

# Hallé Concerts Society

(A Charitable Company Limited by Guarantee)

## Annual Report and Accounts

For the year ended 31 March 2019

Company Number 62753

Charity Number 223882



# TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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Registered Office: The Bridgewater Hall, Manchester M1 5HA

PATRON	HRH The Countess of Wessex
MUSIC DIRECTOR	Sir Mark Elder CH, CBE
MEMBERS OF THE BOARD	<p><b>Elected</b>  David McKeith Chairman # \$  Alex Connock (appointed 1 May 2018)  Darren Drabble (appointed 19 March 2019) #  Christine Gaskell MBE # (resigned 20 November 2018)  Tim Edge (appointed 1 May 2018) *  Jane Hampson (resigned 1 May 2018)  Brandon Leigh Deputy Chairman * # (resigned 19 March 2019)  Jon McLeod  Linda Merrick  Katrina Michel  John Phillips CBE *  Cathryn Merryl Webster (appointed 3 July 2018) #</p> <p><b>Nominated by Manchester City Council</b>  Cllr Azra Ali</p> <p><b>Nominated by AGMA</b>  Eamonn Boylan (appointed 19 September 2018)  Cllr Janet Emsley (appointed 12 October 2018)  Theresa Grant (resigned 11 September 2018)</p>
* 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> Ruth Harkin <i>Finance Director</i> \$
ORCHESTRAL NOMINEE	Caroline Abbott
VICE PRESIDENTS	Martin McMillan Edward Pysden \$
AUDITOR	Crowe U.K. LLP 3 <sup>rd</sup> Floor The Lexicon Mount Street Manchester M2 5NT
SOLICITORS	Mills & Reeve LLP 1 New York Street Manchester M1 4HD
BANKERS	The Royal Bank of Scotland plc St Ann Street Manchester M60 2SS
INVESTMENT ADVISERS	Schroder & Co Limited 12 Moorgate London EC2R 6DA
COMPANY REGISTRATION NO	62753
CHARITY REGISTRATION NO	223882

## Chairman's Report

The year to 31 March 2019 has been an important one for the Hallé as we marked some significant milestones.

Some of the musical highlights this year, well received by audience and critics, included:

- The Hallé completed its Ring Cycle with the performance of Wagner's Siegfried in Manchester and Edinburgh and our subsequent release of the recording.
- In February, Sir Mark Elder conducted the orchestra and Hallé Choir in a long-awaited performance of The Damnation of Faust by Berlioz.
- The Hallé Youth Choir sang at the Manchester Together memorial service, marking the first anniversary of the Manchester Arena bomb attack and our Youth Training Choir and Community Choir sang at the unveiling in Manchester's Heaton Park of a new memorial to those lost in the Battle of the Somme.

The construction work on the Oglesby Centre new building extension to Hallé St Peter's proceeds apace and we look forward to its opening in the autumn.

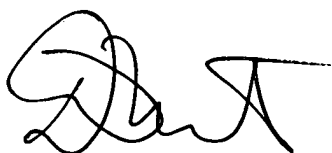
Our leading Education programme continues to develop strongly. We launched Hallé INSPIRE, creating in depth relationships with four Greater Manchester primary schools in deprived areas. Our key programmes – Hallé for Youth, Come and Play with the Hallé and the GCSE/A-Level Music Networks concerts - have expanded their scope and attendances.

In financial terms our overall fund balances have improved by £2.7m to £5.6m, their highest level in some years. This is largely due to the funding we have received for Hallé St Peter's Phase 2 and these funds will support the construction work and the activities in the new building, the Oglesby Centre. Day to day funding for the Hallé continues to be very tight with pressure on public sector funding, inflationary pressures on our costs and the increased cost of supporting the Hallé Retirement Benefits Scheme.

We are immensely grateful for the support we receive from Arts Council England and the local authorities in Greater Manchester as well as from individual patrons, charitable trusts and foundations and from businesses in the North West. This year in particular, Siemens have extended their involvement and become Diamond Sponsors, with the launch of the Siemens Hallé International Conductors Competition, which will take place in February 2020.

John Summers has referred to some of the important personnel changes in the orchestra. We have also seen some changes in the Board. I would like to thank, in particular, Brandon Leigh, Christine Gaskell and Heejae Chae for their important contribution to the Hallé as directors in recent years.

Thank you to all our supporters and to the musicians and staff for their hard work and enthusiasm throughout the year.



David McKeith  
Chairman

## Chief Executive's Review of the Year

This year has seen a huge variety of events in the artistic life of the Hallé, with a number of wonderful concerts with the Music Director, new conductors and soloists visiting Manchester for the first time and a unique range of concerts for children and young people. However, the most significant event this year was the retirement of Lyn Fletcher as Leader of the Hallé, after 23 years in the post.

Sir Mark Elder's words in the programme sum up all our feelings about her, *"The quality of her playing has always been outstanding, but her ability, and indeed desire, to understand what a conductor needs and help the orchestra achieve it has been memorable. We will all miss her deeply"*.

### Concerts and Events

In addition to the return to the orchestra of Edward Gardiner after a break of six years, to open the Thursday series and to conduct the finals of the Leeds International Piano Competition, we welcomed back Kashuni Ono, Cristian Macelaru, Nick Collon and Ryan Wigglesworth (in his final concert as Principal Guest Conductor). This season also saw the Hallé debuts of the outstanding young conductors, Karina Canellakis from America and Daniele Rustione from Italy.

Sir Mark Elder's concerts were particularly varied and memorable. Stand-outs were those at the end of the 2017/18 season, with a performance and recording of Wagner's Siegfried (later repeated in the Edinburgh Festival). In February this year under his direction the Orchestra also gave a long-awaited performance of a piece first bought to Manchester by our founder Charles Hallé (and played regularly here at the end of the 19<sup>th</sup> century): Berlioz's The Damnation of Faust. Sir Mark also presented an intriguing programme which included Satie's Parade, Schoenberg's Verklärte Nacht and Stravinsky's Rite of Spring. We also performed Vaughan Williams' Sinfonia Antartica as one of the final concerts and recordings in our complete cycle.

Last summer (2018) the Hallé made an important impact at six British festivals: the Proms, Edinburgh, Cheltenham, Harrogate, King's Lynn and Bluedot (at Jodrell Bank). We anticipate that all of those will be repeated.

### Recordings

Three recordings on the Hallé label were released during the year.

Wagner's Das Rheingold - released in June 2018  
Elgar, The Wand of Youth – released in November 2018  
Shostakovich, Symphony No. 5 – released March 2019

There have been very many favourable reviews in the national press and online. All of the Hallé recordings are available through our website and through international distribution networks for physical sales, downloading and streaming.

### Education

This has been a particularly successful year for our schools' concert programme. Through our excellent relationship with Bolton Music Service (BMS) as a lead organisation within the Greater Manchester Music Education Hub, we welcomed Blackburn, King George's Hall to Hallé for Youth in March. There were seven concerts in the series with the Orchestra performing to 11,700 children and young people. Back in September we had our usual waiting list for the GCSE/A Level Music Networks concert, with over 2,000 teenagers in the Bridgewater Hall coming from as far away as Northampton and Carlisle. Come and Play with the Hallé continued in 2018; this is our summer term schools' concert series which affords children on the Whole Class Instrumental Teaching Programme across English Primary schools to opportunity to perform live with the Hallé. The summer 2018 concerts involved around 18,000 children across the 13 concert series.

2018-19 saw the establishment of Hallé INSPIRE coming out of Hallé SHINE on Manchester, which created in-depth relationships with four Greater Manchester primary schools, each from a deprived areas within the region. The programme works very much in the curriculum that each schools chooses for its pupils. Every term each school selects a learning theme and then the Hallé creates a musical component for that theme with the aim of enhancing the learning process for the children. We are now awaiting an in-depth report of this year's programme carried out in partnership with the University of Leeds.

## Chief Executive's Review of the Year

### Education (continued)

Back in September the Education Department welcomed Hallé second violinist, Hannah Smith, as our new Creative Animateur. Over the years, Hannah has shown excellent creative skills working particularly with primary school children and it was her desire to undertake more of this work exchanging playing sessions in the orchestra for education sessions in schools. This has been a really excellent development and in recent months this has enabled the department to expand the project range it offers to schools.

### The Choir & Ensembles

The Hallé Choir continues to grow and has sung some magnificent performances, including Janacek's Glagolitic Mass in October, and Berlioz's The Damnation of Faust in February. Membership is at a record high of 178, including 5 new choral scholars.

Jonathon Heyward continues to bring great energy and inspiration to his role with the Hallé Youth Orchestra, which toured the Lake Garda region of Italy in August 2018, performing in Riva del Garda, Garda and Verona. The Youth Orchestra performed a programme of music by Richard Strauss, Liszt and Dvorak on 22<sup>nd</sup> December, and joined the Hallé, sitting side-by-side, for an open rehearsal and performance with Carlos Miguel Prieto and Jonathon Heyward in February. The orchestra for this project totalled 125 players! This is always an unforgettable experience for our youth players, and the whole atmosphere on stage was uplifting.

We were exceptionally proud that our Youth Choir sang beautifully at the Manchester Together memorial service marking the first anniversary of the Manchester Arena attack. The upper voices of the Hallé Youth Choir joined the Hallé Choir Ladies for the Hallé Prom in July, before embarking on a little performance tour in London.

The Youth Training Choir joined the Community Choir for a special event in Heaton Park on Sunday 18<sup>th</sup> November as part of the unveiling of a new memorial to those lost in the Battle of the Somme.

The Hallé Children's Choir performed a new work 'The Salamander and the Moonraker', by Edward Gregson in June 2018, before holding a record number of membership auditions. All of our youth ensembles audition every year, and the numbers applying continue to increase.

Membership of our open access adult choirs is also at record numbers, both in the Choral Academy (150 singers) and Ancoats Community Choir (70+ singers).

The Corporate Choir Competition was a huge success, with eight choirs competing. The winning choir, PWC, went on to perform at the Christmas Extravaganza concert alongside the Youth Training Choir, supported by a massed choir comprising the other corporate singers and for the first time, the Choral Academy.

A new choir started at the Oasis Centre, Gorton, in early February, thanks to our ongoing PZ Cussons sponsorship. The Oasis Centre is a community day centre which offers a range of welfare services to anyone in need, including people who are on benefits, the long-term unemployed, asylum seekers and refugees, homeless people, ex-offenders and those struggling with drug or alcohol addictions and mental health issues.

We are also now regularly supporting a group of girls from the Islamic Faith school, Eden Girls' Leadership Academy in Cheetham Hill, helping to improve their vocal technique and confidence in singing.

### Sponsorship and Fundraising

Despite a very challenging business environment we exceeded our sponsorship targets and welcomed a small number of new sponsors into the fold. We were also delighted to announce an increase in support from Siemens which now sits in the position of Diamond Sponsors alongside PZ Cussons. Siemens' increase in support has led to us being able to establish the Siemens Hallé International Conductors Competition with the first set of finals taking place in February 2020 in the newly reopened Hallé St Peter's. This is a very exciting development for the Hallé and is an illustration of the mutual value of creative and supportive sponsorship partnerships. This year we have also marked 30 years of consecutive high level support from Brother, making it one of the longest and most generous sponsorship relationships of any cultural organisation in the UK.

