



THREE CHOIRS FESTIVAL

Three Choirs Festival Limited (A company limited by guarantee)

(Formerly The Three Choirs Festival Association Limited)

Annual Report and Financial Statements

for the Year Ended 30 September 2022

Company registration number: 0580176

Charity registration number: 204609

Three Choirs Festival Limited

Welcome from the Chair

Looking back on 2022 it is hard to believe the extraordinary events of the past 2 years, with a cancelled festival in 2020, and the effects of the worldwide pandemic still felt at the Worcester festival in 2021, where the Three Choirs Festival pulled together heroically to produce a festival so soon after UK restrictions were lifted. The Hereford festival in 2022 could be cast as a return to normal, yet with the knock-on effects of a war, cost of living crisis and people's changes of habits following the pandemic, there were still obstacles to be overcome.

I am proud to say that the 2022 Festival in Hereford was a huge success with around 800 performers taking part across the week, almost 150 composers represented, over a third of whom are still alive today. This festival featured some exciting firsts: the festival village on Hereford Cathedral Close; the festival's first ever mention on Woman's Hour thanks to Luke Styles and Jessica Walker's 'Voices of Power'; an exhilarating first UK performance for Finnish conductor Emilia Hoving. Some of the main highlights were revivals of Dyson's *Quo Vadis* and Dvořák's Requiem, both rarely performed. The Festival also achieved critical acclaim with a 4 star review of *Quo Vadis* in the Times, hailing the '...glorious waves of choral sound' celebrating one of the festival's greatest assets, the Festival Chorus and cathedral choirs.

Augmenting the Cathedral programme were a fantastic series of intimate chamber concerts and talks forming the day programme, including recitals by the Piatti Quartet, Fenella Humphries, and Mark Bebbington. The community bandstand gave the cathedral close a summer festival feel, with people dancing to the music from Hereford Big Band and Hereford Folk Ensemble, among many others. The festival drew to a close with a superb performance of Elgar's *The Dream of Gerontius*, movingly sung by Nicky Spence, Dame Sarah Connolly, Neal Davies and the Festival Chorus, with the Philharmonia Orchestra conducted by Geraint Bowen.

I want to record my huge admiration and appreciation for everyone involved in the 2022 Festival: the musicians, volunteers, Festival Committee, Hereford Friends of the Three Choirs Festival, staff team, Hereford Cathedral, the Artistic Directors, Board, donors and sponsors, and our loyal audiences. To this I add our appreciation of the assistance which the Festival received from the Government's COVID-related financial support schemes which helped us put on a festival of the quality and size our audiences expect.

Special thanks too to Festival Chair Bruce Herriot, the Hereford Festival Committee, the volunteers and the Cathedral team that contributed brilliantly to the success of this year's Festival.

In addition, exemplary management of all our resources by the Three Choirs Festival staff ensured that the Three Choirs Festival ended its operational year in sound financial shape despite audience numbers being down from pre-pandemic levels. It should be noted that this is an issue being seen across the arts post-pandemic and should be reviewed as the festival moves forward, along with the effects of the strained funding landscape also being experienced across the sector.

The Three Choirs Festival Directors have continued to meet throughout the year, finally able to meet in person with less restriction, combined with the new flexibility of remote hybrid attendance. In the last year we have welcomed new directors, Katharine O'Carroll, Paul Hughes, and Bill Lam, who between them offer great expertise from the arts world and a great understanding the history and legacy of the festival.

I would like to place on record my thanks and appreciation on behalf of the organisation to the three Directors, Timothy Brain, Dominic Horne and David Whelton who have retired since the last AGM. My particular thanks go to Timothy Brain who in his role as Chair of the charity has successfully overseen a period of significant organisational change. The Directors of the

Three Choirs Festival Ltd (formerly Three Choirs Festival Association Ltd), with the Trustees of the Three Choirs Festival Society, received formal Charity Commission approval to complete the merger of these two charities into a single organisation to further promote the efficient and effective operation of the Festival.

I place on record again our appreciation of the cooperation we receive from the Dean and Chapters of the three cathedrals, and their staff, volunteers and congregations for their support of the Festival. We welcome the Dean of Gloucester Cathedral, the Reverend Canon Andrew Zihni as he formally commences his ministry.

