: £10,000), investment income of £72,932 (2019: £130,413) and short term deposit interest of £1,255 (2019: £1,247). There was a gain on investments of £268,734 (2019: £344,891). A grant of £200,000 was made to the Society (2019: £200,000). The grant in 2020 to the Society reflects the power to distribute cumulative investment gain as well as investment income under the total return approach.

At 31 December 2020 the endowment fund of the Main fund stood at £4,526,245 (2019: £4,277,276) and the restricted funds of the Main fund stood at £nil (2019: £nil).

Catalyst Fund overview - the Catalyst Endowment fund received donations and legacies of £43,908 (2019: £47,371). Investment income for the Catalyst fund amounted to £74,385 (2019: £93,398) and short term deposit interest of £705 (2019: £451). A grant was made to the Society of £64,000 (2019: £83,000). At 31 December 2020 the endowment fund of the Catalyst Fund stood at £2,615,293 (2019: £2,658,977) and the restricted funds of the Catalyst Fund stood at £891 (2019: £106).

Total fund balances at the year-end were £7,142,429 (2019: £6,936,359).

The Catalyst Fund remains as a permanent endowment under the separate terms of an Arts Council agreement and therefore capital gain cannot be distributed.

Total return approach to investment

A resolution to adopt the total return approach for the Main fund was made by the Trustees on 8 February 2018 effective from 1 January 2017. The Catalyst fund currently remains under current rules as it is an Arts Council based fund and subject to different arrangements from the Main fund. The Trustees are exploring the total return option for the Catalyst Fund.

The Trustees' decision to move to total return was taken in order to enable increased flexibility in the financial support provided by the Endowment to the Hallé Concert Society. Under the standard rules, there can be significant variation of the income available to distribute, depending on whether investment returns are within income or capital gains, even though the overall return may be the same. The total return approach enables the focus to be on overall best return for the investment portfolio rather than focussing on investments to produce investment income. It also facilitates a more planned approach to grant making because the impact of year- to- year variation in investment income can be smoothed through the Unapplied Total Return fund (UTR). It is important to note that although the total return approach provides more flexibility, the Trustees are mindful of their legal responsibility to be even-handed in the way that they allocate investment returns between current and future needs. The Trustees will therefore retain resources in the UTR fund for supporting the future needs of the Society and furthering the objectives of the Hallé Endowment Trust.

Further detail is provided in note 13 to the financial statements.

Investment Policy

There are no restrictions on the Trust's power to invest.

In March 2017 the Trustees agreed a move to a total return approach for the investment strategy. This was a separate but related decision to the total return approach to investment accounting described above. With a total return investment strategy, the focus is on maximising the total investment return rather than maximising investment income (the previous strategy). This is consistent with the Main Fund approach to total return investment accounting described above but it also allows for the income objective of the Catalyst Fund to be accommodated.

The target return of the investment strategy is CPI +4% for both funds. For the Main Fund the objective is to maintain the real capital value of the investment portfolio above inflation whilst generating a sustainable and reliable distribution from an overall return of +4% per annum. For the Catalyst Fund the target is to provide income at +4% per annum and maintain the real value of the portfolio above inflation.

REPORT OF THE TRUSTEES (continued)

Investment Policy (continued)