## Chief Executive's Review of the Year

### Sponsorship and Fundraising (continued)

Our Patrons and Donors continue to help us across numerous projects and we are extremely grateful for the depth of support and enthusiasm from a growing family of benefactors. A campaign aimed at drawing in regular concert goers to our Patrons' programme was very successful in autumn 2018 and we will be repeating similar direct mail exercises over the next year. We are also launching a campaign to commemorate the 50<sup>th</sup> anniversary of the death of Sir John Barbirolli and have a number of ideas for our patrons and audience.

Our US Patrons programme continues to grow and we held a series of well attended lunches with Sir Mark as host in New York during 2018/19. We now have 7 American contacts who are eager to help us build our reputation and increase our fundraising in the US.

We continue to work with the major charitable trusts – both local and national – that helped us achieve the target for the Hallé St Peter's capital programme and we are developing new projects and ideas to extend the relationships into the future.

We are very grateful to a significant number of legacy donors who over the last year have remembered the Hallé through wills, and helped to secure the future of many of the Orchestra's key priorities.

### Hallé St Peter's Phase 2



The plan to complete the new-build extension to Hallé St Peter's has moved forward considerably during the year. The new extension, designed by architects Stephenson Studio, will provide additional rehearsal and practice facilities along with a public facing café opening on to Cutting Room Square. Principal contractor H H Smith and Sons started on site in May 2018 and we have made tremendous progress despite some initial setbacks. The building is due to be completed towards the end of 2019 and we are all excited at the prospect of moving back into new and improved facilities.

### The Administration, Board and Trustees

Yet again I would like to thank the administration and Board for all of their hard work during the year, especially those Board and Committee members who give up a lot of the free time to advise and assist the Hallé. Particular thanks should go to David McKeith as Chairman who has been tireless in his support of the Hallé.

### The Artistic Team

As evidenced earlier Sir Mark Elder's continuing tenure as Music Director has delivered, as always, some memorable events and concerts. Often unseen, Sir Mark is also centrally involved in our relationships with sponsors and funders and many of the successes in this area have come about through his support and intervention. Ryan Wigglesworth has made a significant contribution in his final year as Principal Guest Conductor, although we will be keeping links with him in all facets of his music making. The contribution of our Assistant Conductor Jonathon Heyward in the final year of his post has been immense, and we are delighted to see him taking up an important post in Germany in the very near future.

The Choral Team of Matthew Hamilton, Stuart Overington and Shirley Court has continued to provide inspirational leadership of the Choir and the Youth and Children's Choirs, giving us so many new artistic opportunities in Manchester and elsewhere.

### The Orchestra

I would like to thank the Orchestra for their huge contribution though the year in a very wide variety of concerts and programmes. The quality of their playing has been astonishingly good under many different conductors and in a range of styles from Adams to ABBA.

## Chief Executive's Review of the Year

### Comings and Goings

In addition to the sad loss of Lyn Fletcher the Hallé also said goodbye to its long serving Principal Double Bass, Roberto Carrillo-Garcia who joined the orchestra after studying at the RNCM and then playing with the Royal Northern Sinfonia. We were also sad to lose:

Anya Muston who left in July to take a position with the BBC Philharmonic.

Although she will not be leaving us, Hannah Smith, Tutti 2<sup>nd</sup> violin, has reduced her hours with the Orchestra in order to take on a new role as animateur in the Education Department.

On the other side of the coin we were delighted to welcome:

Jonathan Pether as Tutti Cello, joining us from Opera North;  
Helena Buckie as Principal 2nd Violin, joining us from the Philharmonia;  
Matthew Head as 2<sup>nd</sup> Horn, who studied here in Manchester at the RNCM.



**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 2019, in compliance with current statutory requirements, the governing documents and Charities SORP (FRS 102): Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.

### Reference and administrative details

Details of the registered office, Trustees, principal officers and other relevant information are given on page 3.

The Hallé Concerts Society ("the 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 7 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. This Committee is also responsible for setting the 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

Brandon Leigh (resigned 19/3/19)  
 Tim Edge (Chair app 19/3/19) \*  
 John Phillips \*  
 William Smith (co-optee)

#### Nominations and Remuneration Committee

Darren Drabble \* (Chair app 19/3/19)  
 Christine Gaskell (resigned 20/11/18)  
 Brandon Leigh (resigned 19/3/19)  
 David McKeith \*  
 Merryl Webster \* (app 19/3/19)

#### Investment Committee

Richard Bailey (Chair) \$  
 Carol Culley ^  
 John Eckersley (appointed 1/5/18)  
 Prof John Garside \$  
 Jim Finlay \$  
 Ruth Harkin  
 David McKeith \* \$  
 Edward Pysden \$  
 John Schultz \$  
 Colin Smith \$ (resigned 14/3/19)

\* Member of Hallé Board

\$ Trustee of Hallé Endowment Trust

^ nominated by Manchester City Council

## **Trustees' Report (continued)**

### **Structure, governance and management (continued)**

Full terms of reference for the standing committees and short CVs of Board Members are available on the Hallé website, [www.halle.co.uk](http://www.halle.co.uk)

#### **Trustees**

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 Trustee, the 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:

David McKeith  
John Phillips

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 includes the Hallé Concerts Society Sickness and Benevolent Fund, which is a charity linked by a Charity Commission Uniting Direction. Following a review of the accounting treatment in 2018/9 the Sickness and Benevolent Fund results are included as a restricted fund within the Society's financial statements. Previously the results were only included within the Group consolidated financial statements.

The Hallé Concerts Society Group (the Group) consists of the Hallé Concerts Society, its subsidiary Hallé Promotions Limited and two related trusts: the Hallé Endowment Trust and the Charles Hallé Foundation on the basis that they are subsidiaries 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 Statement of Recommended Practice (SORP) FRS 102.

#### **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.

## Trustees' Report (continued)

### Risk management and internal control (continued)

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 November 2018);
- 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.

### 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 and events 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 together with regular engagements in Leeds, Blackburn, York, 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 60,000 children and young people; and
- Running the Hallé Choir, an unpaid chorus of around 170 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. Its work is also informed by the aims of its principal public funders including the Arts Council's goal of 'Great Art for Everyone' and the social and cultural priorities of the Greater Manchester Combined Authority (GMCA) and Manchester City Council in ensuring the widest number of people in the region have the opportunity to experience the Hallé's work. 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 many diverse groups including those targeted through the GMCA network.

Charges for education and outreach work also have regard to ensuring those activities are accessible to the widest possible community, whatever their means, and activity is targeted at schools and communities where there are limited opportunities for cultural involvement and where there may be multiple barriers to participation. 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.

Events in Hallé St Peter's and in St Michael's are planned to encourage active participation from the local community and the charging structure for events offers heavily discounted rates for community groups.

## Trustees' Report (continued)

### Strategic Report

#### Achievements, performance and financial review

The Group's accounts have been prepared in accordance with Charities SORP (FRS 102).

The Statements of Financial Activities for the Group and the Society are set out on pages 23 and 24 and the consolidated and aggregated summary income and expenditure of the Group is given on page 22. 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

Overall the Group generated a net surplus for the year of £2,610k (2018: surplus £4,838k), of which £609k was the surplus before exceptional items and £2,001k related to exceptional items which are described below and presented separately in the Consolidated Summary Income and Expenditure Account on page 22.

This financial year has seen the continuation of our successful fundraising campaigns associated with the capital project to extend Hallé St Peter's, with £323k donations towards the capital costs of the scheme received in addition to the £1,050k received in 2017/18. In 2018/19 we also received part of the Arts Council Capital Grant funding towards this project (£2,066k of a total £4,840k). We have categorised the income related to this capital scheme as exceptional income in the Income and Expenditure Account, due to its size and exceptional nature. A further £737k was received for ongoing support for artistic and revenue costs associated with future activities at St Peter's when it opens later in 2019.

Orchestra Tax Relief (introduced in 2016/17) continues to have a significant beneficial impact. Within the 2018/19 financial year we are showing £990k in respect of our expected income from this source, including a provision of £900k for our 2018/19 tax relief claim which we will make later in the calendar year. The financial statements for 2017/18 included a sum of £1,868k in respect of both the 2016/17 and 2017/18 claims – these claims were received in full at slightly more than the initial accounts provision. This tax relief has been a very welcome development, going some way to address the significant funding gap that has arisen due to real-terms and actual reductions in public sector funding over the past 11 years.

During 2018/19 the Group's general unrestricted reserves before the pension deficit have improved from a deficit of £324k to a deficit of £213k. However, taking the pension deficit into account, general unrestricted reserves at 31 March 2019 are a deficit of £10,925k. Although this is an improvement on the deficit of £11,243k in the previous year, the level of deficit demonstrates the risk posed to the Hallé's financial position by the pension liability.

Total funds which include restricted and endowment funds have improved by £2,726k from £2,929k to £5,655k. This improvement is largely due to the Arts Council Capital Grant and capital fundraising for St Peter's. Although overall funds are higher than in recent years, providing greater financial stability for the Hallé, the majority are held in restricted reserves and permanent endowment funds. All of the capital funding received for St Peter's, which is included in restricted reserves, will be spent on the capital scheme, due for completion in autumn 2019.

There remain significant financial challenges ahead due to the underlying budget deficit caused by inflationary pressure on costs compared with static or decreasing public sector funding. In addition, as noted previously, the defined benefit scheme poses additional challenges with the most recent triennial valuation in 2017 resulting in a significant increase in the pension liability and requiring a further increase in the deficit recovery payments from 2018/19 onwards. Further detail on the pension scheme liability is provided in note 22 of the financial statements. The Board of the Society works collaboratively with the separate board of pension trustees to meet pension regulator requirements and balance pension obligations with the future financial security of the Hallé Concert Society, recognising that the two priorities are closely linked.

Despite the considerable success in fundraising for the St Peter's project, the environment for fundraising generally is difficult and we are particularly seeing this in relation to corporate sponsorship, which is a major area of our fundraising.

During 2018/19 we received £3,170k in respect of revenue funding from public sector bodies, a reduction of £72k compared to 2017/18 in respect of the Greater Manchester Combined Authority grant. This was the result of an interim review following the setting up of the GMCA. GMCA have announced a further review of the cultural grant process for 2020/21 onwards which represents a considerable risk to the Hallé for this source of income.

## Trustees' Report (continued)

### Strategic Report (continued)

#### Overall financial review (continued)

##### Going Concern

Having considered current cash resources and the availability of reserves within the Society, as well as modelling different potential future funding scenarios and the ongoing discussions with the Trustees of the Hallé Retirement Benefit Scheme, 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

A full analysis of income is provided by notes 5, 6 and 7 to the Accounts. Total income in 2018/19 amounted to £12.7 million (2018: £14.1 million).

Box office income for our Manchester concerts at the Bridgewater Hall amounted to £1.7 million (2018 £1.6 million). The Society's pricing policy reflects our commitment to make the Hallé's 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.

During the year Box Office targets were exceeded and engagements continued to grow in terms of the contribution to the Society's financial position, including the 'Come and Play' concerts for children and "Setworks" concerts for GCSE & "A" level students which are increasing in popularity both at the Bridgewater Hall and elsewhere.

The success of fundraising relating to St Peter's has been noted above and this is reflected in the overall fundraising figures. Although areas such as corporate sponsorship faced significant challenges during 2018/19 due to wider economic factors our income from this area increased to £422k compared to £405k in 2017/18, largely due to an exciting development whereby Siemens will support the Siemens' Hallé International Conductors Competition. Donations and legacies (other than public sector grants) raised £2.2 million in 2018/19 (2017/2018: £4.9 million), with last year being an exceptional year due to capital and revenue fundraising for Hallé St Peter's.

