

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

**Annual Report and
Consolidated Accounts**

31 December 2019
Charity Registration Number 254543

Patron

Her Majesty The Queen

Elected Council members*President*

Ian McCulloch (elected 16 May 2019)
Jon Moynihan OBE (resigned 16 May 2019)

*Honorary Treasurer & Vice-President**Vice-President**Vice-President**Vice-President*

Michael Jackson MA FCA
Leon Baroukh MA CFA
Mrs Lin Craig
Mark T Schnebli FInstD FBIM

Dr Monica Bloch PhD
Stephen Brandon MA MBA CEng
Lucinda Case
John Cooper FCA CTA
Lauren Ekon
Peter B M Lim FCA MBA

Robert Lipson
Rebecca Louise Matthews
Iain McNay
James Max BSc Hons MRICS
Stuart Newey
Anthony Ratcliffe FRICS FRSA

Appointed Council members

Rt Hon John Whittingdale MP (resigned 22 February 2020)

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

S Corbyn FRICS

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

Sir Michael Dixon KBE BSc ARCS DPhil FCGI

(Appointed by the Trustees of the Natural History Museum)

K Porter

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

Sir Jonathan Michael

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

Secretary to the Corporation

Susan Gent

Honorary Vice Presidents

C G Clive BSc MBA
C P Fairweather FCA
D J Goldstone CBE LLB

H Gould OBE JP BA DL FCA
The Lady Grade
Mrs Anthony Travis BA (Hons)

Executive*Chief Executive**Director of Finance and Operations**Artistic and Commercial Director**Director of External Affairs**Director of Visitor Experience**Director of Building & Operations*

Craig Hassall
Anupam Ganguli
Lucy Noble
Louise Halliday
Anthony Winter-Brown
Sara Crema

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

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Charity registration number 254543

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Report of the Council Year to 31 December 2019

The Council presents its statutory report together with the consolidated accounts of the Corporation of the Hall of Arts and Sciences (“the Corporation” or “the Hall”) for the year ended 31 December 2019.

The accounts have been prepared in accordance with the accounting policies set out on pages 41 to 46 of the attached accounts and the provisions of the Corporation’s Constitution, namely its Royal Charter and the Royal Albert Hall Act 1966, applicable laws and the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Information on structure, governance and management, including details on the constitution, Members and training, Council responsibilities, organisational structure and risk management are provided under Structure, governance and management on pages 16 to 35.

Charitable Objects

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

The charity achieves these charitable objectives by;

- hosting almost 400 performances each year in the main auditorium and more than 1,000 other performances, events, exhibitions and workshops elsewhere inside and outside the building which, alongside our tours, attracts 1.7 million visitors a year
- utilising the financial surpluses generated by the charitable activities above, plus financial support from philanthropists and the Hall’s Seatholders, to support:
 - an Education & Outreach programme which reaches over 179,000 people of all ages and backgrounds
 - a multi-million pound rolling programme of building projects to preserve and enhance the Grade I listed building

The report of the Council sets out how these charitable objectives have been met in 2019, the financial results and implications for the charity from this activity and what the charity expects to achieve in 2020.

Our Vision

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

Business Plan 2017-2021

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

The Hall is held in trust for the nation, with its purpose being to promote the Arts & Sciences and to preserve and enhance our Grade 1 listed building. Unlike many other venues, the Hall operates without any recurrent government funding and generates revenue from three key sources; revenue from its operational activities, the Members' annual contribution, and funds raised through philanthropy. In recent years, the Hall has produced an annual surplus, every penny of which is reinvested in our charitable purposes.

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

The period of this plan, 2017-2021, covers a crucial period for the Royal Albert Hall – the lead up to, and execution of, our 150th anniversary. This is a unique moment in the Hall's history and provides a tremendous opportunity to reflect on the role the Hall has played in the U.K's cultural history as well as look to our future direction. It is, sadly, inevitable that the impact of Covid-19 will be to seriously derail these plans.

Our charitable purposes are to promote the Arts & Sciences and preserve and enhance our Grade I listed building. This year, our continued investment in the building has seen increased focus on preserving and enhancing the building.

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

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

During the period of the plan we have continued to develop a diverse programme of events which appeal to the widest possible audience and make the best possible use of the building. We will focus and expand our Education & Outreach work, changing lives through music, and raising the profile of our building as a visitor attraction by opening it up to more people, bringing to life our value of 'Open to All.'

In 2009 we had 1.1m visitors, in 2012 we had 1.5m and by 2019 we had 1.7m visitors. As more people than ever seek to enjoy experiences at the Hall and in order to fulfil our purpose to preserve and enhance our building, we continue to undertake a range of building projects

Business Plan 2017-2021 (continued)

to further improve the visitor experience, as well as a programme of planned preventative maintenance and critical compliance improvements underpinned by condition surveys every 5 years, a newly developed Conservation Management Plan and Fire Strategy providing a toolkit for how we care for our building and look after our visitors and customers.

The direction and control of the Corporation is determined by Council who ensure that the charity continues to develop plans to meet its charitable objects. Members of Council, as the charity Trustees, confirm that they have complied with the requirements set out in the Charities Act 2011 to have due regard to the Charity Commission's published general guidance on public benefit. The Hall's charitable objectives, and the manner in which these are pursued, are set out in summary form on page 4. A detailed explanation of how these objectives have been achieved in 2019 is set out in the following section.

Major Achievements for 2019

The Royal Albert Hall's major achievements for 2019 are set out below and correspond to the main Business Plan themes outlined above.

There were 391 events in the auditorium in 2019, including 76 that the Hall produced and promoted itself including *Love Classical* featuring artists such as Jess Gillam and Carl Craig, *Letters Live* with stars including Benedict Cumberbatch and Olivia Colman, *Baahubali – The Beginning live in concert*, English National Ballet's new production of *Cinderella*, DJ Spoooney's *Garage Classical*, the *Unstoppable Voices* season, films in concert and a variety of events both in the auditorium and in other spaces around the Hall. Our programme of work Beyond the Main Stage welcomed new audiences to the Hall, and featured a range of artists and genres, demonstrating our success in being open to all.

To fulfil our objectives to create unforgettable experiences and inspire artists and audiences, we also staged events including Cirque du Soleil's *Totem*, the BBC Proms, Teenage Cancer Trust week with artists including Take That and Rudimental, the BAFTA awards, the Olivier awards, Champions Tennis and the Royal British Legion's Festival of Remembrance. We also hosted younger artists including Kano, George Ezra, MARINA and Ry X (all as part of the Albert Sessions, with workshops for young people) and legends including Joe Bonamassa, Show Patrol and Ronnie Scott's anniversary concert. Artists new to the Hall including The Horrors, Rudimental, Tom Grennan, Maren Morris, Snarky Puppy, Global Citizen Awards and Ara Malikian, as well as diverse events including Championship Boxing, David Rodigan and the Outlook Orchestra, Aziz Ansari, Music Man Project, The Kingdom Choir, Nitin Sawhney, Inala Gala, The Guilty Feminist and the One Young World Opening Ceremony, all attracted new audiences to the Hall in 2019. The quality and variety of events is testament to our external promoters' enduring regard for the Hall and its ability to create extraordinary and unforgettable performances. Our commitment to pushing the boundaries, and presenting something unexpected but expertly curated, ensured that there was something for everyone in the course of the year.

Major Achievements for 2019 (continued)

Inspiring audiences includes our central and passionately-held belief in the power of music to change lives. Our extensive Education & Outreach programme creates memories and provides inspiration through music for all, regardless of age or background. From dementia-friendly screenings to relaxed performances and friendship matinees, the Hall's Education &

Outreach programme reaches out to everyone. In March, the culmination of a two-year journey for over 1000 school children and young musicians saw an epic performance called *Convo* for which we won an Ivor's Composer Award.

In 2019, the programme reached more than 179,000 people either directly or through partners including local boroughs, educational institutions and cultural partners, and performances such as *My Christmas Orchestral Adventure* and Music for Youth Proms. Classical Spectacular Schools' Matinees in 2019 introduced young children to the power of music. We also continued with Young Producers, Events Management Workshops, Careers Masterclasses, Industry Insights and our ever-popular Songbook – a free, interactive concert for people in care homes, hospitals, day centres and hospices. We held Storytelling and Music sessions (0-4 years) for over 3,600 toddlers and babies; Albert Sessions workshops for young people; and the Evolution Project with Rolls Royce. We held two Tea Dances and two Swing Dances in the auditorium, where the whole arena floor was foxtrotting, waltzing and jiving to Count Basie and Duke Ellington, courtesy of Albert's Band.

The second year of the Hall's Christmas season featured film, gospel, soul, carols, comedy, ballet, concerts and, of course, Father Christmas. 2019 reinforced the efforts we had made in 2018 around quality of performances and diversity of events and audiences, and allowed us to tie in food and drink, hospitality, retail and partnership offers. We continued to present events for audiences we have not catered for before at Christmas – a 'Relaxed' carol concert for people with autism, sensory and communication impairments; and a 'Friendship matinee' Guy Barker concert performance providing people who wouldn't usually have the opportunity to come to the Hall the chance to see this world-class show for just £5. Not only did the season reach out to more diverse audiences, it was also very well attended, with more than 120,000 tickets issued for Christmas performances including Birmingham Royal Ballet's *The Nutcracker* between Christmas and New Year.

In order to fulfil our objective of caring for our building, the South West Basement (Great Excavation) shell and core construction was completed in March 2020, with internal fit-out planned to follow in mid-2020. However, owing to Covid-19, these works are on hold. The new boiler house was made operational in the new basement, enabling the original industrial Victorian boiler house space to be decommissioned and stripped out. The relocated West Arena Foyer staircase and new male WCs in that area were completed in April 2019. This new staircase creates a much-needed distinction between front and back of house areas, and improves security for artists and audiences.

Work continued on the quadrant-by-quadrant external repair and restoration of the building's fabric throughout the year, with the North-West quadrant completed in June 2019 and work commencing on the South of the building. This project is the most significant restoration of

Major Achievements for 2019 (continued)

the Hall's façade for many decades and will be completed for our 150th celebrations in 2021.

The multi-million pound masterplan commenced in 2019 and runs through to 2031. 2019 saw work commencing on a range of compliance and critical projects including repairs to the roof, work on electrical infrastructure, LED lighting installation, replacement fire doors, relocation of the server room and many more projects which confirm the Hall's investment in the building for the future. All this work has now been impacted by Covid-19 and is no longer on schedule. Major work on the Mains Water Replacement commenced in the year, to ensure the Hall's water supply is suitably resilient, future-proofed and can facilitate our future expansion plans.

Demonstrating our commitment to caring for our staff, in 2019 we also launched the UK wellbeing network, and announced our 150th anniversary ambassadors and committee as we step up preparations for the anniversary year in 2021.

In April, we unveiled the world's largest single-room speaker system at the Olivier Awards. This is the most significant upgrade to the auditorium for 50 years, the last was the installation of the acoustic mushrooms in 1969. The Hall is now the best in the world of its scale for natural acoustic, enhanced amplification and amplified sound and won the AV Technology Venue of the Year Award for 2019. We have installed acoustic drapes in the Gallery which will improve the sound even further, preventing sound bounce from the hard walls.

The Hall's archive collections featured in BBC Two's *Queen Victoria – My Musical Britain* hosted by Lucy Worsley. Displays marking the 200th anniversaries of the births of Queen Victoria and Prince Albert have been available for the public in the amphi-corridor.

The Hammercloth (which we display at the front of Her Majesty The Queen's box during state visits) had its first restoration in more than 30 years, repairing the water-damaged velvet and replacing the lost tassels. The Hall's 16 original frieze drawings were photographed and made available to staff and the public via Art UK. 300 of our oldest building drawings from the 1860s-1870s were also photographed and we undertook a research project with the V&A, including 3D digital modelling.

