

**Philharmonia Limited  
(Limited by Guarantee)**

**FINANCIAL STATEMENTS**

for the year ended  
31 March 2003



Company Registration No. 799297  
Charity Registration No. 250277

# Philharmonia Limited (Limited by Guarantee)

## INDEX

---

	Page
Council of Management and Officers	1
Report of the Council of Management	2-7
Council of Management's responsibilities	9
Auditors' report	10
Statement of financial activities	11
Balance sheet	12
Cash flow statement	13
Accounting policies	14-15
Notes to the financial statements	16-28
General income and expenditure account	29
Own promotions income and expenditure account	30
Foreign tours income and expenditure account	31
Engagements income and expenditure account	32
Friends of the Philharmonia income and expenditure account	33
Martin Musical Scholarship Fund income and expenditure account	34
Education projects income and expenditure account	35
Orchestral overheads	36
Administrative overheads	37

# Philharmonia Limited (Limited by Guarantee)

## COUNCIL OF MANAGEMENT AND OFFICERS

---

### COUNCIL OF MANAGEMENT

Vincent Meyer	President
Keith Bragg	Chairman
Mark David	Vice Chairman
David Whelton	Managing Director
Kevin Hathway	
Matthias Feile	
Julian Milone	
Debbie Preece	
Daniel Salem	
Susan Salter	
John Wates	
Mary Whittle	

### SECRETARY

David Whelton

### REGISTERED OFFICE

First Floor  
125 High Holborn  
London WC1V 6QA

### COMPANY REGISTRATION NUMBER

799297

### CHARITY REGISTRATION NUMBER

250277

### AUDITORS

Baker Tilly  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

### BANKERS

National Westminster Bank plc  
125 Great Portland Street  
London W1A 1GA

### LEGAL ADVISERS

Bird & Bird  
90 Fetter Lane  
London EC2A 1JP

# Philharmonia Limited (Limited by Guarantee)

## REPORT OF THE COUNCIL OF MANAGEMENT

---

The Council present their report and financial statements of Philharmonia Limited for the year ended 31 March 2003.

### GOVERNING INSTRUMENT

The company is governed by its Memorandum and Articles of Association.

### MANAGEMENT

The company ('The Charity') is managed by a Council of Management comprised of 8 playing members of the orchestra, elected in accordance with the Articles of Association, plus 4 non-playing members, who are co-opted at each annual general meeting. The Council of Management is supported by two sub committees, the Finance Committee, charged with working on the detail of the Orchestra's Finance and the Orchestra Committee responsible for orchestral and musical matters including personnel.

### APPOINTMENT OF COUNCIL OF MANAGEMENT

The Council of Management is appointed by the members of the Company. A vote is conducted at each AGM to elect nominated members to fill vacancies created by the retirement of existing Members of the Council.

Exceptionally, a member may be elected by a properly constituted Extraordinary General Meeting. The 4 non-playing members are co-opted at each annual general meeting.

### Council of Management

#### Player Members

Keith Bragg (Chairman)  
Mark David (Vice Chairman)  
Kevin Hathway  
Matthias Feile  
Julian Milone  
Susan Salter  
Debbie Preece  
Mary Whittle

#### Non-Player Members

Vincent Meyer  
Daniel Salem  
John Wates  
David Whelton

### Finance Committee

#### Non-Player Members

John Wates (Chairman)  
Anthony de Keyser  
Nadine Majaro (appointed 26 June 2003)  
Sioban Healy (appointed 26 June 2003)  
David Whelton

#### Player Members

Keith Bragg  
Mark David

### Orchestra Committee

#### Player Members

Keith Bragg (Chairman)  
Mark David (Vice Chairman)  
Kevin Hathway  
Matthias Feile  
Julian Milone  
Susan Salter  
Debbie Preece  
Mary Whittle

#### Non-Player Members

David Whelton

# Philharmonia Limited (Limited by Guarantee)

## REPORT OF THE COUNCIL OF MANAGEMENT

---

### ACTIVITIES AND REVIEW OF THE BUSINESS

#### Artistic Programme 2002/03 Season

2002/03 was another highly successful year for the Philharmonia Orchestra. In addition to its Royal Festival Hall season the Orchestra gave concerts throughout the UK, Europe, North America, Russia and Japan to large and enthusiastic audiences. Despite the difficult trading conditions that prevailed in the orchestral sector, the Philharmonia produced a small surplus whilst at the same time increasing its reserves, some of which it intends to transfer over to the Philharmonia Trust.

The Royal Festival Hall season was particularly rich in terms of conductors, soloists and repertoire. Highlights included the 90<sup>th</sup> birthday celebrations of Kurt Sanderling, Germany's most eminent conductor and the Philharmonia's Conductor Emeritus, and a Beethoven Cycle, originally to be conducted by Wolfgang Sawallisch, but owing to his indisposition shared amongst a wide range of conductors including some of the most provocative performers in the classical field. In the autumn Vladimir Ashkenazy joined the Orchestra for a Tchaikovsky Cycle which was also repeated in Japan, where it was recorded and became the subject of a documentary. Ashkenazy returned to the Orchestra in March to lead a major project exploring the music of Shostakovich and Prokofiev composed at the time of the Great Terror in the Soviet Union. This project, which embraced film, chamber music, recitals and seminars, was one of the highlights of the London season.

Other highlights included a celebration of the 300<sup>th</sup> anniversary of St Petersburg featuring Valerie Gergiev and his protégé Tugan Sokhiev. Christian Thielemann joined the Orchestra for some remarkable concerts including a tour to Germany. Andras Schiff joined the Orchestra for three superb concerts of classical repertoire, and Charles Dutoit returned to the Orchestra after an interval of some years to conduct two outstanding concerts of French repertoire. Dutoit brings a unique sense of style to this music. Principal conductor Christoph von Dohnányi continued to develop his relationship with the Orchestra, bringing performances of great authority to the Orchestra's core repertoire. Under his direction the Orchestra achieves a remarkably cultivated sense of musicianship, which is distinct among the London Orchestras. One bonus of the indisposition of Sawallisch was the return of Sir Charles Mackerras to the Philharmonia. This partnership was so successful that the Orchestra immediately appointed him Principal Guest Conductor, a decision hailed in the press as the "best piece of news all year".

Thirty-four subscription concerts were given in the Royal Festival Hall, and a further 10 promoted independently in the Hall exploring new repertoire, and formats designed to appeal to new audiences.

2002/03 marked Julian Anderson's first season as Director of the MOT series. Seven concerns were given. Julian Anderson has brought a distinctive approach to this series focusing on predominantly British composers. The featured composers included Michael Jarrell, Anthony Gilbert, Simon Holt, Richard Causton, Alexander Goehr, and Denis Bouliane. Each concert was well received by enthusiastic audiences. Under Julian's direction this series continues to present the most innovative music from the best contemporary composers.

The Leicester and Bedford residencies continue successfully with a wide range of music presented in each venue. In the course of the year discussions commenced with Bristol City Council regarding a partnership with the Philharmonia Orchestra. Following lengthy consultation, the Orchestra has now established an innovative partnership which will include work at the Watershed Media Centre, Colston Hall, St George's, Bristol University and the Education Service.

