

HALLÉ CONCERTS SOCIETY

(A Charitable Company Limited by Guarantee)

Annual Report and Accounts
for the year ended 31 March 2021

Company Number 62753

Charity Number 223882



TRUSTEES' REPORT AND SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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The Hallé Concerts Society gratefully acknowledges the financial assistance of Arts Council England, Manchester City Council and the Greater Manchester Combined Authority.



Supported using public funding by
**ARTS COUNCIL
ENGLAND**

REFERENCE AND ADMINISTRATIVE DETAILS

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

Elected:

David McKeith Chairman # \$

Sharon Ames # (appointed 8 September 2020)

Alex Connock

Darren Drabble #

Tim Edge *

Juergen Maier (appointed 8 September 2020)

Jon McLeod (resigned 8 September 2020)

Linda Merrick

Katrina Michel (resigned 8 September 2020)

John Phillips CBE *

Cathryn Merryl Webster #*

Aileen Wiswell #

Nominated by Manchester City Council:

Cllr Azra Ali

Nominated by the Greater Manchester Combined Authority:

Eamonn Boylan

Cllr Janet Emsley

EXECUTIVE TEAM

John Summers Chief Executive and Company Secretary
(resigned 31 August 2020)

David Butcher Chief Executive and Company Secretary
(appointed 1 September 2020)

Ruth Harkin Finance Director \$

ORCHESTRAL NOMINEE

Caroline Abbott

VICE PRESIDENTS

Martin McMillan

Edward Pysden \$

* Member of the Audit Committee

Member of the Nominations & Remuneration Committee

\$ Member of the Investment Committee

AUDITOR Crowe U.K. LLP

3rd 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

This has been a year of extreme threat and challenge for the Hallé, as it has for the whole of the cultural sector. I could not be prouder of the way our musicians, staff and volunteers have risen to the challenge nor more grateful to our funders, sponsors and patrons for their generous support.

We always believed that our investment in Hallé St Peter's, including the new Oglesby Centre, would make the Hallé a more resilient organisation and provide us with another face to the world and the Greater Manchester community. This pandemic year has already proved that proposition beyond doubt. We have been locked out of The Bridgewater Hall and our offices (for good reason) for virtually the whole year. Hallé St Peter's has given us a meeting place, when needed, for staff; a digital studio to enable our musicians to connect with our audiences and communities in new powerful ways; a film studio for our well-received Winter Season of concert films and, of course, a rehearsal and practice space, when allowed, for the orchestra and our many ensembles.

Over the past year we have also renewed our commitment to Diversity and Inclusion and are developing an ambitious but essential plan to embed inclusivity and relevance across all areas of our work.

An additional challenge during the past year was the retirement of two key executives, John Summers and Geoff Owen. They both made outstanding contributions to the success of the Hallé over the last two decades. It was particularly pleasing to see John Summers' work as the Hallé Chief Executive recognised in the Queen's Birthday Honours with an OBE for his contribution to music and education.

We were able to welcome some very talented new colleagues to the team. David Butcher, our new Chief Executive, and Anna Hirst, Head of Artistic Planning, were immersed immediately on their arrival in September in creating a new musical programme for the year starting with our Winter Season of specially produced films. They and their colleagues have redefined what we can and should aspire to online. Another welcome arrival was Delyana Lazarova, our new Assistant Conductor and the first winner of Siemens Hallé International Conductors Competition, in February 2020.

The COVID crisis has virtually eliminated our income from performing concerts and education work for more than 15 months. The support of the UK government's Job Retention Scheme and Culture Recovery Fund has been essential in ensuring the Hallé's survival. We have also continued to benefit from important funding from Arts Council England, the Greater Manchester Combined Authority and Manchester City Council as well as the generosity of our sponsors, patrons, staff and other supporters. The Hallé management team has demonstrated determination and creativity in keeping tight control of our costs and developing new ways of working throughout this period.

As a result, we finish the financial year in a stronger position with our expendable reserves at £3.8m (compared to £2.7m at the beginning of the year). These reserves will be essential for our financial security as we face the uncertainties of a future inevitably impacted by the pandemic and its longer term consequences. Following the easing of social restrictions on 19th July we recognise that it will take time for normal concert and educational activity to resume; we are however optimistic that they will once again be important aspects of the vibrant cultural life offered by the Greater Manchester region. The Board and management are confident that the Hallé will be able to adapt and prosper.



David McKeith
Chairman

CHIEF EXECUTIVE'S REVIEW OF THE YEAR

This is my first review as Chief Executive of the Hallé Concerts Society, having taken over from my distinguished predecessor John Summers, in September 2020, and it is a great honour and a thrilling challenge to be at the helm of one of the world's great pioneering orchestras. Coming at this time of national and international crisis has certainly made the role a little more challenging than expected, but the extended Hallé family, along with its many supporters, have risen to the occasion in typically creative and imaginative style. Demonstrating extraordinary resilience and determination they have succeeded in placing the organisation in a very strong position as it looks ahead to post-pandemic opportunities with renewed vigour and zeal.

The 2020-21 financial year will chart an unprecedented point in the Hallé's career, as government restrictions silenced public performances for the first time in its 163-year history. They also silenced the active participation of the hundreds of young performers involved in the orchestra's burgeoning education and ensembles programme across Greater Manchester and beyond.

That was not the end of the story, however. The orchestra's response to such stringent restrictions was to produce a vast array of performances, workshops, films, meetings and installations, maximizing nascent digital technologies and platforms to connect with an ever-widening audience locally, nationally and around the world, wholeheartedly in keeping with

the pioneering credentials of its founder Sir Charles Hallé. Pay cuts across the organisation to guarantee sustainability and survival were borne with good grace, and the inspired response of all our musicians, management and board to diversify its artistic offer have ensured that the Hallé has remained vital and relevant throughout these troubled times.

Special mention should go to our Music Director, Sir Mark Elder, who became a national champion for music and the arts, highlighting the serious threats posed by COVID-19-related constraints. Similarly, our Assistant Conductor, Delyana Lazarova, appointed after winning the inaugural Siemens International Conducting Competition, has shown great presence and promise, especially in her work with our youth ensembles.

I would also like to recognize the invaluable support of the government's Cultural Recovery Fund and Job Retention Scheme which have helped organisations like ours to weather these recent storms and have enabled us to innovate and reach out to communities in new and powerful ways. More generally, the support of Arts Council England, the Greater Manchester Combined Authority and Manchester City Council has been vital, as has the unstinting support of our audiences, patrons, corporate sponsors, Trusts and Foundations whom we cannot thank enough.



Sir Mark and the Hallé on thehallé.co.uk

CHIEF EXECUTIVE'S REVIEW OF THE YEAR

Martins Imhangbe and Faith Prendergast in Stravinsky's *The Soldier's Tale*



THE ORCHESTRA - "ALL HAIL THE HALLÉ..." DAILY TELEGRAPH

With concert halls around the country closed to the public, we worked closely with our partners at The Bridgewater Hall to re-open their doors exclusively for the Hallé to perform and film concerts for broadcast to audiences in Greater Manchester and around the world. The Winter Series of nine films was produced to the very highest standards of visual and sound quality, with additional interviews and features aimed at bringing audiences closer to the music and the orchestra. The purpose was not just to stream a concert, but to create a documentary film with our particular audience in mind which could be enjoyed through a huge range of digital platforms. Our talented new Head of Artistic Planning, Anna Hirst, together with Head of Digital, Bill Lam, nurtured a fruitful partnership with producer Gemma Dixon, director Jonathan Haswell and sound designer Steve Portnoi, to produce concert films which set the benchmark for immersive digital music content during lockdown.

The series centred on Sir Mark Elder and also featured Delyana Lazarova, and using the medium of film enabled us to be brave and diverse in our choice of artists, presentation and repertoire. Guest artists included Jess Gillam, Simon Armitage, Lemn Sissay, Isata Kanneh-Mason, Stephen Hough and Paul Lewis. Programmes were carefully curated to include the familiar as well as the new – Pärt with Britten and Bacewicz with Shostakovich for example – and we were pleased to include specially commissioned works by Hannah Kendall and a new symphony from Huw Watkins which garnered much critical praise. A number of concerts were filmed from our celebrated new centre at Hallé St Peter's in Ancoats but the majority came from The Bridgewater Hall where a specially extended stage was built to accommodate socially-distanced symphonic repertoire.

A particular highlight was the filming of a free Christmas concert featuring Hallé ensembles, choirs and youth orchestra participants

from across the Greater Manchester region. This was an enormous and complicated undertaking which was subsequently viewed by over 40,000 people on the Hallé's YouTube channel.

There was also a bespoke film of Stravinsky's *The Soldier's Tale* with Martins Imhangbe as the soldier, directed by Annabel Arden and Femi Elufowaju alongside vision director Dominic Best. This took our Winter Series film aspirations one step further as a made-for-film theatre-style production using sets, costumes, props, actors and musicians, who often performed from memory and from unfamiliar outside locations.

The orchestra has been through so much during the course of this year, and alongside the dedicated management team, it has risen to the challenge with stoicism and style. There are countless heart-warming stories of orchestral members volunteering to help in community settings such as care homes and hospitals, which demonstrate their outstanding community spirit and prove the relevance and value of orchestras such as ours in these testing times.

There were two new appointments during the year:

Katie Jackson, joined as Tutti 1st Violin in September 2020, a deferred start following appointment earlier in the year.

Victoria Stephenson, Tutti Viola, joined November 2020, again a deferred start following appointment earlier in the year.

Finally, it is worth registering the extraordinary artistic achievements of the orchestra at this time. Glowing reviews and critical acclaim are something the Hallé is accustomed to, but to achieve such dazzling and meaningful performances when socially distanced – everyone at two metres from each other and lower brass at the back of the choir stalls – and an array of complex repertoire should be noted as an extraordinary achievement and thankfully captured on film for posterity.

CHIEF EXECUTIVE'S REVIEW OF THE YEAR

HALLÉ CONNECT – EDUCATION AND ENSEMBLES

As with live performances, our award-winning education and ensembles programme, directed so brilliantly by Steve Pickett and Naomi Benn, suffered due to restrictions of the COVID-19 pandemic, but were re-constructed utilising the opportunities via the digital medium. These included a specially filmed Set Works concert for GCSE and A Level Students which was taken on by over 120 schools and watched by over 9000 young people. To support primary schools we produced 'Goddess Gaia', an animated film with music and accompanying curriculum resources. The music was composed by Steve Pickett and the animation by Hallé Designer, Peter Naish. 'Goddess Gaia' has so far been seen by children in 150 schools and has been endorsed by ECO Schools, an environmental conservation organisation representing over 20,000 schools in England. Strategically, as part of a wider organisation-led Equality, Diversity and Inclusion action plan, we worked on a Greater Manchester mapping exercise to inform us as to culturally diverse musical groups across the 10 boroughs, to inform a new programme of work – a community fusion band.

The pandemic also presented huge challenges for our Ensembles family. From being a weekly part of members' lives and usually very performance-led in terms of our activities, our initial priority was to think creatively around how to keep our memberships engaged with the Hallé. Membership engagement levels have remained constant throughout these difficult times, and the Hallé Choir Committee has been a special source of much-appreciated support. From feedback we

understand that our activities have greatly helped to provide a focus for our members, and positively impacted their mental health at an extremely challenging time.

During Summer 2020 we created a series of virtual performance videos, free family-friendly singing challenges, weekly Hallé Choir tuition videos, Choral Academy Zoom sessions, and several social meetings on Zoom. These evolved into Zoom rehearsals from the autumn for most ensembles, while our weekly Hallé Ancoats Community Choir sessions have continued on Facebook-live open, for free, to the public throughout.