In September we marked the centenary of Save the Children, which was founded at the Hall in 1919 by Eglantyne Jebb. The Hall's Archive cataloguing software, CALM, was showcased at the Axiell European User Conference 2019 at the BFI and the Hall's Performance Database was confirmed as the world's largest and most comprehensive venue performance database. The Albert Speaks oral history project has captured more than 50 interviews, and listening posts are installed at Door 6 and Door 4, so visitors can hear some of the extraordinary and fascinating memories that the project has captured. This project will be shared on digital platforms from 2020.

We welcomed 1.7m visitors to the Hall in 2019, including 55,000 Tour visitors. This experience is our primary daytime activity and supports the Hall's public benefit objective of opening our historic building to all throughout the year and highlighting our socio-historical significance over the last 150 years. Tours, together with our other secondary spend areas of restaurants, bars, hospitality, retail and merchandise, contributed £2.9m of income for the Hall to reinvest into our Grade I listed building, Education & Outreach activities and our people.

Major Achievements for 2019 (continued)

Supporting our objective to care for our finances, Philanthropy is at the heart of all that we do at the Royal Albert Hall and we are reliant on the support of our donors to achieve our ambitious plans for the building. Last year, we welcomed Zoe and Mo El Hussein as new Honorary Fellows of the Royal Albert Hall. Being an Honorary Fellow is a recognition bestowed on our closest and most generous supporters and we remain eternally grateful for their ongoing support for our charity. We have established a dedicated Philanthropy Board, chaired by Ben Elliot, which is made up of individuals who give their time and support to help us raise major support for the Royal Albert Hall. We have also worked with the trustees of the Royal Albert Hall Trust to amend the Deed to allow the appointment of external Trustees for the first time in the Hall's history.

At the end of 2019, we had over 7,000 Friends and Patrons of the Royal Albert Hall, with renewal rates of 59% across all levels, showing heartening support for the charity throughout our regular audiences.

We trialled a public campaign to ask our audiences to donate in support of the Hall while they are in the building. This was a success and we had looked forward to rolling this out on a permanent basis in 2020. This was paused with the closure of the building on 17 March 2020.

As part of caring for our staff and our finances our ticketing system and CRM database, Tessitura, had a major upgrade in October. This upgrade allows us to conform to the GDPR and ensures that our essential systems remain supported. We introduced dynamic pricing for own-promoted events and started working with a third party ticketing agency for authorised, face-value ticket resale. We introduced a per ticket Restoration Levy of £1.50, and changed our booking fee structure, which increased income in 2019 by £900k compared with the old fees structure.

We began planning in earnest for the 150th anniversary in 2021, and have now appointed a marketing agency, Mr President, to help us to deliver an awareness campaign.

As well as investing in our building and events, one of the pillars of the business plan is investing in our people. In 2019 we undertook an all-staff survey and took steps to ensure that the results were communicated and follow up actions taken; delivered training and coaching; consulted with staff who will be relocating to the south-west basement on the fit-out of the space; and, continued development of a new performance management system through a number of focus groups involving staff from across the organisation. The five staff committees with representation from all levels continue to address current issues around wellbeing, sustainability, health & safety, diversity, and the staff canteen. A separate committee is responsible for arranging a range of staff events throughout the year.

We also continue to actively support the next generation of our industry through initiatives such as our Young Producers Scheme and our ongoing apprenticeships.

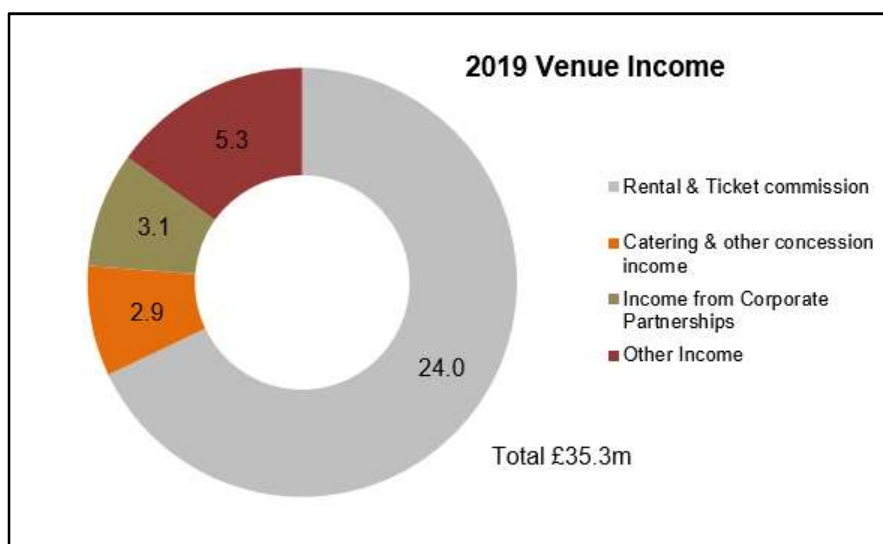
Major Achievements for 2019 (continued)

The Staff Forum saw a variety of successes in the year including achieving sick benefits for hourly paid staff and staff on probation, as well as a new scheme for the recognition of long service.

Financial review

The Royal Albert Hall generates financial surpluses from performance activity, commercial activity, bank interest and philanthropic support. These funds are used to support our education and outreach programme, as well as preserving and enhancing our Grade I listed building.

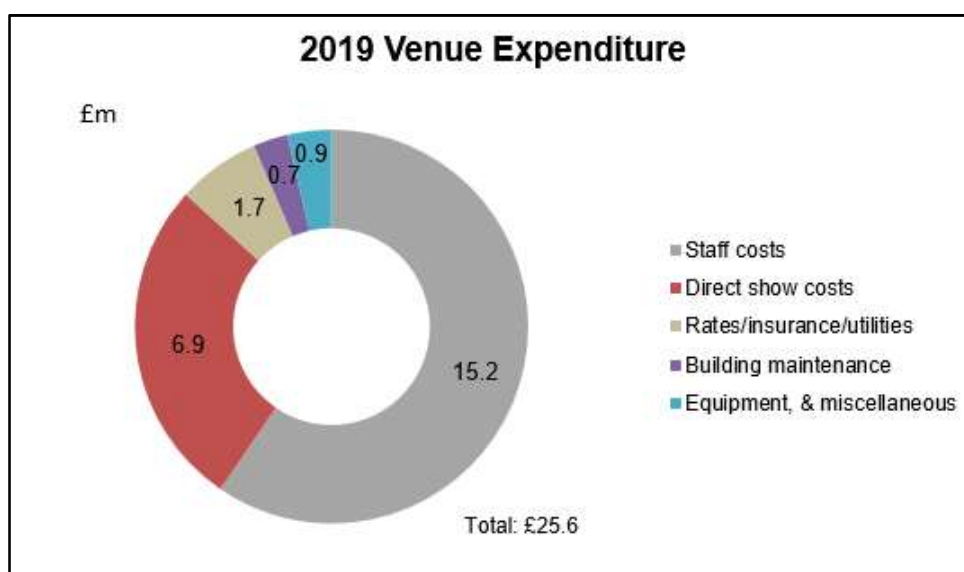
Income and expenditure from running the venue can be broken down as follows:



- Despite fewer performances (391 in 2019, 401 in 2018) rental and ticket commission rose by £1.6m (7%) compared to 2018. This was due in part to sell out performances by Eric Clapton, Joe Bonamassa, Mariah Carey, Il Divo, Richard Thompson, Keane, Snow Patrol, Julio Iglesias and the return of the Fashions Awards as well as an increase in rental fees compared to the previous year. In addition the second year of our refreshed Christmas season saw increased profits of £400k to the Hall in comparison to 2018.
- Catering income saw a 9% increase compared to 2018 due to the success of the sell-out performances mentioned above. The high standards from our valued catering partner Rhubarb, the strong calendar of events, and targeted food and beverage offerings all contributed to this result.
- Refreshed bar concepts, improved supply deals and a range of corporate opportunities from the key sponsorship arrangements with Greene King, Laurent Perrier and Schweppes meant corporate partnership income continued at 2018 levels.

Financial review (continued)

- Other income includes a wide range of ancillary income streams, some of which are derived directly from the performances (such as ticket booking fees, merchandise sales and the provision of technical & lighting show services) and others which are ancillary (such as the Hall's Tour programme). £0.5m of the £1.3m increase in this area is as a result of the increased take up of audio hire following the completion of our new auditorium audio system during the year.



- Staff costs increased by £0.9m compared to 2019 due to the annual pay rise as well as a commitment to continued investment in the Hall's workforce to deal with the increase in complexity of events.
- Direct show costs (artist, orchestral costs & film rights) increased by £1.0m compared with 2018 due to the mix of own/co-promoted productions as well as additional costs related to a full year of our new audio system, all of which had no equivalents in the prior year.

Reserves Policy and Financial Position

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

Total reserves held at 31 December 2019 were £57.3m of which £0.8m were restricted funds (see note 19). The remaining £56.5m forms the Hall's unrestricted funds (see note 20). Of this total £52.7m have been allocated as designated funds and the remaining £3.8m represents the free reserves of the Hall.

Financial review (continued)

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

- ◆ To retain a Fixed Asset Fund, comprising the funds invested in fixed assets which allow the organisation to carry out its work effectively. At 31 December 2019 the level of this reserve was £44.8m.
- ◆ To maintain the Education & Outreach Fund at £0.4m to ensure that such initiatives, which often have long lead-times, can definitely be completed despite any adverse short term financial setbacks the Corporation may encounter.
- ◆ To adhere to the long-term resourcing plan for the Plant and Fabric Sinking Fund, so that it has sufficient funds to meet the cost of major expenditure (to the extent that it is not capitalised under the Hall's tangible fixed asset policy) necessary to maintain the fabric of the building and to replace its plant and equipment over the long term. Transfers to the Plant and Fabric Sinking Fund are based on the results of a condition survey developed for the Hall by a firm of consulting surveyors and implemented in 2019. The estimated costs from the condition survey are £50 million over the next 10 years, averaging £5m of expenditure per annum, with £2m budgeted to be spent in 2020.

In 2020 the Fund had been expected to be depleted as significant resources were to be expended on the condition survey work but now due to Covid-19 the majority of this has been pushed back to 2021. All available free reserves (after the contingency amount below) will be attributed to the Plant and Fabric Sinking Fund.

- ◆ To designate a Major Building Development Fund to hold and control all financial resources for the Hall's Major Building Development programme. The costs in 2019 related to the south west basement works, work on the West Arena Foyer stairs and a new auditorium cooling system. The fund balance at year-end is £5.5m, representing the works already contracted by year-end (and is therefore included as part of the capital commitments figure in note 11). A total of £12.2m was budgeted to be spent in 2020, as works on the fit out of the south west basement and our new Artist's bar were planned in addition to our new auditorium cooling system. This, too, will be impacted by Covid-19 as these projects are delayed to 2021 and possibly beyond.

Financial review (continued)

- ♦ Free reserves: To maintain a Contingency Fund to enable the Corporation to continue to meet its immediate running costs if the auditorium has to temporarily close due to unforeseen circumstances. The fund is set at a level equivalent to three months of operating expenditure and this is considered by the Trustees to be sufficient based on our current organisational risk assessment where policies are in place to mitigate as much business risk as possible. In 2019 three months of operating expenditure was equivalent to £5m, and the fund balance at the year end was £3.8m. The Hall will be working to increase the level of the free reserves through operating surpluses over the next two years.

Council believes it had fully complied with the above reserves policy as at 31 December 2019.

Investment policy

The Hall currently has no investments other than cash. In the year the investment income of £290k (2018: £260k) is line with Trustees' expectations.