The Orchestra continued to work actively in the regions taking some 43 programmes with the world's finest conductors and soloists to a wide range of venues. The satellite residencies in Basingstoke and Southend continued to be particularly successful, and the MOT concerts presented for the first time outside London achieved some success. Audiences in the regions remain committed and enthusiastic, but very conservative in their taste.

The Philharmonia Orchestra maintained an active touring programme throughout the year performing in Spain, Germany, Italy, Sardinia, Greece, France (including the Chatelet residency), Belgium, Japan, North America and for the first time Russia. Market conditions in Europe, North America and Japan remain very tough, and this sector of the Orchestra's work can no longer be relied on to make a major contribution to overheads. The financial objective in touring is now to cover costs rather than make a surplus as in previous years.

# Philharmonia Limited (Limited by Guarantee)

## REPORT OF THE COUNCIL OF MANAGEMENT

---

### ACTIVITIES AND REVIEW OF THE BUSINESS (*continued*)

#### **Artistic Programme 2002/03 Season** (*continued*)

The Orchestra undertook a number of recording projects throughout the year, being principally funded through external Trusts and Foundations. Opera recordings continue to be popular, particularly the Chandos Opera in English series, but mainstream repertoire is no longer recorded.

Through its Community & Education Programme, the Philharmonia Orchestra aims to respond to the culturally diverse communities located in each of its residency areas, crossing cultural boundaries with activities planned in close consultation with local agencies. The Philharmonia Orchestra has recently developed a strategy on cultural diversity, and the aims of this strategy will be integrated into the Community & Education Programme during the 2003/04 season.

The 2002/03 season saw the launch of a number of new initiatives, including new projects for schools (School Links and Stepping Stones) and activity for gifted and talented children attending Bedford's Frontiers Club. It also saw the establishment of youth councils (known as Sound Boards) in each of the Orchestra's residency areas.

The 2002/03 financial year has seen the successful implementation of major change in the Philharmonia Orchestra marketing department. Following the departure of the Acting Head of Sales and Marketing in June 2002, an in-depth analysis of the current and proposed future departmental structure was undertaken. After a lengthy consultation process, and in the light of a rapidly changing climate in both e-commerce and recording, a revised departmental structure was agreed, which acknowledged the need for the department to be managed by an orchestral marketing specialist.

The Orchestra was very pleased with the outcome of the Stabilisation process. As mentioned elsewhere the balance sheet has been strengthened, Finance Department strengthened, and new initiatives developed, including the Education website development, in the course of the 2002/03 year.

The Philharmonia Orchestra was delighted to learn that the Arts Council of England will increase funding through the 2004/05 and 2005/06 financial years. Early notification of this decision has enabled the Orchestra to plan with some confidence for the future, and take steps to mitigate the effect of SBC closure on its operations. The increase in subsidy for 2002/03 had a major impact on the work of the Orchestra leading to an increase in activity as well as underwriting a number of artistically ambitious projects. It also enabled the Orchestra to improve the conditions for its members through the provision of a holiday fee scheme.

Despite difficult trading conditions the Orchestra made a modest surplus of £50,860 (excluding Stabilisation funding and the MMSF), whilst at the same time increasing its reserves, some of which it intends to transfer over to the Philharmonia Trust. Own promotion concerts at the Royal Festival Hall performed well against the budget. Unforeseen costs increased the planned budgeted deficit for the Bedford/Leicester residencies, but this was more than offset by the improved performance in touring, recording and engagements. Earned income for recording, touring and engagements continues to decline. Commercial sponsorship remains very difficult to secure and for the first time donations were slightly below budget. However, the total income raised from sponsorship, donations and gifts amounted to £1,288,000, a very healthy figure that is unlikely to be reached in the future. The education budget remained in deficit and it remains difficult to secure funding for the entirety of the Orchestra's education programmes. Planning for 2003/04 and beyond has taken account of this. Looking ahead, once the remaining tranches of debt mitigation have been received during 2003/04 and 2004/05 the orchestra should have a positive balance sheet.

# Philharmonia Limited (Limited by Guarantee)

## REPORT OF THE COUNCIL OF MANAGEMENT

---

### ACTIVITIES AND REVIEW OF THE BUSINESS (*continued*)

#### **Artistic Programme 2002/03 Season** (*continued*)

##### Cultural Diversity Action Plan

The Philharmonia Orchestra has formally adopted its Cultural Diversity Strategy and Action Plan, which will guide its work in this important field over the next 3 years. To date, collaborations have been established with the Bhavan centre in London, and 2 major collaborations with Indian Classical musicians are under way. Partnerships are also under way in Bedford and Leicester. The strategy will permeate every aspect of the Orchestras' work, although it is recognised that it will have particular impact in the Sales and Marketing and Community and Education Strategies. But, the strategy is regarded as a working document. There is much new and excellent advice and work in this area which the Orchestra, with its relationship with Bristol, Bedford and Leicester, will want to adopt. Contact is being established with the Arts Ambassadors and the Decibel Programme as well as WOMAD.

##### Equal Opportunities Action Plan

The Philharmonia Orchestra is committed to principles of equal opportunities in all areas of its operation. It is committed to providing equality of opportunity for all people regardless of sex, sexual orientation, ethnic background, disability, culture, religion, class, employment status, marital status, age, responsibility to dependants, and unrelated criminal conviction.

This policy applies to:

Current staff, applicants for administrative posts, orchestra members, soloists and guest artists, applicants for positions as players, concert attendees, participants in Education Programme.

Objectives.

*The objectives of the policy are as follows:*

Careful wording of advertisements for staff vacancies, job descriptions and contracts.

Monitoring of equal opportunities performance in all recruitment of office staff, players and council of management.

Encouraging promoters to provide discretionary benefits to disadvantaged groups.

Providing publicity in accessible formats (e.g. Braille, tape, large print) on request

Including Cultural Diversity as an important element in programme planning and selection of artists.

The Philharmonia Orchestra occupies new offices in High Holborn, which have disabled access.

The Development Department raised nearly £1.3 million in the course of the year aided by the Philharmonia Trust, the Friends Development Committee and the Strategic Advisors. Sponsorships and supporters included The Clore Duffield Foundation, Conde Nast Publications Limited, PricewaterhouseCoopers, the Dowager Vicountess Rothermere, TotalFinaElf, Yoko Ceschina, Unilever, FujiXerox, Reuters, Wilson Bowden plc, Bedfordia Group plc, Piraeus Bank group, the John S Cohen Foundation, ICAP plc, Mr G Modiano, Fleming Family & Partners and Brigade Electronics plc. The Development Department also worked with Life Action Trust and UNAids on fundraising galas at the Royal Festival Hall and St Johns Smith Square. The Orchestra is most grateful to the Philharmonia Trust which under the chairmanship of Sir Sydney Lipworth QC, gave sterling support and continued to offer valuable strategic and policy advice. The following Trustees supported the Orchestra financially throughout the year: Vincent Meyer, John Wates, Hazel Westbury, Sir Sydney Lipworth QC, Daniel Salem, Donald Kahn, OBE, Chrysanthé Lemos and Mark Austen. The Philharmonia Orchestra is most grateful for their continued and loyal support.