We have included Orchestra Tax Relief of £990k within income in this year's financial statements to better reflect the nature of this income and its importance to the Hallé financial position. Comparatives in the Income and Expenditure account and Statement of Financial Activities have been restated accordingly.

##### Expenditure

A full analysis of expenditure on charitable activity is given in note 9. Total resources expended amounted to £10.0 million (2018: £9.3 million).

Expenditure also includes £854k in respect of costs of the pension scheme. This is detailed further in note 22 of the financial statements but it should be noted that £388k relating to a provision for the cost of equalising Guaranteed Minimum pensions has been included within exceptional costs in the Consolidated Income and Expenditure Account on page 22. The requirement to provide for this additional cost will affect most defined benefit schemes, following the October 2018 High Court ruling in respect of the Lloyds pensions schemes.

##### Subsidiaries

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 Fund is overseen by the Board of the Society. Following a review of the accounting treatment in 2018/9 the Sickness and Benevolent Fund results are now included as a restricted fund within the Society's financial statements. Previously the results were only included within the Group consolidated financial statements. A prior year adjustment is included in the financial statements of the Company to reflect this change and is further explained in note 3 to the accounts.

## Trustees' Report (continued)

### Strategic Report (continued)

#### Subsidiaries (continued)

The Sickness and Benevolent Fund is treated as a restricted fund of the Hallé Concerts Society for the purposes of the Company and Consolidated Statement of Financial Activities and is overseen by the Board of the Society. The income from this fund has traditionally been used to meet the costs of physiotherapy treatment and similar expenses. In 2018/19 the Board agreed that the cost of the premium for the health insurance for Orchestra players fitted within the objectives of the Fund and that the Fund would plan to cover this cost in the future (although this will be regularly reviewed in respect of affordability and longer-term planning for the Fund). The cost charged to the Fund in 2018/19 is £43k in addition to physiotherapy and similar benefits of £14k (2018: £12k).

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 2018/19 the Charles Hallé Foundation received £416k in donations and legacies (2017/18: £249k) and raised £22k (2017/18: £17k) net income through fundraising events. Funds of £271k (2017/18: £279k) were transferred to the Society to support educational and other projects. Total funds at 5 April 2019 were £185k (2018: £29k).

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. The Endowment Trust comprises two funds – the Main Endowment and the Catalyst Endowment, which was established following an Arts Council England initiative which provided endowment match funding to donations received by the Hallé.

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

The power of total return permits the Trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. The Trustees' decision was taken in order to enable increased flexibility in the financial support provided by the Endowment to the Hallé Concerts Society.

The Hallé Endowment Trust has a year end of 31 December and is consolidated into the 31 March 2019 Group financial statements based on financial statements as at 31 December 2018.

During the year the Main fund of the Hallé Endowment Trust received donations and legacies of £12k and generated investment returns of £140k investment income and £274k investment loss (2017: £38k and £158k gain) and £200k was granted to the Society (2017: £200k). In addition the Catalyst Endowment fund received donations and legacies of £124k and generated investment returns of £89k investment income and £171k investment loss (2017: £27k and £88k gain) and £78k was donated to the Society (2017: £76k). The capital of the Main fund stood at £4.0 million at 31 December 2018, (2017: £4.4 million) and the Catalyst fund stood at £2.4 million (2017: £2.5 million). More information is provided regarding the investment performance in the Investment Policy section below.

The **Hallé 2058 Foundation** funds are treated as restricted funds for the purposes of the Statement of Financial Activities and are overseen by the Board of the Society. The fund includes monies raised by the Hallé Appeal and supplements the core funding of the Society by striving to support the following: 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. Net income in 2018/19 was £64k, increasing the fund balance to £886k.

#### 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. The major movement in fixed assets in year is the capitalisation of £2.1 million costs associated with the St Peter's capital project incurred in 2018/19.

## Trustees' Report (continued)

### Strategic Report (continued)

#### Investment Policy & Performance

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 Schroder & Co Ltd. and the following investment policies and strategic asset allocations have been adopted by the Trustees of the individual trusts. Schroders have discretion to act within certain benchmark ranges.

The vast majority of investments are held by the Hallé Endowment Trust within the Main Endowment Fund and the Catalyst Endowment Fund. In March 2017 the Investment Committee agreed a move to a total return approach to the investment objective after taking advice from Schroders Investment Managers. With a total investment approach the investment strategy focus is on maximising the total investment return rather than maximising investment income. This is a separate but linked decision to the adoption of total return accounting for the Main Endowment Fund which enables the Trustees to distribute investment gains as well as income.

The target return of the investment strategy is CPI +4% for all funds other than the Catalyst Fund. The investment objective for the Catalyst Fund is to provide income at +4% per annum and maintain the real value of the portfolio above inflation, reflecting the greater emphasis on distributable income because the total return accounting approach has not been adopted for the Catalyst Fund.

The long term strategic asset allocation parameters and benchmarks for the portfolio for all funds during the year were as follows, although the actual allocations within the ranges may differ for each individual portfolio depending on the specific requirements.

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

There are 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 and Capita Portfolio Funds and HICL Infrastructure Funds.

The investment performance reported for 2018/19 has been disappointing with investment losses of £438k compared to gains of £217k in the previous financial year. This follows the slump in stock markets generally in 2018, particularly in the final quarter to December 2018. Target return of CPI+4% equates to a target return of 6.1% for the 12 months to 31 December 2018. Investments held by the Hallé Group experienced a negative return of -3.9% during the 12 months to 31 December 2018.

There has been a recovery from this downturn in the first half of the 2019 calendar year but this is not reflected in the 2018/19 financial statements due to the Hallé Endowment Trust year of account ending on 31 December. The in-year loss reflects the current volatility in financial markets and short term performance is not a cause of concern for the trustees. The priority for the trustees is the longer term performance of the fund to provide support for the Society in the future and the trustees are confident that the investment policy provides a good basis to achieve the investment objective over the medium and longer term and to secure this outcome.

## Trustees' Report (continued)

### Strategic report (continued)

#### Fundraising Practices

The majority of the Hallé's fundraising is targeted at charitable trusts, companies and individuals who already have a relationship with the Orchestra, such as regular audience members. There is very little fundraising from the wider general public. The Society's fundraising strategy is overseen by its Board of Trustees and all its fundraising activity is conducted in line with the Fundraising Regulator Code of Fundraising Practice. The implementation of our fundraising strategy is mainly delivered by an in-house fundraising team with support from a professional fundraiser on bids to charitable trusts and foundations. This person does not carry out fundraising with the general public.

The Hallé is pleased to confirm that it has received no complaints in relation to its fundraising activity over the course of the 2018/19 year.

#### Pay policy for senior staff

The Trustees consider the key management personnel to comprise the Trustees and the Chief Executive. All Trustees give of their time freely and no Trustee received remuneration in the year. The Board is responsible for setting the salary of the Chief Executive and delegates the setting and annual review of the Chief Executive's salary to the Nominations and Remuneration Committee. The Chief Executive's salary is normally increased in line with other management and administration salaries within the Society.

#### Reserves

The Trustees reviewed and approved the reserves policy in July 2019. The policy is stated below:-

In accordance with the Charities Statement of Recommended Practice (SORP) FRS 102 the Hallé Concerts Society has taken into account the risks facing the Charity in order to formulate an appropriate reserves policy. The major financial risk is perceived to be the pressure on public sector funding with the consequential reliance on other, more volatile, income streams and the defined benefit pension liability.

The Society aims to maintain expendable reserves at a level which will enable the Society to provide for contingencies, withstand periods of poor trading conditions or, in extreme circumstances, to manage a fundamental restructure of the Orchestra's activities. On this basis the Trustees have set a target for expendable reserves of approximately £2,000k.

For the purposes of this policy the Trustees define expendable reserves to be the General Fund and those restricted reserves where the funds are given to support activities which fall within the Society's core purpose.

The level of expendable reserves at 31 March 2019 is £3,160k. The Trustees consider their expendable reserves at 31 March 2019 to comprise the General funds of the Group of a deficit of £213k, plus the reserves of the Hallé 2058 Foundation of £886k, plus the Monument and Oglesby revenue reserves of £2,487k.

The trustees consider the level of reserves to be in line with the underlying target of £2 million, recognising that the level at 31 March 2019 reflects restricted donations and grant income received in advance of Hallé St Peter's capital scheme completion. The Monument and Oglesby reserves now include the remaining instalments of restricted pledges in respect of the overall St Peter's revenue fundraising target of £2,500k. These funds will be used to support activity in St Peter's when the building reopens and the extended facility becomes operational later in 2019.

It is acknowledged that the expendable reserves include restricted reserves which have been given for specific purposes to support developmental activity and their disposition is overseen by the Board.

As reported in previous years, the recognition of the defined benefit scheme pension liability under FRS 102 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 2019 was calculated as £10,712k (2018: £10,919k). Although this is significant and represents the estimated present value of all future pension liabilities (less the assets available to fund these payments), it does not mean that an immediate liability for this amount crystallises at 31 March 2019. This is because pension liabilities will fall due over a period of many years.



## Trustees' Report (continued)

### Strategic report (continued)

#### Reserves (continued)

The most recent actuarial valuation was carried out as at 31 March 2017 and as a result the Society has agreed a recovery plan with the pension fund Trustees to pay off the shortfall. The plan requires the Society to make payments over 22 years of £450,000 per annum increasing at 3% per annum, plus administration costs of £100,000 per annum.

#### Plans for future periods

The Trustees' key area of focus continues to be the long-term financial sustainability of the Society given the continuing uncertain economic climate and significant cuts to public funding. The Arts Council has confirmed continued funding at cash standstill through to 2021/22 which removes a significant uncertainty. Unfortunately, as a result of the review of cultural grants from the transition to the Greater Manchester Combined Authority the Hallé grant for 2018/19 and 2019/20 has been reduced by £70k, and there is considerable uncertainty regarding future grant levels.

As noted above the most recent pension valuation necessitated an increase in deficit payments by the Society and the affordability of deficit repayments remains an area of considerable financial risk.

Against this backdrop the Trustees consider that Orchestra Tax Relief provides a realistic opportunity to achieve a more balanced financial position and, with careful budget management, to build and maintain a reasonable level of reserves that will allow the Hallé to plan for a sustainable future.

A full programme of concerts is planned at the Bridgewater Hall together with touring engagements in the UK. Major audience development initiatives are continuing with the aim of diversifying and extending our reach. We will continue to develop our use of new digital media to develop deeper engagement with our current supporters and give wider access to our activities.

The reopening of the extended St Peter's facility, scheduled for autumn 2019, will provide vastly improved facilities and provide opportunities to expand our audiences and community work, whilst providing excellent and cost effective alternative rehearsal space. Senior management and the Board are developing plans to maximise the opportunities offered by this development.

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 GM Music Hub and a delivery partner in the Manchester My Hub. In addition, we will continue to 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.

#### Principal risks and uncertainties

The Trustees consider the major risks facing the Society are:

- Uncertainty created by the current economic climate and the impact of Brexit;
- Continued pressure on public funding;
- An inability to maintain artistic momentum;
- The threat of reduced income from box office, engagements and donors, and;
- Underfunding of the Hallé Concerts Society Retirement Benefit Scheme, which was closed to future benefit accrual in July 2006.

