

Hallé Concerts Society

(A Charitable Company Limited by Guarantee)

Annual Report and Accounts

For the year ended 31 March 2012

Company Number 62753

Charity Number 223882

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TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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Registered Office The Bridgewater Hall, Manchester M1 5HA

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PATRON	HRH The Countess of Wessex
MUSIC DIRECTOR	Sir Mark Elder CBE
MEMBERS OF THE BOARD	Elected David McKeith <i>Chairman</i> # Martin McMillan OBE <i>Deputy Chairman</i> * Richard Bailey (resigned 24 October 2011) # \$ Carole Baume # Mike Blackburn (resigned 1 December 2011) Heejae Chae (appointed 5 July 2012) Christine Gaskell MBE (appointed 5 July 2012) Jane Hampson Bernard Knight CBE # * Brandon Leigh (appointed 1 December 2011) * Kathryn Stott David Wertheim (resigned 24 October 2011) * Kerry Wright # Nominated by Manchester City Council Fran Toms Nominated by AGMA Theresa Grant (appointed 25 April 2012) Councillor John Merry CBE (resigned 29 June 2012) Joyce Redfearn CBE (resigned 22 March 2011) Lord Smith of Leigh (appointed 29 June 2012)
* Member of the Audit Committee	
# Member of the Nominations & Remuneration Committee	
\$ Member of the Investment Committee	
EXECUTIVE TEAM	John Summers <i>Chief Executive and Company Secretary</i> Valerie Hawkin <i>Finance Director</i>
ORCHESTRAL NOMINEE	Ronald Marlowe
PRESIDENT	Sebastian de Ferranti
VICE PRESIDENT	Edward Pysden
AUDITORS	KPMG LLP, Chartered Accountants St James' Square Manchester M2 6DS
SOLICITORS	George Davies and Co LLP 68 Fountain Street Manchester M2 2FB
BANKERS	The Royal Bank of Scotland plc St Ann Street Manchester M60 2SS
INVESTMENT ADVISERS	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
COMPANY REGISTRATION NO	62753
CHARITY REGISTRATION NO	223882

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Chairman's Report

At our board strategy day in the spring this year I reflected that, for the first time in over three years since I became Chairman, we now have some certainty over our funding for the next three years

Following the credit crunch in 2008 we saw an immediate reduction in financial support from many businesses and then consecutive reviews and real reductions in funding from the Arts Council England ("ACE") and more recently the Association of Greater Manchester Authorities ("AGMA") We recognise that some reductions were inevitable in these tough economic times and we are hugely grateful to those organisations for their continued support. Critically both AGMA and ACE have now committed to our funding levels through to 2015 This is essential for an organisation like the Hallé to be able to plan our activities The diaries for international artists such as Sir Mark Elder and Markus Stenz and our other conductors and soloists are typically booked up two or three years ahead

This new level of public funding is below the previous level and so we have had to work hard to control costs and to increase our revenues where possible This has put a huge and arguably unfair pressure on members of the orchestra and our staff and I am again grateful to them for the supportive and pragmatic way they have approached these discussions

This pressure on costs has re-emphasised the importance of external fund raising and of building up a more substantial endowment of funds that we can retain to generate income for the Society So we are very pleased to have been successful in an application to ACE's Catalyst Endowment funding programme Under this scheme, if we can raise £1m towards increasing our capital endowment over the next three years, then ACE will match that amount This would increase our capital endowment funds from £3.5m to £5.5m and help to secure the future of the Hallé Orchestra, our ensembles and our education activity

I am delighted to report that the level of our sponsorship support from the business community for 2011/12 has returned to the level it was in total before the credit crunch in 2008 We are very grateful to all our sponsors and in particular our principal sponsors, Manchester Airport Group, and main sponsors Brother, PZ Cussons and Siemens

In spite of the difficult economic climate, audiences have continued to support us in increasing numbers this year, both in our home at the Bridgewater Hall and our visits to cities across the UK Our international reputation is also on a high with tours last year to Cuenca, Madrid and Valencia in Spain and to the Bregenz Festival in Austria In summer 2012 we visited Spain again and will shortly visit China The latter involves the Hallé as one of the highlights of the Beijing Festival and we are working closely with the British Council and UKTI on the development of a trade mission to Beijing built around our visit

Last year we reported on our plans to convert St Peter's church in Ancoats into a permanent rehearsal space for the orchestra and a home for our ensembles We have had generous support in our fundraising from a number of organisations – notably Viridor Credits and a number of major national trusts As a result we are confident of being able to raise the full £1.5m required and work begins on the conversion in September We expect to open the new facility in March next year However that is only the first phase of what we hope will be a project to create a unique resource for education and ensemble development in a new building alongside the church We are currently investigating that project and have applied to ACE to support it

This has of course been a year of fantastic concerts – notably the Beethoven series in Manchester and our performance of Die Walküre in the Manchester International Festival However the highlight for me was our collaboration with The Royal Exchange Theatre and The Lowry to create a new production of Bernstein's Wonderful Town with the full Hallé Orchestra in the pit every night for a fortnight. It was a "wonderful" production but the dialogue (which changed every night) between the cast on stage and Sir Mark Elder in the pit was alone worth the price of admission

Our Education programme has reached new heights in the past year Our 67 education projects during the year had around 38,000 participants, of which over 33,000 were young people One of the most inspiring recurring programmes is called Hallé4Brass and involves working with inmates at Thorn Cross Young Offenders Institution through the year A special presentation of the project took place at the European Prison Education Conference and received a standing ovation

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Chairman's Report (continued)

In all these projects the enthusiasm and commitment of our musicians and staff is outstanding. I would like to express my thanks to all of them and to Sir Mark Elder, John Summers and the Board and other trustees for leading the organisation through a challenging but successful year. But most of all, thanks to our members and audience for your continuing support.

Finally, I am very sad to report the recent death of Lord Alf Morris of Manchester. Lord Morris was a long standing trustee of the Hallé Endowment Trust and a committed and regular supporter of the Hallé, who was always keen to offer his assistance wherever possible. His contribution will be sorely missed.

A handwritten signature in black ink, appearing to read 'D McKeith', written in a cursive style.

David McKeith
Chairman

Chief Executive's Review of the Year

The year began with two concerts at the Cuenca Festival in Spain shortly followed, in a separate tour, by concerts in Valencia and Madrid. The Madrid concert being in the most prestigious series in Spain, with our Mahler symphony being part of a cycle shared with, among others, the Lucerne Festival, Vienna Philharmonic and San Francisco orchestras.

The 10/11 season continued its focus on young international artists which included pianists Martin Helmchen, Polina Leschenko, Sofia Gulyak and Sunwook Kim, violinist Sophia Jaffé, and British violist Lawrence Power.

Engagements in the UK away from Bridgewater Hall held up well in difficult circumstances, and the Hallé's presence remains strong in its resident Cities and in many other series new successes included Perth, Reading and Bath. The Hallé Artistic Planning team took on the programming for Blackburn as well as Sheffield, and we have seen rises in attendances in both venues.

It was difficult to follow the achievement, two years ago, of *Götterdämmerung*, but *Die Walküre*, presented with the substantial financial support of the Manchester International Festival, succeeded. The performances, conducted by Mark Elder, took place over two evenings, preceded by a performance, specially commissioned by the Festival, of a kind of spoken prologue to *The Ring* with orchestral commentary. The BBC broadcast the performance in September and a CD was released at the beginning of this year.

The Hallé gave some of the most successful schools concerts in its history, to packed houses in Nottingham as well as the Bridgewater Hall, bringing the total audience for this kind of event to 16,500 over the season. These concerts are now becoming a regular feature of our year and make a good financial contribution to our income.

Other notable highlights in 10/11 were the Orchestra's visit to the Isle of Man in July and the appearance at the BBC Proms which, once more, was televised on BBC Four. The season ended with two concerts at the Bregenz Festival in Austria.

For a combination of artistic and financial reasons the 2011/12 season was built around a cycle of Beethoven Symphonies – in composition order with one in each concert. We pointed up the modernism and adventure of Beethoven by accompanying each symphony with a major work written in the last hundred years, and the first featured Stravinsky's iconic *Rite of Spring*. Our targeting of the student population coincided with the end of 'freshers week' and helped to bring in more than 500 students to this concert.

Helen Grime started her tenure as Associate Composer, to succeed Colin Matthews, who now has the title of 'Composer Emeritus'. Further work with the Hallé and the Youth ensembles follows, we have scheduled two new works for coming seasons with development workshops at the beginning of next year.

One significant highlight of the year was a joint concert in the Bridgewater Hall which brought together players from the Orchestra and Hallé Youth Orchestra in a side by side performance of Shostakovich's 5th Symphony. Many of the principal parts were played by the young players, who all performed astonishingly well.

The end of the financial year saw the major collaboration with the Royal Exchange and Lowry Theatres on Leonard Bernstein's musical *Wonderful Town*, which enjoyed a hugely successful run at the Lowry and glowing reviews. As I write the production has just finished a three-month national tour.

The Hallé was delighted to receive a double Gramophone award for Elgar's "The Kingdom" and a CD of Harrison Birtwistle – following last year's double success – as far as we are aware no other orchestra has ever done this.