The Philharmonia Orchestra anticipates being able to retain its offices in High Holborn until the expiry of the current lease in 2004. Whilst it is inevitable that the property will be redeveloped, this is subject to rigorous planning consent and is unlikely to take place in the near future. However, it is unlikely that any new lease negotiated by the Philharmonia Orchestra to stay in its current premises will be on the current favourable rates, provision will be made in the 2004/05 budget for an increase in rent. The Philharmonia Orchestra will also investigate alternative premises to ensure that its overheads remain as low as possible.

# Philharmonia Limited (Limited by Guarantee)

## REPORT OF THE COUNCIL OF MANAGEMENT

---

### LOOKING AHEAD

#### **Subsidy**

The Philharmonia Orchestra was delighted with the announcement that the Arts Council of England Grant will increase across the 2004/05 and 2005/06 financial year. This welcome news brings, for the first time, parity of subsidy with the LSO in London and the principal regional orchestras. However, unlike the LSO and the regional orchestras, the Philharmonia Orchestra does not receive matching funding from a local authority. It is therefore still at a financial disadvantage in comparison with most of its colleagues.

#### **South Bank Centre**

Whilst the Orchestra is delighted that the South Bank Board has received substantial grants from the lottery to refurbish the Royal Festival Hall, the closure of the venue for a period of 19 months presents a significant threat to the Orchestra. Negotiations are in hand with both the South Bank Board and the Arts Council of England to ensure that the closure does not adversely affect, either financially or artistically, the Philharmonia Orchestra. Meanwhile, the Royal Festival Hall and its immediate environs continues to deteriorate, and with a refurbished Barbican, with its re-engineered acoustics, the competitive position of the Philharmonia in relation to audiences and sponsors in London continues to be weakened. It remains a priority for the Orchestra to renegotiate its relationship with the South Bank Centre, in particular to avoid double funding for its sales and marketing operation. The Boyden Review, funded by the Stabilisation Unit, is still addressing this issue, and the Orchestra hopes for an early conclusion to this process. Failure to achieve satisfactory outcome to the Boyden Review would undermine the Orchestra's future.

### DESIGNATED FUNDS AND OTHER FUNDS

Note 21 to the accounts sets out an analysis of the company's designated and other funds.

### RESERVES AND INVESTMENT POLICY

Upon receipt of the full amount of debt mitigation the Philharmonia Orchestra will be in a position to begin building reserves and is in the process of defining a reserves policy. It is noted that the Stabilisation Unit and The Arts Council of England/London Arts require The Orchestra to have sufficient reserves in order to protect its position in the future. Through the creation of an Endowment Fund in Philharmonia Trust, an associated charity of Philharmonia Limited, the Philharmonia Orchestra will be establishing an investment policy.

Currently any funds which are available for investment are invested in high rate, low risk deposit accounts, thus meeting The Orchestra's current requirements that all funds need to be reasonably liquid.

The Martin Musical Scholarship Fund has a separate Reserves and Investment Policy.

### PHILHARMONIA INCOME AND EXPENDITURE ACCOUNT

This fund has been in deficit for a number of years due to operating, as most UK symphony orchestras have, with insufficient funding. Once full settlement of the debt mitigation award from the Stabilisation Unit has been received, this account will be at a break-even position.

### THE MARTIN MUSICAL SCHOLARSHIP FUND

The Fund is a registered charity (number 313937) and was established under a Trust Deed dated 30 March 1967, whereby all monies accepted by the Fund were to be applied at the discretion of Philharmonia Limited for the advancement of musical education.

The Fund is administered by Philharmonia Limited, which itself is managed by a Council of Management whose current members are listed on page 1.



# Philharmonia Limited (Limited by Guarantee)

## REPORT OF THE COUNCIL OF MANAGEMENT

---

### FRIENDS OF THE PHILHARMONIA INCOME AND EXPENDITURE ACCOUNT

The results for the year reveal a small surplus of income over expenditure. It is very welcome to see the growth in the number of friends and the positive impact that they have on the life and work of the Orchestra.

### MEMBERS OF THE COUNCIL

The members named on page 1 served throughout the year. Michael Hurwitz, Julian Milone and Mark David retired by rotation under Article 49 of the Articles of Association and Julian Milone and Mark David offered themselves for re-election. Julian Milone, Mark David and Matthias Feile were elected.

### RISK MANAGEMENT

The Council of Management is responsible for the management of the risks faced by the company. Key risks have been identified as under:

#### a) **Box Office Income**

The continuing economic downturn will affect box office income particularly from the sector of the population dependent on investment income. The planned increases in prices in the stabilisation business plan have therefore been substantially reduced and ticket prices will remain static from the 2003/04 to the 2004/05 season.

#### b) **Sponsorship & Donations**

Corporate sector sponsorship of the arts continues to decline. The arts, and in particular orchestral concerts, are increasingly less attractive to corporate funders than social and environmental issues.

Similarly, as explained above, private donations from the sector of the population dependent on investment income are more at risk in the current economic climate.

#### c) **Touring and UK Engagements Income**

It is envisaged that trading conditions in these areas will continue to be tough and therefore that surpluses will continue to decline.

#### d) **South Bank Centre Closure**

Please see above.

#### e) **Maintaining Parity of Subsidy**

Please see above.

#### f) **Internal Control**

It is vital to maintain proper internal controls in order to safeguard the Orchestra's financial position and protect against the possibility of mismanagement. Internal systems, procedures and controls are accordingly kept under regular review and the Council of Management is satisfied that the risks in this area have been adequately addressed.

The Finance Committee is a very useful part of the Orchestra's structure in this regard. The Orchestra is delighted to welcome two outstanding new recruits, Nadine Majaro and Sioban Healy, who will strengthen this Committee.

#### g) **Key personnel**

The risks identified by The Orchestra as resulting from the possibility of loss of key personnel are discussed regularly by the Orchestral Committee and the Council of Management.

# Philharmonia Limited (Limited by Guarantee)

## REPORT OF THE COUNCIL OF MANAGEMENT

## RISK MANAGEMENT (continued)

Through the above risk management process, the Council of Management are satisfied that the major risks are identified, and as far as practicable, adequately mitigated.