Cash investments are held in order to fund the Hall's long term commitment to maintaining and developing the building and to ensure that the risk of unforeseen circumstances does not prevent the Hall from taking a long term view when planning and investing in the operations of the venue, including the Education & Outreach programme. This prudent approach has not been sufficient to shield the Hall from the impact of Covid-19. In defining whether cash should be classified as a fixed asset investment or a current asset, consideration is given to the intention for the monies rather than the nature of its liquidity. Even if cash can be withdrawn immediately, monies held for the longer term, i.e. more than one year, are reclassified and held as fixed asset investments.

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

Pension fund

The final salary section of the scheme had its triennial valuation at the end of March 2018, the results for which indicated an improvement in the funding level to 102.8% (compared to 99.5% at the previous triennial valuation) with a surplus of £397,000 (compared to a deficit of £56,000 at the previous triennial valuation), due mainly to the Hall's voluntary deficit reduction contributions and asset portfolio growth over the 3 year period. The Hall and Trustees of the pension scheme are committed to ensuring that the Scheme receives the funding it needs to meet all its current and future liabilities. Following the results of the 2018

Pension fund (continued)

Triennial Valuation the Hall will no longer make any voluntary contributions to the Scheme as it is already in surplus.

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

Major Objectives for 2020

The Hall's major objectives for 2020 are set out below and evolve from the main Business Plan themes. The charity's objectives for this year have been seriously and perilously impacted by the outbreak of Covid-19, which forced the Hall to close its doors on 17 March 2020, for the first time since the Second World War.

In the auditorium, we had planned another year of diverse and outstanding events, creating unforgettable experiences and inspiring artists and audiences. In the first two months we programmed events including a European Premiere from Cirque du Soleil, Luzia. the 73rd BAFTA awards, and Bryan Ferry. Other events planned for the first six months of the year included Steve Martin and Martin Short, Jon Hopkins, James Blunt, Satinder Sartaaj, Brassed Off Live, Love Classical featuring Bryn Terfel, the Rising Stars of Classical and Choral Classics, Sea Shambles, Gregory Porter, The Gruffalo and Titanic, all of which have been cancelled.

Other events planned included the BBC Proms, a week of concerts for Teenage Cancer Trust and a huge variety of other events, from community and schools events to global superstars such as Billy Ocean, Michael Bolton, Cliff Richard and Katie Melua and our highly popular films in concert featuring Superman, The Matrix, Star Wars: Return of the Jedi, The Lord of the Rings and The Terminator. These films in concert performances introduce people to orchestral music and bring in new audiences, helping us to achieve our public benefit objectives. It is unclear which of these events will take place.

Our Education & Outreach activities for the year which have been cancelled include our Young Producers programme, in which a group of 18-25 year olds are given the opportunity to organise and curate a series of events at the Hall, a continuation of music therapy delivered in partnership with Nordoff Robbins, and our Maestros programme which funds up to 50 schoolchildren to learn a musical instrument. Workshops planned for our 150th anniversary multi-generational Education & Outreach project have been postponed. This project will see hundreds of schoolchildren, young people and older adults working with award-winning film

Major Objectives for 2020 (continued)

and television composer David Arnold, culminating in a performance on our 150th anniversary in 2021. Our broader Education & Outreach programme reaches thousands of people of all ages to change lives through music. We are grateful to all of our Education & Outreach supporters, whose donations help to make these activities possible. During the period of closure, we have been able to move some of our Education & Outreach activities online through Royal Albert Home – a series of concerts and events streamed live from artists' homes.

Planned events beyond the main stage included regular series such as Late Night Jazz, Free Friday Music and Classical Coffee Mornings, as well as an exciting family offering across the year, as well as special exhibitions, film screenings, spoken word events and concerts, showcasing a diverse range of genres and artists. Some of these events beyond the main stage have also moved to our online streaming platform. We had also planned to curate events for high profile festivals including Independent Venue Week, The Great Escape Festival, EFG London Jazz Festival, Wilderness and the Great Exhibition Road Festival. It is unlikely that any of these will go ahead.

Continuing our commitment to caring for the building, the fit-out of the South West Basement (Great Excavation) commenced at the beginning of the year, with the offices and storage space due to be completed in the Summer. This work has been halted and will not now be completed in the year. The new Artists' Bar and Artists' dressing rooms had also been planned for completion but are now deferred indefinitely.

External repairs and refurbishment continued until March, as we work around the building. The South-West quadrant was almost complete at the point of closure but work was paused and recommenced in June 2020. Stage Door upgrades and refurbishment were completed from January to March, but the planned Royal Retiring Room restoration and renovation has been postponed.

Following consultation with neighbours, stakeholders and Westminster City Council, a phased approach to the delivery of hostile vehicle mitigation (HVM) measures will be necessary. The first phase, originally due to be installed by the end of October 2020 – was to have been a combination of temporary and permanent security measures, with the widening of the footway to the North of the building and a line of new permanent security bollards installed. This work has been postponed, along with the work to install two temporary security gates to allow the managed closure of the road, preventing public vehicle access during agreed times. The existing temporary HVM to the East was to have been removed and replaced with more discreet security measures to the full eastern boundary of the Hall, comprising concrete blocks and one security gate. This work, when we are able to recommence it when lockdown is lifted and cashflow allows, demonstrates our commitment to caring for our staff and visitors.

Work continues on the masterplan with essential compliance and critical projects taking precedence including repairs to the roof, work on electrical infrastructure, LED lighting installation, replacement fire doors, and many more projects which confirm the Hall's

Major Objectives for 2020 (continued)

investment in the building for the future. We aim to continue with this work post-lockdown. Major work on the mains water replacement recommenced in June 2020 and will be completed in 2020. Chiller installation works to provide cooling to the auditorium and ancillary areas commenced in 2020 but have been halted indefinitely (due to Covid-19) and will be resumed when funds allow.

In 2020, we had hoped to continue with the research project with the V&A including 3D digital modelling and focus on sharing the extraordinary stories we gathered through the Albert Speaks! oral history project. However, the Archives team has been furloughed so this work is on hold.

As we approach our 150th anniversary in 2021, we will launch a new digital platform from which to share the stories our audiences, staff and artists tell us and to help these stories to resonate around the globe. The 150th anniversary was to have been announced in May, with a launch event in November. We hope to be able to announce the revised 150th programme in September, with a launch event now happening in March 2021. This is all subject to our being able to access the building and host organised gatherings.

Structure, governance and management

Constitution

The Corporation was incorporated under a Royal Charter dated 8 April 1867, two further supplemental Charters and four Acts of Parliament with a Membership comprising owners of 'permanent' seats in the Hall. The constitution is set out in Schedule 2 of the Royal Albert Hall Act 1966. The Corporation is a registered charity (Charity Registration No. 254543).

Background

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

The Hall has always had charitable objectives and was registered as a charity in 1967. Funding for the building of the Hall in the 1860s was contributed by a group of private individuals and by the Royal Commission for the Exhibition of 1851 (on land which is leased by the Corporation, at a peppercorn rent for 999 years, from the Royal Commission for the Exhibition of 1851). Known as Members of the Corporation (or Seatholders), these original founders acquired seats and subsequently took on the obligation to govern the Hall for the nation's benefit. These arrangements continue to this day – currently the Seatholders own 1,268 seats out of the Hall's 5,267.

Structure, governance and management (continued)

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

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

- When the Hall makes an “ordinary letting” (explained below) to a promoter, it is not letting the entire Hall. It is instead letting the Hall less the 1,268 Seatholders’ seats. The Seatholders can use or sell their tickets for such performances.
- Seatholders do not pay for their tickets. There is no transaction between the charity and Seatholders when they receive their tickets and no money changes hands. The Hall is meeting the pre-existing obligations and enabling Seatholders to take up their property rights.
- Given that the charity has never had a right to the Seatholders’ tickets, Seatholders are not depriving the charity by exercising their rights to use their tickets. Therefore, the Hall and the promoters of events have not forgone any income by virtue of the Seatholders’ attendance at certain performances.
- Neither the Hall nor the promoter can determine a face value price for Seatholders’ tickets, nor restrict their use, given that Seatholders’ seats are not a subset of the Hall’s or the promoter’s.
- By virtue of their private legal rights over their assets (i.e. their seats), the Seatholders have the right to use their tickets (their own private property) as they choose for ordinary performances subject to the Hall’s constitution. These rights include the right to attend the performance, give the ticket to someone else to attend the show (whether a friend, relative, charity etc.), sell the ticket through the Hall’s box office via the Ticket Return Scheme (see below) or sell the ticket through any other channel (whether open market or not) at any price they wish.
- The sale of the tickets by a Seatholder is not a ‘secondary sale’ but in fact the disposal of primary rights (even if that sale is made via a website which is better known for enabling secondary ticket sales).

Seat Rate

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

Seat Rate (continued)

The current form of the seat rate, as set out in the 1966 Act, is a minimum annual £10-per-seat compulsory payment, plus a voluntary additional amount which is binding on the Seatholders if approved by a special majority at the AGM. Council determines the total amount of the seat rate to be proposed at the AGM each year, based on a recommendation by the Seat Rate Committee. This Committee comprises the five appointed Council members plus the Treasurer as non-voting chairman (please see page 27 for the terms of reference and membership).

At the 2019 AGM, the Seatholders voted unanimously for a seat rate of £1,384 per seat plus VAT (£1,322 in 2018). This comprised the £10 compulsory element plus an additional £1,374 towards the Hall's annual costs. In total the Seat Rate generated an annual contribution to the Hall of £1.8m in 2019.

Ordinary and Exclusive Lets

Over time the Seatholders have also assisted the Hall by giving up their right to attend many performances (both by approving the 1966 Act and by allowing the Hall to go beyond the Act's requirements). Seatholders now exclude themselves from some 130+ lettings each year. These "Exclusive" performances are, in the main, the more popular and (for the charity) profitable events in the annual calendar. In return for this, the Seatholders receive a reduction in their seat rate, known as the "rebate", for most of the Exclusive lets that take place, defined in the 1966 Act as "any additional rent received in respect of the letting of the hall on any occasion on which the Seatholders are excluded from the hall".

In 2019 the rebate paid to Seatholders was £0.7m, the effect of which was to reduce the annual contribution by £522 per seat (£564 in the previous year).

The performances that the Seatholders have access to, known as "Ordinary" lets, accounted for 232 of the 391 lettings in 2019. In total, the 328 Seatholders received just under 295,000 tickets.

Other ways in which the Seatholders support the charity

Donations

Many Seatholders donate money and tickets to the Hall. The Hall enables the promoters of charity events to write to the Seatholders to ask if they would like to donate their tickets to these charities. Thousands of tickets are donated each year by Seatholders.

Community Ordinaries

A Community Ordinary is a type of Ordinary Let only available to promoters of community events. In the case of Community Ordinaries, Seatholders are asked in advance whether they would like to give up their seats for that performance, thus allowing increased access for more participants to take part in the event. In 2019, there were 23 performances and the vast majority of Seatholders gave up their seats in support of the Hall and these community events.

Ticket Return Scheme (TRS)

The TRS was launched in 1983. Its purpose is to give the public the best possible opportunity to purchase all available Seatholders tickets for each “Ordinary let” performance from the Hall’s own box office and in particular to avoid as much as possible the sight of empty seats in an otherwise packed house, at sold-out concerts. All tickets returned to the TRS are sold at the same price as equivalent promoter tickets.