In closing I am profoundly grateful to our Chief Executive, Dr Alexis Paterson, who continues to work tirelessly to curate and lead the Three Choirs Festival along with her dedicated professional staff. They are a pleasure to work with, with great energy and ideas continuing to bring world-class music making to the cathedral cities of Gloucester, Worcester and Hereford as has happened for more than 300 years.

Dr Naomi Belshaw

Chair Three Choirs Festival Ltd

Three Choirs Festival Limited

Contents

Welcome from the Chairman	2 to 3
Reference and Administrative Details	5
Chief Executive's Report	6
Trustees' Report	7 to 11
Statement of Trustees' Responsibilities	12
Independent Auditors' Report	13 to 15
Statement of Financial Activities	16 to 17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20 to 30

Three Choirs Festival Limited

Reference and Administrative Details

Chief Executive Officer

Dr A Paterson

Trustees

Mrs M Cotterill (Treasurer)

Dr T J Brain (resigned 4 March 2022)

Mr B C J Cooper

Mr D Whelton (resigned 4 March 2022)

Mr J R Barron

Mr D P J McKee

Dr B W A Herriot

Mr D C Horne (resigned 2 December 2022)

Mrs A V Marlow

Mr A E Prior (appointed 3 December 2021)

Dr N S Belshaw (Chair)

Ms K O'Carroll (appointed 4 March 2022)

Mr P M Hughes (appointed 2 December 2022)

Mr M P B Lam (appointed 2 December 2022)

Principal Office

7C College Green
Gloucester
GL1 2LX

Company Registration Number

0580176

Charity Registration Number

204609

Auditor

Ballards LLP
Oakmoore Court
11C Kingswood Road
Hampton Lovett
Droitwich
Worcestershire
WR9 0QH

Three Choirs Festival Limited

Chief Executive's Report

Returning to our first 'business as usual' festival following Covid lockdowns, with a shortened planning phase, carried a number of risks to a smooth festival delivery. Yet without hesitation I would count the 2022 Three Choirs Festival as one of the smoothest and most collaborative events I've ever worked on and I cannot overemphasise how grateful and proud I am of our core team, as well as all of the freelancers, temporary staff, volunteers and crew who have made this possible. Despite the fact that our audiences, in line with those around the UK and beyond, did not return to pre-covid levels, the 2022 Festival was a firm artistic success and I congratulate Geraint on his programming and – together with Adrian, Samuel and their assistants – the preparation and direction of the chorus and cathedral choirs. In recent years, our audiences have consistently praised the quality of our customer service, but this year it is noticeable that I am receiving similar 'special mention' in messages of thanks for all staff, indicating that whatever the nature of someone's engagement with the festival (supporter, performer, supplier, contractor, audience), the experience is almost always a good one. Certainly something to celebrate!

Objectively, this year's festival presented many challenges: audiences slow to return; turnovers in staffing or structural changes not only internally but with some of our key venues and suppliers; warnings of a bleak fundraising landscape, and lingering concerns (and cases) of Covid. However, as this set of accounts show, we are a resilient and resourceful organisation buoyed by an extraordinary community of musicians, audience, supporters and friends. While challenges remain if we are to retain the scale and breadth of recent programmes, we have strong foundations upon which to build.

Artistically, the festival programme was a vibrant and ambitious undertaking with the trademark Three Choirs mix of music from the 15th century to present day; intimate solo recitals to full symphony orchestra and chorus, and a host of talks, films, theatre and social events. For the first time, Hereford's festival village moved out onto the cathedral close, enhancing the visibility of the festival within the city and enabling the first Hereford programme of community bandstand performances to take place, which included presentations from community groups we had worked with in the run up to the festival. Across the eight days of the festival over 100 separate performances took place, featuring around 800 performers and the music of almost 150 composers, over a third of whom continue the festival's long-standing commitment of championing the best music of today.