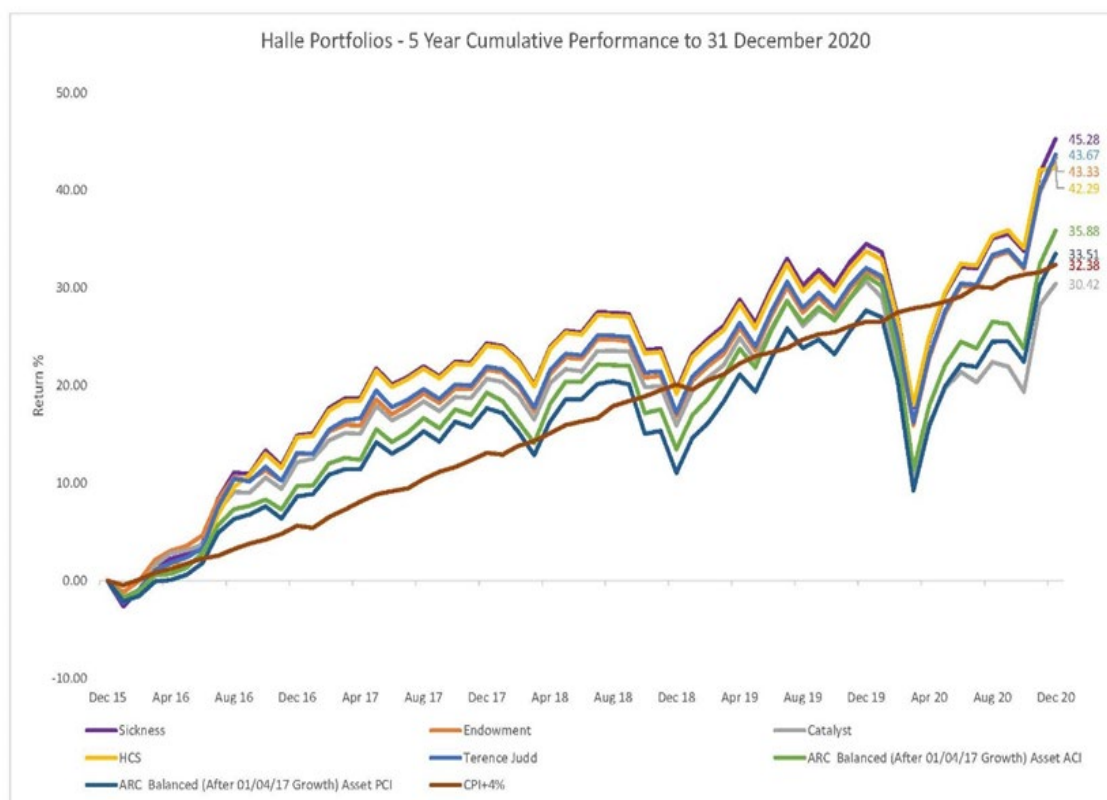
The long term strategic asset allocation parameters and benchmarks for the portfolio during the year were as follows.

Bonds	Range 0%-30%	Benchmark 25% FTSE Brit Gov't Fixed All Stocks Index 25% BOFA ML £ Non-Gilts Index
Equities (UK & international)	50%-80%	FTSE All Share Index FTSE World ex UK
Property and alternatives	0%-30%	IPD Monthly Property Index
Cash	0%-20%	UK Interbank 7 day

There are currently no restrictions on the Trustees' power to invest. The Trustees require the Investment Manager to integrate analysis of relevant Environmental, Social and Governance (ESG) issues into their investment processes and will monitor how the Investment Manager takes ESG issues into account in practice on a regular basis. The Trustees are currently giving consideration to a policy more focussed on ESG factors, recognising that a policy that takes account of these issues is likely to be beneficial in the longer term both in respect of investment returns and alignment with wider objectives.

Investment Performance

The graph below illustrates investment performance compared to benchmark and target over the last 5 years.



REPORT OF THE TRUSTEES (continued)

Reserves policy

Main Fund: the Trustees have considered their reserves policy in respect of the Unallocated Total Return Fund within the Main Endowment Fund with regard to their responsibility to adopt an even-handed approach between the current and future needs of the Society.

The Trustees consider that reserves should be maintained as protection for the Endowment Trust against a fall in the value of investments which would impact the ability of the Endowment Trust to support the Society and fulfil its objectives in future periods. On the basis of advice from Cazenove, the Endowment Trust investment managers, the Trustees have set the level of this "Buffer reserve" at 30% of the market value of investments and this will be reviewed at least annually. The Unallocated Total Return (UTR) Fund provides this "Buffer reserve"; at 31 December 2020 the UTR stands at £1,807K which is 47% of investment value and therefore achieves the reserve target. The reserve is held to ensure that the Trust will be able to carry out its aims effectively in the future, even if there is a fall in the value of the Trust's investment assets.