As reported earlier in this report, in order to mitigate the effects of these, there is a robust risk management framework in place, overseen by the Audit Committee and approved by the Board with ongoing monitoring of management actions and changes in the Society's risk profile.

## **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) including FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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
- assess the Group's and the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Charitable Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

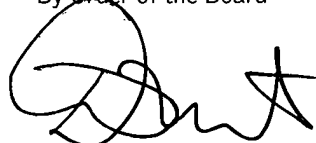
### **Disclosure of information to independent auditor**

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

### **Auditor**

During the year KPMG LLP resigned as auditors and Crowe U.K. LLP were appointed as auditors. In accordance with Section 485 of the Companies Act 2006, a resolution for the reappointment of Crowe U.K. LLP as auditor 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

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

### **Opinion**

We have audited the financial statements of Hallé Concerts Society for the year ended 31 March 2019 which comprise the Consolidated and Aggregated Income and Expenditure Account, the Consolidated and Aggregated Statement of Financial Activities, the Charitable Company Statement of Financial Activities, the Consolidated and Aggregated and Charitable Company Balance Sheets, the Consolidated and Aggregated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

## **Independent auditor's report to the members of Hallé Concerts Society (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

We have nothing to report in these respects.

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

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report or the] directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent 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.

### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement set out on page 18, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

## Independent auditor's report to the members of Hallé Concerts Society (continued)

### Use of our report

This report is made solely to the charitable 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vicky Szulist (Senior Statutory Auditor)  
for and on behalf of Crowe U.K. LLP, Statutory Auditor  
The Lexicon  
Mount Street  
Manchester M2 5NT

16th August 2019.

# Hallé Concerts Society

(A Charitable Company limited by guarantee)

Company number 62753

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## Consolidated and Aggregated Summary Income and Expenditure Account for the year ended 31 March 2019

	Note	Before exceptional items 2019 £'000	Exceptional items (note 3b(ii)) 2019 £'000	Total 2019 £'000	Total 2018 £'000
Gross income from charitable operations		9,032	2,389	11,421	12,025
Orchestra Tax Credit		990	-	990	1,868
Total income from continuing operations		10,022	2,389	12,411	13,893
Total expenditure for continuing operations		(9,614)	(388)	(10,002)	(9,251)
<b>Surplus on ordinary activities for the year before transfers and asset disposals</b>		<b>408</b>	<b>2,001</b>	<b>2,409</b>	<b>4,642</b>
<b>Net income after interest and charges, before transfers</b>		<b>408</b>	<b>2,001</b>	<b>2,409</b>	<b>4,642</b>
Transfer from endowment funds	19	201	-	201	196
<b>Net income for the year</b>		<b>609</b>	<b>2,001</b>	<b>2,610</b>	<b>4,838</b>
Dealt with by:					
The Society		461	2,001	2,462	4,874
Subsidiary company and related trusts		148	-	148	(36)
		<b>609</b>	<b>2,001</b>	<b>2,610</b>	<b>4,838</b>

- Total income comprises £8,757k for unrestricted funds and £3,654k for restricted funds (2018: £9,434k and £4,459k respectively). A detailed analysis of income and expenditure is provided in the Statement of Financial Activities on page 23.
- Orchestra Tax Relief has been included within income in this year's financial statements to better reflect the nature of this income. Comparatives have been restated accordingly.
- Income and expenditure totals are shown after eliminating intra-group transactions.
- A detailed analysis of expenditure is provided in the Statement of Financial Activities and notes 8 and 9.
- Exceptional items are analysed and explained in note 3b(ii).
- 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 23 which, together with the notes to the accounts on pages 27 to 50, 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 27 to 50 form part of these financial statements.

# Consolidated and Aggregated Statement of Financial Activities

for the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total 2019 £'000	Total 2018 £'000
<b>Income and endowments from:</b>						
Donations and legacies	5	3,780	3,545	136	7,461	8,173
<i>Income from charitable activities</i>						
Orchestral activity and education	6	3,326	-	-	3,326	3,252
<i>Income from other trading activities</i>						
Activities for generating funds	7	638	-	-	638	548
Income from investments		23	109	140	272	276
<i>Other incoming resources</i>						
Orchestra Tax Credit		990	-	-	990	1,868
<b>Total income and endowments</b>		<b>8,757</b>	<b>3,654</b>	<b>276</b>	<b>12,687</b>	<b>14,117</b>
<b>Expenditure</b>						
<i>Expenditure on raising funds:</i>						
Costs of activities for raising funds	8	383	-	-	383	358
Investment management expenses		-	11	16	27	20
<i>Expenditure on charitable activities</i>						
Orchestral activity and education	9	7,992	762	16	8,770	8,460
<i>Other expenditure</i>						
Retirement Benefit Scheme costs	22	854	-	-	854	440
<b>Total expenditure</b>		<b>9,229</b>	<b>773</b>	<b>32</b>	<b>10,034</b>	<b>9,278</b>
<b>Net (expenditure)/income and net movement in funds before (losses)/gains on investments</b>		<b>(472)</b>	<b>2,881</b>	<b>244</b>	<b>2,653</b>	<b>4,839</b>
Net (losses)/gains on investments	13	1	7	(446)	(438)	217
<b>Net (expenditure)/income before transfers</b>		<b>(471)</b>	<b>2,888</b>	<b>(202)</b>	<b>2,215</b>	<b>5,056</b>
Transfers between funds	19	278	(77)	(201)	-	-
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>		<b>(193)</b>	<b>2,811</b>	<b>(403)</b>	<b>2,215</b>	<b>5,056</b>
<b>Other recognised gains and losses</b>						
Gains on revaluation of fixed assets	12	-	-	-	-	81
Actuarial gain on defined benefit pension scheme	22	511	-	-	511	347
<b>Net movement in funds</b>		<b>318</b>	<b>2,811</b>	<b>(403)</b>	<b>2,726</b>	<b>5,484</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 April		(11,243)	7,299	6,873	2,929	(2,555)
<b>Total funds carried forward at 31 March</b>	<b>18</b>	<b>(10,925)</b>	<b>10,110</b>	<b>6,470</b>	<b>5,655</b>	<b>2,929</b>

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 on pages 27 to 50 form part of these financial statements.

Total investment income amounted to £272k (2018: £276k) of which £23k (2018: £10k) was unrestricted, £109k restricted (2018: £108k) and £140k (2018: £158k) accounted for within the Endowment Fund.

# Charitable Company Statement of Financial Activities

for the year ended 31 March 2019

	Note	Unrestricted Funds	Restricted funds	Endowment Funds	Total	Total (Restated note 3a)
		2019 £'000	2019 £'000	2019 £'000	2019 £'000	2018 £'000
<b>Income and endowments from:</b>						
Donations and legacies	5	3,882	3,576	-	7,458	8,414
<i>Income from charitable activities:</i>						
Orchestral activity and education	6	3,326	-	-	3,326	3,252
<i>Income from other trading activities</i>						
Activities for generating funds	7	617	-	-	617	531
Income from investments		23	19	-	42	29
<i>Other incoming resources</i>						
Orchestra Tax Credit		990	-	-	990	1,868
<b>Total income</b>		<b>8,838</b>	<b>3,595</b>	<b>-</b>	<b>12,433</b>	<b>14,094</b>
<b>Expenditure</b>						
<i>Expenditure on raising funds:</i>						
Costs of activities for generating funds	8	374	-	-	374	350
Investment management expenses		-	2	-	2	-
<i>Expenditure on charitable activities</i>						
Orchestral activity and education	9	7,991	759	-	8,750	8,423
<i>Other expenditure</i>						
Retirement benefit scheme costs	22	854	-	-	854	440
<b>Total expenditure</b>		<b>9,219</b>	<b>761</b>	<b>-</b>	<b>9,980</b>	<b>9,213</b>
<b>Net (expenditure)/ income and net movement in funds before gains and losses on investments</b>		<b>(381)</b>	<b>2,834</b>	<b>-</b>	<b>2,453</b>	<b>4,881</b>
Net gains/(losses) on investments	13	1	8	-	9	(13)
<b>Net (outgoing)/ incoming resources before other recognised gains and losses</b>		<b>(380)</b>	<b>2,842</b>	<b>-</b>	<b>2,462</b>	<b>4,868</b>
<b>Other recognised gains and losses</b>						
Actuarial gain on defined benefit pension scheme	22	511	-	-	511	347
<b>Net movement in funds</b>		<b>131</b>	<b>2,842</b>	<b>-</b>	<b>2,973</b>	<b>5,215</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 April		(11,245)	6,836	42	(4,367)	(9,588)
Prior year adjustment	3a	-	433	-	433	439
Total funds brought forward at 1 April (restated)		(11,245)	7,269	42	(3,934)	(9,149)
<b>Total funds carried forward at 31 March</b>	<b>18</b>	<b>(11,114)</b>	<b>10,111</b>	<b>42</b>	<b>(961)</b>	<b>(3,934)</b>

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 on pages 27 to 50 form part of these financial statements.

Total investment income amounted to £42k (2018: £29k) of which £23k (2018: £10k) was unrestricted and £19k restricted (2018: £19k).




**Consolidated and Aggregated and Charitable Company Balance Sheets**  
at 31 March 2019

	Note	Group 2019	Group 2018	Company 2019	Company 2018 (Restated note 3a)
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12	4,176	2,110	3,808	1,726
Investments	13	6,208	6,667	549	543
		<u>10,384</u>	<u>8,777</u>	<u>4,357</u>	<u>2,269</u>
<b>Current assets</b>					
Stocks		-	3	-	3
Debtors	14	2,981	1,850	3,231	2,185
Cash at bank and in hand		4,327	4,256	3,516	3,555
		<u>7,308</u>	<u>6,109</u>	<u>6,747</u>	<u>5,743</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	15	(1,325)	(1,038)	(1,353)	(1,027)
<b>Net current assets</b>		<u>5,983</u>	<u>5,071</u>	<u>5,394</u>	<u>4,716</u>
<b>Total assets less liabilities excluding pension liability</b>		<u>16,367</u>	<u>13,848</u>	<u>9,751</u>	<u>6,985</u>
Pension liability	22	(10,712)	(10,919)	(10,712)	(10,919)
<b>Total assets less liabilities including pension liability</b>		<u>5,655</u>	<u>2,929</u>	<u>(961)</u>	<u>(3,934)</u>
<b>Capital funds</b>					
Endowments		6,470	6,873	42	42
<b>Income funds</b>					
Restricted funds		10,110	7,299	10,111	7,269
<b>Unrestricted funds:</b>					
Other charitable funds		(213)	(324)	(402)	(326)
Pension reserve		(10,712)	(10,919)	(10,712)	(10,919)
		<u>(10,925)</u>	<u>(11,243)</u>	<u>(11,114)</u>	<u>(11,245)</u>
<b>Total Funds</b>	18	<u>5,655</u>	<u>2,929</u>	<u>(961)</u>	<u>(3,934)</u>

The notes on pages 27 to 50 form part of these financial statements.