Today the TRS is used by almost all of the Membership, with around 58% of tickets issued to Seatholders returned to the Hall’s box office each year, greatly increasing public access to events staged in the main auditorium. The features of the Ticket Return Scheme are set by Council and the scheme is entirely voluntary. The Hall operates as an agent for any Seatholders who choose to use the TRS (administering the scheme through the ticketing system that the Hall already operates for Promoters’ ticket sales). The Hall does not pay any fee to the Seatholders and is only an intermediary between the Seatholders and the public who are purchasing their tickets. But the Hall does generate a direct income by charging the standard handling fee to the public who purchase tickets. If the TRS did not exist, it is likely that a higher portion of Seatholders’ tickets would be put up for sale on third party websites, in some instances at prices greater than the equivalent promoter face value and in many cases at prices lower than the equivalent promoter face value.

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

In total we estimate that the operation of the TRS is worth approximately £890k per year to the charity (from the direct booking fee income and the indirect impact on rental revenue). On average a Seatholder who returns all of their tickets to the TRS is likely to receive a financial return of approximately 57% of the total face value of equivalent promoter tickets.

Seatholders’ rights and obligations

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

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

Seatholders and the Hall's financial surplus

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

The Hall estimates that its annual income benefits by some £3.4m due to the ongoing support of the Seatholders and as a result of the various initiatives discussed previously in relation to seat rate, exclusive lettings, and operation of the Ticket Return Scheme etc. This contribution enables the charity, which receives no regular financial support from the Arts Council or government, to fulfil its public benefit obligations to a greater degree than would otherwise be the case.

The Hall has benefited over its first 148 years from its distinctive model whereby capital from Seatholders was used to build the Hall and their continued support has enabled the Hall to continue to flourish. The confluence of interest, whereby private individuals have an in-built incentive to support the charity, is unique, visionary and in the Hall's case has proven over time to be highly successful.

Charity Governance Code

The Council of the Royal Albert Hall has considered the Charity Governance Code in detail, and abides by and supports the Code's seven principles of organisational purpose: leadership; integrity; decision-making, risk and control; board effectiveness; diversity; and openness and accountability. The Trustees have debated how to apply the Code's recommendations and note that the intention is that the Code is aspirational, and a tool for continuous improvement towards the highest standards.

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

Of particular note are the following actions that have been taken during 2019: there has been a review of how the charity carries out its due diligence and safeguards its reputation in regard to the receipt of major donations, the outcome of which was a revised Gift Acceptance Policy and a newly constituted Governance and Ethics Committee (formerly the Oversight and Appointments Committee) of Council that has a defined delegated authority in this regard.

A thorough review of all of the Committees of Council has been undertaken, including the terms of reference of these Committees and their decision making processes and delegated authority. This has resulted in a formal Scheme of Delegation for the charity and its trading subsidiaries, clearly setting out the charity's decision making processes and authorities. In 2019 this review has replaced the annual Effectiveness Review which will be

Charity Governance Code (continued)

considered again in 2021 together with a review of the new ways of working for Council's Committees. Finally diversity and sustainability in their widest definitions, are going to be central to the new business plan being developed for the Hall for the period 2022-2026.

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

The Council will continue to review the application of the Code annually.

As a charity, the Hall is regulated by the Charity Commission. The Trustees are currently in discussion with the Commission about the Hall's governance and, independent of that, are conducting a lengthy and detailed review of the Hall's constitution. The Trustees strongly believe in the value of the charity's unique operating structure, and remain committed to building on the success that its governance arrangements have provided over the past 148 years, in giving the public – in the UK and beyond – access to the world's most iconic Hall and to the great performances that take place there, almost every night of the year.

Council members

Members of Council constitute the Trustees of the Corporation for the purposes of the Charities Act 2011. The following Council members served during 2019:

Council members

President of the Corporation:

I McCulloch (elected 16 May 2019)

J Moynihan OBE (resigned 16 May 2019)

Other elected members:

L Baroukh MA CFA

Dr M Bloch PhD

S Brandon MA MBA CEng

L Case

J Cooper FCA CTA

L Craig

L Ekon

M Jackson MA FCA

P B M Lim FCA MBA

R Lipson

R Matthews (elected 16 May 2019)

J Max BSc Hons SFDR MRICS

I McNay (elected 16 May 2019)

S Newey

A Ratcliffe FRICS FRSA

M T Schnebli FInstD FBIM

Appointed members:

Rt Hon John Whittingdale

S Corbyn FRICS

Sir M Dixon KBE BSc ARCS DPhil FCGI

K Porter

Sir J Michael

Secretary to the Corporation:

Susan Gent

Seatholders as Council members

The majority of Council members are also Members of the Corporation who own seats in the Hall. As such they pay the Members' Annual Contribution, receive the rebate, receive tickets for Ordinary lets and generally enjoy Seatholders' rights on exactly the same terms as the other Members of the Corporation. The total number of seats directly or jointly owned by Council members is 35, with a further 115 owned by related parties (the total number of seats owned by Members is 1,268). During 2019 the Annual Contribution payable to the Hall by each Seatholder was £1,384 per seat plus VAT (2018: £1,322). The 'rebate' that Seatholders were entitled to during 2019, relating to prior year lettings where Seatholders were excluded, was £522 per seat plus VAT (2018: £564). Therefore in total in 2019 Council members and their related parties paid a seat rate to the Hall of £207,600 and, offset against this, a total rebate from the Hall of £78,300. Therefore the net contribution in the year was £129,300.

The Hall's Council members actively supported the operation of the Ticket Return Scheme (TRS - please see page 19 for a full explanation of how the TRS works). For the 150 seats owned by the Hall's Council Members and their related parties (see above), 22,127 tickets were returned to the TRS (being 58% of the total tickets they received). The Hall put these tickets on sale on behalf of the Seatholders and, in total, this generated a distribution of £542,170 (equivalent to approximately £3,614 per seat) for those Seatholders (paid to them during 2019, relating to the performance period November 2018 to October 2019), equivalent to £24.50 per ticket returned to the TRS (which is approximately 50% of the face value of Promoter tickets for seats in equivalent sections of the Hall). The Hall received a commission from the purchasers of the tickets estimated to be approximately £68,000.

No member of Council received any remuneration from the Corporation during the year (2018 - £nil). One member of Council received out of pocket expenses of £186 in 2019 (2018 - £179). Other than the transactions noted above no member of Council had any beneficial interest in any contract with the Corporation or its subsidiary undertaking during the year. A number of Trustees provided donations to the charity to carry out its charitable objectives during 2019 totalling £1,830 (2018: £27,595). During the year the Hall's Council Members and their related parties purchased 247 tickets (total value of £13,000) for events in 2019 from the Hall's box office, at the same prices and on the same terms as the general public.

As well as giving their time freely to serve on the Hall's Council and its committees, Council members assist the Hall by entertaining individuals who are supportive of, or in other ways helpful in promoting the work of the Hall. In these circumstances those who entertain on the Hall's behalf will have access to seats in the Kirby Laing Box (Grand Tier 29) for themselves, for Hall guests and for an appropriate number of personal guests. For Ordinaries, Elected members may choose to buy tickets in the Kirby Laing Box. Or, they may swap a number of their own tickets for the same number in the Kirby Laing Box, returning theirs to the Hall (for its own use and sale), rather than to the TRS.

Seatholders as Council members (continued)

If there is a difference in the face-value of their own tickets, and those in the Kirby Laing Box, elected members are asked to donate the difference to the charity, particularly if the member is taking more than two seats in the Kirby Laing Box. For Exclusive Lettings, all Council members have access to the Kirby Laing Box but, if accompanied by more than one personal guest, these additional seats must be paid for. In the course of their duties the Hall's Council Members and their related parties also used 74 tickets in the year other than in the Kirby Laing Box and received 8 tickets for dress rehearsals (enabling them to attend alongside staff, donors, corporate supporters, associated charities and other friends of the Hall).

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the Hall's officers, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £12,862 (2018 - £13,398) and the cover provided totalled £10 million (2018 - £10 million).

Election and appointment of members of Council

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

The Corporation's Oversight and Appointments Committee (now renamed as the Governance and Ethics Committee) considers how the Council should fill any casual vacancies¹, having regard to the need to achieve a balance of skills, experience and specialist knowledge within the Council. The Members of the Committee then meet potential candidates before putting their recommendations to Council for approval.

Historically and in 2019, the Council has undertaken an annual Effectiveness Review, carried out by the Hall's auditors, to consider the overall effectiveness of Council and its Committees, as perceived by Council Members and the Executive and, in addition, the effectiveness of each Council Member. In 2020, the Secretary of the Corporation has instead carried out a detailed governance review of all of the Council Committees, their remits, terms of reference and their delegated authorities, together with a review of all delegated authorities throughout the organisation to achieve a formal Scheme of Delegation. This has been completed

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

Election and appointment of members of Council (continued)

and will be reviewed by the Annual Effectiveness Review in 2021.

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

Council members' Induction and Training

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

Statement of Council's responsibilities

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

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

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

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

Organisation

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

The following committees of Council have been established to deal with specific aspects of the work of the Corporation as defined in their terms of reference, which are set out in abridged form below. Meetings of the Council and of various Committees are attended by the Hall's Chief Executive, the Secretary to the Corporation, and variously by other members of the management team. A comprehensive Manual of Governance has been produced that regulates the conduct of Council business and the conduct of members of Council, collectively and individually.

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

The Safeguarding Committee acts as a forum for the Safeguarding Officers and other key personnel to ensure the Hall's Safeguarding Policy is up to date and operational activities are effective and in line with best practice. The Safeguarding Committee met 2 times in 2019. It reports annually to Council via the Chief Executive's report to Council. The Safeguarding Committee and the Trustee with safeguarding responsibility receive training on the policy and their roles and responsibilities. Training for other key personnel is ongoing.

◆ *Conflicts Committee*

The Committee considers and responds to any "minded to" decision referred to it under paragraph 19 of the Conflicts Policy (published on the Hall's website), to determine whether the decisions have been made in the best interests of the charity.

At the request of the President, it also advises individual Trustees, the Council, all committees, the boards of subsidiary companies, and, where appropriate, staff, on conflicts of interest. The Committee also monitors the implementation of the Conflicts Policy; recommends appropriate systems for promoting and monitoring compliance with this policy; reviews annual and other declarations of interest and briefs the Council or the President on any difficult individual cases referred to it. The minutes of the committee are provided to the Auditors throughout the year. The Committee was chaired by a non-voting Seatholder, Ian McCulloch. On becoming President, Mr McCulloch handed the chair of the Conflicts Committee to Lucinda Case. Voting members of the Committee during the year have been Rt Hon John Whittingdale OBE MP; Sir Michael Dixon; and Sir Jonathan Michael.

◆ *Finance, Audit and Risk Committee*

The Committee considers and makes recommendations to the Council on: the annual income and expenditure budget; longer term business plans and capital expenditure programmes; and the Auditors' Annual Report. It is responsible for: monitoring the financial performance of the Corporation against budget and business plans; ensuring proper financial and

Organisation (continued)

accounting controls; compliance with statutory requirements and risk management. It is also responsible for making recommendations to Council with respect to the Appointed Auditors, the approval of external and internal audit plans and the consideration of any matters raised by the auditors.

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

◆ *Seat Rate Committee*

The Seat Rate Committee has two purposes:

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

The Committee's members during the year have been the Honorary Treasurer, Michael Jackson (non-voting Chairman) and the five independent Appointed Members of Council: Rt Hon John Whittingdale MP, Sir Michael Dixon, Stuart Corbyn, Kevin Porter and Sir Jonathan Michael.

◆ *Fabric Committee*

The Committee advises Council on all matters relating to the preservation, maintenance and further improvement of the Hall and its setting. Stuart Corbyn chairs this Committee which meets at least five times a year. Other members during the year were Michael Jackson, Stuart Newey, and Anthony Ratcliffe, with Nigel George, Tim Jones and Martin Williams serving as co-opted members.