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Chief Executive's Review of the Year (continued)

Education

The most important new development in the year is the Hallé's involvement in the successful bids for the two Greater Manchester Music Hubs – we look forward with great excitement to seeing them develop over the coming years

Over and above this new development the education programme saw one of its busiest years – with a wide range of projects reaching in excess of 44,000 people

Particular highlights were

- a major community arts initiative in the Derbyshire village of Clowne which involved the Hallé working with a variety of villagers from young children to pensioners as part of the celebrations which opened the new Heritage High School school in the village. For this work and for many other education contributions to the Hallé and as Union Steward, Bea Schirmer was awarded the new Salomon Award from the Royal Philharmonic Society and the Association of British Orchestras
- a new early years programme called Farmer Duck, based on the popular young children's book by Martin Waddell and Helen Oxenbury. This programme supported by the Cooperative has been delivered in nursery settings across the North West region from Alsager to Grasmere, from Bury to Merseyside

Hallé4Brass and the Thorn Cross Gamelan performed at the European Prison Education Association Conference which this year was held at the Midland Hotel in Manchester

Ensembles

The Hallé Youth Orchestra continues its valuable work led by the outstanding young conductor Andrew Gourlay. Apart from the side-by-side concert covered above, the orchestra gave a number of concerts – both at the Bridgewater Hall and elsewhere and undertook its annual tour to the Cornwall. The orchestra is continuing its very productive relationship with the Royal Opera House in a new work, which culminated in summer 2012 in a performance in Covent Garden.

The Hallé choirs for young people all experienced excellent recruitment, both in terms of numbers and quality, giving a number of outstanding concerts through the year – with the Hallé Orchestra, the other youth ensembles and on their own. Particular highlights were the performance late last spring of Britten's Spring Symphony, the Christmas concerts, Holst's Hymn of Jesus and the Apostles – which will be released on CD this summer. The Hallé Youth Choir continued its close relationship with Elbow, performing live in Manchester Cathedral for a live Radio 2 broadcast.

All of this activity is free to the youngsters involved and we are very grateful for our sponsors, both individual and corporate, who have provided the support to make the Youth Ensembles so very successful.

The Hallé Choir continues to grow in size and our thanks go to Frances Cooke and the rest of the team for their hugely accomplished leadership of the Choir, which is a very important adjunct to the Orchestra and enables a wide range of repertoire to be undertaken at relatively low cost. My special thanks go to the individual members of the Choir, who give so much of their time and expertise to the Hallé.

The delivery of St Peter's will make a very significant difference to all of the ensembles – which will finally have a home of their own. The 2nd Phase of the project in particular will give them the facilities they need to take maximum advantage of the expertise we are able to offer them through their membership.

Other key developments

There has been a significant increase in digital activity this year. We have engaged a full time media manager who is working across the organisation to develop new stream of output. One of the earliest manifestations of this is the new website, which went live during the year.

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Chief Executive's Review of the Year (continued)

We are moving significantly forward with the first phase of St Peter's – agreeing leasehold arrangements and developing capital and business plans and assembling the significant funding needed to allow the project to move forward

We have set up a Young People's group to participate in the Board's deliberations – with at least one member attending each Board meeting

The Orchestra

As ever my grateful thanks go to all of our players, who have given so many outstanding performances throughout the year, both on the concert platform and through our educational programme. This year we have welcomed Anya Muston and Peter Liang to the first violins, Ben Hudson to the Bassoons and Katy Jones as Principal Trombone. Sadly, after many years of outstanding service, Graham Salvage, stood down as Principal Bassoon this year. We wish him all the best in his future endeavours.

St Peter's, Ancoats

The Hallé has moved forward significantly with the development of St Peter's as a permanent rehearsal space for the Orchestra and its ensembles, which will also offer a valuable facility to other Manchester musical organisations and community groups. It exists at the heart of the Ancoats regeneration area and will provide a real focus for it. Significant funding has been raised for the project and construction is due to begin in September 2012 with the facility due to open early next year. This will mark a significant new phase in the Hallé's development and we believe it will put us on a firmer financial footing in the long term.

Sponsorship and Fundraising

Corporate sponsorship has enjoyed a good year following hard work by the Development Team, with income again increasing from the previous year. We continue to receive significant support from our Principal Sponsor, Manchester Airport, and our Major Sponsors, Brother, Siemens and PZ Cussons and we welcomed new sponsors easyJet, Etihad, Scapa, Individual Restaurant Company and ITC Classics during the last financial year. We launched a very successful capital campaign to raise the income necessary for the refurbishment of St Peter's and achieved significant pledges of support from a number of major national trusts and the Landfill Operator, Viridor Credits. Individual fundraising has remained steady and we are working towards a major public appeal in Autumn 2012. The campaign will be linked to the development of our education programme at St Peter's. We continue to develop our work around Arts Based Training and we have been working with Siemens to help them create a company choir.

Our thanks go to all our supporters at every level.

Our Funders

As last year we remain indebted to our funders who themselves faced great challenges with significant reductions in funding from central government. We are hugely grateful for the continued support of the Arts Council, AGMA and Manchester City Council.

The Administration, Board and Trustees

This year presented some very significant challenges to the Board and Administration, particularly as public funding decreased and the economy toughened, and I would like to thank every one of them for the work they have undertaken on the Hallé's behalf. I am particularly grateful for the guidance and support of David McKeith, who has unsparing in his time and expertise as Chairman, and Martin McMillan OBE, Deputy Chairman, who has worked tirelessly to help us raise funds for St Peter's in particular. We were particularly delighted to see his work recognised in the recent birthday honours list.



John Summers
Chief Executive

Trustees' Report

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 March 2012, in compliance with current statutory requirements, the governing documents and the Statement of Recommended Practice (SORP) - Accounting and Reporting by Charities issued in March 2005

Reference and administrative details

Details of the registered office, trustees, principal officers and other relevant information are given on page 2

The Hallé Concerts Society is a company limited by guarantee governed by its Articles of Association as amended and adopted by Special Resolution on 26 October 2009. It is registered as a charity with the Charity Commission

Structure, governance and management

The Society's Board of Trustees is responsible for its affairs and the Chief Executive reports to the Board on behalf of the Management and Staff. The Board consists of a maximum of 13 members appointed as follows

Elected	Nominated by ten members of the Society, unless recommended by the Board
Nominated	Nominated by Manchester City Council (1) and AGMA (2), appointed by the Board

The Board meets approximately 10 times a year to review strategy and operational performance and to set operating plans and budgets. Day to day management is delegated to the Chief Executive

The Board has three standing committees with specific areas of responsibility and which make recommendations to the Board

- Audit Committee – responsible for overseeing the Society's financial reporting, external audit and reviewing the Society's internal control and risk management systems,
- Nominations & Remuneration Committee – responsible for reviewing the structure, size and composition of the Board and the trustee bodies of the Society's related trusts, having regard to the balance and mix of skills required, and making recommendations to the Board about any adjustments deemed necessary. Also for setting procedure for recruitment of Board members and other senior appointments, for recommending appointments to the Board and setting the framework for remuneration of senior appointments, and
- Investment Committee – responsible for overseeing the investment portfolio of the Society and its related entities

Other ad hoc committees may also be formed to oversee special projects, including the St Peter's Steering Committee, and their terms of operation are agreed in advance by the Board

The members of the three standing committees are

Audit Committee	Nominations and Remuneration Committee	Investment Committee
Bernard Knight (Chairman) *	Carole Baume (Chairman) *	Richard Bailey (Chairman) \$
Brandon Leigh *	Bernard Knight *	Val Hawkin
Martin McMillan *	David McKeith *	Christopher Hirst \$
William Smith (co-optee)	Kerry Wright *	Edward Pysden \$
		Colin Smith \$
		Stephen Wood \$

* Member of Hallé Board

\$ Trustee of Hallé Endowment Trust

Full terms of reference for the standing committees and short CVs of Board Members are available on the Hallé website www.halle.co.uk

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Trustees' Report (continued)

Structure, governance and management (continued)

Trustees

All trustees are members of the Society, with the exception of the Nominated trustees, and all trustees have an equal vote and have the statutory duties and obligations of trustees

All trustees who are members of the Society are guarantors of the Society with a maximum liability of £5

At each Annual General Meeting the two longest-serving elected Trustees retire from office. If a trustee directly replaces another, that trustee retires at the meeting at which the outgoing trustee would have retired. In accordance with the Articles of Association the following trustees retire by rotation and being eligible offer themselves for re-election

Bernard Knight

Jane Hampson

In addition, one trustee, Carole Baume, intends to retire at the AGM and will not offer herself for re-election

The Company Secretary ensures that appropriate induction and training is given to all Board members, for example updates on new charity regulations are provided at trustee meetings. Each new trustee is provided with a pack of information about the Hallé and their responsibilities as trustees and is given an opportunity for personal meetings with the Chairman and senior management of the Society

Structure of the Group

The Hallé Concerts Society Group consists of the Hallé Concerts Society, its subsidiary Hallé Promotions Limited and three related trusts: the Hallé Endowment Trust, the Charles Hallé Foundation and the Hallé Concerts Society Sickness and Benevolent Fund, which are aggregated on the basis that they represent branches of the Society

The Society also has a connected charity, the Terence Judd Trust Fund, which was set up in memory of the pianist, Terence Judd, by his family, who still have an active interest in its activities. The trust funds periodic piano competitions and recitals. This connected charity is not consolidated or aggregated, in accordance with SORP (2005)

Risk management and internal control

The trustees are responsible for ensuring that an effective system of internal financial control is maintained and operated by the Society

The system can provide only reasonable, and not absolute, assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or detected within a timely period

The system of internal financial control is based on a framework of regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability