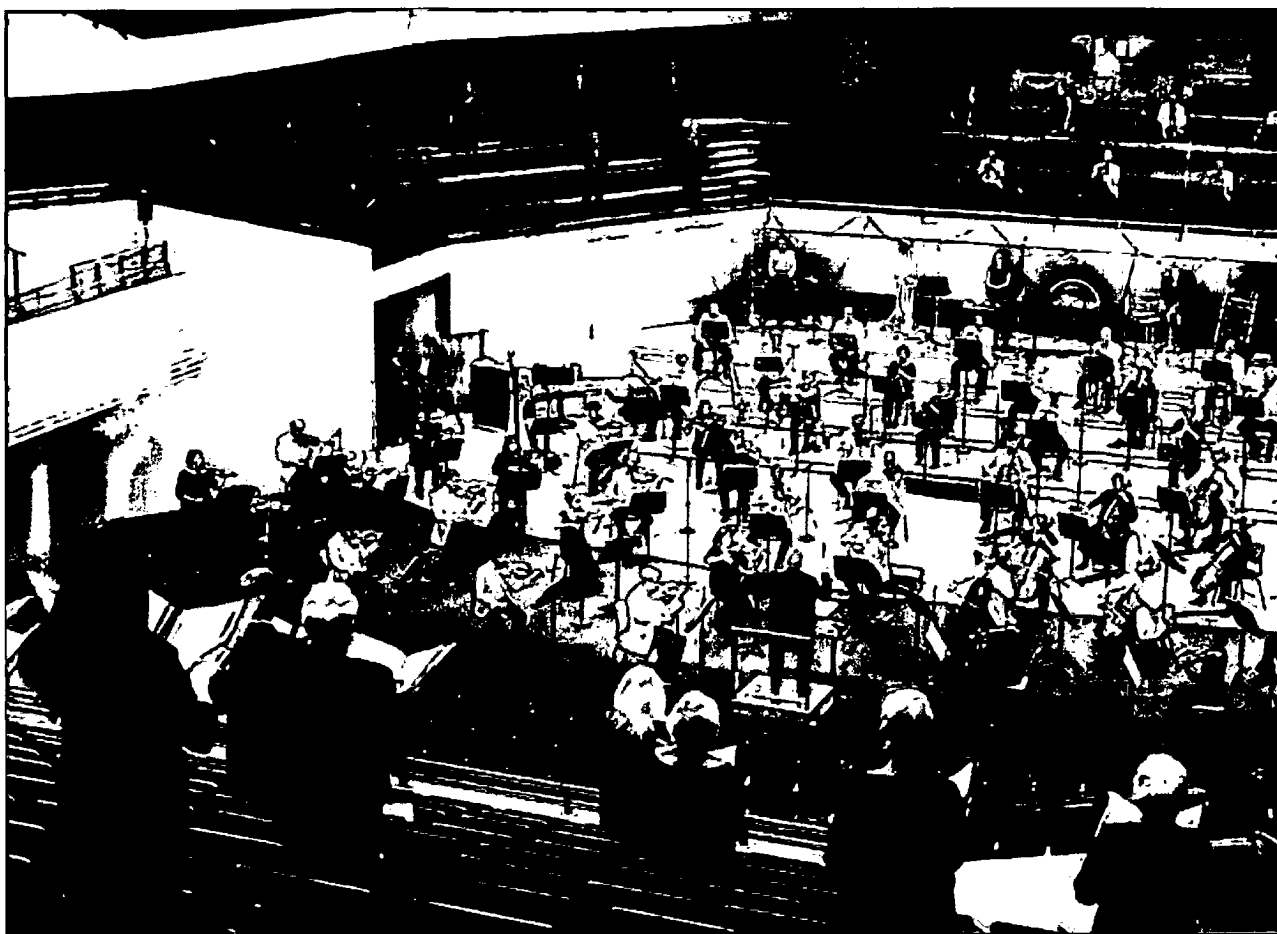
In September we were delighted to be able to invite our youth members to attend their annual auditions in person, and recruited as usual for our youth ensembles, while welcoming our new Assistant Conductor, Delyana Lazarova. From the end of September, small groups of Hallé Choir singers returned to socially-distanced rehearsals, with a Zoom live-stream of the rehearsal keeping in touch with the members at home. This approach was adapted for the Children's Choir and Youth Orchestra, which owing to additional specific restrictions for under-18s, was limited to set groups of no more than 15 members at any one time. After the November national lockdown moved everything back online, we were able to proceed with in-person Christmas recordings in December to contribute to the Hallé Christmas concert streamed on YouTube and social media performances.

The spring term ended up entirely online again due to the third national lockdown. Thankfully the professional leadership teams were able to work together to stream live from Hallé St Peter's, and we tried to vary



Scene from Goddess Gaia

CHIEF EXECUTIVE'S REVIEW OF THE YEAR



The Hallé and Halk Chorus performing the Hallé's Christmas Concert in The Bridgewater Hall.

our weekly Zoom rehearsals by inviting a number of inspiring guests to attend. Guests included, among others, Sir Mark Elder, Hallé players, youth alumni, James Burton, Jess Gillam and Dobrinka Tabakova. Some conducted repertoire sessions while others talked about their work and motivation in these difficult times. It was genuinely uplifting to have their insights, and greatly appreciated by all our members. We also employed a quartet of young professional singers (all of whom were former Hallé youth singers themselves) to occasionally support some online choral rehearsals and enable the singers at home to hear their parts being sung live in Hallé St Peter's.

Looking ahead, we hope to bring our ensembles back in person as and when permitted in the Government roadmap, and aspire to summer workshops and recordings to end the season on a musical high.

DIGITAL WORK AND A NEW DEPARTMENT

As described above, the importance of the digital medium has been essential in enabling so many areas of our work during the year. Although it is something that the Society was investing in pre-pandemic, this crisis has accelerated its development. Thanks particularly to funding from the Cultural Recovery Fund, and also enlightened future investment by the Garfield Weston, we put in place a distinct Digital Department within the Hallé structure, led by Bill Lam – now our Head of Digital supported by Riley Bramley-Dymond our Senior Video Producer.

It's worth highlighting some of our achievements during the year as follows:

- Archive concert performances at BWH: made available on YouTube and social media

- Lockdown content with Hallé musicians: Geek of the Week, 60-Second Challenge, solo performances
- Sir Mark Elder – In conversation with a number of artists made available on YouTube
- Goddess Gaia (November 2020): an animated musical film, written and produced in house, available exclusively online for schools
- Winter Season (December 2020 to April 2021): 9 concert streams on Vimeo OTT
- A Christmas Concert (December 2020): available free for one-month on YouTube
- Set Works concert (January 2021): available exclusively online for schools
- A new film celebrating the work of the Hallé in Greater Manchester, and the support of the GMCA.

COMMUNICATIONS

Like much of the organisation during this time, the work of our Communications Department underwent a forced revolution. From April 2020 all our scheduled concerts were cancelled without being able to offer a clear vision to our audiences about what, if anything, we would be able to offer in their stead. We appealed to our audiences who were so supportive: Of the £237,000 we had earned for concerts in April and May 2020, £95,000 has either not been requested back as refunds (as we had asked) or given back to us in gift aided donations.

Digital communication was maximised in order to maintain regular contact with the public, and huge efforts were made not to lose touch with those people who relied on paper or phone communications to keep up to date with our activities. Having already produced our planned season brochure for 2020-21, we decided, simply as an act of good will, to send this out to all our usual lists as a way of keeping in

CHIEF EXECUTIVE'S REVIEW OF THE YEAR

touch. We received a great many messages of thanks and support for this gesture, and have tried as best we can to maintain links with our supporters and Opus One groups throughout the crisis.

We launched weekly, rather than monthly, e-newsletters which included contributions from players, virtual performances and the now legendary 'Geek of the Week' feature, which we will have to maintain going forward due to its popularity. During the year, subscribers to the newsletter increased significantly, as did our Facebook, Twitter and Instagram followers.

Everything changed with the launch of our nine digital Winter Season performances in November last year. We have earned just over £80,000, way above estimate and sold the films to a total of 2,565 people, including 781 nine-concert subscribers. Although the majority of these were from home markets we note that 93 came from London, 65 from the Midlands, 37 from South East England, 24 from the United States and 37 from other foreign territories. Plans are underway to ensure we continue to reach international markets with at least a sample of our domestic concert offer.

HALLÉ VENUES

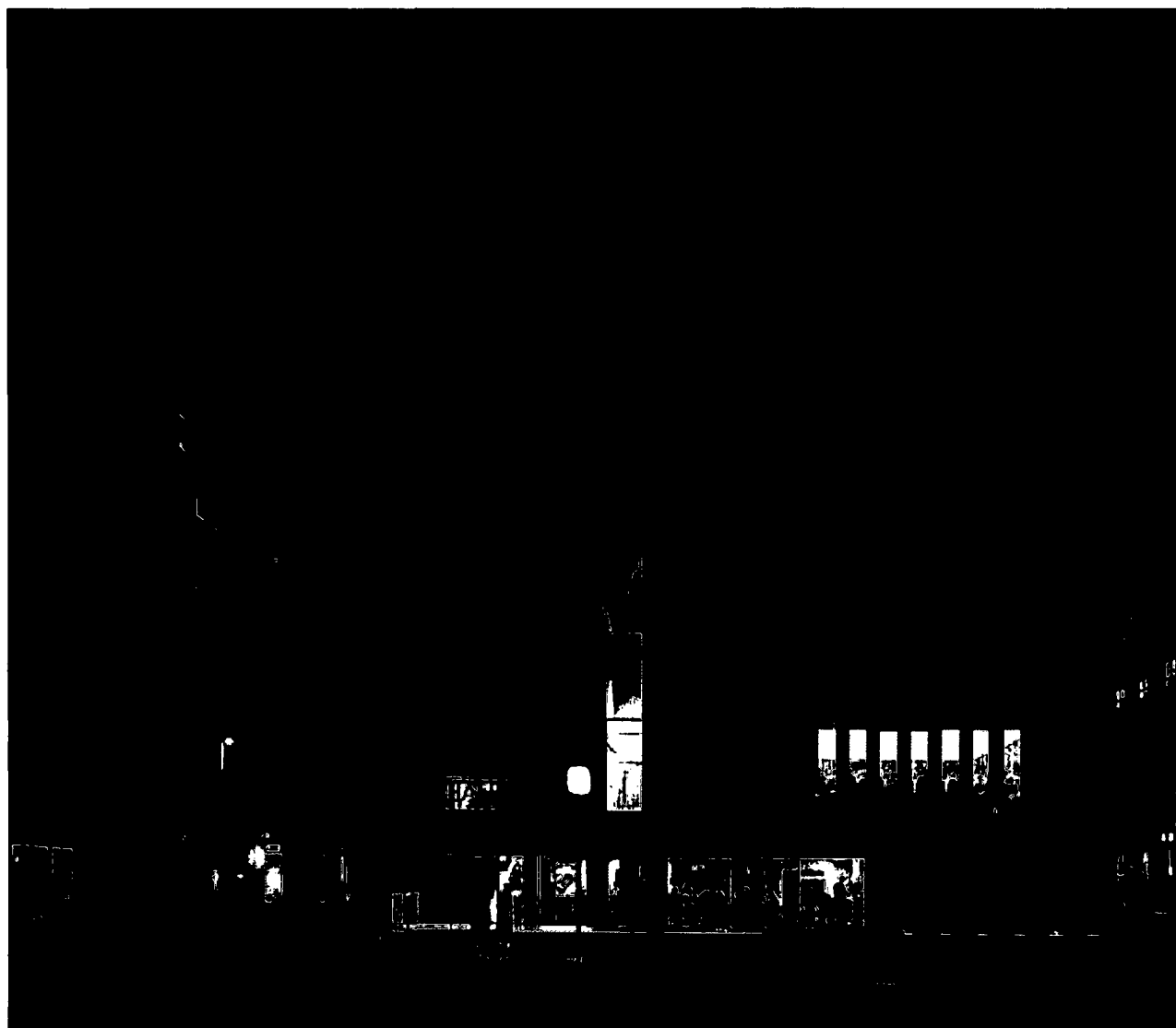
The Hallé Venues, and the beautiful multi-award winning Hallé St Peter's in particular, have played an essential part in the Hallé's response

to and recovery from the issues caused by the global pandemic. Both venues (to include St. Michael's) have been limited throughout the year under varying degrees of COVID-19 related restrictions, including a full closure to the public between April and July 2020.

COVID-19 Secure and Social Distancing requirements significantly impacted the sorts of activities we planned to host within the buildings, each activity operated under specific risk assessments. The venues were adapted to provide essential infrastructure (sanitiser dispensers, wayfinding and warning signage, and additional cleaning stations) and room capacities reduced appropriately to match to the guidance. By way of example the main St Peter's space was only able to cater for 32 players with social distancing in place, compared to the normal 80 players.

Despite this we were able to pivot the use of the buildings to provide essential space for the Hallé's work during the year. Hallé Ensembles hosted both virtual and physical rehearsals at Hallé St Peter's as well as enabling the return of Sir Mark and the Orchestra in November 2020. Moreover, the venue was used as a filming and recording location for the Hallé's acclaimed Winter Series, Christmas Concert, Education projects and social media output – an essential facility at a time when nearly all venues were closed.

The venues were also used for a variety of other purposes including rehearsals from other musical groups in the city and a wide variety of



The Ogilvy Centre at Hallé St Peter's
Image © David Hopkinson Architectural Photography

CHIEF EXECUTIVE'S REVIEW OF THE YEAR

permitted private hire activity, such as training courses. The majority of private hire bookings for 2020 were retained with dates moved (and in some cases moved again) to later dates. We were proud to host the first socially distanced wedding ceremony in Manchester after the first lockdown, with a congregation of 8 including the bride, groom, photographer and registrar.