These financial statements were approved by the Board of Trustees and signed on its behalf on 18 July 2019 by

David McKeith  
Chairman



Tim Edge  
Chairman of Audit Committee



**Consolidated and Aggregated Cash Flow Statement**  
for the year ended 31 March 2019

	2019 £'000	2018 £'000
<b>Cash used in operating activities</b>	<b>1,962</b>	<b>3,663</b>
<b>Cash flows from investing activities:</b>		
<b>Interest and dividends</b>		
Interest received	21	7
Interest paid	(1)	-
Dividends received	250	269
<b>Net cash inflow from returns on investments</b>	<b>270</b>	<b>276</b>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(2,182)	(452)
Payments to acquire fixed asset investments	-	(142)
Receipts from sales of fixed asset investments	21	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(2,161)</b>	<b>(594)</b>
<b>Reconciliation of net cash flows to movement in net funds</b>		
Increase in cash and cash equivalents in the year	71	3,345
Cash and cash equivalents at 1 April	4,256	911
<b>Total cash and cash equivalents at 31 March</b>	<b>4,327</b>	<b>4,256</b>
<b>Notes to the group cash flow statement</b>		
<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>		
Net incoming resources (as per the SOFA)	2,215	5,056
Depreciation charge	116	119
Decrease in stocks	3	-
(Increase) in debtors	(1,131)	(575)
Increase/ (decrease) in creditors	287	(437)
Increase/(decrease) in pension fund liability	304	(7)
Losses/(gains) on investments	438	(217)
Interest received	(21)	(7)
Interest paid	1	-
Investment income	(250)	(269)
<b>Net cash inflow from operating activities</b>	<b>1,962</b>	<b>3,663</b>

The notes on pages 27 to 50 form part of these financial statements.

# Hallé Concerts Society

(A Charitable Company limited by guarantee)  
Company number 62753

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## Notes (continued)

### 1 Status of charitable company and liability of members

The Hallé Concerts Society is a registered charity and a company limited by guarantee, incorporated in the UK. The registered office is: The Bridgewater Hall, Manchester M1 5HA.

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 or she 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.

#### a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The accounts are prepared under the historical cost accounting convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to the accounts.

The Society meets the definition of a public benefit entity under FRS 102.

The Society is considered to be a qualifying entity under FRS 102 and has taken advantage of the reduced disclosure framework of FRS 102 in respect of certain disclosures for the Company. No separate Company cash flow statement is included.

#### b) Preparation of accounts on a going concern basis

Taking into account the position on overall and general reserves (as explained in the Trustees' Strategic report on pages 12 to 17, the current cash balances and forecast income and expenditure flows, the Trustees have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The Trustees therefore consider the going concern basis to be appropriate for the preparation of these financial statements.

#### c) Basis of consolidation and aggregation

The statement of financial activities (SOFA) and balance sheet of the Company include the Sickness and Benevolent Fund (a charity linked by a Charity Commission Uniting Direction). The prior year adjustment to reflect the change in accounting treatment for this Fund is explained in note 3a.

The income and expenditure account, SOFA and balance sheet of the Group consolidate the financial statements of the charity and the results of the charity's subsidiaries, with the exception that movements in endowment funds are not aggregated in the income and expenditure account in accordance with the SORP.

All subsidiaries 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 2018 and 5 April 2019 respectively.

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

**Notes (continued)****2 Accounting policies (continued)***d) Income*

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

Gifts in kind are included in income 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.

Income from the permanent endowment is unrestricted.

Orchestra tax relief is recognised in the period to which it relates.

*e) 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.

*f) Expenditure*

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

The costs of raising funds represents 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 are apportioned on a basis consistent with the average consumption of resources as set out in the notes.

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.

*g) Irrecoverable VAT*

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

## Notes (continued)

### 2 Accounting policies (continued)

#### *h) Funds*

Unrestricted funds are those funds available for use at the discretion of the Trustees in the furtherance of the general objectives of the charity.

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.

Within the Hallé Group there are two permanent endowment funds which are held within the Hallé Endowment Trust: the Main Endowment Fund and the Catalyst Endowment Fund.

The principal activity of the Hallé Endowment Trust is to maintain a capital endowment fund and to apply the annual income of that fund in perpetuity towards the education of the general public in the study, appreciation and practice of music and the allied arts by furthering and supporting the objects and work of the Hallé Concerts Society. As at 1 January 2017 the Trustees adopted the total return approach to investment accounting for the Main Endowment Fund, under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. This allows any increase in the value of an investment to be treated as income. The Catalyst Endowment Fund is held as a segregated fund within the fund of the Hallé Endowment Trust under the terms of a Trust deed dated 29 October 2012 between the Hallé Concerts Society and the Arts Council of England.

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

#### *i) 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:

Fixtures and Fittings -	Three to ten years
Motor Vehicles -	Five years
Music Library -	Five years
Musical Instruments -	Ten to twenty-five years
Leasehold property -	Twenty-five years

The musical instrument held by the Hallé Endowment Trust is re-valued at market value by the Trustees periodically based on the Trustees' review of recent sales values of similar instruments.

The leasehold of Hallé St Peter's was acquired from the Homes and Communities Agency for a period of 999 years at a peppercorn rent. The terms of the lease place restrictions on the use of the building and its disposition and therefore no value is placed on the leasehold itself.

#### *j) Investments*

Investments are included at fair value, measured at bid 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 adopted a total return approach to the permanent endowment with effect from 1 January 2017. The return on investments determines the ability of the Endowment Trust to make grants to the Society.

Investments in subsidiary undertakings are valued at cost.

**Notes (continued)****2 Accounting policies (continued)***k) Stocks*

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

*l) 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 pension scheme (Group Personal Pension Plan) 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.

*m) Exceptional items*

In order to provide further clarity to the users of the financial statements, a columnar format is used within the Consolidated Income and Expenditure statement to record exceptional items. These are items that, in the opinion of the Trustees, should be presented separately due to their size or qualitative materiality in order to give a better understanding of the recurring operational performance of the Group.

*n) Accounting estimates and judgements**Key sources of estimation uncertainty*

In the application of the Group's accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

*i) Defined benefit scheme*

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate of corporate bonds. Management estimates these factors in determining the net pension liability in the balance sheet. The assumptions reflect historical experience and current trends.

See note 22 for the disclosures relating to the defined benefit pension scheme.

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## Notes (continued)

unrestricted (£3,242k revenue grants and £802k donations) and £4,370k was restricted.

### 6 Income from charitable activities

	Group and Company 2019 £'000	Group and Company 2018 £'000
<b>Orchestral concerts and related work</b>		
Box office income (Manchester promotions)	1,738	1,623
Engagement income	1,241	938
Overseas touring	-	236
Broadcasts, recordings and other income	151	164
	<u>3,130</u>	<u>2,961</u>
Education and outreach	172	208
Hallé St Peter's & St Michael's	24	83
	<u>3,326</u>	<u>3,252</u>

Income from charitable trading activities was all unrestricted as in the previous year.

### 7 Income from other trading activities

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
<b>Sponsorship and other income</b>				
Corporate sponsorship	422	405	422	405
Fundraising events	21	17	-	-
Other income	195	126	195	126
<b>Total activities for generating funds</b>	<u>638</u>	<u>548</u>	<u>617</u>	<u>531</u>

Income from other trading activities was all unrestricted as in the previous year.

### 8 Expenditure on raising funds

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Fundraising salary & administration costs	302	279	294	280
Campaign & event costs	-	7	-	-
Allocated support costs	73	64	73	63
Allocated governance costs	8	8	7	7
	<u>383</u>	<u>358</u>	<u>374</u>	<u>350</u>

Expenditure on raising funds were £383k for the Group (2018: £358k) of which £nil was restricted (2018: £1k) and for the Charitable Company £374k (2018: £350k) of which £nil (2018: £1k) was restricted.

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## Notes (continued)

### 5 Donations and legacies

Group	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total 2019 £'000	Total 2018 £'000
<b>Grants receivable</b>					
<b>Revenue grants receivable:</b>					
Arts Council England	2,084	-	-	2,084	2,084
Greater Manchester Combined Authority	749	-	-	749	821
Manchester City Council	337	-	-	337	337
<b>Total revenue grants receivable</b>	<b>3,170</b>	<b>-</b>	<b>-</b>	<b>3,170</b>	<b>3,242</b>
<b>Other grants receivable:</b>					
Arts Council capital grant	-	2,066	-	2,066	-
<b>Total grants receivable</b>	<b>3,170</b>	<b>2,066</b>	<b>-</b>	<b>5,236</b>	<b>3,242</b>
<b>Donations and similar income</b>					
Fundraising donations	417	1,479	16	1,912	4,654
Membership subscriptions	20	-	-	20	34
Legacies and bequests	173	-	120	293	243
<b>Total donations and similar income</b>	<b>610</b>	<b>1,479</b>	<b>136</b>	<b>2,225</b>	<b>4,931</b>
<b>Total donations and legacies</b>	<b>3,780</b>	<b>3,545</b>	<b>136</b>	<b>7,461</b>	<b>8,173</b>

In 2018 income from donations and legacies for the Group totalled £8,173k of which £3,756k was unrestricted (£3,242k revenue grants and £514k donations), £4,351k was restricted (£4,351k donations) and £66k was for permanent endowment (£17k donations and £49k legacies).

Company	Unrestricted Funds 2019 £'000	Restricted funds 2019 £'000	Endowment Funds 2019 £'000	Total 2019 £'000	Total 2018 £'000
<b>Grants receivable</b>					
<b>Revenue grants receivable:</b>					
Arts Council England	2,084	-	-	2,084	2,084
Greater Manchester Combined Authority	749	-	-	749	821
Manchester City Council	337	-	-	337	337
<b>Total revenue grants receivable</b>	<b>3,170</b>	<b>-</b>	<b>-</b>	<b>3,170</b>	<b>3,242</b>
<b>Other grants receivable:</b>					
Arts Council capital grant	-	2,066	-	2,066	-
<b>Total grants receivable</b>	<b>3,170</b>	<b>2,066</b>	<b>-</b>	<b>5,236</b>	<b>3,242</b>
<b>Donations and similar income</b>					
Fundraising donations	519	1,510	-	2,029	4,944
Membership subscriptions	20	-	-	20	34
Legacies and bequests	173	-	-	173	194
<b>Total donations and similar income</b>	<b>712</b>	<b>1,510</b>	<b>-</b>	<b>2,222</b>	<b>5,172</b>
<b>Total donations and legacies</b>	<b>3,882</b>	<b>3,576</b>	<b>-</b>	<b>7,458</b>	<b>8,414</b>

In 2018 income from donations and legacies for the Company totalled £8,414k of which £4,044k was



# Hallé Concerts Society

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## Notes (continued)

### 3b) Net movement in Funds (continued)

ii) The net movement in funds includes the following items which have been identified by the trustees as exceptional:

	2019	2018
	£'000	£'000
Gross income from charitable operations	2,389	3,050
Total expenditure from continuing operations	(388)	-
Orchestra tax credit	-	968
Total exceptional items	2,001	4,018

Gross income includes £2,066k of Arts Council Capital Grant funding and £323k of capital donations in respect of the St Peter's Phase 2 capital scheme. In total the Arts Council are providing funding of £4,800k. As part of the Arts Council Funding agreement the Hallé is required to raise £1,400k of which £323k has been received in 2018/19 (2017/18: £1,050k). The ACE grant funding and capital donations will be held in the restricted Fixed Asset reserve, providing the funding for the Phase 2 building project and against which the depreciation on St Peter's Phase 2 will be charged from the construction completion date (scheduled for Autumn 2019). The income is categorised as exceptional because it has been received in connection with a capital appeal and is outside of the usual operational activities of the Hallé.