In particular it includes

- A comprehensive budgeting system, with a strategic plan and an annual budget, which is reviewed and agreed by the trustees,
- Regular reviews by the trustees of periodic and annual financial reports, which indicate financial performance against approved budget and forecast,
- Clearly defined capital expenditure control guidelines,
- A review by the Audit Committee of the comments made by the external auditors in their management letter and other reports, and
- Procedures for monitoring progress against the strategic plan

As part of the monitoring process, the trustees have implemented a risk management strategy, which comprises

- Regular review by Management and an annual review by the Board of the risks which the Society may face and actions taken to mitigate identified risks (last review completed in May 2012),
- The establishment of systems and procedures to mitigate those risks identified, and
- The implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise

Trustees' Report (continued)

Risk management and internal control (continued)

The trustees consider the major risks facing the Society are

- Uncertainty created by the current economic climate,
- Continued pressure on public funding,
- An inability to maintain artistic momentum,
- The threat of reduced income from box office, engagements and donors,
- Underfunding of the Hallé Concerts Society Retirement Benefit Scheme, which was closed to future benefit accrual in July 2006, and
- Those related to the St Peter's project: cost overruns, failure to raise sufficient funding and diversion of focus from core business. The Project Steering Committee is overseeing the risk management of this major initiative

Objectives and activities of the Society

The object of the Society, as stated in its Articles, is to promote the study, practice and knowledge of the art of music in the United Kingdom and elsewhere by the giving and arrangement of concerts, and other such means as is thought fit including, without limitation, performances of the Hallé Orchestra at the Bridgewater Hall, Manchester for the benefit of the public generally. Its mission is to be one of the World's most important symphony orchestras and to make a distinctive contribution to promoting Manchester as a significant European cultural centre.

The Society's strategy to achieve its charitable objectives is to undertake the following major activities

- Promoting concerts by the Orchestra and by other artists and ensembles in Manchester as the principal resident orchestra at the Bridgewater Hall, performing a wide range of music for diverse audiences including concerts for schools and family concerts,
- Performing concerts throughout the United Kingdom including residencies in Nottingham and Sheffield, appearances at major arts festivals such as the BBC Proms and Edinburgh together with regular engagements in Leeds, Bradford, Derby, Hanley, Lincoln and others,
- Concert performances overseas in association with local promoters, acting as a cultural ambassador for the Manchester City region,
- The production of highly acclaimed recordings issued on the Hallé's own label,
- Regular broadcasts for radio, television, the internet and other digital media,
- An extensive and award-winning education programme in Greater Manchester and elsewhere working with over 30,000 children and young people, and
- Running the Hallé Choir, an unpaid chorus of around 150 singers, together with the Hallé Youth Orchestra and Choir and Hallé Children's Choir which all perform both individually to combined audiences of around 20,000 people as well as with the Hallé Orchestra and other ensembles

Public Benefit

In shaping the objectives for the year and planning the Society's activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. The Society relies on grants, donations, sponsorship, engagement fees and income from sale of tickets to cover its operating costs. In setting the level of ticket prices and concessions, the trustees give careful consideration to the accessibility of the Hallé to those on low incomes and with special needs. A special scheme for students provides them with access to heavily discounted tickets.

Schemes are in place to encourage attendance from those who would not ordinarily have access to concerts. The Hallé offers free tickets and programmes, as well as advice and support to diverse groups including homeless young people and those supported by Manchester City Council's Valuing Older People initiative.

Charges for Education and Outreach work also have regard to ensuring those activities are accessible to the widest possible community, whatever their means. Membership of the youth and children's ensembles is free and, with the generous aid of our supporters, bursaries are available to help the less well-off members. The extent of our outreach work is described in more detail in the Chief Executive's Review of the Year and on the Hallé website. The website also makes video and audio content available, free of charge, to users across the world.

Trustees' Report (continued)

Achievements, performance and financial review

The Group's accounts have been prepared in accordance with Statement of Recommended Practice (SORP) issued in March 2005

The Statements of Financial Activities for the Group and the Society are set out on pages 18 and 19 and the consolidated and aggregated summary income and expenditure of the Group is given on page 17. A full review of the Society's activities and achievements is set out in the Chairman's Statement and the Chief Executive's Review of the Year, which has been approved by the trustees

Overall financial review

In an uncertain economic climate the Hallé did well to generate a net surplus of £123,000 (2011 £302,000 deficit before exceptional VAT refund and pension scheme past service credit) despite a reduction in Arts Council funding and standstill funding from AGMA and Manchester City Council. The Board had anticipated the impact of both these cuts and increased costs through higher rates of VAT and National Insurance and a thorough review of the operation led to a planned reduction in core operating costs. Box office income held up well and engagements continue to be a very significant contributor to the bottom line.

The balance on all the group's funds before the pension scheme liability stood at £6.1m (2011 £5.5m)

The Society's key financial objective is to ensure financial stability and continued solvency year on year so it can pursue its artistic aims and objectives. As described in more detail below, the confirmation of our revenue grants for the next three years from our most significant funders gives more certainty to our revenue projections. The Society's forecasts and projections show that, taking account of reasonably possible changes in income, the Society will be able to meet all its liabilities as they fall due and the deficit on unrestricted funds of the Society is not a cause for concern for the short to medium term. This situation is underpinned by the commitment of the Custodians of the Hallé 2058 Foundation, that while they have the assets to do so, they will endeavour to ensure the Society is a going concern.

After making enquiries, and having considered current cash resources and the availability of reserves within the Society, as well as modelling different potential future funding scenarios, the trustees have a reasonable expectation that the Society and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Income

Box office income at the Bridgewater Hall amounted to £1,597,000 (2011 £1,595,000). The Society's pricing policy reflects its commitment to make its work accessible to all members of the community, whatever their means, and offers concessions and discounts to appropriate groups. During the year a number of schemes have been run to offer free or heavily discounted tickets to disadvantaged groups who would not normally attend concerts.

Engagement income increased by almost £400,000 as a result of the Hallé's involvement in Manchester International Festival and the significant increase in 'Come & Play' concerts for children.

Following significant cuts to its own budget and a comprehensive review of its funded organisations, in common with other comparable National Portfolio organisations, the Hallé's grant was reduced by 6.9 percent from £2,225,000 to £2,072,000 for the year with modest increases due for the next two years. AGMA also undertook a comprehensive review of its portfolio and eventually confirmed its funding at a standstill level of £821,000 for the next three years. Manchester City Council's grant was also frozen at the same level as last year.

Fundraising particularly through donations and similar continued to grow from £655,000 in 2011 to £1,134,000 this year.

Total incoming resources amounted to £8.4m (2011 £8.8m including £1.1m exceptional VAT refund)

Expenditure

A full analysis of expenditure on charitable activity is given in note 6. Total resources expended before FRS 17 pension charges amounted to £7.8m (2011 £7.8m).

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Trustees' Report (continued)

Subsidiary and Branches

The Society's wholly owned subsidiary, **Hallé Promotions Limited**, did not trade during the year

The **Hallé Concerts Society Sickness and Benevolent Fund**, which is a charity linked by a Charity Commission Uniting Direction, holds investments, which, at the discretion of the Society, may be applied to assist employees of the Society who are in temporary distress through poverty or sickness. The income from this fund has traditionally been used to meet the costs of physiotherapy treatment and similar expenses. In the year this Fund received investment income and bank interest of £14,400 (2011 £16,000) and paid beneficiaries £14,000 (2011 £13,000). Funds from the Sickness and Benevolent Fund are treated as restricted funds for the purposes of the aggregated Statement of Financial Activities.

Fundraising

A brief review of the activities of the Charles Hallé Foundation and the Hallé Endowment Trust, which raise funds in support of the Society's activities, and which are both separately constituted charities with their own trustee bodies, is set out below.

The **Charles Hallé Foundation** holds funds raised from public donation, legacies and fundraising events. These funds are applied, at the discretion of the Foundation trustees, to fund projects by the Society, which would not otherwise be funded from core grant income. In the year the Charles Hallé Foundation received £322,000 in donations and legacies (2011 £230,000), raised £32,000 (2011 £31,000) net through fundraising events and received £500 (2011 £1,000) bank interest. Funds of £349,000 (2011 £264,000) were transferred to the Society to support educational and other projects. Total funds at 5 April 2012 were £41,000 (2011 £40,000).

The **Hallé Endowment Trust** holds long-term investments, the income from which is available to the Society, at the discretion of the Endowment trustees, to further the education of the general public in the study, appreciation and practice of music and the allied arts through supporting the activities of the Society.

During the year the Hallé Endowment Trust received restricted income of £170,000 (2011 £176,000), and £160,000 was transferred to the Society (2011 £170,000). In addition the Trust received donations and legacies of £121,000 (2011 £5,000), which were added to the capital of the Endowment which stood at £3,521,000 at 31 December 2011 (2010 £3,150,000). Following the trust's year end a significant legacy of £150,000 was received from the late Geoffrey Robinson for the Catalyst Endowment Fund (explained in more detail in Plans for future periods on page 14).

The **Hallé 2058 Foundation** funds are administered by a panel of Custodians and are treated as restricted funds for the purposes of the Statement of Financial Activities. The fund includes monies raised by the Hallé Appeal and supplements the core funding of the Society by supporting the following objectives:

The fund will strive to support the Society's artistic and educational programmes and initiatives such as the Hallé's Youth and outreach activities including, inter alia, the Hallé Youth Orchestra, Hallé Youth and children's Choirs and the Hallé Assistant Conductor programmes together with any new initiatives and developments in this area.