As we look forward, the festival will pursue its aim of broadening opportunities to participate, both in the festival's vocal ensembles and in its developing programme of year-round activity. High amongst our priorities for the coming year is to work with our venues and suppliers in the expansion of our carbon footprint measuring, in pursuit of our climate commitment to become a net zero organisation. As ever, we are grateful to all of our supporters, performers, volunteers and collaborators for their part in the continued success of the festival.

Dr Alexis Paterson
Chief Executive

Three Choirs Festival Limited

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 30 September 2022.

The accounts have been prepared in accordance with the 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 (FRS102 and Update Bulletin 1.)

Objectives and activities

The objectives of the charity are as set out in its governing document, namely to promote, maintain, improve and advance education by the encouragement of the arts, including the arts of singing and music, drama, mime and dance, and to formulate, prepare and establish schemes therefore provided that all Objects of the charity shall be of a charitable nature. The organisation continues to plan an annual festival with the furtherance of this object at the forefront of its ambition and aims to further develop its participation and community engagement throughout the year.

Significant Activities

The ordinary principal activity of the organisation is an eight-day festival, including, in the months prior, the tuition and coaching of local amateur performers who perform alongside professional musicians to the highest standards. The organisation also delivers participatory workshops and activities to local schools and community groups in the summer months.

Public Benefit

The Trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

The public benefit of the organisation is principally derived from the activities surrounding the presentation of the annual festival: the scale and ambition of musical experiences presented by the festival do not ordinarily exist in our region and provide free music making opportunities for the members of our festival chorus, youth choir and participants of bespoke projects which are supported by expert tuition and coaching. We have also developed participation events for younger audiences to begin exploring classical music.

Three Choirs Festival Limited

Trustees' Report

Financial Review

The key item in the accounts this year is the transfer of the funds from the Three Choirs Society to the Three Choirs Festival Ltd following the merger of the two organisations. Altogether the Society transferred £1,161,075 to the Festival, of which £30k was the monthly contribution as in previous years, and the remaining £1.13m was the net assets as at 30th September 2022. These primarily consisted of fixed asset investments which were transferred in specie.

Excluding the transfer of assets from the Society at the end of September, the “real” income from the annual festival totalled £973k, and costs were £986k. Of this income, £2.4k is received in this year but restricted for use on Gloucester 2023, but income received in previous years which related to Hereford 2022 totalled £43k. After adjusting the restricted monies to the year of the relevant festival, and including the ongoing Society contribution of £30k, the result for the festival is a surplus of £24k.

Financial Headlines	2022	2021
Festival Income	£973,487	£868,919
Festival income received in prior years	£43,152	£118,154
Future Festival income received in current year	(£2,375)	(£43,152)
Festival expenditure	(£985,949)	(£916,780)
Revaluation of investments	(£4,597)	£7,640
Net result	£23,718	£34,781
Transfer of Society assets	£1,131,075	£0
Total Statutory accounts income	£2,104,562	£868,919

This is in large part due to the receipt of £133,713 from the DCMS Cultural Recovery Fund round 3, which enabled us to survive the uncertainty over COVID-19 restrictions in the planning period for the festival. We are also grateful to the Mumford Memorial Trust, the Elmley Foundation, the Hereford Cider Museum, and many other trusts and generous individuals who have supported us.

Analysis of income	2022		2021	
Ticket Sales & Box Office	£361,435	37%	£216,352	25%
Voluntary income	£238,905	24%	£127,015	15%
Friends & Society income	£63,500	7%	£163,600	19%
Gift aid & Orchestral Tax Relief	£117,125	13%	£58,808	7%
Catering, Advertising, etc.	£49,981	5%	£44,832	5%
Government support	£140,120	14%	£256,121	29%
Investment income	£2,421	0%	£2,191	0%
	£973,487		£868,919	

Overall, the amount of Government support reduced from 29% of our income in 2021 to 14% in 2022, while the return to more normal trading meant that not only our ticket sales but the associated Orchestral Tax Relief and donations and Gift Aid generated a more normal percentage of our income. In 2019, 48% of our income came from ticket sales.