£388k in respect of the provision for equalising Guaranteed Minimum Pensions (GMPs) has been categorised as exceptional due to the one -off nature of the initial provision. Further information on the GMP cost is provided in note 22.

Orchestra tax relief of £968k, representing the claim for 2016/17, was categorised as exceptional in 2017/18 as the 2017/18 financial year included two years' of claim (2016/17 and 2017/18) which was an exceptional situation.

## 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.

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## Notes (continued)

### 3 Movement in funds

#### 3a) Reconciliation of Funds – Prior Year Adjustment

For 2018/19 the Society has included the results for the Hallé Concert Society Sickness and Benevolent Fund within the Hallé Concerts Society Company Accounts and the prior year comparatives and brought forward balances have been adjusted accordingly. This follows a review of the accounting treatment for the Sickness and Benevolent Fund which is a charity linked by a Charity Commission Uniting Direction. As such the correct treatment is to account for the Fund as part of the Hallé Concerts Society Company whereas previously the results of the Sickness and Benevolent Fund had been aggregated only within the Group consolidation.

This restatement does not affect the group comparatives or brought forward position.

The categories impacted by the restatement are shown below:-

Financial Statement Category	2018 £'000 Original	2018 £'000 Restated	£'000 Difference
<b>Statement of Financial Activities - Company</b>			
Income	14,077	14,094	17
Expenditure	(9,201)	(9,213)	(12)
Net losses on investments	(2)	(13)	(11)
Other recognised gains & losses	347	347	0
Total funds brought forward 1 April 2017	(9,588)	(9,149)	439
<b>Total funds carried forward 31 March 2018</b>	<b>(4,367)</b>	<b>(3,934)</b>	<b>433</b>
<b>Balance Sheet - Company</b>			
Fixed Assets - Investments	1,834	2,269	435
Net Current Assets	4,718	4,716	(2)
Pension Liability	(10,919)	(10,919)	0
<b>Total net liabilities at 31 March 2018</b>	<b>(4,367)</b>	<b>(3,934)</b>	<b>433</b>
<b>Total Funds</b>	<b>(4,367)</b>	<b>(3,934)</b>	<b>433</b>

#### 3b) Net movement in Funds

##### i) The net movement in funds is stated after charging:

	2019 £'000	2018 £'000
Auditor remuneration - audit: - Group (including Society)	20	20
- Society alone	15	19
other services relating to taxation for the Group and the Society	-	11
Depreciation	116	119

Amounts receivable by the Company's auditor and its associates in respect of administration, governance and actuarial services for associated pension schemes is £nil (2018: £77k). A new auditor was appointed in 2018 and does not also provide pension and actuarial services to the Society.

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## Notes (continued)

### 9 Costs of charitable activity

Group	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total 2019 £'000	Total 2018 £'000
<b>Orchestral concerts and related work</b>					
Orchestra, related staff and other costs	4,173	57	-	4,230	4,049
Conductors and soloists	628	226	-	854	713
Augmenting extra players	212	-	-	212	164
Overseas tours	-	-	-	-	256
Travel and subsistence	218	-	-	218	150
Hall hire	769	-	-	769	675
Sundry concert costs	113	-	-	113	169
Music and instrument hire	79	-	-	79	66
Recording costs	63	31	-	94	94
Marketing & Communications	469	-	-	469	455
Box office charges	161	-	-	161	152
Programme costs	52	-	-	52	48
Depreciation	17	84	16	117	119
Support costs	497	-	-	497	437
Governance costs	55	5	-	60	55
	<b>7,506</b>	<b>403</b>	<b>16</b>	<b>7,925</b>	<b>7,602</b>
<b>Education and outreach</b>					
Direct Education costs	101	137	-	238	368
Choir, Youth Orchestra, Youth Choir, & Children's Choir	249	98	-	347	226
Support costs	66	-	-	66	58
Governance costs	8	-	-	8	7
	<b>424</b>	<b>235</b>	<b>-</b>	<b>659</b>	<b>659</b>
<b>Hallé St Peter's &amp; St Michael's Costs</b>					
Operational costs	62	19	-	81	156
St Peter's Phase 2 expenditure	-	105	-	105	31
	<b>62</b>	<b>124</b>	<b>-</b>	<b>186</b>	<b>187</b>
<b>Payments to beneficiaries</b>	-	-	-	-	12
<b>Total charitable expenditure</b>	<b>7,992</b>	<b>762</b>	<b>16</b>	<b>8,770</b>	<b>8,460</b>

Total charitable expenditure for the Group was £8,770k (2018: £8,460k) of which £7,992k was unrestricted (2018: £8,073k), £762k was restricted (2018: £371k) and £16k was charged to the Endowment (2018: £16k).

Company charitable expenditure is analysed overleaf.

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## Notes (continued)

### 9 Cost of charitable activity (continued)

Company	Unrestricted Funds 2019 £'000	Restricted funds 2019 £'000	Endowment Funds 2019 £'000	Total 2019 £'000	Total Restated 2018 £'000
<b>Orchestral concerts and related work</b>					
Orchestra, related staff and other costs	4,173	57	-	4,230	4,054
Conductors and soloists	628	227	-	855	713
Augmenting extra players	212	-	-	212	164
Overseas tours	-	-	-	-	256
Travel and subsistence	218	-	-	218	150
Hall hire	769	-	-	769	675
Sundry concert costs	113	-	-	113	169
Music and instrument hire	79	-	-	79	66
Recording costs	63	31	-	94	94
Marketing & Communications	469	-	-	469	455
Box office charges	161	-	-	161	152
Programme costs	52	-	-	52	49
Depreciation	17	83	-	100	103
Support costs	495	-	-	495	428
Governance costs	56	2	-	58	52
	<b>7,505</b>	<b>400</b>	<b>-</b>	<b>7,905</b>	<b>7,580</b>
<b>Education and outreach</b>					
Direct Education costs	101	137	-	238	368
Choir, Youth Orchestra, Youth Choir, & Children's Choir	249	98	-	347	226
Support costs	66	-	-	66	57
Governance costs	8	-	-	8	6
	<b>424</b>	<b>235</b>	<b>-</b>	<b>659</b>	<b>657</b>
<b>Hallé St Peter's &amp; St Michael's Costs</b>					
Operational costs	62	19	-	81	155
St Peter's Phase 2 feasibility costs	-	105	-	105	31
	<b>62</b>	<b>124</b>	<b>-</b>	<b>186</b>	<b>186</b>
<b>Total charitable expenditure</b>	<b>7,991</b>	<b>759</b>	<b>-</b>	<b>8,750</b>	<b>8,423</b>

Total charitable expenditure for the Company was £8,750k (2018: £8,423k) of which £7,991k was unrestricted (2018: £8,063k) and £759k, was restricted (2018: £360k).

### 10 Analysis of governance and support costs

Group	Orchestral work 2019 £'000	Education 2019 £'000	Fundraising 2019 £'000	Governance 2019 £'000	Total 2019 £'000	Total 2018 £'000
Management and Finance	264	35	35	18	352	326
Sundry office & operational costs	233	31	31	16	311	257
Professional and consultancy fees	-	-	7	42	49	45
	<b>497</b>	<b>66</b>	<b>73</b>	<b>76</b>	<b>712</b>	<b>628</b>

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## Notes (continued)

### 10 Analysis of governance and support costs (continued)

	Orchestral work 2019 £'000	Education 2019 £'000	Fundraising 2019 £'000	Governance 2019 £'000	Total 2019 £'000	Total 2018 £'000
<b>Company</b>						
Management and Finance	264	35	35	18	352	326
Office and sundry operational costs	231	31	31	16	309	244
Professional and consultancy fees	-	-	7	39	46	44
	<b>495</b>	<b>66</b>	<b>73</b>	<b>73</b>	<b>707</b>	<b>614</b>

Support costs are apportioned on a percentage basis reflecting the time spent working to support each area of activity.

### 11 (a) Staff numbers and costs

The average number of staff employed during the year, analysed by category, was as follows:

	Group and Company 2019 Number	Group and Company 2018 Number
Orchestral musicians	74	73
Administrative and other non-playing personnel	44	44
	<b>118</b>	<b>117</b>

The aggregate payroll costs of these persons were as follows:

	Group and Company 2019 £'000	Group and Company 2018 £'000
Salaries and fees	3,542	3,360
Employers' National Insurance contributions	337	332
Employers' Group Personal Pension Plan pension contributions	401	397
	<b>4,280</b>	<b>4,089</b>

### 11 (b) Remuneration of Trustees and employees

The Trustees consider the Key Management Personnel to comprise the Trustees and the Chief Executive. The Trustees receive no remuneration nor reimbursement of expenses and derive no financial benefit from their services to the Society. Employee benefits amounting to £118k were received by Key Management Personnel in 2018/19. The Chief Executive's pay is reviewed each year and normally raised in line with other management salaries.

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

	2019 Number	2018 Number
£60,001-£70,000	1	-
£90,001-£100,000	1	1

The employers' contribution to the Hallé Group Personal Pension Plan for the above employees was £17k (2018: £10k).

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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
<b>Group</b>						
<b>Cost or valuation</b>						
At 1 April 2018	1,671	95	1,063	448	134	3,411
Additions	2,103	-	13	66	-	2,182
At 31 March 2019	<u>3,774</u>	<u>95</u>	<u>1,076</u>	<u>514</u>	<u>134</u>	<u>5,593</u>
<b>Depreciation</b>						
At 1 April 2018	(241)	(95)	(535)	(295)	(134)	(1,300)
Charge for the year	(51)	-	(35)	(31)	-	(117)
At 31 March 2019	<u>(292)</u>	<u>(95)</u>	<u>(570)</u>	<u>(326)</u>	<u>(134)</u>	<u>(1,417)</u>
<b>Net book value</b>						
At 31 March 2019	<u>3,482</u>	<u>-</u>	<u>506</u>	<u>188</u>	<u>-</u>	<u>4,176</u>
At 31 March 2018	<u>1,430</u>	<u>-</u>	<u>528</u>	<u>152</u>	<u>-</u>	<u>2,110</u>
<b>Company</b>						
<b>Cost or valuation</b>						
At 1 April 2018	1,671	95	574	448	134	2,922
Additions/Disposals	2,103	-	13	66	-	2,182
At 31 March 2019	<u>3,774</u>	<u>95</u>	<u>587</u>	<u>514</u>	<u>134</u>	<u>5,104</u>
<b>Depreciation</b>						
At 1 April 2018	(241)	(95)	(430)	(296)	(134)	(1,196)
Charge for the year	(51)	-	(18)	(31)	-	(100)
At 31 March 2019	<u>(292)</u>	<u>(95)</u>	<u>(448)</u>	<u>(327)</u>	<u>(134)</u>	<u>(1,296)</u>
<b>Net book value</b>						
At 31 March 2019	<u>3,482</u>	<u>-</u>	<u>139</u>	<u>187</u>	<u>-</u>	<u>3,808</u>
At 31 March 2018	<u>1,430</u>	<u>-</u>	<u>145</u>	<u>152</u>	<u>(1)</u>	<u>1,726</u>

### Capital commitment

At 31 March 2019 the Society was engaged in the construction of Phase 2 of Hallé St Peter's and was committed to future expenditure of £2,565k. The project is due to complete in October 2019.