It also aims to

- support both the Hallé international touring and its recording programmes thus furthering the Hallé's worldwide reputation,
- commission the writing of new work,
- assist in the purchase of musical instruments or other specialist equipment, and
- support any collaborative projects with other artistic institutions in the field of promotion of education and music.

During the year the fund received donations of £170,000 (2011 £234,000) and total fund balances at 31 March 2012 were £1,294,000 (2011 £1,132,000).

Trustees' Report (continued)**Significant changes in fixed assets**

Significant changes in fixed assets are detailed in note 12 of the financial statements. All fixed assets are held for direct charitable purposes.

Investment Policy

An Investment sub-committee reviews the investment strategy and performance of the Society and its related entities. The management of the group's investment portfolios is vested in Cazenove Capital Management Ltd and the following investment policies and strategic asset allocations have been adopted by the trustees of the individual trusts. Cazenove have discretion to act within certain benchmark ranges.

The investment policy for the Hallé Endowment Trust is to maximise income. The policy of the other funds is to balance income with capital growth. During the year, Cazenove began a diversification of the portfolios to reduce the exposure of the Endowment Trust to corporate bonds and permanent interest bearing securities and to diversify holdings in common investment funds for all portfolios.

It was agreed following a review of the strategy that the long-term strategic asset allocations, parameters and benchmarks would be as follows:

	Hallé Endowment Trust		Other portfolios		Benchmark
	Strategic allocation	Range	Strategic allocation	Range	
Bonds	50%	40%-70%	40%	30%-50%	FTSE All Stocks Index
UK Equities	20%	10%-30%	30%	20%-40%	FTSE All Share Index
International equities	15%	5%-25%	20%	10%-30%	FTSE World ex UK
Property and alternatives	10%	0%-20%	5%	0%-20%	IPD Balanced PUT Index
Cash	5%	0%-20%	5%	0%-20%	7 Day LIBID

There are no restrictions on the trustees' power to invest and the trustees have not adopted an ethical investment policy in order that their flexibility to invest is not restricted.

Property investments are in the Cazenove Charities Property Fund and alternatives are in Ruffer Portfolio Funds.

Reserves

The trustees have reviewed the reserves of the Group and of the Society, which are detailed in notes 17 to 19 and in the light of difficult economic circumstances and cuts in public funding agreed the following policy which is predicated on the basis that significant additional contributions are not required by the defined benefit pension scheme over the next four years:

- It was acknowledged that the reserves held in the 2058 Foundation had been given for specific purposes to support developmental activity and were overseen by a panel of Custodians.
- It was agreed that the annual operating deficit, before any investment from restricted reserves held by the Hallé 2058 Foundation, should be no more than £250k and the level of those reserves should not fall below £1 million over the period of the plan, equivalent to 4 year's investment. At 31 March 2012 those reserves amounted to £1,295,000 (2011: £1,132,000). It was further agreed that provided outcomes were not worse than target, any surplus in excess of the minimum balance could be invested in artistic projects.
- The policy will be in place for the period of the Society's current business plan and will be revisited at the end of that four-year period.

As reported in previous years, the recognition of the defined benefit scheme pension liability under FRS 17 clearly has a major impact on the reported unrestricted reserves of the Group and the Society. This liability is updated annually to reflect market conditions and other actuarial assumptions. The liability at 31 March 2012 was calculated as £5,236,000 (2011: £5,620,000). Although this is significant, it does not mean that an immediate liability for this amount crystallises, and does not have an immediate cash flow impact on the charity.

Trustees' Report (continued)

Reserves (continued)

The most recent actuarial valuation was carried out as of 31 March 2011. Valuations are undertaken every three years and the next triennial actuarial valuation will be as of 31 March 2014. Following the latest valuation, in negotiation with the trustees of the pension fund and following professional advice, the Society has agreed a recovery plan with the trustees to eliminate the Scheme deficit by October 2031 and to ensure the benefits accrued by members of the Scheme are secure.

Unrestricted fund balances at 31 March 2012, excluding the pension liability, showed an accumulated surplus of £400,000 (2011 surplus of £647,000). The restricted funds of £2,003,000 (2011 £1,664,000) were given for specific purposes and are unable to contribute to the pension fund deficit. Although the trustees are content that taking account of the level of grants receivable and the requirement each year to match income and expenditure and avoid accumulating a deficit, the future cash flow projections enable the Group to meet its obligations as they fall due, the trustees consider it important that a higher level of free reserves be built up. Last year's one-off VAT refund has been invaluable in helping the Society cope with income uncertainties arising from the current economic climate but the Trustees are resolved that the Society must balance its income and expenditure on an ongoing basis longer-term and cost cutting measures have been implemented, where possible without compromising artistic quality.

Plans for future periods

A major concern for the trustees continues to be the Society's ongoing financial sustainability given the current uncertain economic climate and significant cuts to public funding. In May 2011 the trustees adopted a new four-year business plan to cover the period through to 2014/15. This sets out the key activities and priorities for the Society and the trustees will measure progress against this over the period. The confirmation of revenue grants from both the Arts Council and AGMA through to 2014/15 has removed a great source of uncertainty.

The 2012/13 season is varied and ambitious while recognising the financial constraints under which the Hallé must operate. Wagner's centenary will be celebrated with the third act of 'Die Meistersinger' involving musicians and singers not just from the Hallé and its ensembles but also young singers from the Royal Northern College of Music, Chetham's School of Music and the University of Manchester. A full programme of concerts is planned at the Bridgewater Hall and touring engagements in the UK and overseas including a planned visit to Brisbane Festival.

Having appointed a new Associate Composer, Helen Grime, last year, we are looking forward to performing a newly commissioned work.

Our education programme will continue to work closely with Greater Manchester's music services and with individual schools and community groups to reach children, young people and disadvantaged groups across the region. The Hallé is a strategic partner in the newly formed GM Music Hub and a delivery partner in the Manchester Hub. In addition we will further develop the Hallé youth and children's ensembles and the work of the Hallé Choir described in more detail in the Chief Executive's review of the year.

As reported elsewhere, St Peter's, Ancoats, will be open as a rehearsal and recording venue and home for the Hallé ensembles and for use by community and other groups early in 2013. We plan to develop a second phase for this project to deliver a new build extension to the existing church to house education and workshop facilities with a focus on a centre for the voice and will develop plans and a business case to support this.

We will continue to develop our use of new digital media to give wider access to our activities, develop deeper engagement with our current supporters and to reach new ones.

We have been successful in our application to the Arts Council's Catalyst Endowment scheme, a scheme supported by the Arts Council, the DCMS and the National Lottery to support philanthropic giving. The Hallé Endowment trust will be the recipient of the Catalyst Endowment Fund and will hold that fund as a separate endowment fund within its accounts. The income of the Catalyst endowment Fund will be used to support the Society's educational activity at St Peter's, Ancoats and its undertaking of more ambitious large-scale artistic projects not funded by other funding agreements.

The Arts Council will make a grant of a maximum of £1million to the Catalyst Endowment fund over the three years to July 2015, providing the Society raises equivalent match funding for the fund.

Trustees' Report (continued)

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

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

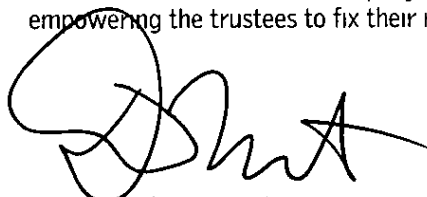
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to independent auditors

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

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as auditors of the Charitable Company will be proposed at the Annual General Meeting, together with a resolution empowering the trustees to fix their remuneration.



By Order of the Board
David McKeith
Chairman and Trustee

11 September 2012

Independent auditor's report to the members of Hallé Concerts Society

We have audited the financial statements of Hallé Concerts Society for the year ended 31 March 2012 set out on pages 17 to 39. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2012 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 UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

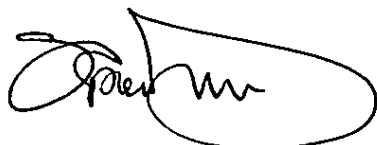
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Stephen Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

11 September 2012

Hallé Concerts Society

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Consolidated and Aggregated Summary Income and Expenditure Account for the year ended 31 March 2012

	Note	2012 £'000	Before exceptional items 2011 £'000	Exceptional items 2011 £'000	Total 2011 £'000
Gross income from charitable operations		8,301	7,695	-	7,695
VAT refund		-	-	1,092	1,092
Total income from continuing operations		8,301	7,695	1,092	8,787
Total expenditure for continuing operations (excluding FRS 17 pension costs)		(7,814)	(7,769)	-	(7,769)
FRS 17 past service credit	22	-	-	1,351	1,351
Surplus on ordinary activities for the year before transfers and asset disposals		487	(74)	2,443	2,369
Profit on disposal of fixed assets		2	-	-	-
Profit on disposal of investments		27	-	-	-
Net income before interest and charges		516	(74)	2,443	2,369
Finance cost of defined benefit pension scheme	22	(222)	(231)	-	(231)
Net income after interest and charges		294	(305)	2,443	2,138
Transfer (to)/from endowment funds	17	(171)	3	-	3
Net surplus/(deficit) for the year		123	(302)	2,443	2,141
Dealt with by					
The Society		119	(283)	2,443	2,160
Subsidiary company and related trusts		4	(19)	-	(19)
		123	(302)	2,443	2,141