## 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 19 November 2003

KEITH BRAGG

MARK DAVID

DAVID WHELTON

)  
)  
)  
)  
)  
)  
)  
)  
)  
)

- ) Members of
- ) Council of
- ) Management

Keith Byrnes

# 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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.

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

We have audited the financial statements on pages 11 to 28.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of trustees and auditors**

The responsibilities of the trustees (who are also the directors of Philharmonia Limited for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Council of Management. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 charitable company's affairs as at 31 March 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

20 November 2003

# Philharmonia Limited (Limited by Guarantee)

## STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an Income and Expenditure Account)

For the year ended 31 March 2003

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2003 £	Total 2002 £
<b>Income and Expenditure</b>						
<b>Incoming Resources</b>						
Donations and gifts	2	770,896	314,687	-	1,085,583	1,617,935
Activities in furtherance of the charity's objects						
Grants		1,655,400	159,565	-	1,814,965	1,750,070
Sponsorship		-	427,465	-	427,465	443,255
Income from concerts	1	4,394,386	150,805	-	4,545,191	5,079,450
Other income		9,392	92,936	-	102,328	174,091
Investment income	8	4,454	10,734	-	15,188	16,158
<b>Total Incoming Resources</b>		<b>6,834,528</b>	<b>1,156,192</b>	<b>-</b>	<b>7,990,720</b>	<b>9,080,959</b>
<b>Resources Expended</b>						
Costs of generating funds	3	341,637	51,354	-	392,991	506,346
Charitable expenditure						
Costs of activities in furtherance of the charity's objects	4	5,491,707	1,070,371	-	6,562,078	7,202,857
Grants payable	5	-	67,800	-	67,800	58,190
Management and administration	6	700,968	629	-	701,597	687,228
<b>Total Resources Expended</b>		<b>6,534,312</b>	<b>1,190,154</b>	<b>-</b>	<b>7,724,466</b>	<b>8,454,621</b>
Net incoming/(outgoing) resources	7	300,216	(33,962)	-	266,254	626,338
Other recognised gains and losses:						
Loss on revaluation of investments		(16,148)	-	(3,263)	(19,411)	(19,325)
		284,068	(33,962)	(3,263)	246,843	607,013
Transfer between funds		(32,135)	32,135	-	-	-
Net movement in funds		251,933	(1,827)	(3,263)	246,843	607,013
Balances as at 1 April		(859,217)	9,559	174,286	(675,372)	(1,282,385)
<b>Balances as at 31 March</b>	21	<b>(607,284)</b>	<b>7,732</b>	<b>171,023</b>	<b>(428,529)</b>	<b>(675,372)</b>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

# Philharmonia Limited (Limited by Guarantee)

## BALANCE SHEET (including branches)

31 March 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	12	304,755	215,177
Investments	13	187,759	209,467
		<u>492,514</u>	<u>424,644</u>
CURRENT ASSETS			
Debtors	14	1,550,331	1,304,078
Cash at bank and in hand		179,116	355,796
		<u>1,729,447</u>	<u>1,659,874</u>
CREDITORS: Amounts falling due within one year	15	(2,650,490)	(2,759,890)
NET CURRENT LIABILITIES		<u>(921,043)</u>	<u>(1,100,016)</u>
TOTAL LIABILITIES		<u>(428,529)</u>	<u>(675,372)</u>
RESTRICTED FUNDS			
Friends of the Philharmonia	21	2,385	1,916
Martin Musical Scholarship Fund	21	5,347	7,643
ENDOWMENT FUNDS			
Martin Musical Scholarship Fund	21	171,023	174,286
UNRESTRICTED FUNDS			
Martin Musical Scholarship Fund	21	39,954	63,557
Friends of the Philharmonia Income and Expenditure Account	21	(14,805)	(14,805)
Philharmonia Income and Expenditure Account	21	(740,667)	(1,017,954)
Revaluation reserve	21	108,234	109,985
	21	<u>(428,529)</u>	<u>(675,372)</u>

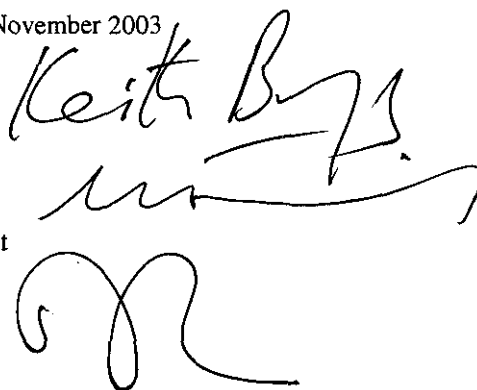
Approved by the Council of Management on 19 November 2003

KEITH BRAGG

MARK DAVID

DAVID WHELTON

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



# Philharmonia Limited (Limited by Guarantee)

## CASH FLOW STATEMENT (including branches)

for the year ended 31 March 2003

	<i>Notes</i>	2003 £	2002 £
Cash flow from operating activities	24a	(44,175)	357,935
Capital expenditure and servicing of finance	24b	(132,503)	(66,068)
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>(176,678)</u>	<u>291,867</u>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		2003 £	2002 £
(Decrease)/increase in cash in the period		(176,678)	291,867
NET FUNDS AT 1 APRIL 2002	24c	355,796	63,929
NET FUNDS AT 31 MARCH 2003		<u>179,118</u>	<u>355,796</u>

# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

---

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

### BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with applicable accounting standards, and the Statement of Recommended Practice, 'Accounting and Reporting by Charities' issued in October 2000, and on a going concern basis. Where necessary comparative figures have been restated to follow the new format.

These financial statements combine the results of Philharmonia Limited together with its branches, the Friends of the Philharmonia and The Martin Musical Scholarship Fund.

The company relies substantially on funding by grants from the Arts Council of England for its current and future commitments and operates on the basis that, taking one year with another, its revenue will match its expenditure. There is no indication that the company's activities will be curtailed or substantially altered and therefore no provision has been included in the financial statements for costs that would be incurred in these events.

In addition, overdraft facilities in line with the company's projected cash flow requirements have been negotiated with the company's bankers for the period to 25 July 2004.

The company has been accepted onto the Arts Council of England's main Stabilisation programme. This will enable the company to strengthen its balance sheet by means of debt mitigation and removal of the accumulated deficit.

In view of this and of the continuing support of the Arts Council of England, the going concern basis is considered an appropriate basis for the preparation of these 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

Fixed assets include musical instruments which have been revalued. Other fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets except those which are considered to be of high residual value with an immaterial depreciation charge, at rates calculated to write off the cost of the assets down to its estimated residual value evenly over its expected useful life, as follows:-

Office furniture and fittings	20%
Musical instruments, instrument boxes and recordings	10%
Computers and office equipment	33.33%
Motor vehicles	20%

### GRANTS AND SPONSORSHIP

Grants and sponsorship are credited to the statement of financial activities in the year in which they accrue.

### DONATIONS

Donations if allocated to specific concerts, engagements or projects are credited to the statement of financial activities in the year in which they accrue.

### EXPENDITURE

Resources expended are recognised in the period in which they are incurred.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function is included as administrative overheads.



# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

---

### INVESTMENTS

Investments held as fixed assets are revalued at mid market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

### FUNDS

Unrestricted funds are donations or other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Designated funds are unrestricted funds earmarked by the Council of Management for particular purposes.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

The endowment fund represent those assets held permanently by the charity, principally investments. Income arising on the endowment fund is to be used to provide grants through the grant fund. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

### 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.

### CONNECTED CHARITIES

The Philharmonia Trust Limited (registered charity number 254191) is a connected charity as certain members of the Council of Management who are also trustees, are Members of the Council of Management of Philharmonia Limited.

The position at the end of the year between Philharmonia Limited and the Trust is shown in debtors, note 14 and note 18 to the financial statements.

The Philharmonia Benevolent Fund (registered charity number 280370) is connected to Philharmonia Limited having two trustees who are members of the Council of Management.

No transactions between the entities took place during the year.