In addition, the current level of reserves is considered reasonable to enable the Trustees to smooth the pattern of grant making to the Society in years when investment returns may be low. The indicative annual grant level to the Society from the Main Endowment is £200,000 and the UTR at this level enables the Trustees to provide assurance to the Society that the annual grant can be relied upon for planning purposes.

Catalyst Fund: The trustees do not consider that reserves are required for the Catalyst Fund because the amount distributable is limited to the investment income generated. At the year-end £891 was held which will be offset against investment manager costs in 2021.

Fundraising Practices

The Endowment Trust's fundraising is delegated by the Trustees to the Hallé Concerts Society Development Team which also fundraises on behalf of the Hallé Concerts Society. Fundraising is targeted at individuals who already have a relationship with the Orchestra, such as regular audience members. There is very little fundraising from the wider general public. The Endowment Trust's fundraising strategy is overseen by its Board of Trustees and all its fundraising activity is conducted in compliance with the Fundraising Regulator Code of Fundraising Practice and all relevant regulations. The implementation of the fundraising strategy is mainly delivered by the in-house fundraising team with support from a professional fundraiser on bids to charitable trusts and foundations. This person does not carry out fundraising with the general public.

Plans for future periods

The changes to the total return approach to accounting and to total return in respect of the investment strategy have been introduced by the Trustees in order to provide more secure and sustainable financial support to achieve the Trust's objectives, in particular the financial support provided to the Hallé Concerts Society. The principal objective for the next year is to continue to use these changes effectively to further the aims of the Trust both now and in the future.

Risk management

A risk management strategy has been implemented for the Hallé Concerts Society group, of which the Hallé Endowment Trust is a part. A review of overall financial controls is undertaken annually by the Society's Audit Committee. The last risk review was completed in May 2021. A more detailed explanation is contained in the accounts of the Hallé Concerts Society.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the trust deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The Trustees have elected to prepare the financial statements in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Disclosure of information to independent auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the trust's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the trust's auditor is aware of that information.

Auditor

Crowe U.K. LLP is the appointed auditor and has indicated its willingness to continue in office.

Approved on behalf of the Trustees on 5th October 2021:



J Schultz

Independent Auditor's report to the Trustees of The Hallé Endowment Trust

Opinion

We have audited the financial statements of The Hallé Endowment Trust ('the charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, 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 151 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the UK operations were those contained within the Charities Act.

Independent Auditor's report to the Trustees of The Hallé Endowment Trust (cont'd)

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

**Crowe U.K. LLP**

Statutory Auditor

The Lexicon

Mount Street

Manchester

M2 5NT

Date: 14th October 2021

The Hallé Endowment Trust
Statement of financial activities
for the year ended 31 December 2020

page 10

	Note	Restricted Funds £	Endowment Funds £	Catalyst Restricted Funds £	Catalyst Endowment Funds £	2020 Total £	2019 Total Funds £
Income and endowments from:							
Donations and legacies							
Donations and legacies	3	-	139,000	-	43,908	182,908	57,371
Investments							
Investment income		-	72,932	74,385	-	147,317	223,811
Short-term deposit income		1,255	-	705	-	1,960	1,698
Total income		1,255	211,932	75,090	43,908	332,185	282,880
Expenditure on:							
Raising Funds							
Investment management costs	4	-	(15,888)	(9,278)	-	(25,166)	(25,745)
Governance and support costs	4	(1,064)	-	(1,027)	-	(2,091)	(2,590)
Depreciation		-	(16,000)	-	-	(16,000)	(16,000)
Grant to Hallé Concerts Society	5	(200,000)	-	(64,000)	-	(264,000)	(283,000)
Total expenditure		(201,064)	(31,888)	(74,305)	-	(307,257)	(327,335)
Net income/ (expenditure) and net movement in funds before gains and losses on investments		(199,809)	180,044	785	43,908	24,928	(44,455)
Other recognised gains and losses							
Net (losses)/gains on investments		-	268,734	-	(87,592)	181,142	553,160
Net (expenditure)/income before transfers		(199,809)	448,778	785	(43,684)	206,070	508,705
Transfers between funds	11	199,809	(199,809)	-	-	-	-
Net movement in funds		-	248,969	785	(43,684)	206,070	508,705
Fund balances brought forward at 1 January 2019		-	4,277,276	106	2,658,977	6,936,359	6,427,654
Fund balances carried forward at 31 December 2020		-	4,526,245	891	2,615,293	7,142,429	6,936,359