- Total income comprises £7,696k for unrestricted funds and £605k for restricted funds. A detailed analysis of income and expenditure is provided in the Statement of Financial Activities on page 18
- Income and expenditure totals are shown after eliminating inter-group transactions
- Exceptional items comprise the VAT refund for overpaid VAT arising from the Society's claim for cultural exemption from VAT and the FRS 17 pension past service credit which are both non-recurring items
- A detailed analysis of expenditure is provided in the Statement of Financial Activities and notes 8 and 9
- The Group had no recognised gains or losses other than the surplus in both the current and preceding years and the movements in other recognised gains and losses as shown in the Statement of Financial Activities
- In both the current and preceding years the surplus calculated on an historical cost basis is not materially different from the reported results as above
- The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 18 which, together with the notes to the accounts on pages 22 to 39, provides full information on the movements during the year on all funds of the Group
- During the year, the Group has neither discontinued any of its operations nor acquired any new ones

The notes on pages 22 to 39 form part of these accounts

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Consolidated and Aggregated Statement of Financial Activities for the year ended 31 March 2012

	Note	Unrestricted Funds 2012 £'000	Restricted funds 2012 £'000	Endowment Funds 2012 £'000	Total 2012 £'000	Total 2011 £'000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	5	3,884	415	122	4,421	4,153
Activities for generating funds	6	481	-	-	481	470
Investment income		9	190	-	199	206
Incoming resources from charitable activities						
Orchestral activity and education	7	3,322	-	-	3,322	2,870
VAT refund		-	-	-	-	1,092
Other incoming resources						
Gain on disposal of fixed assets		2	-	-	2	-
Total incoming resources		7,698	605	122	8,425	8,791
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	8	338	-	-	338	361
Investment management expenses		-	8	-	8	7
Charitable activities	9	7,307	104	-	7,411	7,212
Governance costs		51	5	-	56	188
Other resources expended						
Pension finance costs	22	222	-	-	222	231
Pension past service credit	22	-	-	-	-	(1,351)
Total resources expended		7,918	117	-	8,035	6,648
Net incoming resources before transfers		(220)	488	122	390	2,143
Transfers between funds	18	10	(181)	171	-	-
Net incoming resources before other recognised gains and losses		(210)	307	293	390	2,143
Other recognised gains and losses						
Gains on revaluation of fixed assets		-	-	219	219	65
Gains on investment assets		1	32	8	41	125
Actuarial gain/(loss) on defined benefit pension scheme	22	346	-	-	346	(1,337)
Net movement of funds		137	339	520	996	996
Reconciliation of funds						
Total funds brought forward at 1 April		(4,973)	1,664	3,176	(133)	(1,129)
Total funds carried forward at 31 March		(4,836)	2,003	3,696	863	(133)

All incoming and outgoing resources derive from continuing operations. The Group has no gains and losses other than those recognised in this Statement of Financial Activities.

The accompanying notes form part of these financial statements.

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Charitable Company Statement of Financial Activities for the year ended 31 March 2012

	Note	Unrestricted Funds 2012 £'000	Restricted funds 2012 £'000	Endowment Funds 2012 £'000	Total 2012 £'000	Total restated 2011 £'000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	5	4,071	415	-	4,486	4,351
Activities for generating funds	6	413	-	-	413	405
Investment income		9	6	-	15	14
Incoming resources from charitable activities						
Orchestral activity and education	7	3,322	-	-	3,322	2,870
VAT refund		-	-	-	-	1,902
Other incoming resources						
Gain on disposal of fixed assets		2	-	-	2	-
Total incoming resources		7,817	421	-	8,238	8,732
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	8	303	-	-	303	315
Charitable activities	9	7,452	90	-	7,542	7,189
Governance costs		51	2	-	53	185
Other resources expended						
Pension finance costs	22	222	-	-	222	231
Pension past service credit	22	-	-	-	-	(1,351)
Total resources expended		8,028	92	-	8,120	6,569
Net incoming resources before other recognised gains and losses		(211)	329	-	118	2,163
Other recognised gains and losses						
Gains on investment assets		1	-	-	1	2
Actuarial gain/(loss) on defined benefit pension scheme	22	346	-	-	346	(1,337)
Net movement of funds		136	329	-	465	828
Reconciliation of funds						
Total funds brought forward at 1 April		(5,013)	1,318	42	(3,653)	(4,481)
Total funds carried forward at 31 March		(4,877)	1,647	42	(3,188)	(3,653)

All incoming and outgoing resources derive from continuing operations. The charitable company has no gains and losses other than those recognised in this Statement of Financial Activities.

The accompanying notes form part of these financial statements.

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Consolidated and Aggregated and Charitable Company Balance Sheets at 31 March 2012

	Notes	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Fixed assets					
Tangible assets	12	678	391	279	209
Investments	13	3,498	3,369	83	71
		<u>4,176</u>	<u>3,760</u>	<u>362</u>	<u>280</u>
Current assets					
Stocks		3	3	3	3
Debtors	14	900	835	1,331	1,514
Cash at bank and in hand		2,305	2,219	1,766	1,490
		<u>3,208</u>	<u>3,057</u>	<u>3,100</u>	<u>3,007</u>
Liabilities					
Creditors amounts falling due within one year	15	(1,285)	(1,330)	(1,414)	(1,320)
Net current assets		<u>1,923</u>	<u>1,727</u>	<u>1,686</u>	<u>1,687</u>
Total assets less liabilities excluding pension liability		6,099	5,487	2,048	1,967
Pension liability	22	(5,236)	(5,620)	(5,236)	(5,620)
Total assets less liabilities including pension liability		<u>863</u>	<u>(133)</u>	<u>(3,188)</u>	<u>(3,653)</u>
Capital funds					
Endowments	17	3,696	3,176	42	42
Income funds					
Restricted funds	18	2,003	1,664	1,647	1,318
Unrestricted funds					
Non-charitable funds		5	5	-	-
Other charitable funds		395	642	359	607
Pension reserve	19	(5,236)	(5,620)	(5,236)	(5,620)
		<u>(4,836)</u>	<u>(4,973)</u>	<u>(4,877)</u>	<u>(5,013)</u>
Total Funds		<u>863</u>	<u>(133)</u>	<u>(3,188)</u>	<u>(3,653)</u>

These financial statements were approved by the Board of Trustees on 11 September 2012 and signed on its behalf by

David McKeith
Chairman

Bernard Knight
Chairman of Audit Committee

TS Knight

Hallé Concerts Society

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Consolidated and Aggregated Cash Flow Statement for the year ended 31 March 2012

	2012 £'000	2011 £'000
Cash inflow from operating activities	89	943
Return on investments and servicing of finance	199	206
Capital expenditure and financial investment	(202)	(170)
Increase in cash in the year	86	979

Notes to the group cash flow statement

	2012 £'000	2011 £'000
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources	390	2,143
Depreciation charge	46	37
(Increase)/decrease in debtors	(65)	442
(Decrease) in creditors	(45)	(98)
(Decrease) in pension fund liability	(38)	(1,375)
Interest received	(9)	(8)
Investment income	(190)	(198)
Net cash inflow from operating activities	89	943
Return on investments and servicing of finance		
Interest received	9	8
Dividends received	190	198
Net cash inflow from returns on investments	199	206
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(114)	(122)
Receipts from sales of tangible fixed assets	2	
Payments to acquire fixed asset investments	(1,521)	(48)
Receipts from sales of fixed asset investments	1,433	-
Net cash outflow from capital expenditure and financial investment	(202)	(170)
Reconciliation of net cash flows to movement in net funds		
Increase in cash in the year	86	979
Net funds at 1 April	2,219	1,240
Net funds at 31 March	2,305	2,219

Analysis of changes in net funds

	At 1 April 2011 £'000	Cash flow £'000	At 31 March 2012 £'000
Cash in hand and at bank	2,219	86	2,305

Notes to the Accounts (forming part of the financial statements)

1 Status of charitable company and liability of members

The Hallé Concerts Society is a registered charity and a company limited by guarantee. Each member undertakes to contribute to the assets of the Society in the event of the Society being wound-up during the time he is a member, or within one year of ceasing to be a member. In the case of Subscribing Members this sum shall not exceed £5, but in the case of Permanent Members such sum shall not exceed the amount which the Board determined and agreed with the member when he became a member of the Society.

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, in accordance with the Statement of Recommended Practice for Accounting and Reporting by Charities (SORP) issued in March 2005, and under the historical cost accounting rules, except for the revaluation of certain tangible fixed assets and for listed investments which are included at market value. The financial statements also comply with the Companies Act 2006.

Notwithstanding the accumulated deficit and the lack of free reserves, the financial statements have been prepared on a going concern basis. As explained in the Trustees' report on pages 9 to 16, the trustees believe that, with the current level of reserves and cash and as the Custodians of the Hallé 2058 Foundation have confirmed that, while they have the assets to do so, they will endeavour to ensure that the Society is a going concern, there will be adequate cash facilities to meet all liabilities as they fall due.

Basis of consolidation and aggregation

The income and expenditure account, statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its wholly owned subsidiary, Hallé Promotions Limited. The results of the subsidiary are consolidated on a line by line basis. The income and expenditure account, SOFA and balance sheet also aggregate the results of the charity's branches, with the exception that movements in endowment funds are not aggregated in the income and expenditure account in accordance with the SORP.

All subsidiaries and branches are consolidated and aggregated based on financial statements as at 31 March except the Hallé Endowment Trust, which has a year end of 31 December and the Charles Hallé Foundation which has a year end of 5 April. The Hallé Endowment Trust and Charles Hallé Foundation have been aggregated based on their financial statements as at 31 December 2011 and 5 April 2012 respectively.

The Society has taken advantage of section 408 of the Companies Act 2006 in not presenting its own income and expenditure account.

