

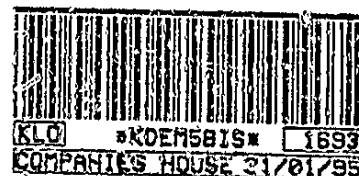
PHILHARMOMIA LIMITED
(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

31 MARCH 1994

Company no: 799297

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST



INDEX

Page

3	COUNCIL OF MANAGEMENT AND OFFICERS
4 - 5	REPORT OF THE COUNCIL OF MANAGEMENT
	FINANCIAL STATEMENTS
6	Directors' responsibilities
7	Auditors' report
8	Balance sheet
9	Income and expenditure account
10	Accounting policies
11 - 15	Notes to the financial statements
16	General income and expenditure account
17	Own promotions income and expenditure account
18	Foreign tours income and expenditure account
19	Engagements income and expenditure account
20	Orchestral overheads
21	Administrative overheads

COUNCIL OF MANAGEMENT AND OFFICERS

COUNCIL OF MANAGEMENT

Vincent Meyer	President
Keith Bragg	Chairman
Andrew Smith	Vice Chairman
Jane Marshall	(resigned 16 December 1993)
Dudley Bright	(resigned 16 December 1993)
Justin Jones	
Daniel Salem	(resigned 16 December 1993)
Maestro Giuseppe Sinopoli	
Neil Tarlton	
John Wates	
David Whelton	
Nick Whitting	
Mark David	(appointed 16 December 1993)
John Anderson	(appointed 16 December 1993)

SECRETARY

David Whelton

REGISTERED OFFICE

76 Great Portland Street
London W1N 5AL

COMPANY REGISTRATION NUMBER

7.9297

CHARITY REGISTRATION NUMBER

250277

AUDITORS

Eaker Tilly
2 Bloomsbury Street
London WC1B 3ST

BANKERS

National Westminster Bank plc
125 Great Portland Street
London W1N 6AX

LEGAL ADVISERS

Taylor Joynson Garrett
180 Fleet Street
London EC4A 2NT

REPORT OF THE COUNCIL OF MANAGEMENT

The Council present their report and financial statements of Philharmonia Limited for the year ended 31 March 1994.

MANAGEMENT

The company is managed by a Council of Management comprised of seven playing members of the orchestra, elected in accordance with the Articles of Association, plus four non-playing members, who are co-opted at each annual general meeting.

ACTIVITIES AND REVIEW OF THE BUSINESS

The company continued to promote symphony concerts both in the UK and abroad.

The artistic activities of the Orchestra in 1993/94 built on the successes of the previous year and although the financial climate remained very difficult, overall trading results were improved. 31 subscription concerts were given at the Royal Festival Hall and one at St Paul's Cathedral and a number of the world's greatest conductors worked with the Orchestra for the first time. The deficit on subscription concerts was reduced by 52%, ticket income, on a per concert basis, rose by 9.3% and programme revenue by 21%. Sponsorship income for own promotions increased from £293,240 in 1992/93 to £318,800. It was very satisfying to buck the national trend in box office and sponsorship income. Income generated by engagements and recordings rose by 1.3%. However, the surplus generated from touring income dropped by 24.5% as a result of the change in managerial arrangements in Italy and Spain and the cancellation of a tour due to the impact of the Hoffmann Review. Savings of 23% and 7% respectively were achieved in orchestral and administrative overheads. Other income declined by almost £58,000 during the year as a result of a reduced level of donations (directly attributable to the Hoffmann Review), a reduction in capital available for investment and lower interest rates.

Trading conditions continue to be difficult but it is anticipated that own promotion losses will be further reduced. Since the balance sheet date the Orchestra has accepted from the MU an interest-free loan of £250,000, repayable over five years, to replenish working capital. The Orchestra is deeply grateful to the MU for its support.

FINANCIAL RESULTS

The results of the year are set out in the income and expenditure account on page 9. The position at the end of the year is shown in the balance sheet on page 8.

REPORT OF THE COUNCIL OF MANAGEMENT

MEMBERS OF THE COUNCIL

The members named on page 3 served throughout the year with the exception of Mark David and John Anderson who were appointed on 16 December 1993 and Jane Marshall, Dudley Bright and Daniel Salem who resigned on the same date.

Keith Bragg and Andrew Smith retire by rotation under Article 49 of the Articles of Association, and Keith Bragg offers himself for re-election.

AUDITORS

The auditors, Baker Tilly, have expressed their willingness to continue in office and a resolution will be proposed in General Meeting that they be reappointed.

This report was approved by the Council of Management on 5 DECEMBER 1994

KEITH BRAGG

ANDREW SMITH

DAVID WHELTON

Keith B. [Signature]
Members of
Council of
Management [Signature]
[Signature]

PHILHARMONIA LIMITED (LIMITED BY GUARANTEE)

COUNCIL OF MANAGEMENT'S RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS

Company law requires the Council of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Council of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Council of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF PHILHARMONIA LIMITED
(LIMITED BY GUARANTEE)

We have audited the financial statements on pages 8 to 15.