The budget for the 2022/23 year was originally prepared on a breakeven basis as part of a submission to join Arts Council England's 2023-2026 Investment Programme of NPOs.. In November 2022, we received notification that we had not been successful, and our budget has therefore been revisited to generate a deficit of around £90k for 2023. We remain hopeful that this gap can be narrowed between now and the festival, and can cover the deficit from reserves if necessary. There is sufficient cash in long term deposits to meet this requirement without being forced to sell investments in the current climate.

The merger of the Festival and the Society has meant that we need to re-think our reserves policy. Within the funds that were previously held by the Society, approximately £91k is an endowment fund, from which can spend only the interest. A further £320k is restricted towards use of Worcester festivals only, and another £535k is restricted for the purposes of mounting a music festival in the three cities, so must be evenly applied to all three: in any given year, only one third could potentially be applied to that festival.

Reserves Policy

The Three Choirs Festival Ltd operates a risk-based reserves policy. Each year our main income generating activity is a single annual festival, which takes place in the last quarter of the financial year. Whilst many of the costs of the organisation are festival-related, staff salaries and office overheads continue all the year round. The risk we need to hedge with reserves is that, as in 2020, the festival has to be cancelled during the financial year.

To cover the annual staffing and overheads costs would cost around £325k. In addition, some direct festival costs might not be able to be cancelled or refunded, so 20% of the direct costs should be kept in reserve. For 2023, this is around £130k. For prudence, it is assumed that no advance income can be considered as non-refundable. The total amount required as a reserve is £455k.

As at 30th September 2022, total funds were £1.247m. Excluding restricted and endowment funds, the unrestricted funds were £297k, of which £27k was tied up in fixed assets and could not be easily spent. In addition to the £270k of free reserves, one third of the Rowlands/Messenger fund was equal to £178k, making a total of £448k available to cover costs in 2023 should there be a cancellation.

Investment Policy

Funds which are either endowed or expected to be required only in the longer term are invested in the stock market, with the aim of generating a return of approximately £40k per year to help support the festival's running costs. The investment committee meet with the brokers three times per year to review the performance.

Going Concern

The trustees consider that it is appropriate to prepare the accounts on a going concern basis. The available reserves are at the level required by the reserves policy, and the previous two years have shown that there is still an appetite for our offering post COVID-19.

Structure, Governance & Management

Three Choirs Festival Limited is a charity governed by Articles of Association most recently updated 4 March 2022. It is registered as a charity with the Charity Commission, and also as a company limited by guarantee. Our key charitable purpose is to promote, maintain, improve and advance education by the encouragement of the arts, most particularly the

arts of singing and music. The chief method by which this is carried out is in producing an annual eight-day music festival of choral music which gives local musicians of all ages an opportunity to develop their skills alongside world-class professionals, and through a growing programme of community engagement beyond the festival itself.

Governance of the Charity is undertaken through a Board of Trustees whose responsibility is to provide strategic direction and policy-setting, as well as ensuring that all activity undertaken falls within the charitable objectives outlined within the Memorandum and Articles of Association. The charity Trustees are also directors of the Company and are elected to serve for a period of three years, after which they must be re-elected at the next Annual General Meeting. One third of the Directors must retire at each Annual General Meeting, and may stand for re-election, up to a maximum of three consecutive terms (9 years).

All Trustees give their time voluntarily and receive no remuneration. Reimbursement of out-of-pocket expenses amounted to £530.87 during the year (2021 £225.50).

New trustees are recruited through a process of open advertisement outlining the role's purpose, time commitment and skills and qualities of the ideal candidate. All advertisements also carry statements regarding diverse recruitment and equality of access, and the Board is committed to developing a trustee body which better reflects the demographics in our area of operation. The current profile of the Board is 72% white British, 37% LGBTQ+, 72% from a 'modern professional' background, with an age range of 40 to 75. 9% of the board have a disability and 63% are male, meaning that the current areas of underrepresentation are in gender and socio-economic background. Applications are reviewed by the Board and a Nominations Committee undertakes interviews with shortlisted candidates before making recommendations to the board regarding appointments.

Newly appointed trustees are asked to undergo a DBS check in line with our safeguarding policy and are provided with an induction from our Chief Executive which covers the statutory obligations of a trustee and director, and key organisational policies, overview of structure, budget outlines and future artistic plans.