◆ *Philanthropy Committee (now renamed Development Committee)*

This Committee reports on the programme and outcomes of fundraising events and on the resources expended, giving a broad overview of fundraising, its success level and indicated actions. Chaired by Robert Lipson, other members during the year were James Max, Stuart Newey, Lauren Ekon and Rebecca Matthews.

◆ *Programming Committee*

Council appoints a Chief Executive who, together with the Executive Team, is responsible for all aspects of the day-to-day running of the Hall, including programming the annual calendar of performances. Council has no role in the day-to-day decision-making process through which the annual calendar of events is compiled. The Programming Committee advises Council and monitors on its behalf the Hall's Programming activities, the extent to which they meet the Hall's purposes and financial objectives and to ensure they comply with the Acts of Parliament and the Programming Policy. Section 14 of the 1966 Act specifies the number of occasions on which Seatholders may be excluded from the Hall – each year at the AGM, the Members of the Corporation agree to more exclusives than the 1996 Act allows,

Organisation (continued)

enabling the Hall to operate with more latitude than the Act would otherwise allow, to the benefit of the charity and at the expense of the Seatholders. Stuart Newey chairs this Committee which meets at least four times a year. Other members during the year were Leon Baroukh, Robert Lipson, James Max, Mark Schnebli, and Iain McNay.

The Committee advises Council and monitors on its behalf the Hall's programming activities for the auditorium, Beyond the Main Stage, and Education and Outreach. This Committee takes a holistic and strategic responsibility to ensure that the total activity of the Hall meets the Hall's public benefit aspirations within appropriate parameters.

◆ *Oversight and Appointments Committee (now Governance and Ethics Committee)*

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

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

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

◆ *Members' Liaison Committee*

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

◆ *Marketing and PR Committee*

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

Organisation (continued)

In addition to the above, the Committee advises Council and monitors on its behalf the Hall's marketing, overall brand objectives and activities and the extent to which they meet the Hall's purposes and financial objectives. This Committee also monitors the Hall's archival programme of activities and keeps Council informed of activities undertaken as well as ensuring that the Hall has appropriate processes in place to safeguard these assets. The membership of the Committee is above, with the addition of James Murphy as a co-opted member.

◆ *Remuneration and HR Committee*

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

Hall Staff

◆ *Executive Team*

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

The Chief Executive is supported by the Executive Team;

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

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

◆ *Employees*

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

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

Remuneration Policy

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

The Hall does not use volunteers.

Connected charities and related parties

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

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

RAHDL meets at least 4 times per year. RAHDL is chaired by Leon Baroukh and other Directors during 2019 were Craig Hassall, Michael Jackson, Peter Lim, Stuart Newey and John Cooper. The Secretary to the Corporation undertakes the company secretary role.

The Royal Albert Hall Trust raises funds from donations and other fundraising events in order that it may make donations to the Corporation. The Trustees have review procedures in place to ensure that all funds received are properly utilised by the Corporation in line with donors' restrictions or wishes, on projects which are efficiently managed and fully completed. The Trustees of the Royal Albert Hall Trust, (Registered Charity No: 285111), a connected charity, are the President and Vice Presidents of the Corporation. The Trust donated £2.2m to the Corporation in 2019 (2018 - £4.1m). For further details of the Royal Albert Hall Trust please see note 15.

Fundraising

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

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

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

We had a successful year of fundraising activities including reaching over 7,000 Friends and Patrons at the end of 2019. We continue to focus on the need to raise significant funds for investment in major capital projects and much of 2019 was devoted to planning for our 150th anniversary and future building projects.

Risk management

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

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

Risk management (continued)

The principal risks and uncertainties to the Hall are:

Risk	Management
<p>The Covid-19 pandemic –The closure of the Hall for an extended period of time (as yet unknown) has a serious impact on the Hall's cash reserves.</p> <p>The Hall has had to postpone a number of large capital projects which will result in cost increases.</p> <p>Staff morale is being affected adversely due to work pressures, social distancing, and as a result of being furloughed</p>	<ul style="list-style-type: none"> • Detailed cash flow forecasts of different closure scenarios; review and cutting back of all expenditure • Furloughing of as many staff as possible to avail of the government's Job Retention Scheme • Application for a facility under the Coronavirus Business Interruption Loan (CBIL) Scheme • Discussions with capital projects' contractors to renegotiate timings and agree costs • Regular formal and informal communication with and between staff through digital means. Regular wellbeing newsletters to support staff
<p>Incidents that prevent use of the building and therefore require cancellation of events (including terrorist action, fire, loss of utilities, incidents causing serious injury, and disruption caused by building/ engineering works).</p>	<ul style="list-style-type: none"> • Strict adherence/enforcement of procedures, codes of practice etc. • Built-in resilience / dual capacity / back-up systems and processes. • Organisation-wide staff induction, awareness, and training • Detailed contingency / disaster recovery planning. • Comprehensive insurance.
<p>Damage to the Hall's reputation, impacting long-term operational and financial resilience arising from:</p> <ul style="list-style-type: none"> • failure to comply with statute or safeguarding requirements • negative publicity arising from a misunderstanding of the Hall's unique governance structure which may lead to a reduction in public support thereby impacting the Halls ability to generate income • adverse reviews • failing service standards • data protection breaches • security-related incidents 	<ul style="list-style-type: none"> • Comprehensive procedures and staff awareness of them and training • Disclosure and explanation of the Hall's governance structure in the annual report and accounts, other statutory documents, and the website. • Conflicts Committee • Ongoing dialogue with the Charity Commission • Long-term contracts and strong relationships with major promoters and corporate partners. • Proactive and reactive media strategies. • Implementation of GDPR action plan.

Risk management (continued)

Risk	Management
Deterioration to the fabric of our Grade 1 listed building due to lack of preventative maintenance, non-compliance with buildings regulations, and building projects not managed properly.	<ul style="list-style-type: none">• Project approval process (approved by Council) in place.• Regular project reviews and oversight by the Fabric and Finance Committees.• Long-term condition survey carried out.• Robust building surveys, audits, and planned maintenance reviews are being undertaken.

The Hall ensures a multi-year programme of regular internal audits is maintained. Internal Audit reports are presented to Finance, Audit and Risk Committee. The Committee is also informed at every meeting on progress on implementation of recommendations made by internal audit.

Going Concern

Following government's advice for people to avoid pubs, clubs and theatres from 16 March 2020, the Hall closed its doors the next day for the first time since the Second World War. The Hall remains closed as a consequence of the Cabinet Office Assembly and Leisure closure order of 20 March 2020 and the Covid-19 lockdown imposed by government. All shows have been cancelled until further notice. The Hall has had to refund a large number of promoter rental fees and tickets purchased by the public, and all commercial activity such as catering, tours and retail have ceased.

At this time we are unsure when the Hall will reopen and the future operation of the entire cultural sector. It is also uncertain what impact mid- to long-term social distancing rules and the general confidence of the public to come to venues such as ours will have on bookings and visitor numbers.

As the Hall derives its surpluses primarily from performances and commercial activity directly related to performances, as well as bank interest and philanthropic support, and relies on its own reserves for working capital requirements, the closure has already had a significant financial impact for the rest of 2020 and beyond. The loss of revenues means that the Hall's reserves, built up over a number of years and earmarked for strategic capital projects, will now have to be depleted considerably to meet working capital requirements during the closure period.

As it is unknown how long the closure might last, various scenarios for six, nine, and twelve months' closure have been modelled using conservative assumptions. The potential financial risks highlighted by these scenarios are being mitigated by the following actions:

- We are rescheduling cancelled shows where possible to later in the year or into 2021
- We have been successful in our applications for a £5m loan from our bankers Coutts under the government's CBIL Scheme, and a further £5m loan to support our short term cash flow needs.
- We have successfully subscribed to the Government's Coronavirus Job Retention Scheme and a significant majority of the Hall's staff are now furloughed.

Going Concern (continued)

- The HR & Remuneration Committee has agreed that staff will be asked to take a cut of 10% from June 2020 for three months. We will review pay levels from September onwards depending on government plans for lifting of lockdown.
- All capital projects for 2020 and 2021 have been reviewed based on risks and financial implications. It has been decided to defer the following projects: new chillers, a new artists' bar, dressing rooms, fit out of the south-west basement; and, complete the exterior restoration and the water ring main projects, and continue with the planned plaster and gallery roof repair works.
- We have reviewed our operating budgets in detail and reduced them to minimum levels of essential expenditure only
- Several of our donors have agreed to bring forward a number of existing pledges, and have agreed to unrestrict pledges, for which we are extremely grateful
- We are soliciting donations from customers when refunding tickets, and from a series of streamed concerts through the initiative - Royal Albert Home
- We will be exploring all other revenue generating opportunities.

Conclusion

Council has considered the current financial position of the Hall for the foreseeable future. Given there are uncertainties around the nature and the length of the social distancing measures imposed by government, the board have taken action as necessary to manage risks arising from different scenarios. To this end we have agreed a total of £10m of loans to support our short term cash flow needs. It is reasonable to expect the Hall to have adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Related Parties

None of the Trustees receive remuneration or other benefit from their work with the charity. The relationship between Seatholders, Council members and the Hall is described in full on pages 23 to 29.

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



Approved by the Council on 23 June 2020
and signed on its behalf by
Ian McCulloch
President

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

Opinion

We have audited the financial statements of the Corporation of the Hall of Arts and Sciences for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets, the Consolidated Cash Flow Statement, the principal accounting policies and notes to the financial statements, 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 group's and of the parent charity's affairs as at 31 December 2019 and of the group's 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 the requirements of the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Independent auditor's report Year to 31 December 2019

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require 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 accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 25, 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.

Independent auditor's report Year to 31 December 2019

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act 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.

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

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

London

26 June 2020

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

Consolidated statement of financial activities Year to 31 December 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Income:					
Donations and legacies	1	-	1,709	1,709	2,641
<i>Income from charitable activities:</i>					
Operation of Hall	2	12,825	301	13,126	11,205
Investment income and interest		290	14	304	260
<i>Income from other activities:</i>					
Commercial trading operations	3	24,203	-	24,203	22,627
Total income		37,318	2,024	39,342	36,733
Expenditure:					
<i>Costs of raising funds:</i>					
		540	1	541	446
<i>Expenditure on charitable activities:</i>					
Maintaining and developing the Hall	4	13,749	-	13,749	9,989
Promoting the arts and sciences	4	26,376	305	26,681	24,471
Total expenditure		40,665	306	40,971	34,906
Net income/(expenditure)		(3,347)	1,718	(1,629)	1,827
Transfer between restricted and unrestricted funds	19/20	1,913	(1,913)	-	-
Net income/(expenditure) after transfers between restricted and unrestricted funds		(1,434)	(195)	(1,629)	1,827
Actuarial gains/(losses) on defined benefit pension scheme	21	-	-	-	(99)
Net movement in funds		(1,434)	(195)	(1,629)	1,728
Fund balances brought forward at 1 January 2019		57,991	950	58,941	57,213
Fund balances carried forward at 31 December 2019		56,557	755	57,312	58,941

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

For the parent charity alone, total incoming resources for the year were £16.6m (2018 - £16.7m) and net incoming resources were £5.0m (2018 – £3.2m).

The notes on pages 40 to 65 form an integral part of these financial statements.