### Revaluations

The Music Library and Musical Instruments held by the Society itself were re-valued on an open market basis at 31 March 1998 to £30k and £179k respectively. In accordance with Charities SORP FRS 102 and with the transitional provisions of FRS 102, these valuations have not been updated as this is considered to be the deemed cost.

Under the historical cost convention accounting rules the net book value of the Music Library and Musical Instruments at 31 March 2019 would have been £nil and £50k respectively. Further information regarding the revaluation of the Society's fixed assets is not available.

The musical instrument was revalued to £400k as at 1 January 2017. The revaluation was undertaken by reference to the Coutts index by the Hallé senior management team.

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## Notes (continued)

### 12 Tangible fixed assets (continued)

Under the historical cost convention accounting rules, the net book value of the instrument at 31 December 2018 would have been £20,400 in that trust's books.

All tangible fixed assets are used for direct charitable purposes.

### 13 Investments

	Group £'000	Company £'000
Fair value at 1 April 2018 (Company restated)	6,667	543
Net Disposals	(22)	(3)
Change in market value	(437)	9
<b>Fair value at 31 March 2019</b>	<b>6,208</b>	<b>549</b>

The following table shows the valuation and allocation of assets at 31 March 2019. The majority of holdings are in common investment funds.

	£'000	%	£'000	%
Quoted investments:				
UK equities	1,519	24.5	140	25.5
International equities	2,170	34.9	193	35.2
UK bonds	773	12.4	33	6.0
International bonds	130	2.1	28	5.1
Other	866	13.9	93	16.9
Property	750	12.2	62	11.3
	<b>6,208</b>	<b>100%</b>	<b>549</b>	<b>100%</b>

Investments at fair value representing in excess of 5% of the investment portfolio at 31 March 2019 were as follows:

	Group £'000	Group %	Company £'000	Company %
Charity Equity Income Fund	583	9.4	52	9.4
Schroder Unit Trust Income Maximiser	426	6.9	38	6.9
M&G Global Dividend Income			27	5.0
Schroder Strategic Credit Fund	350	5.6		
JP Morgan US Equity Income Fund	343	5.5	31	5.7
Janus Henderson UK			27	5.0
The Charities Property Fund	751	12.1	61	11.2
	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Company 2019 £'000</b>	<b>Company 2018 £'000</b>
Shares in Group companies				
At cost	1	1	1	1
Provision for impairment	(1)	(1)	(1)	(1)
	-	-	-	-
Quoted investments:				
At fair value	6,208	6,667	549	107
	<b>6,208</b>	<b>6,667</b>	<b>549</b>	<b>107</b>

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## Notes (continued)

### 13 Investments (continued)

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

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 subsidiaries of the Society: Hallé Endowment Trust and Charles Hallé Foundation; the Hallé Concerts Society Sickness and Benevolent Fund is linked under a Charity Commission Uniting Direction and therefore included within the Company figures.

The aggregate of the share capital and reserves/funds as at 31 March 2019 (or 31 December 2018 for Halle Endowment Trust) and of the income or expenditure for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves/funds	Income/(expenditure)
	£000	£000
Halle Endowment Trust (charity number:286145)	6,428	(403)
Charles Halle Foundation (charity number:236149)	185	156
Halle Promotions Limited (company number:02592501)	5	-
	<u>6,618</u>	<u>(247)</u>

### 14 Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade debtors	619	229	619	229
Amounts owed by connected charities	9	16	9	15
Amounts owed by group charities	-	-	562	497
Other debtors	442	340	433	319
Prepayments and accrued income	1,911	1,265	1,608	1,125
	<u>2,981</u>	<u>1,850</u>	<u>3,231</u>	<u>2,185</u>

All debtors fall due within one year.

### 15 Creditors: amounts falling due within one year

Note	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade creditors	433	359	433	359
Amounts owed to group charities	-	-	51	12
Taxation and social security	101	86	101	86
Other creditors	46	74	37	66
Deferred income	287	279	287	279
Accruals	458	240	444	225
	<u>1,325</u>	<u>1,038</u>	<u>1,353</u>	<u>1,027</u>



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## Notes (continued)

### 16 Deferred income

	Group £'000	Company £'000
As at 1 April 2018	279	279
Amount released to incoming resources	(279)	(279)
Amount deferred in the year	287	287
As at 31 March 2019	<u>287</u>	<u>287</u>

Deferred income is income received from box office ticket sales and concert engagement fees relating to concerts which will take place after the year end. The income will be released as the relevant concert takes place during the 2019/20 financial year.

### 17 Financial instruments

	2019 £'000	2018 £'000
Financial assets measured at amortised cost	7,308	6,106
Financial assets measured at fair value	6,208	6,667
Financial liabilities measured at amortised cost	<u>(1,325)</u>	<u>(1,038)</u>

Group financial assets measured at amortised cost are cash, trade debtors, other debtors, prepayments and accrued income. Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2018: £nil).

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

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## Notes (continued)

### 18 Analysis of Total Funds

Group	At 31 March 2018	Income	Expenditure	Actuarial & Investment Gains/ (losses)	Transfers	At 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted reserves</b>						
General funds	(324)	8,757	(8,925)	1	278	(213)
Pension reserve	(10,919)	-	(304)	511	-	(10,712)
<b>Total unrestricted funds</b>	<b>(11,243)</b>	<b>8,757</b>	<b>(9,229)</b>	<b>512</b>	<b>278</b>	<b>(10,925)</b>
<b>Restricted funds</b>						
Fixed asset reserves	26	38	(7)	-	3	60
St Peter's capital fund	1,070	-	(76)	-	-	994
St Peter's capital fund - Phase 2	1,019	323	(105)	-	-	1,237
Phase 2 consultancy fund	5	-	-	-	(5)	-
Archive	5	-	-	-	(5)	-
ACE capital funding – Phase 2	-	2,066	-	-	-	2,066
Monument artistic	2,232	200	(305)	-	(250)	1,877
Monument St Peter's revenue	1,125	375	-	-	-	1,500
Oglesby St Peter's revenue	250	250	-	-	-	500
Oglesby revenue challenge	234	12	(9)	-	250	487
St Peter's artistic fund	-	100	-	-	-	100
Education and outreach	50	77	(128)	-	7	6
Hallé 2058 Foundation	821	65	-	-	-	886
Sickness & Benevolent fund	431	17	(60)	7	-	395
Charles Hallé Restricted Funds	31	41	(71)	-	-	1
Hallé Endowment Trust	-	90	(12)	-	(77)	1
<b>Total restricted funds</b>	<b>7,299</b>	<b>3,654</b>	<b>(773)</b>	<b>7</b>	<b>(77)</b>	<b>10,110</b>
<b>Endowment Funds</b>						
HET Endowment fund	4,380	152	(32)	(275)	(201)	4,024
HET Catalyst Endowment fund	2,451	124	-	(171)	-	2,404
HCS Endowment fund	42	-	-	-	-	42
<b>Total endowment funds</b>	<b>6,873</b>	<b>276</b>	<b>(32)</b>	<b>(446)</b>	<b>(201)</b>	<b>6,470</b>
<b>Total funds</b>	<b>2,929</b>	<b>12,687</b>	<b>(10,034)</b>	<b>73</b>	<b>-</b>	<b>5,655</b>

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## Notes (continued)

### 18 Analysis of Total Funds (continued)

Company	At 31 March 2018 (restated) £'000	Income £'000	Expenditure £'000	Actuarial & Investment Gains/(losses) £'000	Transfers £'000	At 31 March 2019 £'000
<b>Unrestricted reserves</b>						
General funds	(326)	8,838	(8,915)	1	-	(402)
Pension reserve	(10,919)	-	(304)	511	-	(10,712)
<b>Total unrestricted funds</b>	<b>(11,245)</b>	<b>8,838</b>	<b>(9,219)</b>	<b>512</b>	<b>-</b>	<b>(11,114)</b>
<b>Restricted funds</b>						
Fixed asset reserves	25	39	(7)	-	3	60
St Peter's capital fund	1,070	-	(77)	-	-	993
St Peter's capital fund – Phase 2	1,019	323	(105)	-	-	1,237
ACE capital funding – Phase 2	-	2,066	-	-	-	2,066
Phase 2 consultancy fund	5	-	-	-	(5)	-
Archive fund	5	-	-	-	(5)	-
Monument artistic	2,232	200	(305)	-	(250)	1,877
Monument St Peter's revenue	1,125	375	-	-	-	1,500
Oglesby St Peter's revenue	250	250	-	-	-	500
Oglesby revenue challenge	234	12	(9)	-	250	487
St Peter's artistic fund	-	100	-	-	-	100
Education & outreach	50	129	(179)	-	7	7
Other restricted funds	-	19	(19)	-	-	-
Hallé 2058 Foundation	821	65	-	-	-	886
Sickness & Benevolent Fund	433	17	(60)	8	-	398
<b>Total restricted funds</b>	<b>7,269</b>	<b>3,595</b>	<b>(761)</b>	<b>8</b>	<b>-</b>	<b>10,111</b>
<b>Endowment Funds</b>						
HCS Endowment fund	42	-	-	-	-	42
<b>Total Endowment funds</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>
<b>Total funds (restated)</b>	<b>(3,934)</b>	<b>12,433</b>	<b>(9,980)</b>	<b>520</b>	<b>-</b>	<b>(961)</b>

### Restricted funds

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

- The fixed asset reserves represent monies provided for capital expenditure which in accordance with applicable accounting standards will be reduced over the useful lives of the assets in line with their depreciation.
- The St Peter's Capital Funds and "ACE capital funding – Phase 2" represent monies received to support both the original conversion of St Peter's, Ancoats into a rehearsal centre and the Phase 2 extension which is currently in progress. In accordance with applicable accounting standards these reserves will be reduced over the useful lives of the assets in line with their depreciation.
- The Monument funds represent funding received for revenue support for Hallé St Peter's Phase Two and to support the artistic programme.
- The Oglesby funds represents challenge funding from the Oglesby Trust pledged to match other funding raised, together with funding raised from supporters to match the Trust's gift to support activity at Hallé St Peter's.
- The St Peter's Artistic fund represents a restricted donation for the purposes of enhancing the environment at St Peter's.

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## Notes (continued)

### 18 Analysis of Total Funds (continued)

#### Restricted funds (continued)

- The Hallé 2058 Foundation Funds represents monies received in support of the fundraising effort for the Hallé's 150<sup>th</sup> 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 Education and outreach funds represent funds received in support of specific educational and outreach projects.
- The Other restricted funds relate to funding received from the Homes and Communities Agency in support of the Hallé's residency in St Michaels and other project specific funding.
- The Charles Hallé Foundation restricted funds represent funds received from a variety of donors for specific educational and outreach projects including monies given by the Homes and Communities Agency to support activity in St Michael's. Those funds are disclosed in the accounts of the Charles Hallé Foundation.

#### Endowment funds

Endowments amounting to £42k (2018: £42k) 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 Catalyst Endowment Fund was originally an Arts Council initiative matching £ for £ donations raised up to a maximum of £1,000k, achieved in May 2015. All funds raised for the Catalyst Fund are invested in a separately designated fund within the Hallé Endowment Trust.