Respective responsibilities of the Council of Management and auditors

As described on page 6 the company's Council of Management are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

5 DECEMBER 1994

PHILHARMONIA LIMITED (LIMITED BY GUARANTEE)

Page 8

BALANCE SHEET
31 March 1994

	Notes	1994	1993
FIXED ASSETS			
Tangible assets	1	55,015	70,576
CURRENT ASSETS			
Stock	2	8,630	8,632
Debtors	3	791,206	754,066
Cash at bank and in hand		985	42,162
		<u>800,821</u>	<u>804,860</u>
CREDITORS			
Amounts falling due within one year	4	(1,095,957)	(722,146)
NET CURRENT (LIABILITIES)/ASSETS		<u>(295,136)</u>	<u>82,714</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		(240,121)	153,290
CREDITORS			
Amounts falling due after more than one year	5	-	(101,067)
TOTAL (LIABILITIES)/ASSETS		<u>£(240,121)</u>	<u>£ 52,223</u>
CAPITAL AND RESERVES			
Capital - limited by guarantee	6		
Reserve - special	13	100,000	100,000
Grant from Philharmonia Trust Limited		500,000	500,000
Income and expenditure account	17	(840,121)	(547,777)
		<u>£(240,121)</u>	<u>£ 52,223</u>

Approved by the Council of Management on 5 December 1994.

KEITH BRAGG

ANDREW SMITH

DAVID WHELTON

)
)
) Members of
) Council of
) Management
)
)

Keith Bragg
Andrew Smith
David Whelton

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 March 1994

	Notes	1994	1993
TURNOVER	7	4,340,602	4,022,123
GRANTS AND SUNDRY INCOME			
Sponsorship, less fees		331,074	297,740
EXCESS OF EXPENDITURE OVER INCOME	8	(392,276)	(513,773)
Royalties receivable		747	970
Interest receivable	11	1,774	11,304
Sundry income		6,508	8,164
		9,029	20,438
NET DEFICIT		(383,247)	(493,335)
OTHER DONATIONS			
Chair		5,000	2,000
Bequest		-	2,000
Anonymous		20,000	30,000
Philharmonia Trust Limited		-	14,599
Miscellaneous		121,857	144,807
		146,857	193,406
		(236,390)	(299,929)
EXCEPTIONAL ITEM	16	(55,954)	-
DEFICIT FOR THE YEAR	17	£(292,344)	£(299,929)

The operating deficit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and drawn up on a going concern basis, which the directors consider to be appropriate in view of the matters explained in note 18 to the financial statements.

TURNOVER

This represents income generated from own promotions, engagements and foreign tours, but excludes grants, sponsorship and donations. It comprises the total value of ticket and programme sales, advertising revenue, relay and transcription revenue, and services invoiced to customers, after deducting all credits and allowances and excluding value added tax.

DEPRECIATION

Depreciation is calculated to write off the cost of the assets in equal annual instalments on the following basis:

Office furniture and fittings	20%
Motor vehicles	20%
Musical instruments, baskets and recordings	20%
Computer equipment	20% (33% on purchases prior to 1.4.92)

The effect of the change of policy on computer equipment is not material to the accounts.

GRANTS AND SPONSORSHIP

Grants and sponsorship are credited to the income and expenditure account in the year in which they accrue.

DONATIONS

Donations if allocated to specific concerts, engagements or projects are credited to the income and expenditure account in the year in which they accrue. Donations if allocated to the purchase of specific fixed assets are credited to the income and expenditure account by equal annual instalments over the life of the related asset. Other donations are credited to the income and expenditure account in the year in which they are received.

EXCHANGE CONVERSIONS

Overseas currencies received from foreign tours have been stated at the actual rates obtained.

LEASES

Rentals under operating leases are charged to income and expenditure account as incurred.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1994

1. TANGIBLE FIXED ASSETS

	Office furniture and fittings	Musical instruments, baskets and recordings	Computer equipment	Motor vehicles	TOTAL
Cost:					
1 April 1993	41,602	91,510	101,777	88,170	323,059
Additions	140	4,807	2,534	-	7,481
31 March 1994	41,742	96,317	104,311	88,170	330,540
Depreciation:					
1 April 1993	30,950	84,179	64,973	72,381	252,483
Charged in year	2,922	4,373	9,288	6,459	23,042
31 March 1994	33,872	88,552	74,261	78,840	275,525
Net book value:					
31 March 1994	7,870	7,765	30,050	9,330	£ 55,015
31 March 1993	10,652	7,331	36,804	15,789	£ 70,576

	1994	1993
2. STOCK		
Finished goods and goods for resale	£ 8,630	£ 8,632
3. DEBTORS		
Due within one year:		
Trade debtors	380,579	360,782
Other debtors	127,915	182,894
Prepayments and accrued income	275,110	195,187
	783,604	738,863
Due after one year:		
Other debtors	7,602	15,203
	£ 791,206	£ 754,066