At the start of July 2020, Café Cotton began operating in the Hallé Kitchen space and has been open to the public ever since, despite the challenges. It has been able to establish a popular takeaway and an eat in service which we hope will flourish further when times allow.

DEVELOPMENT

Our Development Department worked tirelessly to meet the challenges and opportunities created by the pandemic against the context of a complicated and unpredictable funding landscape and more challenges generated by the break with the EU. The end of year fundraising figures are remarkably robust with targets achieved close to those set before the pandemic. Given the immense challenges, in particular for our sponsors, this is a notable achievement and not necessarily the situation for others across our sector.

Our Patrons, members and regular ticket buyers responded extremely positively to an appeal in June and July last year and we were delighted to achieve an increase in income year on year under our Patrons and Chair Endowment schemes of over 25%. This not only helps us with the immediate challenges but also establishes a strong uplift on longer term funding. Our individual donors have always been an impressively loyal and engaged group of supporters and we continued to receive donations on a weekly basis despite our inability in the last year to offer benefits and opportunities. We continue to be extremely grateful for the level of loyalty and affection shown by our donors.

Trusts and Foundations have always been steady supporters of the Hallé but their commitment to increasing access to their funds and encouraging applications for emergency support has been consistently, extremely impressive throughout the last year. We are grateful to all our trusts supporters who allowed us to repurpose funding where projects were simply impossible to deliver and also for the huge increases in support and additional funding we received from the Garfield Weston Foundation, The Wolfson Foundation, The Oglesby Charitable Trust and the Victoria Wood Foundation – just to name a few.

Our corporate sponsors have remained impressively loyal and committed throughout the year despite immense pressures on their own businesses. We sadly (and understandably) lost Manchester Airport's support early on in the lockdown but our other Major and Diamond sponsors have remained fully committed. We have also been able to negotiate increased support to Major Sponsor level from CMS and The Edwardian Hotel. Both these new high level funders have worked with us for a number of years and were keen to support our recovery and have committed to two and three year deals upfront. We have also delivered a year of activities within our Workplace Choir programme, welcoming new choirs and supporting established ones via a digital offer which has included the commissioning of two new pieces of music specifically for this programme. We know that the Workplace Choir programme sits at the core of many of our corporate partners' health and well-being plans for staff and we are proud of the way the programme has helped to raise spirits and maintain morale amongst teams of colleagues separated by the pandemic. We even supported three NHS choirs during the lockdown period who reported back the value of the programme when dealing with significant stress and upset. We plan to generate a hybrid offer – both live and digital – for the long term as both are attractive, for different reasons, to the corporate sector.

Fundamentally, the Development's team's ability to generate partnerships and relationships with our private sector stakeholders was laudable. Much time is spent building a sense of ownership and shared loyalty with the individuals involved in supporting the Hallé and this strategy has never been tested as much as it has been in the last

year but we are confident that it has contributed to our success and resilience in an invaluable way.

MANAGEMENT AND BOARD

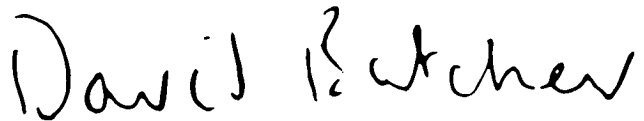
As the newcomer, I should like to pay tribute to the extraordinary skill and commitment of the Hallé Concerts Society administrative team whom have worked tirelessly and with such commitment throughout the turmoil of this year. In particular, the talented Senior Management Team has worked together as such a strong and successful unit in meeting these new challenges.

Alongside digital expansion, this year was a good opportunity to develop our Equality, Diversity and Inclusion plans across all of the organisation's work. Work was begun on a plan, produced as part of a newly invigorated commitment by the Hallé Concerts Society towards embracing and embedding diversity and inclusion across all areas of our work, to include programming, talent development, workforce, leadership and governance. New board member Sharon Ames has been incredibly helpful spearheading this work.

The close attention and active support of the whole Board has also been a huge boost for me taking on the reigns of the organisation at such a tumultuous time, and in I would like to pay tribute to the expertise of the Hallé's Finance Director Ruth Harkin and in particular our Chair David McKeith, who has provided such wise and inspiring counsel during the year.

The latter individuals have been key in our two successful applications to the Cultural Recovery Fund, and astute management of the Government's Job Retention Scheme alongside the ongoing support of our many donors, patrons, trust and sponsors, which has put us in a healthy financial position.

In spite of one of the most challenging and disruptive years in the orchestra's history, we eagerly anticipate the new opportunities a new post-pandemic world from a unique position of strength – artistically, structurally and financially - and I look forward to leading this great organisation forward with renewed energy and vision as we emerge from this pandemic.



David Butcher
10 August 2021

THREE YEAR FINANCIAL SUMMARY

The table below summarises the underlying operating results of the Hallé group for the last 3 financial years, before exceptional items of income and expenditure.

	2021 £000	%	2020 £000	%	2019 £000	%
Income from normal charitable operations excluding exceptional items						
Box office	131	2%	1,553	17%	1,738	17%
Engagements, touring & broadcasting	48	1%	1,183	13%	1,392	14%
Education & Hallé St Peter's	71	1%	181	2%	196	2%
Sponsorship	355	5%	735	8%	638	6%
Fundraising, legacies & bequests	1,242	17%	799	9%	1,766	18%
Investment income	107	1%	136	2%	132	1%
Revenue grants	5,301	72%	3,250	37%	3,170	32%
Orchestra Tax Credit	113	1%	1,044	12%	990	10%
TOTAL	7,368	100%	8,881	100%	10,022	100%
Normal Operating costs						
Orchestra, related staff and other costs	3,477	52%	4,402	46%	4,230	44%
Conductors, soloists and freelance	311	4%	851	9%	1,066	11%
Hall hire & box office charges	119	2%	864	9%	930	10%
Other performance related costs including touring	1,287	19%	1,376	14%	1,214	13%
Marketing & Communications	300	5%	439	5%	469	5%
Education & Hallé St Peter's	649	10%	924	10%	845	9%
Fundraising	239	4%	408	4%	383	4%
Other	279	4%	388	4%	477	5%
TOTAL	6,661	100%	9,652	100%	9,614	100%
Net operating surplus/(deficit)	707		(771)		408	
Transfer from Endowment	200		200		201	
Surplus/(deficit) before exceptional items	907		(571)		609	
Net exceptional items (see below)	242		2,604		2,001	
Total surplus for the year	1,149		2,033		2,610	

Exceptional items comprise:

2021: £242k final instalment Arts Council Capital Grant funding for Hallé St Peter's capital scheme.

2020: £2,532k Arts Council capital funding as above plus £72k other capital donations.

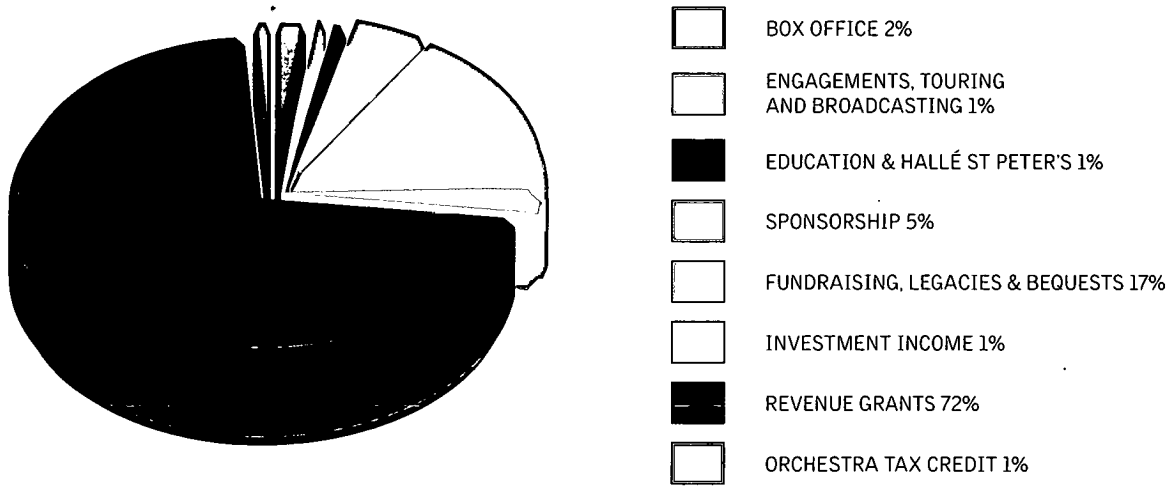
2019: £2,389k capital funding for Hallé St Peter's plus

£388k provision for cost of equalising Guaranteed Minimum Pensions

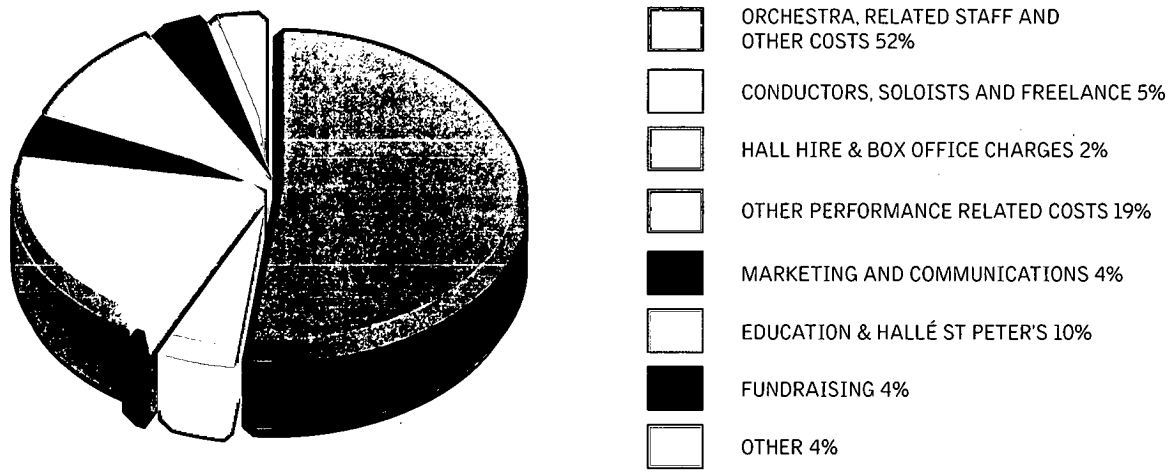
	2021 £000	2020 £000	2019 £000
Total funds			
Unrestricted before pension liability	679	(318)	(213)
Pension liability	(10,104)	(9,516)	(10,712)
Total unrestricted	(9,425)	(9,834)	(10,925)
Restricted	11,992	12,017	10,110
Main Endowment Funds	4,528	3,830	4,066
Catalyst Endowment Funds	2,753	2,260	2,404
Total funds	9,848	8,273	5,655

SUMMARY FINANCIAL INFORMATION

WHERE THE MONEY CAME FROM



WHERE THE MONEY WAS SPENT



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 2021, 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 4.

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 GMCA (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 and their terms of operation are agreed in advance by the Board.

The members of the three standing committees are:

Audit Committee

Tim Edge (Chair) *
John Phillips *
William Smith (co-optee)
Morryl Webster* (appt 16.03.21)

Nominations and Remuneration Committee

Darren Drabble * (Chair)
Sharon Ames * (appt 16.03.21)
David McKeith *
Morryl Webster *
Aileen Wiswell *

Investment Committee

John Schultz (Chair) \$
Carol Culley^
John Eckersley \$
Jim Finlay \$ (resigned 09.01.21)
Edward Pysden \$
David McKeith * \$
Ruth Harkin

* Member of Hallé Board
\$ Trustee of Hallé Endowment Trust
^ nominated by Manchester City Council

Full terms of reference for the standing committees and short CVs of Board Members are available on the Hallé website, 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 trustees who have reached the end of their term of office will retire and, if eligible, may stand for re-election. In accordance with the Articles of Association the following Trustees will retire in 2021 and stand for re-election:

Linda Merrick, Alex Connock, Tim Edge, Cathryn Merryl Webster

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. The Sickness and Benevolent Fund results are included as a restricted fund within the Society's 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. 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.

TRUSTEES' REPORT

In particular, it includes:

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

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

- Regular review by management and an annual review by the Board of the risks which the Society may face and actions taken to mitigate identified risks (last review completed in May 2021);
- 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 elsewhere;
- 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 beyond working with over 40,000 children and young people; and
- Supporting the Hallé Choir, an unpaid chorus of around 170 singers, together with the Hallé Youth Orchestra and Choir and Hallé Children's Choir. The choirs perform both individually and with the Hallé Orchestra and other ensembles.