Balance sheets 31 December 2019

	Notes	Corporation 2019 £'000	Group 2019 £'000	Corporation 2018 £'000	Group 2018 £'000
Fixed assets					
Tangible assets	11	43,724	43,724	38,017	38,017
Intangible assets	12	1,064	1,064	667	667
Heritage assets	13	-	-	-	-
Investments	14	3,262	3,269	3,960	10,458
Investment in subsidiary	15	25	-	25	-
		48,075	48,057	42,669	49,142
Current assets					
Debtors	16	3,270	5,752	3,306	5,446
Investments	14	15,740	22,732	18,041	13,542
Cash at bank and in hand		10,027	10,646	5,399	20,786
		29,037	39,130	26,746	39,774
Liabilities					
Creditors: amounts falling due within one year	17	20,562	29,876	17,922	29,975
Net current assets					
		8,475	9,255	8,824	9,799
Total net assets					
		56,550	57,312	51,493	58,941
Represented by					
Funds and reserves					
Income funds:					
Restricted funds	19	-	755	-	950
Unrestricted funds					
. Designated funds	20	52,689	52,689	50,493	50,493
. General funds					
. Free reserves	20	3,861	3,868	1,000	7,498
. Pension reserves	21	-	-	-	-
		56,550	57,312	51,493	58,941

The notes on pages 41 to 66 form an integral part of these financial statements.

Approved by the Trustees on 23 June 2020 and signed on their behalf by:



Ian McCulloch
President



Michael Jackson MA FCA
Honorary Treasurer

Consolidated cash flow statement Year to 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
	A	(470)	6,578
Cash flows from investing activities			
	B	(4,671)	(12,046)
Changes in cash and cash equivalents in the reporting period		(5,141)	(5,468)
Cash and cash equivalents at the beginning of the reporting period		20,786	26,254
Cash and cash equivalents at the end of the reporting period		15,645	20,786
		2019 £'000	2018 £'000
Comprising			
Short term deposit		21,000	24,000
Cash at bank and in hand		15,645	20,786
Total cash and cash equivalents at the end of the reporting period		36,645	44,786

Notes to the cash flow statement for the year to 31 December 2019

A Reconciliation of cash flows from operating activities

	2019 £'000	2018 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,631)	1,827
Adjustments for:		
FRS 102 pension adjustment	-	(99)
Depreciation charges	1,857	1,839
Dividends, interest and rents from investments	(290)	(260)
Increase in debtors	(307)	(58)
Increase/(decrease) in creditors	(99)	3,329
Net cash provided by (used in) operating activities	(470)	6,578

B Cash flows from investing activities

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	290	260
Purchase of property, plant and equipment	(7,598)	(12,240)
Purchase of intangible assets	(363)	(66)
Sale of investments	3,000	-
Net cash (used) in investing activities	(4,671)	(12,046)

Principal accounting policies Year to 31 December 2019

Company information

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

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

Basis of accounting

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

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

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

Going concern

As a result of social distancing requirements put in place by government in response to Covid-19, the Hall closed its doors on 17 March 2020. All shows have been cancelled until further notice. At this time we are unsure when the Hall will reopen and the future operation of the entire cultural sector. It is also uncertain what impact mid- to long-term social distancing rules and the general confidence of the public to come to venues such as ours will have on bookings and visitor numbers. As it is unknown how long the closure will last, various scenarios for six, nine and twelve

Principal accounting policies Year to 31 December 2019

months' closure have been modelled using conservative assumptions. The potential financial risks highlighted by these scenarios are being mitigated by various actions by the Hall.

The board has considered the current financial position of the Hall for the foreseeable future. Given there are significant uncertainties around the nature and the length of the social distancing measures imposed by government, the board have taken action as necessary to manage risks arising from different scenarios. To this end we have agreed a total of £10m of loans to support our short term cash flow needs. It is reasonable to expect the Hall to have adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

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

Financial instruments

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

Investments in subsidiary undertakings are held at cost less impairment.

Principal accounting policies Year to 31 December 2019

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

Accounting for income

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

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

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

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

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

Expenditure

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

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

Allocation of support costs

- a. Support costs are for those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include personnel development, financial procedures and management, provision of office services and equipment and a suitable working environment. The bases on which support costs have been allocated are set out below in note 5.

Principal accounting policies Year to 31 December 2019

- b. Governance costs comprise: 100% of the cost of the Secretary to the Corporation and their assistant; 12.5% of the cost of the Chief Executive and their assistant, audit fees; and the annual general meeting, legal and council meeting expenses.

Termination Payments

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

Pension costs

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

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

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

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

Principal accounting policies Year to 31 December 2019

Tangible fixed assets

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

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

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

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

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

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

Assets under construction are not depreciated until complete and operational.

No depreciation is charged on freehold land.

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

Intangible fixed assets

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

The property rights from the purchase of the RNLI second tier box also entitle the seller to a right to five hundred complimentary tickets for the next 8 years which are currently based at an estimated value of £0.

Principal accounting policies Year to 31 December 2019

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

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

Heritage assets

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

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

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

Fund accounting

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

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

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

1 Donations & legacies

	2019 £'000	2018 £'000
Donations	1,709	2,641

2 Income from charitable activities

	2019 Restricted funds £'000	2019 Unrestricted funds £'000	2018 Restricted funds £'000	2018 Unrestricted funds £'000
Rentals	-	3,055	-	3,053
Ticket commission	-	6,330	-	5,342
Members' contribution	-	1,758	-	1,691
Other	301	1,682	186	933
	301	12,825	186	11,019

3 Income from other activities

The Corporation's wholly owned trading subsidiary, Royal Albert Hall Developments Limited, is incorporated in the United Kingdom (company number 01539294). The principal activities of the company are the licensing of the Royal Albert Hall to third parties, the licensing of boxes to corporate clients, joint arrangements for the production of certain events, the receipt of income from catering and services provided to patrons of the Royal Albert Hall by concessionaires appointed by the company and from mailing list subscribers, tours, a shop, merchandise sales and a car parking concession. A summary of the trading results of the company is shown in note 15.

Royal Albert Hall Developments Ltd has a wholly owned subsidiary RAH Concerts Ltd which is incorporated in the United Kingdom (company number 10664172). The principal activity of the company is the licensing of the Royal Albert Hall to third parties.

4 Analysis of expenditure on charitable activities

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2019 Total £'000	2018 Total £'000
Building maintenance	1,688	-	1,688	1,782
Building refurbishment and improvements	8,380	-	8,380	4,643
Security and housekeeping	1,783	1,346	3,129	2,983
Archives	167	-	167	143
Ticketing	-	2,477	2,477	2,333
Show management and production	-	8,844	8,844	7,554
Front of house services	-	3,686	3,686	3,341
Programming, marketing and PR	-	1,757	1,757	1,717
Education activities	-	566	566	443
Miscellaneous	-	1,252	1,252	1,675
Support costs (see note 5)	1,731	6,753	8,484	7,742
	13,749	26,681	40,430	34,356

5 Support costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2019 Total £'000	2018 Total £'000
Finance and information systems	374	1,685	2,059	1,512
Administration and human resources	335	1,698	2,033	2,207
Overheads and insurance	513	703	1,216	1,105
Utilities	144	936	1,080	830
Depreciation and amortisation	126	1,731	1,857	1,840
Governance costs (note 6)	239	-	239	248
	1,731	6,753	8,484	7,742

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

6 Governance costs

	Maintaining and developing the Hall £'000	Promoting the arts and sciences £'000	2019 Total £'000	2018 Total £'000
Salaries, wages and related costs	176	-	176	168
General office	23	-	23	25
Audit fees	38	-	38	36
Legal and other professional fees	2	-	2	29
	239	-	239	248

7 Auditor's remuneration

	2019 £'000	2018 £'000
Group audit	37	36
Pension audit	6	6
Taxation services	8	1
Other services	24	14

8 Staff costs

	2019 £'000	2018 £'000
Salaries	13,575	12,890
Social security costs	1,014	954
Pension costs	649	511
	15,238	14,355

The Council Members were not paid and did not receive any other benefits from employment with the Corporation or its subsidiaries in the year (2018: £nil). One member of Council received out of pocket expenses totalling £186 for the year (2018: £179). No Council Member received payment for professional or other services supplied to the Corporation (2018: £nil).

Ex gratia and termination payments in the year totalled £85,951 (2018: £9,350). Of this amount, at the year-end £nil (2018: £nil) was still to be paid.

The key management personnel of the Corporation comprise the Council Members, the Executive Board and the Heads of Departments. The total employee benefits of the key management personnel of the Corporation were £2,047,510 (2018: £2,203,419).

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

	2019 Number	Full-time equivalent 2019 Number	2018 Number	Full-time equivalent 2018 Number
Generating funds	7	7	6	6
Maintaining the Hall	45	39	52	41
Promoting arts and sciences	369	251	342	253
Administration and support	31	31	29	29
Governance	2	2	2	2
	454	330	431	331

8 Staff costs (continued)

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

	2019 Number	2018 Number
£60,001 - £70,000	9	6
£70,001 - £80,000	2	4
£80,001 - £90,000	2	2
£90,001 - £100,000	2	2
£100,001 - £110,000	1	1
£110,001 - £120,000	2	-
£120,001 - £130,000	2	-
£140,001 - £150,000	-	1
£180,001 - £190,000	1	1
	21	17

Emoluments include remuneration, benefits-in-kind and (where relevant) redundancy payments. There are no employees accruing benefits under the Corporation's defined benefit scheme whose emoluments exceeded £60,000 (2018: none). Total employer's pension contributions for the provision of money purchase benefits for employees whose emoluments exceeded £60,000 were £239,876 (2018: £171,524). This includes amounts where employees have sacrificed an element of their salary in exchange for increased pension contributions.

Throughout the year the Corporation secured indemnity insurance under a policy covering the members of Council and the directors, Trustees and officers of the subsidiary company and related trust. The total premium charged to the Corporation was £12,862 (2018: £13,398) and the cover provided totalled £10 million (2018: £10 million).

9 Related party transactions

For a detailed explanation of the relationship and transactions between Council members and the Corporation, please see under 'Council members', within "Structure, governance and management" section, on pages 23-29.

As highlighted in note 15 during the year, the Royal Albert Hall Trust a related charity made a donation to the Corporation of £2.2m (2018: £4.1m). As summarised in notes 16 and 17 at the year-end there was an intercompany creditor between the Corporation and Royal Albert Hall Developments Limited of £5.2m (2018: £165k) an intercompany creditor between the Corporation and RAH Concerts Limited of £395k (2018: £339k) and an intercompany creditor between the Corporation and Royal Albert Hall Trust of £167k (2018: £111k).

A number of Trustees provided donations to the charity to carry out its charitable objectives during 2019 totalling £2k (2018: £27k).

9 Related party transactions (continued)

At the year-end there was a total of £128k (2018: £95k) due to Council Members in respect of rebate income collected during 2019 which will be paid across in 2020. There were no amounts outstanding due from related parties.