All of the above results are derived from continuing activities.

There are no gains or losses other than those recognised in this statement of financial activities.

Income and expenditure account
for the year ended 31 December 2020

	Note	2020	2019
		£	£
Income			
Investment income receivable		74,385	93,398
Bank interest		1,960	1,698
		<u>76,345</u>	<u>95,096</u>
Expenditure			
Audit fees	4	(1,580)	(2,075)
Bank charges	4	(476)	(481)
Investment management	4	(9,278)	(9,866)
Sundry expenses	4	(35)	(35)
Catalyst grant to Hallé Concerts Society	5	(64,000)	(83,000)
Main Endowment grant to Hallé Concerts Society	5	<u>(200,000)</u>	<u>(200,000)</u>
		<u>(275,369)</u>	<u>(295,457)</u>
Net expenditure for the period before transfers and investment disposals		(199,024)	(200,361)
Transfers from endowment funds	11	199,809	200,065
Net Income/(expenditure)/income for the year		<u>785</u>	<u>(296)</u>
Excess of income over expenditure brought forward at 1 January 2020		106	402
Excess of income over expenditure carried forward at 31 December		<u>891</u>	<u>106</u>

The notes on pages 12 to 21 form part of the financial statements.

In 2020 the investment income receivable for the Main Fund of £72,932 (2019: £130,413) is accounted for within the permanent endowment of the Main Fund, in accordance with total return accounting requirements. The permanent endowment funds are not reported within the income and expenditure account.

Balance sheet
at 31 December 2020

	Note	£	2020 £	2019 £
Fixed assets				
Instruments	6		336,000	352,000
Investments at market value	7		6,316,414	6,164,704
Current assets				
Short-term bank deposits		690,840	639,341	
Debtors and Accrued income	8	72,858	76,709	
		763,698	716,050	
Current Liabilities				
Due to Hallé Concerts Society		(265,489)	(287,787)	
Other creditors and accruals	9	(8,194)	(8,608)	
		(273,683)	(296,395)	
Net current assets			490,015	419,655
Net assets	10		<u>7,142,429</u>	<u>6,936,359</u>
The funds of the charity:				
Endowment fund	12		4,526,245	4,277,276
Catalyst endowment fund	12		2,615,293	2,658,977
Income funds				
Restricted income funds	12		-	-
Catalyst Restricted income funds	12		891	106
			<u>7,142,429</u>	<u>6,936,359</u>

The notes on pages 12 to 21 form part of the financial statements.

The accounts on pages 9 to 21 were approved by the Trustees on 5th October 2021.



J Schultz



D McKeith

NOTES

(forming part of the financial statements)

1 Trust activities

The Hallé Endowment Trust was established to further the education of the general public in the study, appreciation and practice of music and the allied arts by endowing, furthering and supporting the work of the Hallé Concerts Society and the Hallé Orchestra.

The Trust is a subsidiary of the Hallé Concert Society which includes the Trust in its consolidated and aggregated financial statements. The consolidated and aggregated financial statements of the Hallé Concert Society are prepared in accordance with FRS 102 and are available to the public and may be obtained from Hallé Concerts Society, The Bridgewater Hall, Manchester M1 5HA. The Hallé Endowment Trust is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes;
The Trust proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's accounts.