### PENSION COSTS

The company contributes to personal pension schemes. The charge to the statement of financial activities is the amount payable in respect of the accounting period.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

### 1 TURNOVER

The company's turnover was all derived from its principal activity. Sales were made in the following geographical markets:

	2003 £	2002 £
United Kingdom	3,030,601	3,552,747
Europe	1,172,864	1,000,795
Rest of the World	341,726	525,908
	<u>4,545,191</u>	<u>5,079,450</u>

### 2 INCOMING RESOURCES DONATIONS AND GIFTS

	Unrestricted £	Restricted £	2003 Total £	2002 Total £
Charities foundations	241,993	101,933	343,926	160,097
Other donations	528,903	212,754	741,657	1,457,838
	<u>770,896</u>	<u>314,687</u>	<u>1,085,583</u>	<u>1,617,935</u>

Included in the restricted donations above is a grant from The Wates Foundation in respect of the School Link Community & Education project.

### 3 COSTS OF GENERATING FUNDS

	Unrestricted £	Restricted £	2003 Total £	2002 Total £
Public Relations	4,543	-	4,543	24,036
Advertising and Publicity	13,245	17,060	30,305	40,914
Fundraising Event costs	75,712	31,222	106,934	206,629
Employment costs	212,215	-	212,215	200,065
Other expenses	35,922	3,072	38,994	34,702
	<u>341,637</u>	<u>51,354</u>	<u>392,991</u>	<u>506,346</u>

### 4 COSTS OF ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECT

	Unrestricted £	Restricted £	2003 Total £	2002 Total £
Concert and relay fees	3,805,136	688,165	4,493,301	5,093,058
Travel, subsistence and transport of instruments	721,740	69,690	791,430	722,375
Music and instrument hire	67,173	13,341	80,514	119,829
Hall hire and box office commission	373,684	18,075	391,759	440,670
Subs and programme expenses	215,806	-	215,806	231,675
Other expenses	308,168	281,100	589,268	595,250
	<u>5,491,707</u>	<u>1,070,371</u>	<u>6,562,078</u>	<u>7,202,857</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

### 5 GRANTS PAYABLE

The amount payable in the year comprises:

Name	Instrument	2003 £	2002 £
Ron Abramski	Piano	-	800
Tamas Andras	Violin	-	1,000
Lucy Baker +	Violin	600	1,000
Alison Balsam +	Trumpet	1,000	2,000
Angela Barnes	Horn	1,000	-
Helen Barker	Oboe	-	1,000
James Barrelet	Cello	1,000	-
Batterie Percussion Ensemble			
<i>Total Oil OutReach Award</i>	Ensemble	3,000	-
Cara Berridge	Cello	1,000	-
Amir Bisengaliev	Violin	800	-
Iriana Botan	Violin	1,000	-
Bozza Trio	<i>Total Oil OutReach Award</i> Ensemble	3,000	-
Tiberiu Buta +	<i>John E Mortimer Award</i> Violin	1,000	1,000
Rowena Calvert	Cello	-	1,000
Chiao-Ying Chang	Piano	-	1,000
Evelyn Chang	Piano	650	-
Evlalie Charland	<i>Sidney Perry Award</i> Violin	1,000	-
Jennifer Christie	<i>Sidney Perry Award</i> Viola	1,000	-
Elizabeth Cooney	Viola	-	1,000
David Cuthbert	Flute	-	800
Ruth Davies	Tenor Trombone	1,000	-
Sally Day	Clarinet	-	1,000
Natalie Dick	Violin	1,000	-
Dragan Djordjevic	Cello	1,000	-
Schlomy Dobrinski	Violin	-	1,000
Danny Driver	Piano	-	750
Holly Fawcett	Oboe	800	-
Mei-Yi Foo +	Piano	1,000	1,000
David Gardner	Cello	-	1,000
Kerry Gordon-Smith	Violin	-	-
Charys Green	Clarinet	-	1,000
Gerald Gregory +	<i>Sidney Perry Award</i> Violin	1,000	800
Florica Grigoras	Violin	-	1,000
Marie Gustafsson	Piano	1,000	-
Soojin Han	Violin	1,000	-
Emma Hancock	Violin	800	-
Catriona Hetherington	Cello	-	1,000
Daniel Hill	Piano	-	1,000
Carried forward		24,650	20,150

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

Name	Instrument	2003 £	2002 £
Brought forward		24,650	20,150
David Hilton	Trumpet	-	1,000
Adi Hlavin	Violin	-	1,000
Jessica Humphreys +	Cello	-	1,000
Alina Ibragimova +	<i>LDF Casbolt Award</i> Violin	1,000	-
Phillipa Jeffrey	<i>Paul Conway Award</i> Violin	500	-
Dominic John	Piano	1,000	-
Lorna John	Oboe	1,000	-
Guy Johnston	Cello	-	800
Rebecca Jones +	Violin	500	500
Tatevik Khachatryan	Violin	1,000	-
Tatiana Kozhevatoa +	Violin	1,000	1,000
Simone Lamsma	Violin	-	1,000
Matthew Lowe +	Cello	800	1,000
Timothy Lowe	Cello	600	-
Lu Lu	Violin	1,000	-
Harriet Mackenzie	Violin	-	1,000
Mary Macleod	Cello	-	790
Burak Marlali +	Double Bass	1,000	
	2002: Bassoon		2,000
Anila Milaj	Violin	800	-
John Mills	<i>John E Mortimer Award</i> Violin	1,000	-
Anna Mowat	Cello	1,000	-
Demitri Murrath +	<i>John E Mortimer Award</i> Violin	1,000	1,000
Desmond Neysmith +	<i>John E Mortimer Award</i> Cello	1,000	750
Ning	Violin	-	1,000
Yumi Nomoto	<i>Special Category</i> Piano	1,000	-
Michael O'Donnell	<i>June Alison Award</i> Flute	-	1,000
Maggie O'Herlihy +	<i>John E Mortimer Award</i> Piano	1,000	1,000
Jane Oliver	Cello	-	1,000
David Perez	Violin	-	1,000
Jennifer Pike	Violin	1,500	-
	<i>Special Category + E Hurwitz Award</i>		
Tom Poster	<i>Sidney Perry Award</i> Piano	1,000	-
Marianna Prjevalskaya	Piano	-	1,000
Kristina Puspure +	<i>John E Mortimer Award</i> Violin	1,000	1,000
David Quigley +	Piano	-	1,000
Alex Redington	Violin	800	800
Kate Robinson	Violin	-	800
Ruth Rogers +	Violin	750	800
Dominika-Anna Rosiek +	<i>Sidney Perry Award</i> Violin	1,000	1,000
Benjamin Roskams	Violin	800	-
Clare Rowe	Cello	1,000	-
Anna Safonova	Violin	-	1,000
Segei Salov	Piano	-	1,000
Alexander Sitkovetsky	Violin	-	1,000
Carried forward		48,700	47,390