Relationships between Charity and Related Parties

From 1996 until 30 September 2022, Three Choirs Festival Limited has had a sister organisation, The Three Choirs Festival Society ('the Society'), which held endowments and manages investments on behalf of the festival. Membership of the Society allowed access to priority booking of festival tickets, and special member's events, but no financial discounts.

In preparation for the merger of the two organisations, from October 2021, the Society ceased to process membership renewals, this scheme being taken over by Three Choirs Festival Limited. Following the passing of various resolutions by the Society's board of trustees in June 2022, the Society's assets have now been transferred to the Three Choirs Festival Ltd. The merger has been approved by the Charity Commission.

Fundraising arrangements

The charity employs staff to directly manage grant applications and donor engagement. Each city also has a group of volunteer Friends, who donate their time and expertise to organising fundraising events in advance of their city's festival, and during the festival itself. Fundraising such as this carried out on behalf of the charity is monitored in respect of financial and public liability/Health and Safety best practice through liaison with the relevant members of the staff team. Some board and committee members also make active contributions to securing new donor and maintaining existing connections. No external

professional services or commercial participators are contracted to fundraise on our behalf. No complaints have been received by the charity about fundraising activity. Invitations to donate to the festival are made in accordance with our Data Protection Policy, which takes full account of PECR and GDPR guidance.

Risk Management

While some of the volatility of COVID-associated risk has dissipated, there remain a number of local and specific risks on the horizon (such as the ability of our regular venues and suppliers to continue operating post-pandemic), as well as the broader economic uncertainty which may impact fundraising and earned income potential. COVID-19 remains on the risk register as both a tangible risk leading to cancellation, and a broader cause of decreased revenue as outlined above. The organisation has taken steps to consider the risk factors associated with Climate Change, and as part of their work in pledging to become a net-zero organisation by 2050, have incorporated this category into the risk register. Control measures and threat levels are monitored on an ongoing basis by the Finance Committee and Chief Executive, who alert the Board to any factor which may alter the risk rating prescribed to a category. Adoption of appropriate systems and procedures in response to any changes of circumstance remain the responsibility of the Directors.

Disclosure of information to the auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 24/05/2023 and signed on its behalf by:

N. S. Belshaw
.....

Dr N S Belshaw
Chair

Three Choirs Festival Limited

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Three Choirs Festival Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

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 the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 24/07/2023 and signed on its behalf by:



Dr N S Belshaw
Chair

Three Choirs Festival Limited

Independent Auditor's Report to the Members of Three Choirs Festival Limited

Opinion

We have audited the financial statements of Three Choirs Festival Limited (the 'charity') for the year ended 30 September 2022, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2022 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Three Choirs Festival Limited

Independent Auditor's Report to the Members of Three Choirs Festival Limited

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Charities Act 2011

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Three Choirs Festival Limited

Independent Auditor's Report to the Members of Three Choirs Festival Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



.....
M A Skellum (Senior Statutory Auditor)
For and on behalf of Ballards LLP, Statutory Auditor

Oakmoore Court
11C Kingswood Road
Hampton Lovett
Droitwich
Worcestershire
WR9 0QH

Date: 24/3/23

Three Choirs Festival Limited

Statement of Financial Activities for the Year Ended 30 September 2022 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2022 £
Income and Endowments from:					
Donations and legacies	3	607,984	991,411	91,330	1,690,725
Charitable activities	4	411,041	375	-	411,416
Investment income	5	2,421	-	-	2,421
Total Income		1,021,446	991,786	91,330	2,104,562
Expenditure on:					
Charitable activities	6	(985,949)	-	-	(985,949)
Total Expenditure		(985,949)	-	-	(985,949)
Gains/losses on investment assets		(4,597)	-	-	(4,597)
Net income		30,900	991,786	91,330	1,114,016
Transfers between funds		176,865	(176,865)	-	-
Net movement in funds		207,765	814,921	91,330	1,114,016
Reconciliation of funds					
Total funds brought forward		89,633	43,152	-	132,785
Total funds carried forward	18	297,398	858,073	91,330	1,246,801