Incoming resources

Income from box office admissions, engagement fees and education workshops is included in incoming resources in the period in which the relevant performance takes place. Income relating to performances which take place after the year end is deferred.

Grants receivable from funders for general purposes are taken to the statement of financial activities in the year to which they relate.

All other income is included in incoming resources when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution, the grant of probate where known or the legacy being received.

Gifts in kind are included in incoming resources when they are receivable. Gifts of shares are held at market value but not recognised as a realised gain until all restrictions on disposal have been met.

Incoming resources from the permanent endowment are unrestricted.

Notes (continued)

2 Accounting policies (continued)

Taxation

The Society is a registered charity and by virtue of its trading activities being in fulfilment of the objects of the Charitable Company, the Charitable Company is exempt from corporation tax on all charitable activities. The charge for taxation on the subsidiary company's non-charitable activities is based on the profit for the year.

Resources expended

All expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT.

The costs of generating voluntary income represent the costs of securing sponsorship and donations for the funds for the Society. Resources expended which form part of the Group's trading activities are separately disclosed in fundraising trading.

The cost of activities in furtherance of the Group's charitable objectives include costs directly incurred in undertaking those activities. Costs for future performances are deferred until the period in which the relevant performance takes place. Where costs cannot be directly attributed to particular categories they have been allocated to activities on the basis of time spent by staff on those activities.

Governance costs represent the costs associated with the governance arrangements of the Group which relate to the strategic management of the Group as opposed to those costs associated with fundraising or charitable activity. They include the costs of external audit, legal and professional advice for trustees and the costs of constitutional and statutory compliance.

Support costs relating to a single activity are allocated directly to that activity. Where support costs relate to several activities they have been apportioned on a basis consistent with the average consumption of resources as set out in note 10.

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Funds

Unrestricted funds are available for use at the discretion of the trustees in the furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The purpose of each restricted fund is set out in note 18.

Transfers between funds represent grants made by branches from restricted funds to the Society to support its activities in accordance with the terms of the branches' trust deeds.

Tangible fixed assets

Assets with a purchase cost of less than £500 are not capitalised. All assets are held at cost with the exception of certain musical instruments which were revalued.

Depreciation is provided so as to write off tangible fixed assets over their expected useful lives in equal instalments, as follows:

Music Library - five years
Musical Instruments - ten to twenty-five years
Fixtures and Fittings - three to ten years
Motor Vehicles - five years

The musical instrument held by the Hallé Endowment Trust is professionally re-valued at market value every five years. Previously it was re-valued based on the trustees' review of recent sales values of similar instruments.

Notes (continued)

2 Accounting policies (continued)

Investments

Investments are included at market value. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. In relation to the Hallé Endowment Trust, the trustees have not adopted a total return approach to the permanent endowment. Investments in subsidiary undertakings are valued at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items.

Pension costs

The Charitable Company's defined benefit pension scheme was closed to future accrual in July 2006. For that scheme, current and past service costs and the interest cost and expected return on assets are charged to resources expended, and are allocated to appropriate expenditure categories. Actuarial gains and losses are recognised immediately in 'other recognised gains and losses'.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in a separate trustee administered fund. The scheme's assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

The Society also operates a defined contribution (Stakeholder) pension scheme for which the amount charged to the Statement of Financial Activities in respect of pension costs is the contributions payable in the year. Differences between contributions payable and contributions actually paid in the year are shown as either other creditors or prepayments in the balance sheet.

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Notes (continued)

3 Net movement in funds

The net movement in funds is stated after charging

	2012 £'000	2011 £'000
Auditors remuneration - audit - group (including Society)	18	17
- Society alone	16	15
- other services relating to taxation for the Group and the Society	4	3
Depreciation	46	37

4 Subsidiary company

The Hallé Concerts Society owns the whole of the issued ordinary share capital of Hallé Promotions Limited, a company registered in England. The company undertook no transactions during the year.

5 Voluntary income

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Grants receivable				
Revenue grants receivable				
Arts Council England	2,072	2,225	2,072	2,225
Association of Greater Manchester Authorities	821	821	821	821
Manchester City Council	394	394	394	394
	<u>3,287</u>	<u>3,440</u>	<u>3,287</u>	<u>3,440</u>
Project grants receivable				
Sing Up Area Leader	-	58	-	58
Total grants receivable	<u>3,287</u>	<u>3,498</u>	<u>3,287</u>	<u>3,498</u>
Donations and similar income				
Hallé Endowment Trust	122	5	160	170
Charles Hallé Foundation	322	230	349	263
Terence Judd Trust Fund	3	3	3	3
Fundraising donations and legacies	462	123	462	123
Hallé Appeal/2058 Foundation	170	234	170	234
Membership subscriptions	55	60	55	60
Total donations and similar income	<u>1,134</u>	<u>655</u>	<u>1,199</u>	<u>854</u>
Total voluntary income	<u>4,421</u>	<u>4,153</u>	<u>4,486</u>	<u>4,351</u>

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Notes (continued)

6 Activities for generating funds

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Sponsorship and other income				
Corporate sponsorship	336	323	336	323
Fundraising events	68	65	-	-
Other income	77	82	77	82
Total activities for generating funds	481	470	413	405

7 Incoming resources from charitable activities

	Group and Company 2012 £'000	Group and Company 2011 £'000
Orchestral concerts and related work		
Box office income (Manchester promotions)	1,597	1,595
Engagement income	1,155	764
Overseas touring	204	83
Broadcasts, recordings and other income	146	233
	3,102	2,675
Education and Outreach	220	195
	3,322	2,870

8 Costs of generating voluntary income - fundraising

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Fundraising salary & administration costs	249	262	249	262
Campaign & event costs	34	45	-	-
Allocated support costs	55	54	54	53
	338	361	303	315

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Notes (continued)

9 Costs of charitable activity

Group	Unrestricted Funds 2012 £'000	Restricted funds 2012 £'000	Endowment Funds 2012 £'000	Total 2012 £'000	Total 2011 £'000
Orchestral concerts and related work					
Orchestra, related staff and other costs	3,820	-	-	3,820	3,853
Conductors and soloists	705	-	-	705	682
Augmenting extra players	140	-	-	140	118
Overseas tours	193	-	-	193	66
Travel and subsistence	153	-	-	153	133
Hall hire	611	-	-	611	615
Sundry concert costs	162	-	-	162	72
Music and instrument hire	65	-	-	65	52
Recording costs	45	-	-	45	38
Marketing	362	12	-	374	410
Box office charges	140	-	-	140	142
Programme costs	53	-	-	53	57
Depreciation	11	35	-	46	37
Support costs	410	-	-	410	406
	6,870	47	-	6,917	6,681
Education and Outreach					
Direct Education costs	221	3	-	224	215
Special projects	-	-	-	-	74
Choir, Youth Orchestra, Youth Choir, & Children's Choir	162	40	-	202	147
Harmony Youth Orchestra	-	-	-	-	28
Support costs	54	-	-	54	54
	437	43	-	480	518
Payments to beneficiaries	-	14	-	14	13
Total charitable expenditure	7,307	104	-	7,411	7,212

Special Education and Outreach projects in 2011 comprised Sing Up projects funded by Youth Music through Sing Up, which finished at the end of March 2011

Charitable expenditure for the Company is the same as for the Group with the exception of depreciation, payments to beneficiaries, donations to related group trusts and support costs, which are analysed in note 10

Company charitable expenditure is analysed overleaf

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Notes (continued)

9 Costs of charitable activity (continued)

Company	Unrestricted Funds 2012 £'000	Restricted funds 2012 £'000	Endowment Funds 2012 £'000	Total 2012 £'000	Total 2011 £'000
Orchestral concerts and related work					
Orchestra, related staff and other costs	3,820	-	-	3,820	3,853
Conductors and soloists	705	-	-	705	682
Augmenting extra players	140	-	-	140	118
Overseas tours	193	-	-	193	66
Travel and subsistence	153	-	-	153	133
Hall hire	611	-	-	611	615
Sundry concert costs	162	-	-	162	72
Music and instrument hire	65	-	-	65	52
Recording costs	45	-	-	45	38
Marketing	362	12	-	374	410
Box office charges	140	-	-	140	142
Programme costs	53	-	-	53	57
Depreciation	11	35	-	46	32
Support costs	405	-	-	405	403
	6,865	47	-	6,912	6,673
Education and Outreach					
Direct Education costs	221	3	-	224	215
Special projects	-	-	-	-	74
Choir, Youth Orchestra, Youth Choir, & Children's Choir	162	40	-	202	147
Harmony Youth Orchestra	-	-	-	-	28
Support costs	54	-	-	54	52
	437	43	-	480	516
Legacy transfer to Hallé Endowment Trust Catalyst Endowment Fund	150	-	-	150	-
Total charitable expenditure	7,452	90	-	7,542	7,189

10 Analysis of support costs

Group	Orchestral work 2012 £'000	Education 2012 £'000	Fundraising 2012 £'000	Governance 2012 £'000	Total 2012 £'000	Total 2011 £'000
Management and Finance	217	29	29	15	290	293
Office and sundry operational costs	193	25	26	12	256	248
Professional and consultancy fees	-	-	-	28	28	161
	410	54	55	55	574	702

Professional and consultancy fees in 2011 include fees in connection with the one-off VAT refund

Notes (continued)