PUBLIC BENEFIT

In shaping the objectives for the year and planning the Society's activities, the Trustees considered the Charity Commission's guidance on public benefit, including the guidance on 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 2020-2030 "Let's Create" strategy and the associated investment principles and framework. We work hard to ensure our activities reflect and further 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 aim to ensure those activities are accessible to the widest possible constituencies, 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 less well-off members. Membership of our adult ensembles is subject to voluntary donation (Hallé Choir) or a fee (Choral Academy, Community Choir), and where fees are charged, there is always a stated option for those on low incomes to attend and to contribute only what they can afford.

The extent of our outreach work, now under our branded umbrella, HALLÉ CONNECT 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.

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 25 and 26 and the consolidated and aggregated summary income and expenditure of the Group is given on page 24. 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 have been approved by the Trustees.

OVERVIEW OF 2020/21 FINANCIAL PERFORMANCE

We are pleased to report that from a financial perspective, as well as operationally and artistically, the Society has successfully navigated this very difficult year. Despite the loss of all our earned income and orchestra tax relief, owing to COVID-related closure and cancellations, the Society has finished the year with an Income and Expenditure surplus. The Statement of Financial Activities for 2020/21 shows a net increase in funds of £370k for the Company and £1,575k for the Group. The Group position includes £1,280k of unrealised gain on the investments held by the Hallé Endowment Trust, reflecting the significant recovery of investment markets following the downturn in March 2020.

This positive result has been achieved in large part due to government schemes such as the Culture Recovery Fund (from which we received £740k in 2020/21) and furlough income from the Job Retention Scheme (£1,344k received) as well as continued support from ACE, GMCA and Manchester City Council which all maintained their grant support.

In addition, the Society made significant cost savings in respect of concert costs, including Bridgewater Hall fees. Salary costs were also reduced by temporary pay cuts imposed from June 2020 to the end of January 2021 for most staff, a vacancy freeze and cancellation of

TRUSTEES' REPORT

budgeted pay rises. The salary reductions contributed £250k in savings and represent a real sacrifice made by staff, many of whom continued to work under significant pressure throughout the pandemic.

The support of all our funders: public, corporate, trusts and individuals has also been incredible through this difficult period and, as a result, our fundraising income has proved far more resilient than we anticipated a year ago, achieving 90% of pre-COVID target levels. As well as normal fundraising activity to fund core costs, the target to replenish reserves has benefited from both a major gift and a major legacy (notified not yet received) amounting to £400k in total, both of which are included within donations in these 2020/21 Annual Accounts.

We consider ourselves to be relatively fortunate to have increased our reserves level compared to last year. Expendable reserves are £3,779k (31 March 2020 £2,675k) and are explained in more detail in the Reserves section below. These reserves will be essential both to support planned core activity over the next 5 years as well as providing a buffer through difficult and uncertain times. Inevitably there will be a wider and long term economic impact of the pandemic, as well as shorter term concerns regarding further social distancing measures and there are many potential risks to the Hallé's financial security as a result. These reserves therefore play a critical role in our financial resilience and ability to plan constructively for the future.

Clearly the next 12 months will pose major challenges if and when the country emerges from the pandemic and associated social restrictions. A separate Going Concern section is included later in the Trustees' report which explains the work done to forecast the financial position of the Society over the next 12 months. On the basis of the review undertaken, the Trustees believe that the Charity is reasonably well placed to manage the operational and financial risks of COVID-19, and have a reasonable expectation that the Charity will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

REVIEW OF 2020/21 FINANCIAL RESULTS

The Income and Expenditure Account on page 24 shows that overall the Group generated a net surplus for the year of £1,149k (2020: surplus £2,033k), of which £907k is a "gain before exceptional items" and £242k is a surplus categorised as "exceptional" due to its one-off nature, arising from the grant income received specifically to fund the now completed Hallé St Peter's capital project.

The Consolidated Statement of Financial Activities (SOFA) on page 26 is a more comprehensive presentation of the Group's financial results in 2020/21, as it brings in the Endowment Fund and shows income and expenditure split between unrestricted and restricted categories. This statement also includes the actuarial loss on the defined benefit pension scheme and investment gains so that a full reconciliation of the movement in funds from 1 April 2020 to 31 March 2021 is provided.

The SOFA shows that total Group funds, including restricted and endowment funds have increased by £1,575k from £8,273k to £9,848k. This increase is largely due to the £1.2m unrealised gain on investments (the majority of which is within the Endowment Funds) reflecting the recovery from the market low point at 31 March 2020 at the beginning of the pandemic. The other key components of the movement from March 2020 to March 2021 are the Income & Expenditure surplus noted above of £1,149k, less the £887k actuarial loss in respect of the pension liability.

The Income & Expenditure surplus was achieved due to Culture Recovery Fund (CRF) support, the Job Retention Scheme (CJRS) and cost saving measures offsetting lost income, in addition to better than anticipated fundraising income.

The increase in fund balances to £9,848k is a positive development, demonstrating greater financial stability for the Hallé; there are however some important caveats:

- the majority of the funds are held in restricted reserves or permanent endowment funds. For example, all of the capital funding received for Hallé St Peter's, which is included in restricted reserves is required to cover the depreciation charges on the building as it is written off over its life. In respect of the Endowment Trust, only the income and some investment gain are available to support expenditure because the capital is permanent endowment.
- the defined benefit pension liability has increased to a liability of £10.1m at 31 March 2021 (31 March 2020 £9.5m). The liability in the financial statements is calculated in line with financial reporting standards, whereas the formal actuarial valuation normally carried out on a triennial basis is the one recognised by The Pension Regulator. The last triennial actuarial valuation was carried out as at 31 March 2020 and produced a liability of £15m. It is this latter valuation which forms the basis of the recovery plan and deficit payments to be made by the Society over future years. 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 to balance pension obligations with the future financial security of the Hallé Concerts Society, recognising that the two priorities are closely linked.
- The pension liability noted above represents one of several challenges and risks which faced the Society before the onset of the additional problems and uncertainties brought by COVID-19. In addition, there is the ongoing pressure of the underlying budget deficit caused by inflationary pressure on costs compared with static or decreasing public sector funding.

Further detail on income and expenditure is provided below.

INCOME

A full analysis of income is provided by notes 5, 6 and 7 to the Accounts. Total income in 2020/21 amounted to £79m (2020: £11.7 m).

There are a number of factors within this £3.8m reduction in income compared to 2019/20. The cancellation of concert activity and the associated loss of Orchestra Tax Relief Concert resulted in a reduction in income of approximately £3.5m, whilst income from CJRS and CRF of £2m partially offset this. In addition, the completion of the Hallé St Peter's capital project means that capital grant income represented by the final instalment of £242k from Arts Council is £2.3m lower than in 2019/20.

Our general fundraising held up far better than anticipated, despite considerable pressure. Through significant effort we successfully made up reductions in sponsorship through successful bids to Trusts & Foundations including £170k from the Wolfson Foundation. In addition to our annual fundraising targets we received a £140k legacy to the Hallé Endowment Fund, a £150k legacy to the Society unrestricted funds and a major gift of £270k which benefit our Major fundraising target to replenish reserves. A further grant of £647k was received from the Garfield Weston Foundation and is held as deferred income to support concerts and our digital strategy in 2021/22.

Box office income for our Manchester concerts at the Bridgewater Hall and Engagement income for concerts elsewhere in the UK would normally generate approximately £2.8m income. With no live concerts this source of income was removed. Many customers generously opted to convert their cancelled concert tickets to a donation or did not apply for refunds, providing £95k income in 2020/21.

Our Winter series of streamed concerts generated income of £67k in 2020/21 with a further £25k in 2021/22.

Costs associated with concerts that are solely streamed, rather than in front of live audiences, are not eligible for Orchestra Tax Relief (OTR)

TRUSTEES' REPORT

and therefore this important source of income was removed in 2020/21. We did record £113k of OTR in 2020/21 (2019/2020: £1,044k) which was the surplus of our actual claim for 2019/20 over the provision in the 2019/20 financial statements.

During 2020/21 we received £5.3m (2019/20: £3.3m) in respect of revenue grants from public sector bodies and we are grateful for the continued support from our major funders: ACE, Greater Manchester Combined Authority (GMCA) and Manchester City Council (MCC). This financial year revenue grants from public sector bodies also include £1.4m CJRS, £0.8m CRF and £50k through COVID retail support grants for which Hallé St Peter's was eligible.

EXPENDITURE

A full analysis of expenditure on charitable activity is given in note 9. Total resources expended amounted to £6.7m (2020: £9.7m), a reduction of £3m.

As would be expected there was a significant reduction in the costs of performances and related activity, with a reduction of £2.4m, down to £5.5m. The major ongoing cost, despite the cessation of activity, is the salary cost of the orchestra (70+ players) and support staff (40). In addition, we produced a Winter series of 10 streamed concerts with an investment of £370k supported by the Culture Recovery Fund. With this investment we were able to produce a high quality series of films which enabled us to maintain ties with our existing audience and develop new audiences and sources of income. The activity also meant we were able to support our Bridgewater Hall partners to open the Bridgewater Hall for limited periods and provide work for our own orchestra as well as for a range of freelancers and technical experts (filming, audio and production) to realise the streaming project.

Fundraising costs of £225k (2019/20: £396k) mainly comprise staffing costs of the team with savings made in other areas due to reduced fundraising opportunities.

Costs associated with our venues at Hallé St Peter's and Hallé St Michaels were £287k (2019/20: £203k). The increase is due to the largely fixed cost of running the newly opened Hallé St Peter's for a full year, even with activities curtailed (the venue was only open for 4 months of the previous financial year).

The other main expenditure heading is pension costs of £275k associated with the defined benefit scheme: an interest cost of £203k on the liability and £72k administrative cost of the scheme.

GOING CONCERN ASSESSMENT

The Trustees have adopted the going concern basis in preparing these accounts after assessing the principal risks and the impact of a range of scenarios arising from COVID-19.

There are multiple uncertainties in attempting to forecast the impact of COVID-19; the major factors for the Hallé include: the extent and timing of the removal of COVID-related social distancing measures, the view taken by our host venues on re-opening (particularly in respect of our residency at the Bridgewater Hall), the ability/willingness of our audiences to return and the extent of government support.

The Trustees have considered the impact of COVID-19 on the Hallé for the next 18 months and the longer term. With the high degree of uncertainty making scenario planning very difficult, we have modelled a prudent base forecast and then stress-tested this with a number of potential downside factors. The forecast has been taken through to March 2023 and shows positive Expendable Reserves under both the base and more pessimistic forecasts.

In the base forecast the major assumptions are:-

- From 1 April 2021 to 31 August 2021 a Summer concert series of 6 productions at the Bridgewater Hall, each performed twice to live audiences subject to maximum 500 capacity, with separate filming of 3 of the concerts. Ticket sales are already exceeding the income estimated in the forecast. The net cost of the activity is funded by grant income already received. Due to uncertainty on engagements elsewhere before September no engagement income is assumed before September 2021;
- From 1 September 2021 normal programming at the Bridgewater Hall resumes at pre pandemic cost levels. Ticket income assumed at 80% of pre pandemic levels; Engagement contribution (income less costs) included for booked engagements only.
- The continuation of support towards salary costs through the Coronavirus Job Retention Scheme, until the end of September 2021 as per current HMRC guidance;
- Savings on Hall fees from our main venue at Bridgewater Hall during any period of closure (under force majeure);
- Arts Council and local authority support at current grant levels;
- Pension scheme deficit payment remains as per current recovery plan;
- Salaries at full level – i.e. no temporary reductions in pay during the forecast period;
- Orchestra Tax Relief available on live concerts with audiences (albeit reduced in number in 21/22);
- Fundraising/sponsorship income reduced slightly from pre- pandemic levels, based on known successful bids for 2021/22 and experience of resilient fundraising outcomes in 2020/21;
- From 1 April 2022 – 31 March 2023 concert related income remains at 80% of pre-pandemic levels.

Under this base scenario the Expendable Reserves are forecast to remain over £2 million at 31 March 2023.

The forecast was then stress tested for a number of potential downside factors in 2021/22 including reduced income from Concert activity, Fundraising and the Job Retention Scheme resulting in a reduction in income of £800k compared to the base forecast. For the financial year 2022/23 an overall additional £300k negative adjustment was made to allow for a variety of potential negative factors.

Under this more pessimistic scenario reserves will be significantly depleted but remain in surplus at 31 March 2023.

The Trustees have also based their going concern assessment on the potential for management actions to mitigate any worsening scenario, including those taken during 2020/21 such as salary reductions and vacancy freezes, as well as utilising restricted reserves. The £500k overdraft facility arranged under the CBILs scheme remains in place until April 2023.