Three Choirs Festival Limited

Statement of Financial Activities for the Year Ended 30 September 2022
(Prior year 2021)
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £
Income and Endowments from:				
Donations and legacies	3	377,259	228,285	605,544
Charitable activities	4	261,184	-	261,184
Investment income	5	2,191	-	2,191
Total Income		640,634	228,285	868,919
Expenditure on:				
Charitable activities	6	(916,780)	-	(916,780)
Total Expenditure		(916,780)	-	(916,780)
Gains/losses on investment assets		7,640	-	7,640
Net (expenditure)/income		(268,506)	228,285	(40,221)
Transfers between funds		341,439	(341,439)	-
Net movement in funds		72,933	(113,154)	(40,221)
Reconciliation of funds				
Total funds brought forward		16,700	156,306	173,006
Total funds carried forward	18	89,633	43,152	132,785

All of the charity's activities derive from continuing operations during the above two periods. The funds breakdown is shown in note 18.

Three Choirs Festival Limited
(Registration number: 0580176)
Balance Sheet as at 30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	17,240	-
Tangible assets	12	9,781	10,569
Investments	13	1,036,304	66,587
		<u>1,063,325</u>	<u>77,156</u>
Current assets			
Stocks	14	1,650	1,915
Debtors	15	120,282	70,708
Cash at bank and in hand		167,083	123,062
		<u>289,015</u>	<u>195,685</u>
Creditors: Amounts falling due within one year	16	<u>(84,417)</u>	<u>(118,934)</u>
Net current assets		<u>204,598</u>	<u>76,751</u>
Total assets less current liabilities		1,267,923	153,907
Creditors: Amounts falling due after more than one year	17	<u>(21,122)</u>	<u>(21,122)</u>
Net assets		<u>1,246,801</u>	<u>132,785</u>
Funds of the charity:			
Endowment funds		91,330	-
Restricted funds		858,073	43,152
Total unrestricted funds		<u>297,398</u>	<u>89,633</u>
Total funds	18	<u>1,246,801</u>	<u>132,785</u>

The financial statements on pages 16 to 30 were approved by the trustees, and authorised for issue on 24/10/2023 and signed on their behalf by:


.....
Dr N S Belshaw
Chair

Three Choirs Festival Limited

Statement of Cash Flows for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash income/(expenditure)		1,114,016	(40,221)
Adjustments to cash flows from non-cash items			
Depreciation		4,321	3,993
Amortisation		8,620	900
Investment income	5	(2,421)	(2,191)
Financial instrument net (gains) losses through statement of financial activities		4,597	(7,640)
		<u>1,129,133</u>	<u>(45,159)</u>
Working capital adjustments			
Decrease/(increase) in stocks	14	265	(836)
Increase in debtors	15	(49,574)	(66,043)
(Decrease)/increase in creditors	16	<u>(34,516)</u>	<u>59,868</u>
Net cash flows from operating activities		<u>1,045,308</u>	<u>(52,170)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets	11	(25,860)	-
Purchase of tangible fixed assets	12	(3,533)	(2,140)
Purchase of investments	13	(974,315)	-
Income from listed investments		<u>2,421</u>	<u>2,191</u>
Net cash flows from investing activities		<u>(1,001,287)</u>	<u>51</u>
Net increase/(decrease) in cash and cash equivalents		44,021	(52,119)
Cash and cash equivalents at 1 October		<u>123,062</u>	<u>175,180</u>
Cash and cash equivalents at 30 September		<u>167,083</u>	<u>123,061</u>

All of the cash flows are derived from continuing operations during the above two periods.

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

1 Charity status

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £Nil towards the assets of the charity in the event of liquidation.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared 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 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Three Choirs Festival Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings, they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Intangible assets

Intangible assets are stated in the Balance Sheet at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

Tangible fixed assets

Individual fixed assets costing £0.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Website development	33.33% straight line

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Office equipment	20% Straight line
Office improvements	20% Straight line

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme for eligible employees under which fixed contributions are paid into employees' pension funds and the charity has no legal or constructive obligation to pay further contributions in any future period.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due.