Basis of preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: 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 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and the Trust Deed. The Trust constitutes a public benefit entity as defined by FRS 102.

Cash flow statement

The charity is exempt from the requirement to prepare a cash flow statement as it is a qualifying entity under FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Income

Donations are recognised when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution, the grant of probate where known or the legacy being received. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income is accounted for in the period in which the Trust is entitled to receipt.

Expenditure

Expenditure is accounted for on an accruals basis.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and valued at historic cost. The revaluation model is applied for musical instruments. Depreciation is provided so as to write off tangible fixed assets over their expected useful lives in equal instalments as follows: Musical instruments – 25 years.

Investments

There are no restrictions on the Trust's powers to invest. Investments are included at fair value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

NOTES (continued)

2 Accounting policies (continued)**Funds structure –**

The charity has two permanent endowment funds. The principal activity of the Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. The Trustees have adopted the total return approach to investment accounting for the Main Endowment Fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows any increase in the value of an investment to be treated as income.

Following the Society's successful application to the Arts Council's Catalyst Endowment programme, the Hallé Endowment Trust is the recipient of the Catalyst Endowment Fund and holds that fund as a separate endowment fund within its accounts, the income from which will be used to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

The Catalyst Endowment Fund is held as a segregated fund within the fund of the Hallé Endowment Trust under the terms of a Trust deed dated 29 October 2012 between the Hallé Concerts Society and the Arts Council of England. The income of that fund will be used to support educational activity at Hallé St Peter's and to undertake more ambitious large-scale projects not funded by other funding agreements. The Catalyst Fund remains as a permanent endowment under the separate terms of an Arts Council agreement and therefore capital gain cannot be distributed.

In accordance with the terms of the trust deed transfers of income can be made to the endowment fund at the discretion of the Trustees.

Preparation of accounts on a going concern basis

Taking into account the position on reserves (as explained in the Trustees' report on page 5), the current cash balances and forecast income and expenditure flows, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. The Trustees have considered the impact of Covid-19 in particular. The trustees consider the level of capital and reserves sufficient to manage the temporary fluctuations experienced as a result of Covid. They therefore consider the going concern basis to be appropriate for the preparation of these financial statements.

Accounting estimates and judgements

In the application of the Trust's accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees consider that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Taxation

The Hallé Endowment Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES (continued)

3 Donations and Legacies

	2020 Endowment Funds £	2020 Catalyst Funds £	2020 Total Funds £	2019 Total Funds £
Donations	-	16,291	16,291	14,236
Legacies	139,000	27,617	166,617	43,135
	<u>139,000</u>	<u>43,908</u>	<u>182,908</u>	<u>57,371</u>

In 2019 total donations and legacies amounted to £57,371, which comprised legacies of £10,000 for the Endowment Fund and £14,235 donations, legacies of £33,135 for the Catalyst Funds.

4 Investment management & governance/support costs

	2020 Endowment Funds £	2020 Endowment Restricted Funds £	2020 Catalyst Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Investment management	15,888	-	9,278	25,166	25,745
Governance/support costs	-	1,064	1,027	2,091	2,590
	<u>15,888</u>	<u>1,064</u>	<u>10,305</u>	<u>27,257</u>	<u>28,335</u>

In 2019 investment management costs were allocated as follows: £15,879 was attributable to the Endowment funds and £9,866 to the Catalyst funds, totalling £25,745.

In 2019 governance and support costs were allocated as follows: £1,313 was attributable to the Endowment funds and £1,277 to the Catalyst funds.

Allocation of governance and support costs

Directly attributable costs are allocated to the restricted charitable activities of the Endowment or Catalyst endowment as incurred. Other costs are apportioned equally between the two funds.