Taking the above factors into account, the Trustees believe that the Charity is reasonably well placed to manage the operational and financial risks of COVID-19, and have a reasonable expectation that the Charity will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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.

TRUSTEES' REPORT

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 2020/21 is £48k (2020: £46k) in addition to physiotherapy and similar benefits of £2k (2020: £9k).

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 2020/21 the Charles Hallé Foundation received £273k in donations and legacies (2019/20: £239k) and raised £6k (2019/20: £23k) net income through fundraising events. Funds of £278k (2019/20: £409k) were transferred to the Society to support educational and other projects. Total funds at 5 April 2021 were £20k (2020: £21k).

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.

From 2017 the Trustees have adopted the total return approach to investment under the powers granted in Section 4 of the Trusts (Capital and Income) Act 2013. The 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; however, for the purposes of consolidation into the Group accounts, the results to 31 March 2021 (15 months) are consolidated into the 31 March 2021 Group financial statements.

The results of the Endowment Trust included in the consolidated results are as follows: During the 15 months to 31 March 2021 the Hallé Endowment Trust received donations and legacies of £186k and generated investment income of £179k (comparator figures from 2020 Group accounts for 12 months: £57k donations and legacies and £226k investment income). The investment gain consolidated into the group accounts is £1,156k (2020: £335k investment loss). A grant of £264k was granted to the Society in 2021 (2020: £283k). Total funds held by the Hallé Endowment Trust at 31 March 2021 were £7,251k (2020: £6,048k). More information regarding the investment performance is provided 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 2020/21 was £41k (2019/20: £73k), increasing the fund balance to £1,001k.

SIGNIFICANT CHANGES IN FIXED ASSETS

Significant changes in fixed assets are detailed in note 12 of the financial statements. Fixed assets are held either for direct charitable purposes or to provide additional revenue for charitable purposes through event and catering income, as with the multi-use spaces at Hallé St Peter's. Now that the Hallé St Peter's capital project is complete there have been no major movements in fixed assets other than the annual depreciation charge (£418k) which is largely funded from the restricted funds set up with the donations to acquire these assets.

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, via Cazenove Investment Managers who are a subsidiary of Schroders, and the following investment policies and strategic asset allocations have been adopted by the Trustees of the individual trusts. The investment managers have discretion to act within certain benchmark ranges.

The majority of investments are held by the Hallé Endowment Trust, within the Main Endowment Fund and the Catalyst Endowment Fund. A total return approach is adopted for the investment strategy, such that the investment objective focus is on maximising the overall investment return (gains and income) 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 investment income, whereas the Catalyst Fund operates under permanent endowment rules which only allow the distribution of investment 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.

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.

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

The investment performance reported for the year to 31 March 2021 demonstrated a significant recovery from the losses experienced in the previous financial year, with an investment gain of £1,280k across the group's portfolios, compared to investment losses of £378k in the previous year. This reflects the general recovery of stock markets from the downturn in March 2020. When investment income is taken into account the overall investment return in the year to 31 March 2021 was 25.2% for the Main Endowment Fund and 21.3% for the Catalyst Fund, compared to the target return of CPI+4% which was 4.74%. The Catalyst investment portfolio performed less well over the period because it is more focussed on income generating investments which performed less well than growth stocks. Clearly the 2020/21 financial

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year has been an unusual year for investment markets and investment performance should be reviewed over the longer term.

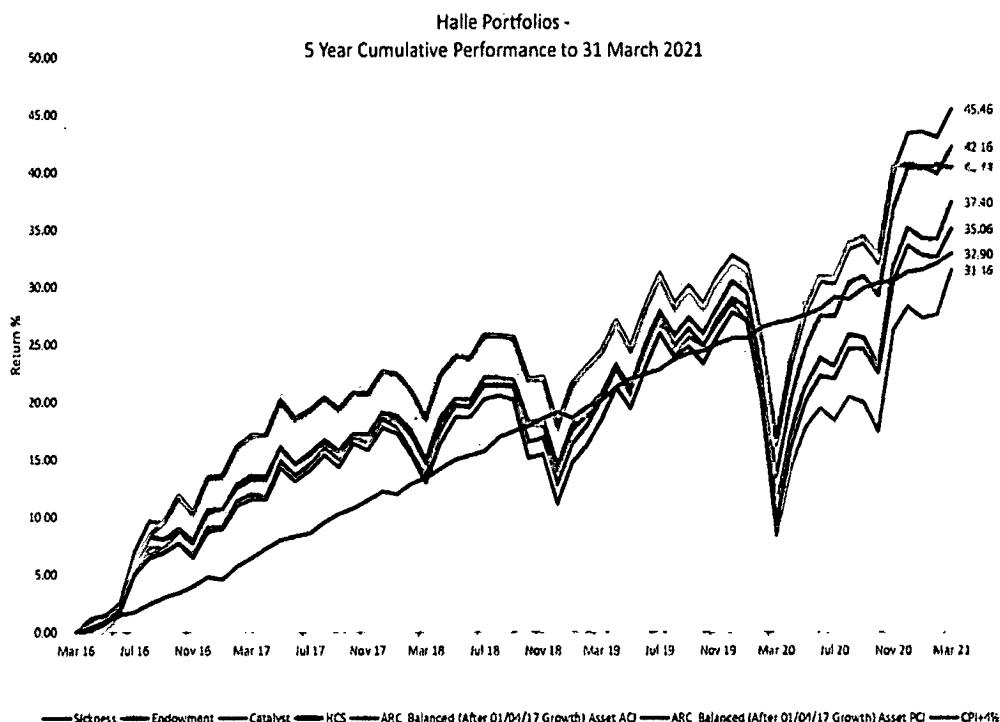
The graph below illustrates investment performance compared to benchmark and target over the last five years.

As explained above the relative performance of the Catalyst Fund has been negatively impacted by the pattern of recovery in investment markets over the last financial year, although over the five-year period it has returned just under CPI+4%. The other investment funds have outperformed the target and the benchmarks (the two ARC indices).

The priority for the Trustees remains the longer term performance of the

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

There are currently 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. The Trustees are currently giving consideration to a policy more focussed on Environmental, Social and Governance (ESG) factors, recognising that a policy that takes account of these issues is likely to be beneficial in the longer term both in respect of investment returns and alignment with wider objectives.



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 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 2020/21 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.

TRUSTEES' REPORT

RESERVES

The Trustees reviewed and approved the reserves policy in July 2021. 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 risks are perceived to be the short, medium and longer term consequences of the COVID pandemic on activities, the pressure on public sector funding (a major risk before the pandemic) 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 restructuring of the Orchestra's activities. On this basis the Trustees have previously set a target for expendable reserves of approximately £2,000k. The Trustees have reviewed the target level of reserves in light of the experience of the pandemic. The last 15 months has highlighted the significant level of fixed costs borne by the Society, particularly in respect of salaries (with a 70+ contract orchestra), our contractual commitment to the Bridgewater Hall and payments to reduce the defined benefit liability required under the recovery plan agreed with the pension trustees. With government support through the furlough scheme and the removal of the Bridgewater Hall contractual obligation because of force majeure due to government regulations these fixed costs have been mitigated. This does, however, demonstrate the vulnerability of the Society to unplanned reductions in income. Our ability to navigate the pandemic has been bolstered by our expendable reserves, however £2,000k represents less than 4 months of fixed costs. The Trustees have therefore increased the target level of reserves to £2,000k to represent 6 months of fixed costs.

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 2021 is £3,779k. The Trustees consider their expendable reserves at 31 March 2021 to comprise the General funds of the Group £644k, plus the reserves of the Hallé 2058 Foundation of £1,001k, plus the Monument and Oglesby revenue reserves of £2,134k.

The Trustees consider the level of reserves to be in line with the revised target of £3,000k. The current level exceeds the target, however this is prudent to allow extra headroom to manage the challenges and risks of the next financial year and beyond. The Monument and Oglesby reserves hold the balance (£2,134k) of the £2,500k raised in respect of the overall St Peter's revenue fundraising target of £2,500k, to support activities in Hallé St Peter's.

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 2021 was calculated as £10,104k (2020: £9,516k). Although this is significant, it does not mean that an immediate liability for this amount crystallises.

The most recent formal actuarial valuation was carried out as at 31 March 2020 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 of £492k per annum from 1 April 2021 until February 2046 increasing at 3% per annum. In addition, the Society will pay £100k as an allowance to cover pension scheme administrative expenses. Formal valuations are normally triennial but the next valuation may be brought forward to March 2022 due to the exceptional environment in March 2020 due to the pandemic.

PLANS FOR FUTURE PERIODS

The Trustees' key area of focus continues to be the long-term financial sustainability of the Society. This has always been a challenge and is exacerbated by the impact and uncertainty arising from the current pandemic. The Trustees will continue to work towards a balanced financial position and, with careful budget management, to rebuild and maintain a reasonable level of reserves that will allow the Hallé to plan for a sustainable future.

As described in detail in the going concern note on page 17 we have a reasonable expectation of continuing in business beyond the next 12 months and we are prepared for a significant effort over the next 12 months to restart activity in the Bridgewater Hall and other venues, bringing back audiences and participants in a safe and sustainable way to enjoy and benefit from all the Hallé has to offer.

This process will be led by Chief Executive, David Butcher supported by our experienced senior management team and committed Board of Trustees, led by Chair David McKeith.

During this period, we will continue to work closely with our public sector partners including ACE, GMCA and Manchester City Council and ASM Global who operate our main venue at the Bridgewater Hall.

We will continue to work closely with the Trustees of the defined benefit pension scheme to manage the challenges posed by the scheme in the interests of pensioners and the Society.

Once activity is able to resume we have a full programme of concerts 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.

We plan to use our recently extended Hallé St Peter's facility to its full potential, making the most of the opportunities provided by the vastly improved facilities to expand our audiences and community work, whilst providing excellent and cost effective alternative rehearsal space.

We will develop and implement our plan to embed inclusivity and relevance.

Our Hallé CONNECT activities will benefit particularly from the new facilities at St Peter's. We 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 and expand the reach and impact of the recently launched Choral Leadership Network.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees consider the major risks facing the Society are:

- Financial vulnerability created by the COVID-19 epidemic (see going concern note), including the impact on audiences and the wider economy;
- Continued pressure on public funding – particularly with the impact of COVID-19;
- 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

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

10 August 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALLÉ CONCERTS SOCIETY



OPINION

We have audited the financial statements of Hallé Concerts Society ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Consolidated and Aggregated Summary Income and Expenditure Account, 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 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 2021 and of the group's 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.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and 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:

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 21, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALLÉ CONCERTS SOCIETY

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.

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

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

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

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

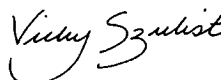
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their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

with the Charity Commission and reading minutes of meetings of those charged with governance.

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

USE OF OUR REPORT

This report is made solely to the 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

Date 12th August 2021

CONSOLIDATED AND AGGREGATED SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Before exceptional items 2021 £'000	Exceptional items (note 3 (ii)) 2021 £'000	Total 2021 £'000	Total 2020 £'000
Gross income from charitable operations	7,368	242	7,610	10,441
Orchestra Tax Credit	-	-	-	1,044
Total income from continuing operations	7,368	242	7,610	11,485
Total expenditure for continuing operations	(6,661)	-	(6,661)	(9,652)
Surplus on ordinary activities for the year before transfers and asset disposals	707	242	949	1,833
Net income after interest and charges, before transfers	707	242	949	1,833
Transfer from endowment funds	200	-	200	200
Net income for the year	907	242	1,149	2,033
Dealt with by:				
The Society	894	242	1,136	2,197
Subsidiary company and related trusts	13	-	13	(164)
	907	242	1,149	2,033

- Total income comprises £7,158k for unrestricted funds and £452k for restricted funds (2020: £8,586k and £2,899k respectively). A detailed analysis of income and expenditure is provided in the Statement of Financial Activities on page 25.
- 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 3(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 25 which, together with the notes to the accounts on pages 29 to 51, 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 29 to 51 form part of these financial statements.