The key matters are summarised in the table below

	2019 Number	2018 Number
Number of seats owned by Seatholders	1,268	1,270
Number of seats owned by Council members	35	43
Number of seats owned by parties related to Council members	115	138
Number of tickets returned by Council members & related parties through ticket return scheme	22,127	23,871
Number of tickets purchased by Council members from box office	247	124
Hosting and dress rehearsal tickets used by Council members	82	109
	2019 £	2018 £
Seat rate contribution (mandatory) per seat	£10	£10
Seat rate contribution (voluntary) per seat	1,374	1,312
Supplementary seat rate contribution (voluntary) per seat	-	-
Total seat rate amount paid by Council members and related parties	207,600	239,282
Rebate per seat	522	564
Total rebate amount received by Council members and related parties	78,300	93,624
Amount distributed to Council members & related parties for returned ticket	542,170	572,511
Value of tickets purchased by Council members from box office	13,024	9,800
Donations from Council members	1,830	27,595

10 Taxation

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

11 Tangible fixed assets (Group and charity)

	Freehold land	Leasehold land	Archival collections	Property Costs	Plant, fixtures, fittings & equipment	Computers & office equipment	Assets under construction	TOTAL
Cost or valuation								
As at 1 January 2019	1,575	629	1,496	1,127	16,366	2,661	22,325	46,179
Reclassification of opening balances	-	-	-	-	1,055	(894)	(1,055)	(894)
Additions	-	-	-	921	314	10	6,529	7,774
Disposals	-	-	-	-	(90)	(339)	(330)	(759)
Transfers	-	-	-	635	16	-	(651)	-
As at 31 December 2019	1,575	629	1,496	2,683	17,661	1,438	26,818	52,300
Valuation 2001	1,575	629	1,496	-	-	-	-	3,700
Cost	-	-	-	2,683	17,661	1,438	26,818	48,600
	1,575	629	1,496	2,683	17,661	1,438	26,818	52,300
Depreciation								
As at 1 January 2019	-	-	-	654	5,639	1,869	-	8,162
Reclassification of opening balances	-	-	-	-	-	(850)	-	(850)
Charge for year	-	-	-	126	1,327	240	-	1,693
Disposals	-	-	-	-	(90)	(339)	-	(429)
As at 31 December 2019	-	-	-	780	6,876	920	-	8,576
Net book values								
As at 31 December 2019	1,575	629	1,496	1,903	10,785	518	26,818	43,724
As at 1 January 2019	1,575	629	1,496	473	10,727	792	22,325	38,017

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

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

- ◆ Freehold land comprising car parking spaces situated below the Royal Albert Hall, London, SW7 are being carried at a deemed cost of £1.6m. This is based on advice received from Messrs Stile Harold Williams, Surveyors and Valuers during 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Similarly, the Corporation's archival collections are included in the accounts at a deemed costs of £1.5m. This was following a valuation made by Messrs King Sturge, Chartered Surveyors in 2001, the Corporation having taken advantage of the transitional accounting rules available at the time.
- ◆ Leasehold land comprising the purchase of additional land to enable the basement development work to the south west of the building.
- ◆ Fixtures and fittings, equipment, computers and office equipment are all included in the accounts at cost less depreciation and impairment changes.
- ◆ Subsequent expenditure on the building that meets the criteria for capitalisation under FRS102 is capitalised at cost.

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

At 31 December 2019 the Corporation had capital commitments of £5.5m (2018 - £8.3m).

12 Intangible fixed assets (Group and Charity)

	Property Rights	Computer & Office	Assets under construction	TOTAL
Cost or valuation				
As at 1 January 2019	575	947	-	1,522
Reclass bfwd balances	-	894	-	894
Additions	315	48	154	517
Disposals	-	-	-	-
Transfers	-	-	-	-
As at 31 December 2019	890	1,889	154	2,933
 Valuation 2001				-
Cost	890	1,889	154	2,933
	890	1,889	154	2,933
 Depreciation				
As at 1 January 2019	114	741	-	855
Reclass bfwd from tangible	-	850	-	850
Charge for year	76	88	-	164
Disposals	-	-	-	-
As at 31 December 2019	190	1,679	-	1,869
 Net book values				
As at 31 December 2019	700	210	154	1,064
As at 1 January 2019	461	206	-	667

12 Intangible fixed assets (Group and Charity) (continued)

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

13 Heritage assets

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

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

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

- ◆ The assets comprise the land and buildings known as the Royal Albert Hall, situated at Kensington Gore, London SW7 and demised under a 999 year lease dated 25 March 1872.
- ◆ The Royal Albert Hall is valued for insurance purposes only at a gross reinstatement cost of £356 million, based on a desktop valuation as at November 2019 by Ecclesiastical.
- ◆ While not shown in the accounts, the operating expenditure includes the ground rent of one shilling (5p) a year payable to the owners of the Hall's freehold, The Royal Commission for the Exhibition of 1851.
- ◆ The Hall capitalises expenditure on removable fittings, computers and equipment. The Hall complies with FRS 102 when determining whether to capitalise subsequent expenditure on the fabric of the building, a Heritage Asset. Therefore expenditure on the general upkeep of the building and 'like for like' replacements (which allows for some technological developments and other advancements) is expensed.
- ◆ Fixed asset additions to heritage assets in 2019 totalled £5.1m (2018: £8.3m). These costs related to the South West basement project and West Arena Foyer Stairs.

13 Heritage assets (continued)

Other significant areas of expenditure within the last five years, expensed because in the main these projects did not fit within the criteria for capitalisation highlighted within both FRS 102 and old UK GAAP include the refurbishment of the Front of House WCs (£1.7m) and a quadrant by quadrant external repair and clean of the building fabric (£7.0m). Smaller projects undertaken include the refurbishment of bars and meeting rooms, the relocation and refurbishment of office space, backstage and stage door improvements, auditorium chair replacement, external maintenance such as window repairs and painting, internal door and flooring replacement, the removal of old cabling and the cost of professional services in order to bring these and other projects to fruition.

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

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Expenditure on heritage assets					
Capital expenditure					
Facilities for performers and the public	368	-	61	591	-
Other building works and fees	4,682	8,265	6,830	4,694	3,886
	5,050	8,265	6,891	5,285	3,886
Revenue expenditure					
Facilities for performers and the public	1,554	398	60	35	-
The building's structure	3,081	3,224	1,110	8	47
The auditorium	-	-	-	18	32
Other building works and fees	-	-	-	93	250
	4,635	3,622	1,170	154	329
	9,685	11,887	8,061	5,439	4,215

14 Investments - Group

The investments held on the balance sheet comprise cash, which is held to fulfil long term objectives. Cash held for short term use within current assets was £22.7m (2018: £13.5m) Cash held for long term use within Fixed Assets was £3.3m (2018: £10.5m). Further details can be found in the Investment Policy on page 13.

There were no listed investments held at 31 December 2019 (2018: nil).

15 Investment in subsidiary undertakings and related charity

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

As a result of an amendment to FRS 102 issued in December 2017 by the FRS, which requires that Gift Aid donations from a subsidiary company to its parent charity be accounted for as a distribution to owners rather than a donation, the 2017 and 2018 profits were recognised as gift aid in the following year's accounts. A deed of covenant has now been put in place, creating a legal obligation to make the payment. This means that the gift aid is recognised in the year the profits are earned. As such, in the current year, both the 2018 and 2019 profits of RAHDL and RAHCL have been recognised as gift aid.

Royal Albert Hall Developments Limited

	2019 £'000	2018 £'000
Statement of Comprehensive Income		
Turnover	23,293	21,615
Cost of sales	(17,166)	(15,488)
Operating profit	6,127	6,127
Net interest receivable	88	67
Profit on ordinary activities before taxation	6,215	6,194
Tax on ordinary activities	(17)	(7)
Profit on ordinary activities after taxation	6,198	6,187
Retained earnings at the start of the period	6,187	6,642
Deed of Covenant payable to the Corporation	(12,380)	(6,642)
Retained earnings at the end of the period	5	6,187

	2019 £'000	2018 £'000
Summarised balance sheet		
Current assets	15,664	20,036
Creditors: amounts falling due within one year	(15,634)	(13,824)
Net assets	30	6,212
Called up share capital	25	25
Profit and loss account	5	6,187
	30	6,212

15 Investment in subsidiary undertakings and related charity (continued)

The principal activities of RAH Concerts Limited are the licensing of the Royal Albert Hall to third parties and the production and co-promotion of certain events. Royal Albert Hall Developments Limited's investment in RAH Concerts Limited comprises 1 ordinary share of £1 each, being the entire issued share capital of that company. A summary of the financial results of the company is shown below.

RAH Concerts Limited

Statement of comprehensive income	2019 £'000	2018 £'000
Turnover	917	998
Cost of sales	(672)	(685)
Operating profit	245	313
Net interest receivable	-	-
Profit on ordinary activities before taxation	245	313
Tax on ordinary activities	2	(3)
Profit on ordinary activities after taxation	247	310
Retained earnings at the start of the period	312	2
Deed of Covenant payable to the Corporation	(557)	-
Retained earnings at the end of the period	2	312

Summarised balance sheet	2019 £'000	2018 £'000
Current assets	471	339
Creditors: amounts falling due within one year	(469)	(27)
Net assets	2	312
Called up share capital	-	-
Profit and loss account	2	312
	2	312

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

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

15 Investment in subsidiary undertakings and related charity (continued)

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

Royal Albert Hall Trust

	2019 £'000	2018 £'000
Summarised statement of financial activities		
Incoming resources	2,023	2,828
Resources expended		
. Cost of generating funds		
. Donation to Corporation	2,217	4,132
. Governance costs	1	1
Total resources expended	2,218	4,133
Net movement in funds	(195)	(1,305)
Fund balances brought forward	950	2,255
Fund balances carried forward	755	950
Summarised balance sheet		
	2019 £'000	2018 £'000
Current assets	938	1,099
Creditors: amounts falling due within one year	(183)	(149)
Net assets	755	950
Unrestricted funds	-	-
Restricted funds	755	950
	755	950

16 Debtors

	Corporation 2019 £'000	Group 2019 £'000	Corporation 2018 £'000	Group 2018 £'000
Stock	-	76	-	70
Rentals and concession income receivable	768	2,924	684	2,635
Other debtors	176	1,514	182	1,490
Amount due from subsidiary	-	-	-	-
VAT	1,198	-	1,332	-
Prepayments and accrued income	1,128	1,238	1,108	1,251
	3,270	5,752	3,306	5,446

17 Creditors: amounts falling due within one year

	Corporation 2019 £'000	Group 2019 £'000	Corporation 2018 £'000	Group 2018 £'000
Expense creditors	1,792	3,013	2,900	4,177
Other creditors	2,062	2,838	2,028	2,738
Social security and other payroll taxes	284	284	255	255
Accruals	3,360	4,205	2,325	2,919
Amount due to subsidiary	5,783	-	615	-
VAT	-	1,025	-	571
Deferred Income (see note 18)	7,281	18,511	9,799	19,315
	20,562	29,876	17,922	29,975

18 Deferred Income

	Corporation 2019 £'000	Group 2019 £'000
Balance as at 1 January 2019	9,799	19,315
Amount released to incoming resources	(9,776)	(19,286)
Amount deferred in year	7,258	18,482
Balance as at 31 December 2019	7,281	18,511

Deferred income for the Corporation comprises deposits on future lettings of £1.3m (2018: £1.5m) and advance ticket sales of £6.0m (2018: £8.2m) relating to performances after the balance sheet date. Deferred income for the Group comprises deposits on future lettings of £2.9m (2018: £3.2m), advance ticket sales of £13.9m (2018: £14.3m) and other advance income £1.8m (2018: £1.8m) relating to performances after the balance sheet date as well as our Friends and Patrons Scheme.

19 Restricted funds

	Education & Outreach Fund £'000	Building Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2019	-	-	950	950
Incoming resources	-	-	2,024	2,024
Resources expended	(305)	-	(1)	(306)
Transfers	-	(1,913)	-	(1,913)
Donation from Royal Albert Hall Trust	305	1,913	(2,218)	-
Balance at 31 December 2019	-	-	755	755

	Education & Outreach Fund £'000	Building Fund £'000	Royal Albert Hall Trust £'000	Total £'000
Balance at 1 January 2018	-	-	2,256	2,256
Incoming resources	-	-	2,827	2,827
Resources expended	(174)	-	(1)	(175)
Transfers	-	(3,958)	-	(3,958)
Donation from Royal Albert Hall Trust	174	3,958	(4,132)	-
Balance at 31 December 2018	-	-	950	950

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

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

19 Restricted funds (continued)

During the year the Trust made a grant of £0.3m to the Corporation's Education & Outreach Programme (2018: £0.2m) (see note 9). It also made a grant of £1.9m (2018: £4.0m), from the restricted Building Fund (which comprises grants and donations raised from companies and individuals), in order to fund improvements to the building, notably the South West Basement project in 2019. These funds were received by the Corporation into the Major Building Development fund and spent in the year, which is why there is a transfer of £1.9m from restricted to unrestricted funds on the consolidated statement of financial activities.