3 Income from donations and legacies

	Unrestricted funds	Restricted funds	Endowment funds	Total 2022	Total 2021
	General £	£	Expendable £	£	£
Donations and legacies;					
Donations from individuals	580,695	857,698	91,330	1,529,723	340,615
Gift aid reclaimed	20,882	-	-	20,882	8,808
Furlough & other Covid 19					
Grant income:					
Grants, including capital grants	6,407	133,713	-	140,120	256,121
	607,984	991,411	91,330	1,690,725	605,544

4 Income from charitable activities

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	General £	£	£	£
Ticket sales	361,435	-	361,435	216,352
Retail, services and catering	36,308	-	36,308	37,106
Retail, services and catering	-	375	375	-
Advertising income	9,060	-	9,060	3,250
Creative projects	4,238	-	4,238	4,476
	411,041	375	411,416	261,184

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

5 Investment income

	Unrestricted funds		
	General £	Total 2022 £	Total 2021 £
Other income from fixed asset investments	2,421	2,421	2,191

6 Expenditure on charitable activities

		Unrestricted funds		
	Note	General £	Total 2022 £	Total 2021 £
Musical Fees and Expenses		587,004	587,004	533,944
Festival Sales and Publicity		60,304	60,304	60,900
Allocated support costs		338,641	338,641	321,936
		985,949	985,949	916,780

7 Net incoming/outgoing resources

Net incoming/(outgoing) resources for the year include:

	2022 £	2021 £
Operating leases - other assets	9,120	9,120
Audit fees	7,140	7,140
Depreciation of fixed assets	4,321	3,993
Amorisation of intangible fixed assets	8,620	900

8 Trustees remuneration

No trustees, nor any persons connected with them, have received any salaried remuneration from the charity during the year. One trustee performed as a self-employed musician receiving £1,231.95 (2021 one trustee £910.22) This payment received board approval in accordance with conflict of interest guidance.

No trustees have received any other benefits from the charity during the year.

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

9 Staff costs

The aggregate payroll costs were as follows:

	2022 £	2021 £
Staff costs during the year were:		
Wages and salaries	216,160	219,418
Social security costs	13,243	13,531
Pension costs	6,899	7,609
	<u>236,302</u>	<u>240,558</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2022 No	2021 No
Administration	<u>10</u>	<u>11</u>

No employee received emoluments of more than £60,000 during the year.

10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

11 Intangible fixed assets

	Website development £	Total £
Cost		
At 1 October 2021	18,405	18,405
Additions	25,860	25,860
Disposals	<u>(18,405)</u>	<u>(18,405)</u>
At 30 September 2022	<u>25,860</u>	<u>25,860</u>
Amortisation		
At 1 October 2021	18,405	18,405
Charge for the year	8,620	8,620
Eliminated on disposals	<u>(18,405)</u>	<u>(18,405)</u>
At 30 September 2022	<u>8,620</u>	<u>8,620</u>
Net book value		
At 30 September 2022	<u>17,240</u>	<u>17,240</u>
At 30 September 2021	<u>-</u>	<u>-</u>

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

12 Tangible fixed assets

	Land and buildings £	Office equipment £	Total £
Cost			
At 1 October 2021	7,754	74,313	82,067
Additions	-	3,533	3,533
Disposals	-	(48,514)	(48,514)
At 30 September 2022	7,754	29,332	37,086
Depreciation			
At 1 October 2021	3,101	68,397	71,498
Charge for the year	1,551	2,770	4,321
Eliminated on disposals	-	(48,514)	(48,514)
At 30 September 2022	4,652	22,653	27,305
Net book value			
At 30 September 2022	3,102	6,679	9,781
At 30 September 2021	4,653	5,916	10,569

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

13 Fixed asset investments

	2022 £	2021 £
Other investments	1,036,304	66,587

Other investments

	Listed investments £	Total £
Cost or Valuation		
At 1 October 2021	66,587	66,587
Revaluation	(4,598)	(4,598)
Additions	974,315	974,315
At 30 September 2022	1,036,304	1,036,304
Net book value		
At 30 September 2022	1,036,304	1,036,304
At 30 September 2021	66,587	66,587