CONSOLIDATED AND AGGREGATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
Income and endowments from:						
Donations and legacies	5	6,436	350	186	6,972	6,710
<i>Income from charitable activities</i>						
Orchestral activity and education	6	250	-	-	250	2,917
<i>Income from other trading activities</i>						
Activities for generating funds	7	355	-	-	355	736
Income from investments		5	101	89	195	266
<i>Other incoming resources</i>						
Orchestra Tax Credit		113	-	-	113	1,044
Total income and endowments		7,159	451	275	7,885	11,673
Expenditure						
<i>Expenditure on raising funds:</i>						
Costs of activities for raising funds	8	225	-	-	225	396
Investment management expenses		-	14	20	34	28
<i>Expenditure on charitable activities</i>						
Orchestral activity and education	9	5,710	437	20	6,167	8,885
<i>Other expenditure</i>						
Retirement Benefit Scheme costs	22	275	-	-	275	375
Total expenditure		6,210	451	40	6,701	9,684
Net income and net movement in funds before losses on investments		949	-	235	1,184	1,989
Net gains/ (losses) on investments	13	38	86	1,156	1,280	(378)
Net income before transfers		987	86	1,391	2,464	1,611
Transfers between funds	19	311	(111)	(200)	-	-
Net incoming resources before other recognised gains and losses		1,298	(25)	1,191	2,464	1,611
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension scheme	22	(889)	-	-	(889)	1,007
Net movement in funds		409	(25)	1,191	1,575	2,618
Reconciliation of funds						
Total funds brought forward at 1 April		(9,834)	12,017	6,090	8,273	5,655
Total funds carried forward at 31 March	18	(9,425)	11,992	7,281	9,848	8,273

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 29 to 51 form part of these financial statements.

Total investment income amounted to £195k (2020: £266k) of which £5k (2020: £23k) was unrestricted, £102k restricted (2020: £113k) and £88k (2020: £130k) accounted for within the Endowment Fund.

CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total	Total
		2021 £'000	2021 £'000	2021 £'000	2021 £'000	2020 £'000
Income and endowments from:						
Donations and legacies	5	6,704	349	-	7,053	7,106
<i>Income from charitable activities:</i>						
Orchestral activity and education	6	250	-	-	250	2,917
<i>Income from other trading activities</i>						
Activities for generating funds	7	350	-	-	350	713
Income from investments		4	11	-	15	41
<i>Other incoming resources</i>						
Orchestra Tax Credit		113	-	-	113	1,044
Total income		7,421	360	-	7,781	11,821
Expenditure						
<i>Expenditure on raising funds:</i>						
Costs of activities for generating funds	8	225	-	-	225	383
Investment management expenses		-	2	-	2	2
<i>Expenditure on charitable activities</i>						
Orchestral activity and education	9	5,708	435	-	6,143	8,862
<i>Other expenditure</i>						
Retirement benefit scheme costs	22	275	-	-	275	375
Total expenditure		6,208	437	-	6,645	9,622
Net income and net movement in funds before gains and losses on investments		1,213	(77)	-	1,136	2,199
Net gains/(losses) on investments	13	38	85	-	123	(43)
Net incoming resources before other recognised gains and losses		1,251	8	-	1,259	2,156
Transfers		47	(47)	-	-	-
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension scheme	22	(889)	-	-	(889)	1,007
Net movement in funds		409	(39)	-	370	3,163
Reconciliation of funds						
Total funds brought forward at 1 April		(9,858)	12,018	42	2,202	(961)
Total funds carried forward at 31 March	18	(9,449)	11,979	42	2,572	2,202

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 29 to 51 form part of these financial statements.

Total investment income amounted to £15k (2020: £41k) of which £4k (2020: £23k) was unrestricted and £11k restricted (2020: £18k).

CONSOLIDATED AND AGGREGATED AND CHARITABLE COMPANY BALANCE SHEETS AT 31 MARCH 2021

Hallé Concerts Society (A Charitable Company Limited by Guarantee) Company Number 62753

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Fixed assets					
Tangible assets	12	7,386	7,881	7,053	7,529
Investments	13	6,981	5,730	434	454
		14,367	13,611	7,487	7,983
Current assets					
Debtors	14	1,968	2,228	2,407	2,518
Cash at bank and in hand		5,546	3,804	4,699	3,056
		7,514	6,032	7,106	5,574
Liabilities:					
Creditors: amounts falling due within one year	15	(1,929)	(1,854)	(1,917)	(1,839)
Net current assets		5,585	4,178	5,189	3,735
Total assets less liabilities excluding pension liability		19,952	17,789	12,676	11,718
Pension liability	22	(10,104)	(9,516)	(10,104)	(9,516)
Total assets less liabilities including pension liability		9,848	8,273	2,572	2,202
Capital funds					
Endowments		7,281	6,090	42	42
Income funds					
Restricted funds		11,992	12,017	11,979	12,018
Unrestricted funds:					
Other charitable funds		679	(318)	655	(342)
Pension reserve		(10,104)	(9,516)	(10,104)	(9,516)
		(9,425)	(9,834)	(9,449)	(9,858)
Total Funds	18	9,848	8,273	2,572	2,202

The notes on pages 29 to 51 form part of these financial statements.

These financial statements were approved by the Board of Trustees and signed on its behalf on 10 August 2021 by



David McKeith
Chairman



Tim Edge
Chairman of Audit Committee

CONSOLIDATED AND AGGREGATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	2021 £'000	2020 £'000
Cash inflow from operating activities	1,539	3,001
Cash flows from investing activities:		
Interest and dividends		
Interest received	8	26
Interest paid	(2)	(2)
Dividends received	187	241
Net cash inflow from investing activities	193	265
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(21)	(3,909)
Receipts from sales of tangible fixed assets	-	20
Payments to acquire fixed asset investments	(369)	-
Receipts from sales of fixed asset investments	400	100
Net cash inflow/(outflow) from capital expenditure and financial investment	10	(3,789)
Reconciliation of net cash flows to movement in net funds		
Increase/(decrease) in cash and cash equivalents in the year	1,742	(523)
Cash and cash equivalents at 1 April	3,804	4,327
Total cash and cash equivalents at 31 March	5,546	3,804

Notes to the group cash flow statement

Reconciliation of net movement in funds to net cash flow from operating activities

Net incoming resources (as per the SOFA)	1,575	1,611
Depreciation charge	418	184
Decrease in debtors	260	753
Increase in creditors	171	529
Increase/(decrease) in pension fund liability	588	(189)
(Gains)/losses on investments	(1,280)	378
Interest received	(8)	(26)
Interest paid	2	2
Investment income	(187)	(241)
Net cash inflow from operating activities	1,539	3,001

Analysis of net debt

	At 1 April 2020 £'000	Cash flow £'000	At 31 March 2021 £'000
Cash at hand and in bank	3,804	1,742	5,546
	3,804	1,742	5,546

The notes on pages 29 to 51 form part of these financial statements.

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

1 STATUS OF CHARITABLE COMPANY AND LIABILITY OF MEMBERS

The Hallé Concerts Society is a registered charity and a company limited by guarantee, 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

The Trustees have adopted the going concern basis in preparing these accounts after assessing the principal risks and the impact of a range of scenarios arising from COVID-19.

The Trustees have considered the impact of COVID-19 on the Hallé for the next 18 months and the longer term. With the high degree of uncertainty making scenario planning very difficult, we have modelled a prudent base forecast and then stress-tested this with a number of potential downside factors. The forecast has been taken through to March 2023 and shows positive Expendable Reserves under both the base and more pessimistic forecasts.

In the base forecast the major assumptions are:-

- From 1 April 2021 to 31 August 2021 a Summer concert series of 6 productions at the Bridgewater Hall, each performed twice to live audiences subject to maximum 500 capacity, with separate filming of 3 of the concerts. Ticket sales are already exceeding the income estimated in the forecast. The net cost of the activity is funded by grant income already received. Due to uncertainty on engagements elsewhere before September no engagement income is assumed before September 2021;
- From 1 September 2021 normal programming at the Bridgewater Hall resumes at pre pandemic cost levels. Ticket income assumed at 80% of pre pandemic levels; Engagement contribution (income less costs) included for booked engagements only.
- The continuation of support towards salary costs through the Coronavirus Job Retention Scheme, until the end of September 2021 as per current HMRC guidance;
- Savings on Hall fees from our main venue at Bridgewater Hall during any period of closure (under force majeure);
- Arts Council and local authority support at current grant levels;
- Pension scheme deficit payment remains as per current recovery plan;
- Salaries at full level – i.e. no temporary reductions in pay during the forecast period;
- Orchestra Tax Relief available on live concerts with audiences (albeit reduced in number in 21/22);
- Fundraising/sponsorship income reduced slightly from pre- pandemic levels, based on known successful bids for 2021/22 and experience of resilient fundraising outcomes in 2020/21;
- From 1 April 2022 – 31/March 2023 concert related income remains at 80% of pre-pandemic levels.

Under this base scenario the Expendable Reserves are forecast to remain over £2 million at 31 March 2023.

The forecast was then stress tested for a number of potential downside factors in 2021/22 including reduced income from Concert activity, Fundraising and the Job Retention Scheme resulting in a reduction in income of £800k compared to the base forecast. For the financial year 2022/23 an overall additional £300k negative adjustment was made to allow for a variety of potential negative factors.

Under this more pessimistic scenario reserves will be significantly depleted but remain in surplus at 31 March 2023.

The Trustees have also based their going concern assessment on the potential for management actions to mitigate any worsening scenario, including those taken during 2020/21. The £500k overdraft facility arranged under the CBILs scheme remains in place until April 2023.

Taking the above factors into account, the Trustees believe that the Charity is reasonably well placed to manage the operational and financial risks of COVID-19, and have a reasonable expectation that the Charity will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE ACCOUNTS

(forming part of the 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 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.

The Hallé Endowment Trust has a year end of 31 December and the Charles Hallé Foundation a year end of 5 April. For the purposes of consolidation, the results of the Hallé Endowment Trust to 31 March 2021 (15 months) are aggregated into the 31 March 2021 Group financial statements. Further information is included in note 24. The Charles Hallé Foundation has been aggregated based on the financial statements as at 5 April 2021.

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

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 in the form of grants 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 TO THE ACCOUNTS

(forming part of the financial statements)

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 except for 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.

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.

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

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:

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. There are no critical accounting judgements.

3 MOVEMENT IN FUNDS

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

Auditor remuneration - audit: - Group (including Society)
- Society alone
other services relating to taxation for the Group and the Society
Depreciation

2021 £'000	2020 £'000
20	20
15	15
1	1
418	184

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

Gross income from charitable operations

Total exceptional items

2021 £'000	2020 £'000
242	2,604
242	2,604

Gross income includes £242k of Arts Council Capital Grant funding in respect of the Hallé St Peter's capital scheme completed during 2020/21. In total the Arts Council provided funding of £4,800k. The ACE grant funding and capital donations are held in the restricted Fixed Asset reserve, against which the depreciation on St Peter's Phase 2 is charged. 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.

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.

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

5 DONATIONS AND LEGACIES

Group

Grants receivable
Revenue grants receivable:
Arts Council England
GM Combined Authority
Job Retention Scheme
Culture Recovery Fund
Manchester City Council Retail, Leisure & Hospitality
Manchester City Council

Total revenue grants receivable

Other grants receivable:

Arts Council capital grant

Total grants receivable

Donations and similar income

Fundraising donations
Membership subscriptions
Legacies and bequests

Total donations and similar income

Total donations and legacies

Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total 2021 £'000
2,122	-	-	2,122
749	-	-	749
1,344	-	-	1,344
740	-	-	740
50	-	-	50
297	-	-	297
5,302	-	-	5,302
-	242	-	242
-	242	-	242
925	108	186	1,219
29	-	-	29
180	-	-	180
1,134	108	186	1,428
6,436	350	186	6,972

Company

Grants receivable
Revenue grants receivable:
Arts Council England
GM Combined Authority
Job Retention Scheme
Culture Recovery Fund
Manchester City Council Retail, Leisure & Hospitality
Manchester City Council

Total revenue grants receivable

Other grants receivable:

Arts Council capital grant

Total grants receivable

Donations and similar income

Fundraising donations
Membership subscriptions
Legacies and bequests

Total donations and similar income

Total donations and legacies

Unrestricted Funds 2021 £'000	Restricted funds 2021 £'000	Endowment Funds 2021 £'000	Total 2021 £'000
2,122	-	-	2,122
749	-	-	749
1,344	-	-	1,344
740	-	-	740
50	-	-	50
297	-	-	297
5,302	-	-	5,302
-	242	-	242
-	242	-	242
1,193	107	-	1,300
29	-	-	29
180	-	-	180
1,402	107	-	1,509
6,704	349	-	7,053

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

5 DONATIONS AND LEGACIES (CONTINUED)

Group

Grants receivable

Revenue grants receivable:

Arts Council England

GM Combined Authority

Job Retention Scheme

Manchester City Council

Total revenue grants receivable

Other grants receivable:

Arts Council capital grant

Total grants receivable

Donations and similar income

Fundraising donations

Membership subscriptions

Legacies and bequests

Total donations and similar income

Total donations and legacies

Unrestricted Funds 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total 2020 £'000
2,084			2,084
749	-	-	749
80			80
337	-	-	337
3,250	-	-	3,250
-	2,532	-	2,532
-	2,532	-	2,532
462	254	57	773
30	-	-	30
125	-	-	125
617	254	57	928
3,867	2,786	57	6,710

Company

Grants receivable

Revenue grants receivable:

Arts Council England

GM Combined Authority

Job Retention Scheme

Manchester City Council

Total revenue grants receivable

Other grants receivable:

Arts Council capital grant

Total grants receivable

Donations and similar income

Fundraising donations

Membership subscriptions

Legacies and bequests

Total donations and similar income

Total donations and legacies

Unrestricted Funds 2020 £'000	Restricted funds 2020 £'000	Endowment Funds 2020 £'000	Total 2020 £'000
2,084	-	-	2,084
749	-	-	749
80	-	-	80
337	-	-	337
3,250	-	-	3,250
-	2,532	-	2,532
-	2,532	-	2,532
916	254		1,170
30	-	-	30
124	-	-	124
1,070	254	-	1,324
4,320	2,786	-	7,106

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

6 INCOME FROM CHARITABLE ACTIVITIES

Orchestral concerts and related work
Box office income (Manchester promotions)
Engagement income
Broadcasts, recordings and other income

Education and outreach
Hallé St Peter's & St Michael's

Group and Company 2021 £'000		Group and Company 2020 £'000
131		1,552
-		1,072
48		111
179		2,735
24		132
47		50
250		2,917

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

7 INCOME FROM OTHER TRADING ACTIVITIES

Sponsorship and other income
Corporate sponsorship
Fundraising events
Other income

Total activities for generating funds

Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
205	470	205	470
6	23	1	-
144	243	144	243
355	736	350	713

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

8 EXPENDITURE ON RAISING FUNDS

Fundraising salary & administration costs
Allocated support costs

Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
193	360	193	347
32	36	32	36
225	396	225	383

Expenditure on raising funds was all unrestricted as in the previous year.