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1994

	1994	1993
4. CREDITORS		
Amounts falling due within one year:		
Bank overdraft	130,956	46,035
Trade creditors	411,585	255,047
Other creditors	134,548	177,856
Other taxation and social security costs	19,211	11,626
Withholding tax	8,978	5,365
Accruals and deferred income	390,679	226,217
	<u>£ 1,095,957</u>	<u>£ 722,146</u>

5. CREDITORS		
Amounts falling due in more than one year:		
Deferred income	£ -	£ 101,067
	<u>-</u>	<u>-</u>

6. LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 90 members at 31 March 1994 (1993: 99).

	1994	1993
7. PARTICULARS OF TURNOVER		
Geographical analysis:		
United Kingdom	2,342,132	2,187,146
Continental Europe	1,998,470	1,426,395
Japan	-	349,340
USA	-	59,242
	<u>£ 4,340,602</u>	<u>£ 4,022,123</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31. March 1994

	1994	1993
8. INCOME AND EXPENDITURE		
Income		
Turnover	4,340,602	4,022,123
Sponsorship for foreign tour	177,102	144,139
Other operating income (Note 10)	711,500	700,000
Sponsorship less fees	318,800	297,740
	<u>5,548,004</u>	<u>5,164,002</u>
Expenditure		
Direct expenditure	5,369,638	5,105,835
Staff costs:		
Wages and salaries	395,970	385,739
Social security costs	38,336	37,922
	<u>434,306</u>	<u>423,661</u>
Depreciation written off tangible fixed assets	23,042	35,374
Other operating expenditure (Note 10)	113,294	112,905
	<u>5,949,110</u>	<u>5,677,775</u>
Excess of expenditure over income	£(392,276)	£(513,773)
9. PARTICULARS OF STAFF		
	No	No
Average number of persons (excluding council of management) employed by the company during the year was:		
Office and management	16	15
Transport	2	2
	<u>18</u>	<u>17</u>
Staff costs for the above persons:		
Wages and salaries	395,970	385,739
Social security costs	38,336	37,922
Other pension costs	14,726	16,314
	<u>£ 449,032</u>	<u>£ 439,975</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1994

	1994	1993
9. PARTICULARS OF STAFF - continued		
Council of Management Remuneration		
Fees	16,375	21,047
Other emoluments	66,658	64,612
	<u>£ 83,033</u>	<u>£ 85,659</u>
The fees and other emoluments disclosed above (excluding pension contributions) includes amounts paid to:		
The Chairman	<u>£ 6,000</u>	<u>£ 6,000</u>
The Music Director	<u>£ 10,375</u>	<u>£ 15,047</u>
The highest paid member of council	<u>£ 63,904</u>	<u>£ 61,937</u>
No other members of council received emoluments.		
10. OTHER OPERATING INCOME AND CHARGES	1994	1993
Other operating income includes:		
Arts Council	<u>£ 711,500</u>	<u>£ 700,000</u>
Other operating expenditure includes:		
Auditors' remuneration	6,500	7,000
Music and instruments	75,603	63,905
Operating lease rentals	<u>28,960</u>	<u>42,000</u>
11. INVESTMENT INCOME AND INTEREST RECEIVABLE		
Interest receivable	<u>£ 1,774</u>	<u>£ 11,304</u>
12. TAXATION		
As a charity the company is exempt from corporation tax.		
13. SPECIAL RESERVES	1994	1993
Sundry reserve	<u>£ 100,000</u>	<u>£ 100,000</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1994

	1994	1993
14. LEASE COMMITMENTS		
Land and buildings; Annual commitments under operating leases expiring:		
Between two and five years	£ 15,920	£ 42,000
	<u> </u>	<u> </u>
15. CAPITAL COMMITMENTS		
Capital expenditure contracted for but not provided in the financial statements	£ Nil	£ Nil
	<u> </u>	<u> </u>
16. EXCEPTIONAL ITEM		
The exceptional item relates to the costs incurred in preparing a submission for the committee appointed by the Arts Council to review funding of the London orchestras and associated public relations activities.		
	1994	1993
17. INCOME AND EXPENDITURE ACCOUNT		
(Deficit)/surplus brought forward as originally stated	(547,777)	(197,910)
Prior year adjustment	-	(49,938)
	<u> </u>	<u> </u>
(Deficit)/surplus brought forward as restated	(547,777)	(247,848)
Deficit for the year as originally stated	(292,344)	(299,929)
DEFICIT CARRIED FORWARD	£(840,121)	£(547,777)
	<u> </u>	<u> </u>
18. GOING CONCERN		

The Philharmonia Trust which exists with the object of supporting Philharmonia Limited had reserves of £210,473 at 30 September 1994 which can be utilised to support the orchestra if required. Philharmonia Limited has also received on 13 July 1994 an interest free loan of £250,000 repayable over 5 years at £50,000 per year.

The Philharmonia Trust is organising a Gala Concert on 8 December 1994 at St James Palace proceeds of which will be donated to the orchestra.