20 Unrestricted funds

Corporation	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2019	38,684	400	5,501	5,908	50,493	1,000
Income	-	-	-	-	-	16,624
New designations	543	-	4,916	4,108	9,567	(9,567)
Transfer	7,419	-	(990)	(4,516)	1,913	-
Utilisation	(1,857)	-	(7,427)	-	(9,284)	(4,196)
Balance at 31 December 2019	44,789	400	2,000	5,500	52,689	3,861

Group	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2019	38,684	400	5,501	5,908	50,493	7,498
Income	-	-	-	-	-	37,318
New designations	543	-	4,916	4,108	9,567	(9,567)
Transfer	7,419	-	(990)	(4,516)	1,913	-
Utilisation	(1,857)	-	(7,427)	-	(9,284)	(31,381)
Balance at 31 December 2019	44,789	400	2,000	5,500	52,689	3,868

Corporation	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2018	28,218	400	7,528	13,964	50,110	(1,795)
Income	-	-	-	-	-	11,226
New designations	10,466	-	2,000	-	12,466	(12,466)
Transfer	-	-	-	209	209	3,749
Utilisation	-	-	(4,027)	(8,265)	(12,292)	286
Balance at 31 December 2018	38,684	400	5,501	5,908	50,493	1,000

20 Unrestricted funds (continued)

Group	Tangible & intangible fixed assets fund £'000	Education & Outreach fund £'000	Plant and fabric sinking fund £'000	Major building development fund £'000	Total designated funds £'000	Unrestricted fund £'000
Balance at 1 January 2018	28,218	400	7,528	13,964	50,110	4,847
Income	-	-	-	-	-	33,906
New designations	10,466	-	2,000	-	12,466	(12,466)
Transfer	-	-	-	209	209	3,749
Utilisation	-	-	(4,027)	(8,265)	(12,292)	(22,538)
Balance at 31 December 2018	38,684	400	5,501	5,908	50,493	7,498

The Tangible and Intangible Fixed Asset Funds represent the net book value of the Corporation's fixed assets. A decision was made to separate this fund from the general fund in recognition of the fact that the tangible and intangible fixed assets are essential to the day-to-day work of the Corporation and as such their value should not be regarded as funds that are realisable in order to meet future contingencies. The net increase in the fund of £6.1m represents the level of capital additions during the year (net of depreciation), driven by the South West Basement project.

The Education & Outreach Fund exists to ensure that initiatives are not affected by any adverse short term financial performance issues the Corporation may encounter.

The Plant and Fabric Sinking Fund exists to meet the cost of major expenditure required to maintain the fabric of the building and to replace its plant and equipment over the long term. The fund movement during 2019 comprised a gross contribution of £4.9m to the fund, less £7.4m of expenditure in the year spent mostly on the external cleaning of the building and WC maintenance and £1m related to capital spend which has been transferred to the Tangible and Intangible fixed assets fund. The majority of the fund is expected to be utilised during 2020 on maintenance work following the condition survey.

The Major Building Development Fund exists to help meet the cost of future major building developments. The net movement during 2019 comprised a contribution of £4.1m to the fund, £1.9m transferred from the restricted fund and £6.4m of capital expenditure in the year, mostly on the South West Basement project, which has been transferred to the Tangible and Intangible fixed assets fund. The fund is expected to be utilised during 2020 due to the ongoing work of the South West Basement project and our new auditorium cooling system.

20 Unrestricted funds (continued)**Analysis of net assets between funds**

Corporation	Unrestricted fund					2019 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000	Unrestricted fund £'000	
Tangible & Intangible fixed assets	44,788	-	-	-	-	44,788
Investments	-	400	-	-	2,887	3,287
Net current assets	-	-	2,000	5,500	975	8,475
Total net assets	44,788	400	2,000	5,500	3,862	56,550

Group	Unrestricted fund					Royal Albert Hall Trust £'000	2019 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000	Unrestricted fund £'000		
Tangible & Intangible fixed assets	44,788	-	-	-	-	-	44,788
Investments	-	400	-	-	2,869	-	3,269
Net current assets	-	-	2,000	5,500	1,000	755	9,255
Total net assets	44,788	400	2,000	5,500	3,869	755	57,312

Corporation	Unrestricted fund					2018 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000	Unrestricted fund £'000	
Tangible & Intangible fixed assets	38,684	-	-	-	-	38,684
Investments	-	400	1,084	2,476	25	3,985
Net current assets	-	-	4,417	3,432	975	8,824
Total net assets	38,684	400	5,501	5,908	1,000	51,493

Group	Unrestricted fund					Royal Albert Hall Trust £'000	2018 Total £'000
	Fixed asset fund £'000	Education and Outreach fund £'000	Plant and fabric sinking fund £'000	Major building develop- ment fund £'000	Unrestricted fund £'000		
Tangible & Intangible fixed assets	38,684	-	-	-	-	-	38,684
Investments	-	400	1,084	2,476	6,498	-	10,458
Net current assets	-	-	4,417	3,432	1,000	950	9,799
Total net assets	38,684	400	5,501	5,908	7,498	950	58,941

21 Pension commitments

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

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

The Royal Albert Hall Pension Scheme has two sections, a defined benefit section (which was closed to new members on 30 September 1997 and ceased accruals on 31 December 2014) and, commencing on 1 October 1997, a defined contributions section, which was closed to new entrants and future contributions on 31 August 2006. Both sections are externally funded, are contracted out of the State Second Pension and are held in separate trustee administered funds.

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

A full actuarial valuation of the defined benefit section was carried out as at 31 March 2018. The main actuarial assumptions were a pre-retirement discount rate of 3.6% per annum, a post-retirement discount rate of 1.8%pa and price inflation of 3.5%. The valuation findings indicated a market value of the defined benefit section assets of £14.5m, sufficient to cover 102.8% of the benefits which had accrued to Scheme Members; and a past service surplus of £0.4m.

The unrestricted surplus as calculated under the accounting standard FRS 102 of £2.7m as at 31 December 2018 has decreased to £2.3m as at 31 December 2019. The main reasons for this include:

- ◆ Corporate bond yields decreased which led to a lower discount rate and thereby a higher value was placed on the liabilities;
- ◆ This has been partially offset by the Scheme’s assets performing better than expected and Scheme experience over the year being slightly better than expected.

21 Pension commitments (continued)

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

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

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

	2019 £'000	2018 £'000
Defined benefit section	-	99
Defined contribution section / Stakeholder Scheme	422	386

The Hall expects to pay no contributions in the year to 31 December 2020 as there was a surplus in the Scheme at the last actuarial valuation. The Hall will meet directly any administrative costs and other expenses incurred by the Scheme.

FRS 102 requires the surplus or deficit on the Scheme as at 31 December 2019, calculated in accordance with the requirements of FRS 102, to be included on the balance sheet. For the purpose of FRS 102, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation):

	2019 %	2018 %
Inflation	3.4%	3.6%
Salary increases	n/a	n/a
Rate of discount	2.1%	2.9%
Pension increases	3.3%	3.5%

Assumed life expectancy in years at age 65:

	2019	2018
Retiring today – Males	22.5	22.4
Retiring today – Females	24.5	24.4
Retiring in 20 years' time – Males	24.2	24.1
Retiring in 20 years' time – Females	26.3	26.2

21 Pension commitments (continued)

The assets in the scheme were:

	Value at 31 December 2019 £'000	Value at 31 December 2018 £'000
Assets		
Equities	3,485	2,810
Gilts	-	9,171
Cash	-	1,923
LDI	8,395	-
Multi Asset Credit	3,010	-
Insured assets	950	-
Insured liabilities	-	888
Total market value of assets	15,840	14,792
Actuarial value of liability	(13,577)	(12,049)
Surplus in Scheme	2,263	2,743
Unrecognised asset	(2,263)	(2,743)
Recoverable surplus	-	-

The Scheme has in the past secured annuities with an insurance company for members on their retirement. An allowance has been made for these members in both the asset and liability figures at 31 December 2019.

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

	2019 £'000	2018 £'000
Fair value of assets at 1 January	14,792	15,365
Interest on assets	424	394
Company contributions	-	183
Contributions by Scheme participants	-	-
Benefits paid	(369)	(598)
Return on plan assets less interest	993	(552)
Fair value of assets at 31 December	15,840	14,792

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

	2019 £'000	2018 £'000
Actuarial value of liabilities at 1 January	12,049	13,592
Current service cost	-	-
Contributions by Scheme participants	-	-
Past service cost	-	84
Interest cost	344	346
Benefits paid	(369)	(598)
Experience (gain) on defined benefit obligation	(165)	(112)
Changes to demographic assumptions	66	(428)
Changes to financial assumptions	1,652	(835)
Actuarial value of liabilities at 31 December	13,577	12,049

21 Pension commitments (continued)

In accordance with FRS 102 the following components of pension charge have been recognised in the statement of financial activities for the year ended 31 December 2019.

	2019 £'000	2018 £'000
Analysis of the amount charged within resources expended		
Current service cost	-	-
Past service cost	-	84
Total amount included within resources expended	-	84
Analysis of net return on scheme		
Interest assets	344	346
Interest on liabilities	(344)	(346)
Net return	-	-
Analysis of amount recognised as an actuarial loss within the statement of financial activities		
Gain/(loss) on scheme assets in excess of interest	993	(552)
Experience gains on liabilities	165	112
(Losses)/gains from changes in assumptions	(1,718)	1,263
Adjustment in respect of restriction of surplus	560	(922)
Actuarial loss recognised within statement of financial activities	-	(99)

22 Finance leases

At 31 December 2019 the charity had aggregate minimum finance payments commitments under non-cancellable finance leases with respect to the leasehold land as follows:

	2019 £'000	2018 £'000
Charity and group		
Finance leases commitments payable:		
Within one year	-	313
Within one to five years	-	-
	-	313

23 Financial instruments

At the balance sheet date the consolidated group held financial assets at amortised cost and short term deposits comprising cash classified as investments, cash and short term deposits, trade debtors, other debtors and accrued income of £41.4m (2018: £49.1m) and financial liabilities at amortised cost, comprising expense, other creditors and accruals of £10.1m (2018: £9.8m). Total interest income received in respect of financial assets held at amortised cost totalled £304k (2018: £260k).

24 2018 Consolidated statement of financial activities

The statement of financial activities for 2018 is shown here for comparison purposes.
The 2019 statement of financial activities is shown on page 38.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Income:					
Donations and legacies	1	-	2,641	2,641	3,861
<i>Income from charitable activities:</i>					
Operation of Hall	2	11,019	186	11,205	12,355
Investment income and interest		260	-	260	250
<i>Income from other activities:</i>					
Commercial trading operations	3	22,627	-	22,627	19,842
Total income		33,906	2,827	36,733	36,308
Expenditure:					
<i>Costs of raising funds:</i>					
		445	1	446	508
<i>Expenditure on charitable activities:</i>					
Maintaining and developing the Hall	4	9,989	-	9,989	6,863
Promoting the arts and sciences	4	24,297	174	24,471	21,369
Total expenditure		34,731	175	34,906	28,740
Net income		(825)	2,652	1,827	7,568
Transfer between restricted and unrestricted funds	19/20	3,958	(3,958)	-	-
Net income/(expenditure) after transfers between restricted and unrestricted funds		3,133	(1,306)	1,827	7,568
Actuarial gains/(losses) on defined benefit pension scheme	21	(99)	-	(99)	(237)
Net movement in funds		3,034	(1,306)	1,728	7,331
Fund balances brought forward at 1 January 2018		54,957	2,256	57,213	49,882
Fund balances carried forward at 31 December 2018		57,991	950	58,941	57,213