	2020 Endowment Funds £	2020 Catalyst Funds £	2020 Total Funds £	2019 Total Funds £
Audit fees	790	790	1,580	2,074
Bank charges	239	237	476	480
Sundry expenses	35	-	35	37
	<u>1,064</u>	<u>1,027</u>	<u>2,091</u>	<u>2,591</u>

5 Expenditure on charitable activities

	2020 Endowment Restricted Funds £	2020 Catalyst Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Grants to the Hallé Concerts Society	200,000	64,000	264,000	283,000

NOTES (continued)

6 Fixed assets

	Musical Instruments £
Cost	
At 1 January 2020	<u>400,000</u>
At 31 December 2020	<u>400,000</u>
Depreciation	
At 1 January 2020	48,000
Charge for period	<u>16,000</u>
At 31 December 2020	<u>64,000</u>
Net Book Value	
At 31 December 2020	<u>336,000</u>
At 31 December 2019	<u>352,000</u>

The musical instrument was revalued to £400,000 as at 1 January 2017. The revaluation was undertaken by reference to the Coutts index by the Hallé senior management team. It was agreed that the fee associated with a professional valuation was not an effective use of charitable funds, particularly given the volatility of this market over recent years.

All tangible assets are used for direct charitable purposes.

Depreciation amounted to £16,000 (2019: £16,000) and is allocated to the Endowment Fund.

7 Investments

	Main Fund Market Value £	Catalyst Market Value £	Combined Market Value £
Balance at 1 January 2020	3,786,260	2,378,244	6,164,704
Net disposals	(18,381)	(11,051)	(29,432)
Change in market value	268,734	(87,592)	181,142
Balance at 31 December 2020	<u>4,036,813</u>	<u>2,279,601</u>	<u>6,316,414</u>

NOTES (continued)

7 Investments (continued)

The following table shows the valuation and asset allocation of assets at 31 December 2020. The majority of holdings are in common investment funds.

Asset class	Main Fund		Catalyst Fund		Total
	£	%	£	%	£
UK Equities	431,971	10.7	423,882	18.6	855,853
International Equities	2,376,395	58.9	1,084,388	47.6	3,460,783
Bond Funds:					
UK Bonds	225,906	5.6	319,906	14.0	545,812
International Bonds	200,254	5.0	90,377	4.0	290,631
Multi-Asset Funds	152,994	3.8	-	0.0	152,994
Property and alternatives	649,293	16.0	361,048	15.8	1,010,341
Balance at 31 December 2020	4,036,813	100	2,279,601	100	6,316,414

Investments comprising more than 5% of the total investment portfolio are:

	Main Fund	%	Catalyst Fund	%
	£		£	
Trojan Income Fund	206,322	5.0	127,526	5.5
JPMorgan US Equity Income Fund	-	-	133,887	5.8
Vanguard S&P 500 UCITS ETF	255,516	6.1	197,468	8.5
Vanguard FTSE All-World UCITS ETF	247,943	6.0	-	-
Veritas Global Equity Income Fund	-	-	138,250	5.9
Fidelity Global Dividend Fund	-	-	123,537	5.3
M&G Global Dividend Fund	-	-	138,021	5.9
Schroder Sterling Corporate	-	-	170,556	7.3
Charities Property Fund	314,217	7.5	194,270	8.3

All investments are held at fair value. Investments in UK equity and bond funds are all pooled funds traded on quoted public markets, primarily the London Stock Exchange. Holdings in international equities are also traded on quoted public markets. Holdings in common investment funds and unit trusts are at bid price. The basis of fair value for quoted investments is equivalent to market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction price).