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

Name	Instrument	2003 £	2002 £
Brought forward		48,700	47,390
Helena Smart +	Violin	500	800
Anna Smith	Violin	-	800
Kim So-Ock +	Violin	1,000	1,500
Jennifer Stokes	Violin	-	1,000
Yevgeny Sudbin	Piano	800	-
Sergei Suvorov	<i>Special Category</i> Cello	1,000	-
Balint Szekely	Violin	-	1,000
Hiroaki Takenouchi	<i>John E Mortimer Award</i> Piano	1,000	-
Elsbeth Taylor	Horn	1,000	-
Alexandra Thornloe	Bassoon	1,000	-
Janine Thorpe	<i>Sidney Perry Award</i> Violin	1,000	-
Dmitri Torchinsky +	Violin	800	1,000
Nicholas Trygstad	Cello	1,000	-
Shu-Wei Tseng +	Piano	-	1,000
Gareth Twigg	Bassoon	1,000	-
Tetyana Ursova	Piano	-	1,000
Katarina Varngy	Violin	-	1,000
Graham Walker	Cello	1,000	-
Ying-Jun Wei +	<i>Special Category</i> Cello	1,000	1,000
Lydia Westcombe-Evans +	<i>Sidney Perry Award</i> Violin	1,000	800
Adrian Wilson	Oboe	1,000	-
Sarah Wolstenholme	Viola	800	-
Alexandra Wood	Violin	800	-
Helena Wood	Violin	-	1,000
Nicholas Wright +	Violin	600	1,000
Qian Wu +	<i>John Wates Award</i> Piano	1,000	1,500
Qian Wu	Violin	800	-
Yi Yang	Violin	1,000	-
Maria Zachariadou	Cello	-	1,000
Jia Zhang	Violin	-	1,000
less: Grants not claimed		-	(5,600)
TOTAL		67,800	58,190
+ Previous award winner			

The total number of grants awarded were 69 to individuals and none to institutions.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

6	MANAGEMENT AND ADMINISTRATION	Unrestricted £	Restricted £	2003 Total £	2002 Total £
	Employment costs	443,313	-	443,313	433,008
	Travel, subsistence and entertaining	62,083	-	62,083	70,756
	Occupation and office costs	121,035	-	121,035	112,308
	Professional fees	46,072	-	46,072	19,572
	Bank interest and charges	9,186	629	9,815	32,926
	Other expenses	19,279	-	19,279	18,658
		<u>700,968</u>	<u>629</u>	<u>701,597</u>	<u>687,228</u>
7	NET INCOMING RESOURCES FOR THE YEAR			2003 £	2002 £
	Net incoming resources for the year are stated after charging:				
	Auditors' remuneration			10,750	10,000
	Operating lease rentals			21,358	22,616
				<u></u>	<u></u>
8	INVESTMENT INCOME AND INTEREST RECEIVABLE			2003 £	2002 £
	Investment income			10,576	10,393
	Interest receivable			4,612	5,765
				<u>15,188</u>	<u>16,158</u>
				<u></u>	<u></u>
9	INTEREST PAYABLE			2003 £	2002 £
	Bank interest payable			1,090	25,676
				<u></u>	<u></u>
10	EMPLOYEES			2003 No.	2002 No.
	The average monthly number of persons (excluding Council of Management) employed by the company during the year was:				
	Office and management			22	20
	Transport			1	1
				<u>23</u>	<u>21</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

10	EMPLOYEES ( <i>continued</i> )	2003 £	2002 £
	Staff costs for the above persons (including transport department costs):		
	Wages and salaries	592,884	596,460
	Social security costs	62,373	52,891
	Other pension costs	32,209	33,173
		<u>687,466</u>	<u>682,524</u>
	Council of Management Remuneration		
	Fees	10,000	6,849
	Remuneration for services as a director	122,400	120,601
		<u>132,400</u>	<u>127,450</u>
	The Honorarium and other emoluments disclosed above (excluding pension contributions) includes amounts paid to:		
	The highest paid member of Council	122,400	120,601
	No other members of Council received emoluments.		
		2003 No	2002 No
	Members of Council received reimbursement of expenses of £714 (2002: £1,299).		
	The number of employees whose emoluments exceed £50,000 are as follows: £120,001 - £130,000	1	1

## 11 TAXATION

As a charity the company is exempt from corporation tax.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

12	TANGIBLE FIXED ASSETS	Office furniture & fittings £	Musical instruments, cases and recordings £	Computers and office equipment £	Motor vehicles £	Total £
	Cost or valuation:					
	1 April 2002	60,377	280,187	154,902	86,163	581,629
	Additions	6,779	6,525	60,939	80,123	154,366
	Disposal	(421)	-	(11,599)	(71,715)	(83,735)
	31 March 2003	66,735	286,712	204,242	94,571	652,260
	Depreciation					
	1 April 2002	36,495	122,936	125,642	81,379	366,452
	Charged in the year	10,068	11,977	30,305	10,902	63,252
	Disposal	(385)	-	(11,599)	(70,215)	(82,199)
	31 March 2003	46,178	134,913	144,348	22,066	347,505
	Net book value					
	31 March 2003	20,557	151,799	59,894	72,505	304,755
	31 March 2002	23,882	157,251	29,260	4,784	215,177

The musical instruments were revalued on a replacement value basis for insurance purposes on 25 March 1999 by Thomas Winter. The value of these depreciating instruments was determined at £140,710.

French violin by Pierre Sylvestre was valued by John & Arthur Beare on 17 August 1999 at £20,000. Six double basses by Pullman were valued by Gallery Strings (London) at £12,000 each on 17 August 1999.

The Council of Management believes that the musical instruments have not materially changed in value as at 31 March 2003.



# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

13	FIXED ASSET INVESTMENTS	2003 £	2002 £
	QUOTED INVESTMENTS		
	COST		
	19,319 AXA Sun Life Trust Management Limited, Master portfolio accumulation units	-	5,370
	625 Scottish Mutual	-	2,000
	Norwich Union PPT Monthly Income Plus Portfolio	18,682	20,000
	Threadneedle UK Corporate Bond	20,000	20,000
	Aberdeen Unit Trust Managers Ltd Fixed Interest Fund	18,439	20,000
	Aberdeen Unit Trust Managers Ltd Fund of Investment Trusts Acc	-	20,000
	Aberdeen Unit Trust Managers Ltd Gilt Income	18,655	20,000
	Aberdeen Unit Trust Managers Ltd Sterling Bond	18,804	20,000
	Britannic Gilt & Fixed Interest	18,837	20,000
	Britannic High Income Fund	18,583	20,000
	Exeter Fund Managers Ltd Fixed Interest	18,635	20,000
	Schroders Gilt and Fixed Interest	18,802	20,000
		<u>169,437</u>	<u>207,370</u>
	OTHER INVESTMENTS		
	Christopher Warren Green Violin Trust (1.442% holding)	5,000	5,000
		<u>174,437</u>	<u>212,370</u>
	Middle Market Value	<u>187,759</u>	<u>209,467</u>
		2003 £	2002 £
	1 April 2002	209,467	218,399
	Additions	10,576	10,393
	Disposals	(12,873)	-
	Deficit on revaluation	(19,411)	(19,325)
		<u>187,759</u>	<u>209,467</u>
14	DEBTORS	2003 £	2002 £
	Due within one year:		
	Trade debtors	661,474	506,375
	Other debtors	79,196	64,113
	Prepayments and accrued income	700,704	585,255
	Amounts owed by Philharmonia Trust Limited	17,338	17,338
		<u>1,458,712</u>	<u>1,173,081</u>
	Due after more than one year:		
	Trade debtors	91,619	130,997
		<u>1,550,331</u>	<u>1,304,078</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

15	CREDITORS: Amounts falling due within one year	2003 £	2002 £
	Loan	76,000	76,000
	Trade creditors	836,780	1,045,981
	Other creditors	597,480	565,313
	Philharmonia Trust Limited	200,000	350,000
	Other taxation and social security costs	134,651	71,201
	Accruals	357,850	282,317
	Deferred income	447,729	369,078
		<u>2,650,490</u>	<u>2,759,890</u>

Deferred income relates to income in respect of future accounting periods received in advance in the form of subscriptions, sponsorship and other grants. It is the expectation of the various income donors that this income will be expended in future financial periods.