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

9 COSTS OF CHARITABLE ACTIVITY

Group

Orchestral concerts and related work

Orchestra, related staff and other costs
 Conductors and soloists
 Travel and subsistence
 Hall hire
 Sundry concert costs
 Music and instrument hire
 Recording costs
 Marketing & Communications
 Box office charges
 Programme costs
 Depreciation
 Support costs

Education and outreach

Direct Education costs
 Choir, Youth Orchestra, Youth Choir & Children's Choir
 Support costs

Hallé St Peter's & St Michael's Costs

Operational costs
 St Peter's Phase 2 expenditure

Payments to beneficiaries

Total charitable expenditure

Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total 2021 £'000
3,427	-	-	3,427
311	-	-	311
2	-	-	2
96	-	-	96
261	-	-	261
27	-	-	27
24	-	-	24
300	-	-	300
24	-	-	24
1	-	-	1
53	345	20	418
570	4	-	574
5,096	349	20	5,465
81	38	-	119
214	-	-	214
32	-	-	32
327	38	-	365
284	-	-	284
3	-	-	3
287	-	-	287
-	50	-	50
5,710	437	20	6,167

Company charitable expenditure is analysed overleaf.

NOTES TO THE ACCOUNTS (forming part of the financial statements)

9 COSTS OF CHARITABLE ACTIVITY (CONTINUED)

Group	Unrestricted Funds 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total 2020 £'000
Orchestral concerts and related work				
Orchestra, related staff and other costs	4,347	-	-	4,347
Conductors and soloists	627	225	-	852
Augmenting extra players	173	-	-	173
Hall hire	709	-	-	709
Sundry concert costs	147	-	-	147
Music and instrument hire	80	-	-	80
Recording costs	56	36	-	92
Marketing & Communications	439	-	-	439
Box office charges	154	-	-	154
Programme costs	52	-	-	52
Depreciation	23	145	16	184
Support costs	660	3	-	663
	7,467	409	16	7,892
Education and outreach				
Direct Education costs	208	72	-	280
Choir, Youth Orchestra, Youth Choir, & Children's Choir	307	111	-	418
Support costs	37	-	-	37
	552	183	-	735
Hallé St Peter's & St Michael's Costs				
Operational costs	190	-	-	190
St Peter's Phase 2 expenditure	-	13	-	13
	190	13	-	203
Payments to beneficiaries	-	55	-	55
Total charitable expenditure	8,209	660	16	8,885

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

9 COSTS OF CHARITABLE ACTIVITY (CONTINUED)

Company -

Orchestral concerts and related work

Orchestra, related staff and other costs
Conductors and soloists
Travel and subsistence
Hall hire
Sundry concert costs
Music and instrument hire
Recording costs
Marketing & Communications
Box office charges
Programme costs
Depreciation
Support costs

Education and outreach

Direct Education costs
Choir, Youth Orchestra, Youth Choir, & Children's Choir
Support costs

Hallé St Peter's & St Michael's Costs

Operational costs
St Peter's Phase 2 expenditure

Payments to beneficiaries

Total charitable expenditure

Unrestricted Funds 2021 £'000	Restricted funds 2021 £'000	Endowment Funds 2021 £'000	Total 2021 £'000
3,427	-	-	3,427
311	-	-	311
2	-	-	2
96	-	-	96
262	-	-	262
27	-	-	27
24	-	-	24
300	-	-	300
23	-	-	23
1	-	-	1
53	345	-	398
568	2	-	570
5,094	347	-	5,441
81	38	-	119
214	-	-	214
32	-	-	32
327	38	-	365
284	-	-	284
3	-	-	3
287	-	-	287
-	50	-	50
5,708	435	-	6,143

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

9 COSTS OF CHARITABLE ACTIVITY (CONTINUED)

Company

Orchestral concerts and related work

Orchestra, related staff and other costs
 Conductors and soloists
 Travel and subsistence
 Hall hire
 Sundry concert costs
 Music and instrument hire
 Recording costs
 Marketing & Communications
 Box office charges
 Programme costs
 Depreciation
 Support costs

Unrestricted Funds 2020 £'000	Restricted funds 2020 £'000	Endowment Funds 2020 £'000	Total 2020 £'000
4,368	-	-	4,368
627	224	-	851
173	-	-	173
709	-	-	709
148	-	-	148
79	-	-	79
56	36	-	92
439	-	-	439
154	-	-	154
52	-	-	52
23	145	-	168
656	1	-	657
7,464	406	-	7,870
208	73	-	281
307	110	-	417
36	-	-	36
551	183	-	734
190	-	-	190
-	13	-	13
190	13	-	203
-	55	-	55
8,204	657	-	8,862

Education and outreach

Direct Education costs
 Choir, Youth Orchestra, Youth Choir, & Children's Choir
 Support costs

Hallé St Peter's & St Michael's Costs

Operational costs
 St Peter's Phase 2 feasibility costs

Payments to beneficiaries

Total charitable expenditure

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

10 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

Group

Management and Finance
Sundry office & operational costs
Professional and consultancy fees

Orchestral work 2021 £'000	Education 2021 £'000	Fundraising 2021 £'000	Total 2021 £'000
372	21	21	414
174	10	10	194
28	1	1	30
574	32	32	638

Company

Management and Finance
Sundry office & operational costs
Professional and consultancy fees

Orchestral work 2021 £'000	Education 2021 £'000	Fundraising 2021 £'000	Total 2021 £'000
372	21	21	414
173	10	10	193
25	1	1	27
570	32	32	634

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

Group

Management and Finance
Sundry office & operational costs
Professional and consultancy fees

Orchestral work 2020 £'000	Education 2020 £'000	Fundraising 2020 £'000	Total 2020 £'000
399	22	22	443
218	12	12	242
46	3	3	52
663	37	37	737

Company

Management and Finance
Sundry office & operational costs
Professional and consultancy fees

Orchestral work 2020 £'000	Education 2020 £'000	Fundraising 2020 £'000	Total 2020 £'000
399	21	21	441
218	12	12	242
40	3	3	46
657	36	36	729

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

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

11 (A) STAFF NUMBERS AND COSTS

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

	Group and Company 2021 Number	Group and Company 2020 Number
Orchestral musicians	76	74
Administrative and other non-playing personnel	44	46
	120	120

The aggregate payroll costs of these persons were as follows:

	Group and Company 2021 £'000	Group and Company 2020 £'000
Salaries and fees	3,448	3,579
Employers' National Insurance contributions	328	345
Employers' Group Personal Pension Plan pension contributions	396	424
	4,172	4,348

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 £98k (2020: £101k) were received by Key Management Personnel in 2020/21. 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:

	2021 Number	2020 Number
£60,001-£70,000	1	1
£90,001-£100,000	-	1

The employers' contribution to the Hallé Group Personal Pension Plan for the above employees was £7k (2020: £20k).

In 2020/21 the pay of those normally earning above £60,000 has been reduced by pay reduction measures to mitigate the impact of COVID financial losses and impacted by part year salaries for the retiring and incoming CEOs.

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

12 TANGIBLE FIXED ASSETS

	Leasehold Property	Music Library	Musical Instruments	Fixtures & Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
Cost or valuation						
At 1 April 2020	7,526	95	1,024	561	175	9,381
Additions	(118)	-	-	25	-	(93)
Disposals	-	-	(8)	-	(94)	(102)
At 31 March 2021	7,408	95	1,016	586	81	9,186
Depreciation						
At 1 April 2020	402	95	510	376	117	1,500
Charge for the year	308	-	33	67	10	418
Disposals	-	-	(8)	-	(110)	(118)
At 31 March 2021	710	95	535	443	17	1,800
Net book value						
At 31 March 2021	6,698	-	481	143	64	7,386
At 31 March 2020	7,124	-	514	184	59	7,881
Company						
Cost or valuation						
At 1 April 2020	7,526	95	627	560	176	8,984
Additions	(118)	-	-	25	-	(93)
Disposals	-	-	(11)	-	(95)	(106)
At 31 March 2021	7,408	95	616	585	81	8,785
Depreciation						
At 1 April 2020	402	95	465	376	117	1,455
Charge for the year	308	-	13	67	10	398
Disposals	-	-	(11)	-	(110)	(121)
At 31 March 2021	710	95	467	443	17	1,732
Net book value						
At 31 March 2021	6,698	-	149	143	63	7,053
At 31 March 2020	7,124	-	153	198	54	7,529

Negative additions to leasehold property of £118k comprise £106k over-accrual for outstanding scheme costs (based on valuation estimates at 31 March 2020 which were reduced when the project was completed) and £12k previously capitalised costs which have this year been corrected and charged to expenditure.

CAPITAL COMMITMENT

At 31 March 2021 the Society had capital commitments of £nil (2020: £nil).

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 2021 would have been £nil and £15k respectively. The musical instrument held by the Hallé Endowment Trust 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. Under the historical cost convention accounting rules, the net book value of the instrument at 31 December 2020 would have been £nil in the Endowment Trust's books.

All tangible fixed assets are used for direct charitable purposes.

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

13 INVESTMENTS

	Group £'000	Company £'000
Fair value at 1 April 2020	5,730	454
Net disposals	(399)	(398)
Additions	370	255
Change in market value	1,280	123
Fair value at 31 March 2021	6,981	434

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

	£'000	%	£'000	%
Quoted investments:				
UK equities	940	14	50	11
International equities	3,924	56	251	58
UK bonds	496	7	18	4
International bonds	395	6	26	6
Alternatives	169	2	16	4
Other	511	7	34	8
Property	546	8	39	9
	6,981	100	434	100

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Shares in Group companies				
At cost	1	1	1	1
Provision for impairment	(1)	(1)	(1)	(1)
	-	-	-	-
Quoted investments:				
At fair value	6,981	5,730	434	454
	6,981	5,730	434	454

All investments are held at fair value, except for shares in group companies. 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 2021 and of the income or expenditure for the period ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves/ funds £000	Income/ (expenditure) £000
Hallé Endowment Trust (charity number:286145)	7,251	1,203
Charles Hallé Foundation (charity number:236149)	20	(1)
Hallé Promotions Limited (company number:02592501)	5	-

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

14 DEBTORS

Trade debtors
Amounts owed by connected charities
Amounts owed by group charities
Other debtors
Prepayments and accrued income

Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
133	623	133	623
4	14	4	14
-	-	484	386
290	85	289	78
1,541	1,506	1,497	1,417
1,968	2,228	2,407	2,518

All debtors fall due within one year.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors
Amounts owed to group charities
Taxation and social security
Other creditors
Deferred income
Accruals

Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
	369	365	369	365
	-	-	-	-
	96	98	96	98
	40	51	40	51
16	736	648	736	644
	688	692	676	681
	1,929	1,854	1,917	1,839

16 DEFERRED INCOME

As at 1 April 2020
Amount released to incoming resources
Amount deferred in the year

Group £'000	Company £'000
648	644
(648)	(644)
736	736
736	736

As at 31 March 2021

Deferred income at 31 March 2021 includes £648k of grant income awarded to fund activities in 2021/22. The remaining deferred income is sales relating to streamed concerts which were released after the year end.