NOTES (continued)

8 Other debtors and accrued income

	Endowment Funds 2020	Catalyst Funds 2020	Total Funds 2020	Total Funds 2019
	£	£		£
Investment income	1,169	6,952	8,121	21,585
Legacies	33,000	29,617	62,617	55,124
Income tax receivable	2,120	-	2,120	-
	<u>36,289</u>	<u>36,569</u>	<u>72,858</u>	<u>76,709</u>

9 Other Creditors and Accruals

	2020	2019
	£	£
Accruals	<u>8,194</u>	<u>8,608</u>
	<u>8,194</u>	<u>8,608</u>

10 Analysis of net assets between funds

	Restricted Funds	Endowment Funds	Catalyst Restricted Funds	Catalyst Funds	Total Funds
	£	£	£	£	£
Balances at 31 December 2020 represented by:					
Tangible assets	-	336,000	-	-	336,000
Investments	-	4,036,813	-	2,279,601	6,316,414
Current assets	206,456	153,432	-	403,810	763,698
Current liabilities	(206,456)	-	-	(67,227)	(273,683)
	<u>-</u>	<u>4,526,245</u>	<u>-</u>	<u>2,616,184</u>	<u>7,142,429</u>

Analysis of net assets between funds

	Restricted Funds	Endowment Funds	Catalyst Restricted Funds	Catalyst Funds	Total Funds
	£	£	£	£	£
Balances at 31 December 2019 represented by:					
Tangible assets	-	352,000	-	-	352,000
Investments	-	3,786,460	-	2,378,244	6,164,704
Current assets	209,858	138,816	-	367,376	716,050
Current liabilities	(209,858)	-	-	(86,537)	(296,395)
	<u>-</u>	<u>4,277,276</u>	<u>-</u>	<u>2,659,083</u>	<u>6,936,359</u>

NOTES (continued)

11 Transfers from Endowment Funds

The transfer from endowment funds to restricted funds during the year represents the transfer of unapplied total return required to fund the provisional grant award to HCS less restricted funds already available. This transfer includes investment income received into the Main Endowment Fund in 2020.

Endowment Fund	Catalyst Fund	Total
£	£	£
(199,809)	-	(199,809)

12 Statement of Funds

	At 1 January 2020 £	Income £	Expenditure £	Transfers, Gains and Losses £	At 31 December 2020 £
Main endowment					
Restricted funds	-	1,255	(201,064)	199,809	-
Endowment funds	4,277,276	211,932	(31,899)	68,935	4,526,245
Total main endowment funds	4,277,276	213,187	(232,963)	268,744	4,526,245
Catalyst endowment					
Catalyst restricted funds	106	75,090	(74,305)	-	891
Catalyst endowment funds	2,658,977	43,908	-	(87,592)	2,615,293
Total Catalyst endowment funds	2,659,083	118,998	(74,305)	(87,592)	2,616,184
Total funds	6,936,359	332,185	(307,268)	181,152	7,142,429

The purpose of the Main Endowment is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. This fund is accounted for on a total return basis.

The purpose of the Catalyst Endowment Fund is to apply the income from the endowment to support the Society's educational activity at Hallé St Peter's and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements. The income and related expenditure, including grants to the Society are accounted for as restricted funds.

NOTES (continued)

13 Total return investment – Main Endowment

The purpose of the Main endowment is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. This fund is accounted for on a total return basis.

With effect from 1 January 2017, the Trustees adopted the total return approach to investment for the Main fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. A resolution to adopt the total return approach for the Main fund was made by the Trustees on 8 February 2018 effective from 1 January 2017. The Catalyst Fund will remain under current rules as it is an Arts Council based fund and subject to different arrangements from the Main fund.

The Trustees identified the value of the gifts of permanent endowment received since 1983 up until 1 January 2017. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. This is now referred to as the “original endowment” and forms the initial “Investment Fund”. The difference between the total of endowment funds as at 1 January 2017 and the value of the gift component represents the opening balance of unapplied total return UTR). The UTR is classed as part of the Endowment fund until it is allocated to income.

The power of total return permits the Trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The power allows the Trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure as grants to the Society. In 2020 having considered their obligations under the duty of even-handedness, the Trustees made a transfer of £199,809 unapplied total return to unrestricted income funds. In making this decision the Trustees have taken account of the return on investment for the year, the sustainability of the investment fund after considering various levels of transfer to income and the income needs of the charity.