	2003 £	2002 £
Amount payable by instalments: within 1 year	76,000	76,000
	<u>76,000</u>	<u>76,000</u>

The loan is interest free and is secured by a second charge on the company's book debts and a first charge on the fixed assets. In addition it is secured on the music library of Philharmonia Trust Limited.

### 16 LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 85 members at 31 March 2003 (2002: 74).

### 17 THE PHILHARMONIA TRUST LIMITED

The Philharmonia Trust Limited which exists with the object of supporting Philharmonia Limited had unrestricted trust funds of £252,271 at 31 March 2003 (2002: £238,956) which can be utilised to support the orchestra if required.

The Philharmonia Trust Limited forgave £150,000 of the amount due by Philharmonia Limited as at 31 March 2003 (2002: £50,000), and this amount has been credited to the Income and Expenditure Account.

18	LEASE COMMITMENTS	2003 £	2002 £
	Land and buildings:		
	Annual commitments under operating leases expiring:		
	Between two and five years	22,616	22,616
		<u>22,616</u>	<u>22,616</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

---

### 19 RELATED PARTY TRANSACTIONS

Vincent Meyer, President of the Orchestra made a donation of £100,000 (2002: £100,000) towards projects conducted by Christoph von Dohnanyi.

The Meyer Foundation, of which Vincent Meyer is a trustee, made a donation of \$129,615 (2002: \$125,000) towards general music costs of the Orchestra.

During the year the Philharmonia Trust Limited forgave £150,000 (2002: £50,000) of the debt owed by Philharmonia Limited. At the year end Philharmonia Limited owed the Philharmonia Trust £200,000 (2002: £350,000).

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

21 FUNDS	Balance at 1 April 2002 £	Incoming £	Outgoing £	Transfers £	Recognised gains and losses £	Balance at 31 March 2003 £
<b>RESTRICTED FUNDS</b>						
Philharmonia Income and Expenditure	-	1,032,095	(1,064,230)	32,135	-	-
Friends of the Philharmonia Income and Expenditure Account	1,916	55,521	(55,052)	-	-	2,385
Martin Musical Scholarship Fund	7,643	68,576	(70,872)	-	-	5,347
<b>ENDOWMENT FUNDS</b>						
Martin Musical Scholarship Fund	174,286	-	-	-	(3,263)	171,023
<b>UNRESTRICTED FUNDS</b>						
Martin Musical Scholarship Fund	63,557	10,457	(17,563)	-	(16,497)	39,954
Friends of the Philharmonia Income and Expenditure Account	(14,805)	-	-	-	-	(14,805)
Philharmonia Income and Expenditure Account	(1,017,954)	6,824,071	(6,516,749)	(30,384)	349	(740,667)
Revaluation Reserve	109,985	-	-	(1,751)	-	108,234
	<u>(675,372)</u>	<u>7,990,720</u>	<u>(7,724,466)</u>	<u>-</u>	<u>(19,411)</u>	<u>(428,529)</u>

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects.

Restricted funds are funds which have been given for particular purposes and projects.

### Endowment Funds

The endowment funds represents those assets held permanently by the charity, principally investments, representing a capital donation given by The Mortimer Foundation. Income arising on the endowment fund is to be used to provide grants through the Martin Musical Scholarship Fund. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

The transfer of £32,135 from unrestricted to restricted funds represents the deficits on projects financed by specific funding.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

### 22 CONTINGENT LIABILITIES

At 31 March 2003 the company has a claim for dilapidation of its old offices outstanding. Whilst the Council of Management accept that an amount is payable the final amount, at this time, cannot be determined with any accuracy.

The company is in dispute with a former employee, John Grint, whose contract was terminated in January 2003. We have been advised by the company lawyers that we have no further liabilities in this regard.

### 23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £	Grant Fund £	Friends of the Philharmonia Fund £	Endowment Fund £	Total £
Tangible fixed assets	304,755	-	-	-	304,755
Fixed asset investments	8,640	8,096	-	171,023	187,759
Cash at bank	173,336	3,395	2,385	-	179,116
Debtors	1,550,331	-	-	-	1,550,331
Creditors	(2,644,346)	(6,144)	-	-	(2,650,490)
	<u>(607,284)</u>	<u>5,347</u>	<u>2,385</u>	<u>171,023</u>	<u>(428,529)</u>

### 24 CASH FLOWS

#### a Reconciliation of operating profit to net cash inflow from operating activities

Net incoming resources before revaluations	266,254	626,338
Depreciation	64,452	55,453
Loss on sale of fixed assets	382	129
Loss on sale of investments	19,563	-
Increase in debtors	(355,934)	(400,001)
Increase in creditors	(38,892)	76,016
Net cash flow from operating activities	<u>(44,175)</u>	<u>357,935</u>

2003  
£

2002  
£

#### b Analysis of cash flows for headings netted in the cash flow

##### **Capital expenditure and financial investment**

Purchase of tangible fixed assets	(154,363)	(55,675)
Purchase of investments	(10,576)	(10,393)
Sale of investments	32,436	-
Net cash outflow from capital expenditure and financial investment	<u>(132,503)</u>	<u>(66,068)</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

---

24	CASH FLOWS ( <i>continued</i> )	At 1 April 2002 £	Cash flow £	At 31 March 2003 £
c	Analysis of net debt			
	Cash in hand, at bank	355,796	(176,678)	179,118
		<hr/>	<hr/>	<hr/>

# Philharmonia Limited (Limited by Guarantee)

## GENERAL INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2003

	2003 £	2002 £
<b>EXCESS OF INCOME OVER EXPENDITURE</b>		
Own promotions – surplus (page 30)	388,459	83,809
Foreign tours - surplus (page 31)	185,459	99,928
Engagements - surplus (page 32)	150,677	230,666
Friends of the Philharmonia – surplus (page 33)	469	1,916
Martin Musical Scholarship Fund - deficit (page 34)	(29,162)	(22,115)
Education projects - deficit (page 35)	(32,135)	(156,648)
	<u>663,767</u>	<u>237,556</u>
<b>GENERAL EXPENDITURE</b>		
Orchestral overheads (page 36)	161,335	44,494
Administrative overheads (page 37)	954,512	941,485
	<u>1,115,847</u>	<u>985,979</u>
<b>EXCESS OF EXPENDITURE OVER INCOME</b>	<u>(452,080)</u>	<u>(748,423)</u>
<b>Philharmonia Limited:</b>		
Stabilisation income	225,145	1,003,000
Amortisation of lottery monies	-	7,493
Miscellaneous donations	121,820	118,405
Royalties receivable	-	81
Interest receivable	2,925	2,978
Sundry income	6,517	3,124
General sponsorship	145,000	100,000
Fund raising	47,168	70,355
Creditor write-off	150,000	50,000
Revaluation profit	348	-
	<u>698,923</u>	<u>1,355,436</u>
<b>SURPLUS FOR THE YEAR</b>	<u>246,843</u>	<u>607,013</u>

This page does not form part of the statutory financial statements.