### 19 Transfers between funds

Group	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total 2019 £'000
<b>Transfers between funds</b>				
HET donation to Society funds	200	(200)	-	-
HET Catalyst donation to Society funds	78	(78)	-	-
HET Endowment to Restricted	-	201	(201)	-
<b>Total transfers between funds</b>	<b>278</b>	<b>(77)</b>	<b>(201)</b>	<b>-</b>

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## Notes (continued)

### 20 Analysis of group net assets between funds

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total 2019 £'000
Balances at 31 March 2019 represented by:				
Tangible assets	79	3,730	367	4,176
Investments	108	440	5,660	6,208
Current assets	678	5,940	690	7,308
Current liabilities	(1,078)	-	(247)	(1,325)
Pension liability	(10,712)	-	-	(10,712)
<b>Total net assets</b>	<b>(10,925)</b>	<b>10,110</b>	<b>6,470</b>	<b>5,655</b>
	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Endowment Funds 2018 £'000	Total 2018 £'000
Balances at 31 March 2018 represented by:				
Tangible assets	20	1,706	384	2,110
Investments	108	435	6,124	6,667
Current assets	478	5,170	461	6,109
Current liabilities	(930)	(12)	(96)	(1,038)
Pension liability	(10,919)	-	-	(10,919)
<b>Total net assets</b>	<b>(11,243)</b>	<b>7,299</b>	<b>6,873</b>	<b>2,929</b>

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 as disclosed in note 18. Current assets in endowment funds include £564k held in cash (2018: £330k). Current liabilities in endowment funds represent amounts due to Hallé Concerts Society in respect of donations approved, not paid over at the year end.

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

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Endowment Funds 2019 £'000	Total 2019 £'000
Net movement in funds for the year	318	2,811	(403)	2,726
Net (increase)/decrease in tangible fixed assets for direct charitable purposes	(59)	(2,023)	16	(2,066)
<b>Net movement in funds available for future activities</b>	<b>259</b>	<b>788</b>	<b>(387)</b>	<b>660</b>
	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Endowment Funds 2018 £'000	Total 2018 £'000
Net movement in funds for the year	1,185	3,988	311	5,484
Net (increase)/decrease in tangible fixed assets for direct charitable purposes	1	(352)	(65)	(416)
<b>Net movement in funds available for future activities</b>	<b>1,186</b>	<b>3,636</b>	<b>246</b>	<b>5,068</b>

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## Notes (continued)

### 22 Pensions

#### Defined contribution pension scheme

Since 1 April 2014 the Hallé Concerts Society auto enrolls all eligible employees into a contributory Group Personal Pension Plan (GPPP) with Royal London. Prior to this, a contributory Stakeholder Scheme was offered to all permanent employees with Standard Life. Employees joining the GPPP contract directly with Royal London. All contributions are charged to the income and expenditure account as they arise. Contributions are made under a salary sacrifice arrangement. The pension cost charge for the current year was £401k (2018: £397k).

#### 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 triennial actuarial valuation at 31 March 2017 showed a deficit of £12,600k on the Trustees' funding basis.

To make good the deficit the Trustees agreed a revised plan with the Society after the 2017 valuation to pay off the deficit by 30 April 2040. This requires the Society to make payments of £450k per annum over 22 years and 1 month from 1 April 2018 increasing at 3% per annum, plus administration costs of £100k per annum.

The 31 March 2019 defined benefit obligation includes a loading to reflect the estimated additional liability arising in respect of the requirement to equalise Guaranteed Minimum Pensions (GMPs) in the Scheme following the October 2018 High Court ruling in respect of the Lloyds pensions schemes. The Income and Expenditure charge below includes the past service cost of recognising this additional liability which has been disclosed as an exceptional item in the Income and Expenditure Account (see page 22 and note 3b(ii)).

The Society contributed £550k to the Scheme in the 2018/19 financial year including administration expenses paid.

The 2017 actuarial valuation is updated each year on an approximate basis by a qualified independent actuary as shown below. The following information relates to the Group and the Company.

Change in benefit obligation	2019 £'000	2018 £'000
Benefit obligation at start of year	26,200	26,500
Current service cost company only, including administration expenses	166	134
Interest cost	724	707
Actuarial gains	(349)	(396)
Benefits paid	(663)	(611)
Administration expenses paid	(166)	(134)
Past service costs and curtailments	388	-
<b>Benefit obligation at end of year *</b>	<b>26,300</b>	<b>26,200</b>
<b>Change in scheme assets</b>		
Fair value of scheme assets at start of year	15,281	15,226
Expected return on scheme assets	424	407
Actuarial gains/(losses)	162	(49)
Employer contributions	550	442
Administration expenses paid	(166)	(134)
Benefits paid	(663)	(611)
<b>Fair value of scheme assets at end of year</b>	<b>15,588</b>	<b>15,281</b>
<b>Funded status</b>	<b>(10,712)</b>	<b>(10,919)</b>

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

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## Notes (continued)

### 22 Pensions (continued)

#### Defined benefit pension scheme (continued)

Components of pension cost	2019 £'000	2018 £'000
<b>Amounts recognised in resources expended</b>		
Past service costs and curtailments	388	-
Administration expenses paid	166	140
Net interest cost (on defined benefit liability)	300	300
<b>Total pension cost recognised within other expenditure</b>	<b>854</b>	<b>440</b>
<b>Re-measurements recognised in other gains/(losses)</b>		
Actuarial gains/(losses) on the assets	162	(49)
Actuarial gains/(losses) on the liabilities	349	396
<b>Total gain recognised in other recognised gains and losses</b>	<b>511</b>	<b>347</b>

All pension costs for the current and preceding year are recognised in unrestricted funds.

Scheme assets	2019	2018
The major categories of Scheme assets, measured at fair value are:		
<b>Asset category</b>	<b>£000</b>	<b>£000</b>
Equities/Diversified growth	5,311	10,064
Corporate bonds and property	7,758	3,766
Government bonds	1,813	1,560
Cash and net current assets	706	(110)
	<b>15,588</b>	<b>15,280</b>
	<b>2019</b>	<b>2018</b>
The expected return on assets:	2.50%	2.80%
Actual return on scheme assets (£'000)	586	358
<b>The major weighted average assumptions used by the Actuary to determine benefit obligations were:</b>		
Discount rate	2.50%	2.80%
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 inflation linked up to 5%	3.25%	3.10%
Rate of increase of pensions in payment for members retiring before 1/8/1993 3% fixed	3.00%	3.00%
Rate of inflation (RPI)	3.45%	3.20%
Rate of inflation (CPI)	2.55%	2.30%

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## Notes (continued)

### 22 Pensions (continued) Defined benefit pension scheme (continued)

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

	2019 90% S2PA YOB	2018 S2PA YOB – 1year
	CMI 2017 1.25%	CMI 2014 1.25%
<b>Pre-retirement</b>		
Life expectancy at 65 of male member currently aged 45	24	26
Life expectancy at 65 of a female member currently aged 45	26	28
<b>Post-retirement</b>		
Life expectancy of male member currently aged 65	23	23
Life expectancy of a female member currently aged 65	25	26
Allowance for early retirements	No	No
Allowance for members to commute pension for tax free cash	Maximum allowed at 80% of value commuted	Maximum allowed at 80% of value commuted

### 23 Related party transactions

The Charitable Company has relied on the exemption in FRS 102 (s33.1A), 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 of £3k for administration costs during the current and previous years and owed £9k (2018: £16k) to the Society at the year end.

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.

Brandon Leigh was a senior employee of a major sponsor of the Hallé which had an active sponsorship relationships with the Hallé during the year.

During the year and post the year end, Cllr. Azra Ali, Eamonn Boylan, Cllr Janet Emsley, Theresa Grant and Jane Hampson 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.



**Notes (continued)****24 Total return investment – Main Endowment**

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

The Trustees identified the value of the gifts of permanent endowment received since 1983 up until 1 January 2017. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 1 January 2017 and the value of the gift component represents the opening balance of unapplied total return. The value of the original endowment was agreed at £2,158k. This was the value of all donations and legacies given to the Main endowment fund since it was established in 1983 up to 1 January 2017 and is based on the accounting records maintained for the Endowment Fund. This is now referred to as the "original endowment" and forms the initial "Investment Fund". (The original endowment value includes £120k in respect of the Amati violin acquired with Endowment funds in 1998).

This established the opening Unallocated Total Return (UTR) at £1,826k as the difference between the overall value of the Main Endowment fund at 1 January 2017 and the value of the "original endowment" at 1 January 2017 and less the revaluation reserve relating to the Amati violin. The UTR is classed as part of the Endowment fund until it is allocated to income.

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

The power allows the Trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure as grants to the Society. In 2018 having considered their obligations under the duty of even-handedness, the Trustees made a transfer of £201k unapplied total return to unrestricted income funds. In making this decision the Trustees have taken account of the return on investment for the year, the sustainability of the investment fund after considering various levels of transfer to income and the income needs of the charity.

Under the regulations (Section 4 of the Trusts (Capital and Income) Act 2013) charities have the power to add part of the Unapplied Total Return (UTR) to the Investment Fund. The amount that can be added annually is capped and is calculated by reference to the increase in inflation and the value of the Investment Fund. The purpose of such a transfer is to maintain the real value of the Investment Fund. The Trustees have agreed that they will consider on an annual basis whether to make such a transfer and that the appropriate inflation index to use is CPI. Given the reduction in investment values due to poor investment performance in 2018 the trustees have decided not to make a transfer to the investment fund for the 2018 financial year. (In 2017 a transfer of £60k was made from the UTR to the Investment Fund.)

With in-year donations to the Endowment of £12k the balance of the Investment Fund at 31 December 2018 is £2,516k, of which £368k is the net book value of the Amati violin at 31 December 2018.

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## Notes (continued)

### 24 Total return investment – Main Endowment (continued)

The investment fund and application of total return to permanent endowment funds	Trust for investment £'000	Unapplied Total Return £'000	Total Endowment £'000
Opening value of endowment:			
Gift component of permanent endowment (incl. £120k instrument)	2,256	-	2,256
Unapplied total return	-	1,859	1,859
<b>Total</b>	<b>2,256</b>	<b>1,859</b>	<b>4,115</b>
Revaluation reserve - Instrument	264		264
<b>Total Endowment 1/1/2018</b>	<b>2,520</b>	<b>1,859</b>	<b>4,379</b>
Movement in unapplied total return and endowment in the year:			
Gifts received	12	-	12
Investment return: dividends and interest	-	140	140
Investment return: recognised and unrecognised gain/(losses)	-	(274)	(274)
Investment management costs	-	(16)	(16)
Allocations of Unallocated Total Return (UTR) in the year:-			
Unapplied total return allocated to income	-	(201)	(201)
Unapplied total return allocated to Investment Fund	-	-	-
<b>Net movement in the reporting period</b>	<b>12</b>	<b>(351)</b>	<b>(339)</b>
Revaluation reserve - Instrument	(16)	-	(16)
<b>Total Endowment movement in year</b>	<b>(4)</b>	<b>(351)</b>	<b>(355)</b>
Gift component of permanent endowment			
Investment Fund	2,268	-	2,268
Unapplied total return	-	1,508	1,508
<b>Total</b>	<b>2,268</b>	<b>1,508</b>	<b>3,776</b>
Revaluation reserve - Instrument	248	-	248
<b>Total Endowment 31/12/2018</b>	<b>2,516</b>	<b>1,508</b>	<b>4,024</b>