10 Analysis of support costs (continued)

	Orchestral work 2012 £'000	Education 2012 £'000	Fundraising 2012 £'000	Governance 2012 £'000	Total 2012 £'000	Total 2011 £'000
Company						
Management and Finance	217	29	29	15	290	293
Office and sundry operational costs	188	25	25	12	250	243
Professional and consultancy fees	-	-	-	25	25	158
	405	54	54	52	565	694

11 (a) Staff numbers and costs

The average number of full-time equivalent employees during the year, analysed by category, was as follows

	Group and Company 2012 Number	Group and Company 2011 Number
Orchestral musicians	75	76
Administrative and other non-playing personnel	31	31
	106	107

The aggregate payroll costs of these persons were as follows

	Group and Company 2012 £'000	Group and Company 2011 £'000
Salaries and fees	3,217	3,356
Employers' National Insurance contributions	337	341
Employers' stakeholder pension contributions	263	212
	3,817	3,909

11 (b) Remuneration of trustees and employees

The Trustees receive no remuneration nor reimbursement of expenses and derive no financial benefit from their services to the Society

The number of employees whose emoluments (salaries, benefits in kind and pension contributions) amounted to more than £60,000 during the year was as follows

	2012 Number	2011 Number
£60,000-£70,000	1	1
£90,000-£100,000	1	1

The employers' contribution to the Hallé stakeholder pension plan for the above employees was £13,000 (2011 £9,000)

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Notes (continued)

12 Tangible fixed assets

	Leasehold Property	Music Library	Musical Instruments	Fixtures & Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
Cost or valuation						
At 1 April 2011	-	95	591	331	130	1,147
Revaluation	-	-	215	-	-	215
Additions	99	-	7	8	-	114
Disposals	-	-	(1)	(36)	-	(37)
At 31 March 2012	99	95	812	303	130	1,439
Depreciation						
At 1 April 2011	-	(95)	(323)	(317)	(21)	(756)
Revaluation	-	-	4	-	-	4
Charge for the year	-	-	(15)	(5)	(26)	(46)
Disposals	-	-	1	36	-	37
At 31 March 2012	-	(95)	(333)	(286)	(47)	(761)
Net book value						
At 31 March 2012	99	-	479	17	83	678
At 31 March 2011	-	-	268	14	109	391
Company						
Cost or valuation						
At 1 April 2011	-	95	398	331	130	954
Additions	99	-	7	8	-	114
Disposals	-	-	(1)	(36)	-	(37)
At 31 March 2012	99	95	404	303	130	1,031
Depreciation						
At 1 April 2011	-	(95)	(312)	(317)	(21)	(745)
Charge for the year	-	-	(13)	(5)	(26)	(44)
Disposals	-	-	1	36	-	37
At 31 March 2012	-	(95)	(324)	(286)	(47)	(752)
Net book value						
At 31 March 2012	99	-	80	17	83	279
At 31 March 2011	-	-	86	14	109	209

The Music Library and Musical Instruments held by the Society itself were re-valued on an open market basis at 31 March 1998 to £30,000 and £179,000 respectively. In accordance with SORP 2005 and with the transitional provisions of FRS 15, these valuations have not been updated. The trustees are not aware of any significant changes to the valuation since that date. The musical instrument held by the Hallé Endowment Trust was acquired from the Society in March 1998. The instrument was professionally re-valued on an open market basis at 30 November 2011. This represents an increase of £215,000 on the net book value as at that date.

Under the historical cost convention accounting rules the net book value of the Music Library and Musical Instruments at 31 March 2012 would have been £nil and £62,000 respectively. Further information regarding the revaluation of the Society's fixed assets is not available.

The net book value of the musical instrument held by the Hallé Endowment Trust at 31 December 2011 would have been £53,000 in that trust's books.

All tangible fixed assets are used for direct charitable purposes.

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Notes (continued)

13 Investments

	Group £'000	Company £'000
Market value at 1 April 2011	3,369	71
Additions	1,521	40
Disposals	(1,433)	(29)
Change in market value	41	1
Market value at 31 March 2012	3,498	83

The following table shows the valuation and allocation of assets at 31 March 2012. The majority of holdings are in common investment funds.

	Group £'000	Group %	Company £'000	Company %
Quoted investments				
UK equities	813	23.2	25	30.1
International equities	453	13.0	18	21.8
UK bonds	1,425	40.7	31	37.3
International bonds	307	8.7	-	-
Alternatives	169	4.8	-	-
Property	331	9.6	9	10.8
	3,498	100%	83	100%

Investments at market value representing in excess of 5% of the investment portfolio at 31 March 2012 were as follows.

	Group £'000	Group %	Company £'000	Company %
Cazenove Equity Income Trust for Charities	547	19%	25	30%
M&G Global Dividend Income	232	7%	9	11%
Veritas Global Equity Income A	221	6%	8	10%
Cazenove Int'l Strategic Dbt Fund Class A	392	11%	16	19%
Cazenove Income Trust for Charities	395	11%	15	18%
M&G Guernsey Offshore optimal Inc Class A	307	9%	-	-
Ruffer Total Return Fund	169	5%	9	11%
The Charities Property Fund	331	9%	-	-

Shares in group companies

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
At cost	1	1	1	1
Provision for impairment	(1)	(1)	(1)	(1)
	-	-	-	-
Quoted investments				
At market value - UK	3,498	3,369	83	71
- other	-	-	-	-
	3,498	3,369	83	71

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Notes (continued)

13 Investments (continued)

The Society holds the following investments in group companies registered in England. The investments represent 100% of the issued ordinary share capital of the following company

- 100 £1 ordinary shares in Hallé Promotions Limited, a company engaged in publicity and advertising which was dormant throughout the year

In addition to the aforementioned subsidiary, the following trusts are aggregated on the basis that they are considered to be branches of the Society: Hallé Endowment Trust, Charles Hallé Foundation, and Hallé Concerts Society Sickness and Benevolent Fund

As disclosed in note 2, the Hallé Endowment Trust's results are aggregated based on its financial statements at 31 December 2011. Further reorganisation of the portfolio continued after that date and the market value of its investments had increased by £107,000 by 31 March 2012

Quoted investments include shares listed on the Alternative Investment Market with a market value of £2,000 (2011: £2,000)

14 Debtors

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade debtors	318	309	318	309
Amounts owed by connected charities	19	16	19	16
Amounts owed by group charities	-	-	495	714
Other debtors	356	338	324	303
Prepayments and accrued income	207	172	175	172
	900	835	1,331	1,514

All debtors fall due within one year

15 Creditors, amounts falling due within one year

	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade creditors		414	365	414	365
Amounts owed to group charities		-	-	136	-
Taxation and Social Security		94	99	94	99
Other creditors		69	43	70	43
Deferred income	16	455	440	455	435
Accruals		253	383	245	378
		1,285	1,330	1,414	1,320

Deferred income includes project-specific amounts in respect of education funds: £125,000 (2011: £136,000)

Box office income is deferred until the appropriate concert has taken place

16 Deferred income

	Group £'000	Company £'000
As at 1 April 2011	440	435
Amount released to incoming resources	(440)	(435)
Amount deferred in the year	455	455
As at 31 March 2012	455	455

Notes (continued)

17 Analysis of Endowment Funds

	Group £'000	Company £'000
As at 1 April 2011	3,176	42
Incoming resources	122	-
Gain on revaluation of fixed assets	219	-
Net gain on investments	8	-
Transfers from restricted funds	21	-
Transfers from unrestricted funds	150	-
As at 31 March 2012	3,696	42

Endowments amounting to £42,000 (2011 £42,000) represent the amounts received from members under Article 10 of the Articles of Association

Funds held in the Hallé Endowment Trust are in respect of public donations received. All endowment funds are in respect of permanent endowments. The transfer of £150,000 from the unrestricted funds of the Society relates to a legacy for the Catalyst Endowment Fund (described in more detail on page 13)

18 Analysis of restricted funds

	At 31 March 2011 £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	At 31 March 2012 £'000
Group						
Fixed asset reserves	179	-	(35)	-	-	144
Education and outreach	5	27	(27)	-	-	5
Warburg Artistic Fund	-	50	-	-	-	50
St Peter's capital fund	-	151	-	-	-	151
Hallé 2058 Foundation	1,132	176	(13)	-	-	1,295
Sickness & Benevolent Fund	325	14	(14)	9	-	334
Charles Hallé Restricted Funds	6	17	(17)	-	-	6
Hallé Endowment Trust	17	170	(11)	23	(181)	18
	1,664	605	(117)	32	(181)	2,003
Company						
Fixed asset reserves	181	-	(35)	-	-	146
Education & outreach	5	44	(44)	-	-	5
Warburg Artistic Fund	-	50	-	-	-	50
St Peter's capital fund	-	151	-	-	-	151
Hallé 2058 Foundation	1,132	176	(13)	-	-	1,295
	1,318	421	(92)	-	-	1,647

All restricted funds are used in line with the original restrictions imposed by the donors

Notes (continued)

18 Analysis of restricted funds (continued)

The fixed asset reserves represent monies provided for capital expenditure which are transferred to the income and expenditure account over the useful life of the assets purchased

The Education and outreach funds represent funds received in support of specific educational and outreach projects

The Warburg Artistic Fund represents monies received from the Sir Siegmund Warburg Voluntary Settlement in respect of forthcoming artistic projects

The St Peter's Capital Fund represent monies received to support the conversion of St Peter's, Ancoats into a rehearsal centre and home for the Hallé ensembles

The Hallé 2058 Foundation Funds represents monies received in support of the fundraising effort for the Hallé's 150th birthday combined with the funds raised by the earlier Hallé Public Appeal. The funds are administered by an independent panel of Custodians and support was given to a number of education and outreach initiatives during the year