There were no investment assets outside the UK

14 Stock

	2022 £	2021 £
Stocks	1,650	1,915

15 Debtors

	2022 £	2021 £
Trade debtors	16,166	3,957
Prepayments	104,116	66,751
	120,282	70,708

16 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,144	77,847
Other taxation and social security	4,573	4,083
Other creditors	3,135	180
Accruals	72,565	36,824
	84,417	118,934

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

17 Creditors: amounts falling due after one year

	2022 £	2021 £
Other creditors	21,122	21,122

18 Funds

	Balance at 1 October 2021 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 30 September 2022 £
Unrestricted funds						
General	89,633	1,021,446	(985,949)	176,865	(4,597)	297,398
Restricted funds	43,152	991,786	-	(176,865)	-	858,073
Endowment funds						
Expendable	-	91,330	-	-	-	91,330
Total funds	132,785	2,104,562	(985,949)	-	(4,597)	1,246,801
Restricted funds						

General funds are held in cash or quoted investments as described in the Reserves policy on page 10.

The Restricted funds carried forward at 30 September 2022 include the Griffin fund (£320,387), which relate solely to the Worcester Festival, the Rowlands Messenger fund (£535,311) which relates to the three festival cities in equal share, and further restricted funds (£2,375) which relate to the Gloucester Festival and will be used in the year ended 30 September 2023. The Endowment funds originate from a single gift to the Three Choirs Endowment Fund during 1996 from the estate of J F Evans. This fund allows for investment in longer term aims and objectives. The trustees believe that to date the fund has been mainly held in Fixed asset investments.

To date, the trustees believe that the capital usage of the legacy Restricted, and Endowments funds is as follows:

Fund name	Capital usage prior to 1 October 2021	Capital usage during financial year to 30 September 2022			Carried forward
		Worcester	Hereford	Gloucester	
Griffin	nil	nil			£320,387
Rowlands/Messenger	nil	nil	nil	nil	£535,311
Evans Endowment	nil	nil	nil	nil	£91,330

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

	Balance at 1 October 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(loss es) £	Balance at 30 September 2021 £
Unrestricted funds						
General	(39,247)	640,634	(916,780)	341,439	-	26,046
Revaluation Reserve	55,947	-	-	-	7,640	63,587
Total unrestricted funds	16,700	640,634	(916,780)	341,439	7,640	89,633
Restricted funds	156,306	228,285	-	(341,439)	-	43,152
Endowment funds						
Total funds	173,006	868,919	(916,780)	-	7,640	132,785

Restricted funds are income received for future festivals. The restricted funds carried forward at 30 September 2021 related to the Hereford Festival and have been used in the year ended 30 September 2022.

19 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Endowment funds	Total funds
	General £	£	Expendable £	£
Intangible fixed assets	17,240	-	-	17,240
Tangible fixed assets	9,781	-	-	9,781
Fixed asset investments	226,042	728,299	81,963	1,036,304
Current assets	149,874	129,774	9,367	289,015
Current liabilities	(84,417)	-	-	(84,417)
Creditors over 1 year	(21,122)	-	-	(21,122)
Total net assets	297,398	858,073	91,330	1,246,801

20 Analysis of net funds

	At 1 October 2021 £	Cash flow £	At 30 September 2022 £
Cash at bank and in hand	123,062	44,021	167,083
Net debt	123,062	44,021	167,083

Three Choirs Festival Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

21 Related party transactions

During the year the Three Choirs Festival Limited received grants totalling £1,161,075 (2021: £160,100) from the Three Choirs Festival Society (Registered Charity Number 1055308). The Three Choirs Festival Society was a connected charity of the Three Choirs Festival Limited as a result of the Three Choirs Festival Limited's right to appoint a majority of the trustees of the society.

At the balance sheet date, the Three Choirs Festival Limited owed £Nil (2021: £180) to Three Choirs Festival Society (Registered Charity Number 1055308).

During the year, the net assets of the Three Choirs Festival Society of £1,131,075 were transferred into the Three Choirs Festival Limited. These amounts are included in the above grants received. The two organisations have now merged.

22 Off-balance sheet arrangements

The total of future lease payments under non-cancellable operating leases as at 30 September 2022 is £93,733 (2021 - £101,333).