17 FINANCIAL INSTRUMENTS

Financial assets measured at amortised cost
Financial assets measured at fair value
Financial liabilities measured at amortised cost

2021 £'000	2020 £'000
7,514	6,032
6,981	5,730
(1,929)	(1,854)

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 (2020: £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.

NOTES TO THE ACCOUNTS
(forming part of the financial statements)

18 ANALYSIS OF TOTAL FUNDS

Group	At 31 March 2020	Income	Expenditure	Actuarial & Investment Gains/ (losses)	Transfers	At 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted reserves						
General funds	(318)	7,159	(5,935)	38	(300)	644
Designated funds:						
St Peter's maintenance fund	-	-	-	-	35	35
Pension reserve	(9,516)	-	(275)	(889)	576	(10,104)
Total unrestricted funds	(9,834)	7,159	(6,210)	(851)	311	(9,425)
Restricted funds						
Fixed asset reserves	53	-	(8)	-	-	45
St Peter's capital fund	922	-	(78)	-	-	844
St Peter's capital fund - Phase 2	1,435	30	(260)	-	(183)	1,022
ACE capital funding – Phase 2	4,598	242	-	-	-	4,840
Monument artistic	1,597	-	-	-	44	1,641
Monument St Peter's revenue	1,250	-	-	-	-	1,250
Oglesby St Peter's revenue	500	-	-	-	-	500
Oglesby revenue challenge	283	-	-	-	101	384
St Peter's artistic fund	100	-	-	-	(9)	91
Education and outreach	-	38	(38)	-	-	-
Hallé 2058 Foundation	959	43	(1)	-	-	1,001
Sickness & Benevolent fund	320	7	(51)	86	-	362
Charles Hallé Restricted Funds	-	-	-	-	-	-
Hallé Endowment Trust	-	91	(15)	-	(64)	12
Total restricted funds	12,017	451	(451)	86	(111)	11,992
Endowment Funds						
HET Endowment fund	3,788	228	(40)	710	(200)	4,486
HET Catalyst Endowment fund	2,260	47	-	446	-	2,753
HCS Endowment fund	42	-	-	-	-	42
Total endowment funds	6,090	275	(40)	1,156	(200)	7,281
Total funds	8,273	7,885	(6,701)	391	-	9,848

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

18 ANALYSIS OF TOTAL FUNDS (CONTINUED)

Company	At 31 March 2020 £'000	Income £'000	Expenditure £'000	Actuarial & Investment Gains/(losses) £'000	Transfers £'000	At 31 March 2021 £'000
Unrestricted reserves						
General funds	(342)	7,421	(5,933)	38	(564)	620
Designated Funds:						
St Peter's maintenance fund	-	-	-	-	35	35
Pension reserve	(9,516)	-	(275)	(889)	576	(10,104)
Total unrestricted funds	(9,858)	7,421	(6,208)	(851)	47	(9,449)
Restricted funds						
Fixed asset reserves	53	-	(8)	-	-	45
St Peter's capital fund	922	-	(78)	-	-	844
St Peter's capital fund – Phase 2	1,435	30	(260)	-	(183)	1,022
ACE capital funding – Phase 2	4,598	242	-	-	-	4,840
Monument artistic	1,597	-	-	-	44	1,641
Monument St Peter's revenue	1,250	-	-	-	-	1,250
Oglesby St Peter's revenue	500	-	-	-	-	500
Oglesby revenue challenge	283	-	-	-	101	384
St Peter's artistic fund	100	-	-	-	(9)	91
Education & outreach	1	38	(39)	-	-	-
Hallé 2058 Foundation	959	43	(1)	-	-	1,001
Sickness & Benevolent Fund	320	7	(51)	85	-	361
Total restricted funds	12,018	360	(437)	85	(47)	11,979
Endowment Funds						
HCS Endowment fund	42	-	-	-	-	42
Total Endowment funds	42	-	-	-	-	42
Total funds	2,202	7,781	(6,645)	(766)	-	2,572

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 completed in November 2019. 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 represent 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.
- The Hallé 2058 Foundation Funds represent monies received in support of the fundraising effort for the Hallé's 150th birthday combined with the funds raised by the earlier Hallé Public Appeal. The funds are administered by an independent panel of Custodians with a focus on supporting education and outreach initiatives.
- The Sickness and Benevolent Fund and Hallé Endowment Trust funds represent 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 Charles Hallé Foundation restricted funds represent funds received from a variety of donors for specific educational and outreach projects. Those funds are disclosed in the accounts of the Charles Hallé Foundation.

Endowment funds

Endowments amounting to £42k (2020: £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.

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

19 TRANSFERS BETWEEN FUNDS

Group

Transfers between funds

HET donation to Society funds
HET Catalyst donation to Society funds
HET Endowment to Restricted
HCS restricted to HCS unrestricted

Total transfers between funds

Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total 2021 £'000
200	(200)	-	-
64	(64)	-	-
-	200	(200)	-
47	(47)	-	-
311	(111)	(200)	-

20 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Balances at 31 March 2021 represented by:

Tangible assets
Investments
Current assets
Current liabilities
Pension liability

Total net assets

Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total 2021 £'000
310	6,744	332	7,386
-	434	6,547	6,981
2,288	4,814	412	7,514
(1,919)	-	(10)	(1,929)
(10,104)	-	-	(10,104)
(9,425)	11,992	7,281	9,848

Balances at 31 March 2020 represented by:

Tangible assets
Investments
Current assets
Current liabilities
Pension liability

Total net assets

Unrestricted Funds 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total 2020 £'000
351	7,178	352	7,881
98	356	5,277	5,731
1,078	4,484	470	6,032
(1,845)	(1)	(9)	(1,855)
(9,516)	-	-	(9,516)
(9,834)	12,017	6,090	8,273

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 £609k held in cash (2020: £639k). 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

Net movement in funds for the year
Net decrease in tangible fixed assets for direct charitable purposes

Net movement in funds available for future activities

Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total 2021 £'000
409	(25)	1,191	1,575
41	434	-	475
450	409	1,191	2,050

Net movement in funds for the year
Net (increase)/decrease in tangible fixed assets for direct charitable purposes

Net movement in funds available for future activities

Unrestricted Funds 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total 2020 £'000
1,091	1,907	509	3,507
(73)	73	-	-
1,018	1,980	509	3,507

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

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 £396k (2020: £436k).

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 2020 showed a deficit of £15,310k on the Trustees' (technical provisions) funding basis.

The Trustees agreed a revised plan with the Society following the 2020 valuation to pay off the deficit by 28 February 2046. This requires the Society to make payment of £477k for 1 April 2020-31 March 2021 followed by payments of £492k per annum for 24 years and 11 months from 1 April 2021 increasing at 3% per annum, plus administration costs of £100k per annum.

The 31 March 2021 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 Society contributed £577k to the Scheme in the 2020/21 financial year including administration expenses paid.

The pension liability under the FRS102 accounting requirements is calculated separately by a qualified independent actuary as shown below. The following information relates to the Group and the Company.

Change in benefit obligation

	2021 £'000	2020 £'000
Benefit obligation at start of year	25,000	26,300
Current service cost company only, including administration expenses	72	112
Interest cost	541	648
Actuarial gains/(losses)	2,613	(1,153)
Benefits paid	(854)	(795)
Administration expenses paid	(72)	(112)
Past service costs and curtailments		
Benefit obligation at end of year	27,300	25,000
Change in scheme assets		
Fair value of scheme assets at start of year	15,484	15,588
Expected return on scheme assets	337	385
Actuarial Gains/(losses)	1,724	(146)
Employer contributions	577	564
Administration expenses paid	(72)	(112)
Benefits paid	(854)	(795)
Fair value of scheme assets at end of year	17,196	15,484
Funded status	(10,104)	(9,516)

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

Defined benefit pension scheme (continued)

Components of pension cost

Amounts recognised in resources expended

Administration expenses paid
Net interest cost (on defined benefit liability)

Total pension cost recognised within other expenditure

Re-measurements recognised in other gains/(losses)

Actuarial gains/(losses) on the assets
Actuarial (losses)/gains on the liabilities

Total (loss)/gain recognised in other recognised gains and losses

2021 £'000	2020 £'000
72	112
203	263
275	375
1,724	(146)
(2,613)	1,153
(889)	1,007

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

Scheme assets

The major categories of Scheme assets, measured at fair value are:

Asset category

Equities/Diversified growth
Corporate bonds and property
Government bonds
Cash and net current assets

2021 £000	2020 £000
7,186	6,169
7,132	6,566
1,928	2,247
950	502
17,196	15,484

The expected return on assets:

Actual return on scheme assets (£'000)

2021	2020
2.10%	2.20%
2.061	239

The major weighted average assumptions used by the Actuary to determine benefit obligations were:

Discount rate
Rate of increase in salaries
Rate of increase of pensions in payment for members retiring on or after 1/8/1993 inflation linked up to 5%
Rate of increase of pensions in payment for members retiring before 1/8/1993 3% fixed
Rate of inflation (RPI)
Rate of inflation (CPI)

2.10%	2.20%
N/A	N/A
3.40%	2.85%
3.00%	3.00%
3.50%	2.90%
2.70%	2.00%

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

Mortality table pre- and post-retirement

Pre-retirement

Life expectancy at 65 of male member currently aged 45
Life expectancy at 65 of a female member currently aged 45

Post-retirement

Life expectancy of male member currently aged 65
Life expectancy of a female member currently aged 65

Allowance for early retirements

Allowance for members to commute pension for tax free cash

2021 93% S3PA YOB CMI 2019 1.25%	2020 90% S2PA YOB CMI 2017 1.25%
24	24
26	26
23	22
25	24
No Maximum Allowed at 80% of value commuted	No Maximum allowed at 80% of value commuted

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

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 £4k (2020: £4k) for administration costs during the current year and owed £4k (2020: £13.5k) 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.

During the year and post the year end, Cllr. Azra Ali, Eamonn Boylan and Cllr Janet Emsley 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.

24 CONSOLIDATION OF HALLÉ ENDOWMENT TRUST

The year end for the subsidiary entity, the Hallé Endowment Trust is 31 December. For the purposes of consolidation the results of the Hallé Endowment Trust to 31 March 2021 (15 months) are aggregated into the 31 March 2021 Group financial statements. The fund balances increased by £109k in the 3 month period from 31 December 2020 (£7,142k) to 31 March 2021 (£7,251k) mainly due to investment gain in the period.

25 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 remains under current rules as it is an Arts Council based fund and subject to different arrangements from the Main fund.

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

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

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

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

With in-year donations to the Endowment of £139k the balance of the Investment Fund at 31 December 2020 is £2,719k. The total value of the Main Endowment is £4,526k at 31 December 2020, the date to which the statutory accounts for the Hallé Endowment Trust are prepared. The Main Endowment Fund balance consolidated for the Group accounts at 31 March 2021 is £4,575k, the increase being investment gain in the 3 months to 31 March 2021.

NOTES TO THE ACCOUNTS

(forming part of the financial statements)

The investment fund and application of total return to permanent endowment funds

Opening value of endowment:
 Gift component of permanent endowment (incl. £120k instrument)
 Unapplied total return

Total

Revaluation reserve - Instrument

Total Endowment 1/1/2020

Movement in unapplied total return and endowment in the year:

Gifts received
 Investment return: dividends and interest
 Investment return: recognised and unrecognised gain
 Investment management costs
 Allocations of Unallocated Total Return (UTR) in the year:-
 Unapplied total return allocated to income
 Unapplied total return allocated to Investment Fund

Net movement in the reporting period

Revaluation reserve - Instrument

Total Endowment movement in year

Gift component of permanent endowment
 Investment Fund
 Unapplied total return

Total

Revaluation reserve - Instrument

Total Endowment 31/03/2021

Trust for investment £'000	Unapplied Total Return £'000	Total Endowment £'000
2,351	-	2,351
-	1,694	1,694
2,351	1,694	4,045
232	-	232
2,583	1,694	4,277
139	-	139
-	73	73
-	269	269
-	(16)	(16)
-	(200)	(200)
13	(13)	-
152	113	265
(16)	-	(16)
136	113	249
2,503	-	2,503
-	1,807	1,807
2,503	1,807	4,310
216	-	216
2,719	1,807	4,526

26 OPERATING LEASE COMMITMENTS

At 31 March 2021 the total Group and Charity's future minimum lease payments under non-cancellable operating leases was:

	Group 2021 £'000	Group 2020 £'000s	Charity 2021 £'000s	Charity 2020 £'000s
Amounts due within one year	26	28	26	28
Amounts due between one and five years	100	99	100	99
Amounts due after five years	-	26	-	26
Total	126	153	126	153