The Sickness and Benevolent Fund and Hallé Endowment Trust funds represents donations and investments held for the restricted distributable purposes of those trusts

The Charles Hallé Foundation restricted funds represent funds received from a variety of donors for specific educational and outreach projects. Funds include gifts of shares in companies listed on the Alternative Investment Market. Those funds are disclosed in the accounts of the Charles Hallé Foundation

The following transfers were made in the year from restricted funds

	£'000
Transfer to Society from Hallé Endowment Trust restricted funds	160
Transfer from restricted funds to the capital of the Hallé Endowment Trust	21
	<u>181</u>

Notes (continued)
19 Analysis of unrestricted funds

	Group £'000	Company £'000
General funds (excluding pension liability)		
At 1 April 2011	647	607
Income	7,698	7,817
Expenditure before FRS 17 pension charges	(7,696)	(7,656)
Surplus on unrestricted reserves pre FRS 17 pension charges and transfers	2	161
Transfer to Endowment funds	(150)	(150)
Transfer from restricted funds plus gains	161	1
Pension deficit contribution	(260)	(260)
Movement for the year	(247)	(248)
General funds at 31 March 2012	400	359
Pension Liability		
At 1 April 2011	(5,620)	(5,620)
Pension deficit contribution	260	260
FRS 17 pension finance cost	(222)	(222)
Actuarial gains	346	346
Movement for the year	384	384
At 31 March 2012	5,236	5,236
Total unrestricted funds		
At 1 April 2011	(4,973)	(5,013)
Surplus for the year	137	136
At 31 March 2012	(4,836)	(4,877)

20 Analysis of group net assets between funds

	Unrestricted Funds 2012 £'000	Restricted funds 2012 £'000	Endowment Funds 2012 £'000	Total 2012 £'000
Balances at 31 March 2012 are represented by				
Tangible assets	227	51	400	678
Investments	83	365	3,050	3,498
Current assets	1,348	1,610	250	3,208
Current liabilities	(1,216)	(23)	(46)	(1,285)
Pension liability	(5,236)	-	-	(5,236)
Society endowments	(42)	-	42	-
Total net assets	(4,836)	2,003	3,696	863

In respect of the Hallé Endowment Trust, the Charles Hallé Foundation and the Hallé Concerts Society Sickness and Benevolent Fund, there are adequate funds available to fulfil the obligations of the trusts

Also included within other restricted funds are reserves in respect of fixed assets acquired by Lottery and FSA, HLF and other funds as disclosed in note 18

Current assets in endowment funds include £219,000 held in cash (2011 £106,000) Current liabilities in endowment funds represent amounts due to Hallé Concerts Society in respect of donations approved, not paid over at the year end

Notes (continued)

21 Statement of changes in resources available for Charitable Group's use

	Unrestricted Funds 2012 £'000	Restricted funds 2012 £'000	Endowment Funds 2012 £'000	Total 2012 £'000	Total 2011 £'000
Net movement in funds for the year	137	339	520	996	996
Net (increase)/decrease in tangible fixed assets for direct charitable purposes	(78)	10	(219)	(287)	(151)
Net movement in funds available for future activities	59	349	301	709	845

22 Pensions

During the year the Society contributed to a contributory defined contribution (Stakeholder) scheme for its employees which is operated by Standard Life. Employees joining the stakeholder pension contract directly with Standard Life. The Society makes an employer contribution of 5.75% of salary to this scheme (reduced from 7% from 1 November 2011) and just acts as agent in collecting and paying over employee pension contributions.

The Company also paid deficit removal contributions to the closed defined benefit pension scheme detailed below. The following information relates to the group and the company.

Defined benefit pension scheme

The Society's defined benefit pension scheme (the Hallé Concerts Society Retirement Benefits Scheme) which provided benefits based on final pensionable salary, was closed to future accrual of benefits from 1 July 2006. The assets of the Scheme are held separately from those of the Society in a trustee-administered fund. The full actuarial valuation at 31 March 2011 showed a deficit of £4.5m on the Trustees' funding basis.

To make good the deficit the Trustees agreed with the Society a plan to pay off the shortfall requiring the Society to make payments from 1 April 2012 to 31 October 2031 of £265,200 increasing annually in line with the increase in the index of Average Weekly Earnings (non-seasonally adjusted, excluding bonuses) with the first increase applying from 1 April 2013.

From 1 April 2009 to 1 April 2012 employer contributions were at a rate of £250,000 per annum increasing on 1 April each year in line with the increase in the Average Weekly Earnings Index, until 2033. The Society contributed £260,000 to the Scheme in the 2011/12 financial year.

The 2011 actuarial valuation is updated each year on an approximate basis by a qualified independent actuary as shown overleaf.

Notes (continued)

22 Pensions (continued)

Change in benefit obligation	2012	2011
	£'000	£'000
Benefit obligation at start of year	18,631	17,987
Interest cost	1,011	1,012
Member contributions	-	-
Past service credit	-	(1,351)
Actuarial (gains)/losses	(799)	1,448
Benefits paid (including expenses)	(491)	(465)
Benefit obligation at end of year *	18,352	18,631
Change in scheme assets		
Fair value of scheme assets at start of year	13,011	12,331
Expected return on scheme assets	789	781
Actuarial (losses)/gains	(453)	110
Employer contributions	260	254
Member contributions	-	-
Benefits paid (including expenses)	(491)	(465)
Fair value of scheme assets at end of year	13,116	13,011
Funded status	(5,236)	(5,620)

*The above benefit obligation arises from a scheme that is wholly or partly funded

Components of pension cost	2012	2011
	£'000	£'000
Interest cost	1,011	1,012
Expected return on scheme assets	(789)	(781)
Past service credit	-	(1,351)
Total pension cost/(credit) recognised within resources expended	222	(1,120)
Actuarial (gains)/ losses immediately recognised in other recognised gains and losses	(346)	1,337
Cumulative amount of actuarial losses immediately recognised	8,271	8,617

The 2010/11 past service credit arose due to a change in statutory indexation from RPI to CPI for deferred pensions and clarification of the Scheme rules in respect of increases in pensions in payment

Scheme assets	2012	2011
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The weighted average asset allocation at the year end was as follows

Asset category		
Equities	66.7%	66.2%
Bonds	34.8%	34.2%
Cash	(1.5%)	(0.4)%
	100.0%	100.0%

Notes (continued)

22 Pensions (continued)

To develop the long-term rate of return on assets assumption, the Society considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.24% at 31 March 2012 and 6.12% at 31 March 2011.

	2012	2011
Actual return on scheme assets (£'000)	336	892
The major weighted average assumptions used by the Actuary were		
Discount rate	5.10%	5.50%
Rate of increase in salaries	N/A	N/A
Rate of increase of pensions in payment for members retiring on or after 1/8/1993	3.30%	3.40%
Rate of increase of pensions in payment for members retiring before 1/8/1993	3.00%	3.00%
Rate of inflation (RPI)	3.30%	3.40%
Rate of inflation (CPI)	2.55%	2.90%
Expected long-term return on scheme assets	5.24%	6.12%

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 March

	2012 Male	2012 Female	2011 Male	2011 Female
Member age 65 (current life expectancy)	23.1	25.4	22.4	24.8
Member age 45 (life expectancy at age 65)	24.9	27.4	24.3	26.7

Five-year history

Year ending 31 March	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Benefit obligation at end of year	18,352	18,361	17,987	13,456	15,191
Fair value of scheme assets at end of year	13,116	13,012	12,331	9,270	11,734
Deficit	(5,236)	(5,620)	(5,656)	(4,186)	(3,457)
Difference between actual and expected return on scheme assets					
Amount £'000	453	110	2,727	(2,827)	(925)
Percentage of scheme assets	3%	1%	22%	(30)%	(8)%
Experience gains/(losses) on scheme liabilities					
Amount £'000	1,953	-	-	15	-
Percentage of scheme liabilities	-11%	0%	0%	0%	0%

Notes (continued)

22 Pensions (continued)

Stakeholder Scheme

Since 1 September 2002 the Hallé Concerts Society has offered a contributory stakeholder pension scheme with Standard Life to all its permanent employees. All contributions are charged to the income and expenditure account as they arise. The pension cost charge for the current year was £263,000 (2011 £212,000).

23 Related party transactions

The Charitable Company has relied on the exemption in Financial Reporting Standard 8, which does not require the disclosure of transactions between wholly-owned subsidiaries which are consolidated.

The Society has a connected charity, the Terence Judd Trust. This Trust made contributions to the Society for administration and specific concerts during the current and previous years as set out in note 5.

The contact address of the connected charity is the Bridgewater Hall, Manchester.

None of the trustees receive remuneration or other benefit from their work with the Hallé.

A number of the directors have made individual donations to the Hallé 2058 Foundation fundraising appeal and Hallé patron schemes during the year.

During the year and post the year end, Theresa Grant, Jane Hampson, Cllr John Merry CBE, Fran Toms, Joyce Redfearn CBE and Lord Smith of Leigh were either employees or elected representatives of local authorities which are major funders of the Hallé and with which the Hallé has worked in partnership on Education and Participation projects.

Carole Baume was an employee of the Open University with whom the Society is undertaking a government-funded Knowledge Transfer Partnership in the area of new media.

24 Post Balance Sheet Event

In August 2012, the Society entered into a contract with City Build worth £837,000 to undertake the development of St Peter's Ancoats into a rehearsal centre and home for the Hallé ensembles. The work is expected to be completed by March 2013.