Under the regulations (Section 4 of the Trusts (Capital and Income) Act 2013) charities have the power to add part of the Unapplied Total Return (UTR) to the Investment Fund. The amount that can be added annually is capped and is calculated by reference to the increase in inflation and the value of the Investment Fund. The purpose of such a transfer is to maintain the real value of the Investment Fund. The Trustees have agreed that they will consider on an annual basis whether to make such a transfer and that the appropriate inflation index to use is CPI. For 2020 the trustees have agreed the maximum transfer allowed which was calculated using CPI for 2020. The transfer to the Investment Fund is £13,386.

With in-year donations to the Endowment of £139,000 the balance of the Investment Fund at 31 December 2020 is £2,719,168, of which £336,000 is the net book value of the Amati violin at 31 December 2020 (£120,000 original gift value and £216,000 balance on revaluation reserve). The violin is accounted for and revalued separately and shown in the following table to reconcile the overall value of the Endowment Fund.

NOTES (continued)

13 Total return investment – Main Endowment (continued)

The investment fund and application of total return to permanent endowment funds	Trust for investment £	Unapplied Total Return £	Total Endowment £
Opening value of endowment:			
Gift component of permanent endowment (incl. £120k instrument)	2,350,783	-	2,350,783
Unapplied total return	-	1,694,493	1,694,493
Total	2,350,783	1,694,493	4,045,276
Revaluation reserve – Instrument	232,000	-	232,000
Total Endowment 1/1/2020	2,582,783	1,694,493	4,277,276
Movement in unapplied total return and endowment in the year:			
Gifts received	139,000	-	139,000
Investment return: dividends and interest	-	72,932	72,932
Investment return: recognised and unrecognised gain	-	268,734	268,734
Investment management costs	-	(15,888)	(15,888)
Allocations of Unallocated Total Return (UTR) in the year:-			
Unapplied total return allocated to income	-	(199,809)	(199,809)
Unapplied total return allocated to Investment Fund	13,386	(13,385)	-
Net movement in the reporting period	152,386	112,583	264,969
Revaluation reserve – Instrument	(16,000)	-	(16,000)
Total Endowment movement in year	136,386	112,583	248,969
Gift component of permanent endowment Investment Fund	2,503,169	-	2,503,169
Unapplied total return	-	1,807,076	1,807,076
Total	2,503,169	1,807,076	4,310,245
Revaluation reserve – Instrument	216,000	-	216,000
Total Endowment 31/12/2020	2,719,169	1,807,076	4,526,245

14 Financial instruments

	2020	2019
Financial assets measured at amortised cost	763,698	716,050
Financial assets measured at fair value	6,316,414	6,164,704
Financial liabilities measured at amortised cost	(273,683)	(296,396)

Financial assets measured at amortised cost are cash, trade and fee debtors, staff loans and other debtors. Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2019: £nil).

Financial assets measured at fair value are the investments. Financial liabilities measured at amortised cost are trade creditors, other creditors and accruals.

NOTES (continued)

15 **Remuneration of the Trustees and employees**

The Trustees received no remuneration nor reimbursement of expenses and derived no financial benefit from their services to the Trust.

No staff were employed by the Trust during the year (2019: none).

16 **Related Parties**

The Hallé Endowment Trust is a subsidiary of the Hallé Concerts Society and is aggregated in the group accounts of the Society. The Society is a registered charity (number 223882) and a company limited by guarantee (number 62753), incorporated in the UK.

The Hallé Concerts Society's registered office is: The Bridgewater Hall, Manchester M1 5HA and consolidated accounts can be obtained from this address.

The Trustees have taken advantage of the exemption in FRS 102 and have not disclosed related party transactions with fellow group undertakings.

A number of the Trustees have made individual donations to the Hallé Endowment Trust during the year.