# Philharmonia Limited (Limited by Guarantee)

## OWN PROMOTIONS INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2003

	2003 £	2002 £
INCOME		
Ticket sales	895,866	947,879
Programme sales and advertising revenue	38,170	57,584
Relay and transcription revenue	53,726	103,268
Grants and guarantees:		
Arts Council	1,443,285	1,350,975
SBC	85,000	115,800
Corporate members	66,100	83,300
Sponsorship	253,286	346,954
	<u>2,835,433</u>	<u>3,005,760</u>
EXPENDITURE		
Concert, relay and transcription fees:		
Players (including librarian and personnel manager)	1,007,980	1,264,800
Conductors and soloists	687,371	762,880
Chorus	8,275	18,490
	<u>1,703,626</u>	<u>2,046,170</u>
Sundry promotions expenditure:		
Subscription expenses	147,425	136,506
Corporate members and sponsors expenses	49,474	93,411
Hall hire	214,764	249,705
Box office commission	134,229	142,301
Music hire	32,819	30,451
Instrument hire	5,878	19,836
Advertising and publicity	8,275	13,424
Programme printing and notes	68,382	95,169
Transport of instruments	30,474	34,993
Friends of the Philharmonia	2,955	7,909
Miscellaneous expenses	48,673	52,076
	<u>743,348</u>	<u>875,781</u>
	<u>2,446,974</u>	<u>2,921,951</u>
SURPLUS OF INCOME OVER EXPENDITURE	<u>388,459</u>	<u>83,809</u>

This page does not form part of the statutory financial statements.



**Philharmonia Limited (Limited by Guarantee)**  
**FOREIGN TOURS INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 March 2003

	2003 £	2002 £
<b>INCOME</b>		
Fees for engagements	1,505,121	1,530,773
Sponsorship, less fees	129,013	35,301
Relay income	71,428	-
	<u>1,705,562</u>	<u>1,566,074</u>
<b>EXPENDITURE</b>		
Conductors, soloists and chorus	252,308	218,538
Players fees (including librarian and personnel manager)	713,279	667,014
Subsistence, travel, hotels and insurance	461,434	437,442
Instrument and music hire	5,985	17,588
Rehearsal Hall Hire	9,847	5,968
Other costs	47,884	77,123
Sponsorship costs	29,366	4,307
Project costs	-	38,166
	<u>1,520,103</u>	<u>1,466,146</u>
<b>SURPLUS OF INCOME OVER EXPENDITURE</b>	<u>185,459</u>	<u>99,928</u>

**This page does not form part of the statutory financial statements.**

# Philharmonia Limited (Limited by Guarantee)

## ENGAGEMENTS INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2003

	2003 £	2002 £
<b>INCOME</b>		
Charges for engagements	2,042,841	2,439,946
Corporate members	15,553	12,678
Sponsorship	45,165	61,000
Grants	286,680	283,295
	<u>2,390,239</u>	<u>2,796,919</u>
<b>EXPENDITURE</b>		
Concert and relay fees, fares and expenses:		
Players (including librarian and personnel manager)	1,346,158	1,778,663
Conductors and soloists	422,994	339,825
Chorus	26,948	42,702
	<u>1,796,100</u>	<u>2,161,190</u>
<b>SUNDRY EXPENSES</b>		
Hall hire	25,182	35,842
Music hire	23,039	27,912
Instrument hire	12,793	24,042
Transport of instruments	67,103	57,859
Travel and subsistence	232,419	192,081
Box Office commission	11,901	6,854
Advertising and programmes	22,030	27,490
Sponsors	9,588	10,215
Miscellaneous expenses	30,308	22,768
	<u>443,462</u>	<u>405,063</u>
	<u>2,239,562</u>	<u>2,566,253</u>
<b>SURPLUS OF INCOME OVER EXPENDITURE</b>	<u>150,677</u>	<u>230,666</u>

This page does not form part of the statutory financial statements.

# Philharmonia Limited (Limited by Guarantee)

## FRIENDS OF THE PHILHARMONIA INCOME & EXPENDITURE ACCOUNT for the year ended 31 March 2003

	2003 £	2002 £
INCOME		
Membership subscriptions	42,306	51,034
Donations received	1,773	1,726
Rehearsal passes	1,547	1,154
Events proceeds	9,621	69,959
Sundry income	115	1,734
Interest receivable	159	613
	<u>55,521</u>	<u>126,220</u>
EXPENDITURE		
Concert sponsorship	13,220	28,342
Donations made	23,200	21,500
Printing and postage	1,004	1,205
Events expenditure	11,667	70,434
Pre-concert talks	-	-
Sundry expenditure	1,148	188
Bank charges	629	300
Membership development	-	275
Newsletter	4,184	2,060
	<u>55,052</u>	<u>124,304</u>
SURPLUS OF INCOME OVER EXPENDITURE	<u>469</u>	<u>1,916</u>

This page does not form part of the statutory financial statements.

# Philharmonia Limited (Limited by Guarantee)

## THE MARTIN MUSICAL SCHOLARSHIP FUND INCOME & EXPENDITURE ACCOUNT for the year ended 31 March 2003

	2003 £	2002 £
INCOME		
Donations in respect of:		
Candidates	58,000	53,500
MMSF Concert subsidy	1,550	9,847
Other	4,501	-
	<u>64,051</u>	<u>63,347</u>
Deposit interest receivable	1,530	2,174
Investment income - gross	10,576	10,393
Loss on disposal of investments	(3,066)	-
Loss on revaluation of investments	(16,694)	(19,325)
Registration fees and sundry income	2,876	2,061
	<u>59,273</u>	<u>58,650</u>
EXPENDITURE		
Administration:		
Audit and accountancy	2,371	2,838
Miscellaneous	614	1,408
	<u>2,985</u>	<u>4,246</u>
Audition expenses:		
Panel members' fees	150	1,200
Accompanists' fees	-	600
Rent of audition rooms and piano hire	428	2,197
Miscellaneous	-	301
MMSF Concert costs	3,072	4,031
	<u>3,650</u>	<u>8,329</u>
Grants awarded to:		
Candidates	67,800	58,190
Donations to Philharmonia Limited	14,000	10,000
	<u>85,450</u>	<u>76,519</u>
DEFICIT OF EXPENDITURE OVER INCOME	<u>(29,162)</u>	<u>(22,115)</u>

This page does not form part of the statutory financial statements.

# Philharmonia Limited (Limited by Guarantee)

## EDUCATION PROJECTS

for the year ended 31 March 2003

	2003 £	2002 £
INCOME		
Donation and Gifts:		
London Projects	62,248	30,597
Bedford Projects	53,451	9,188
Leicester Projects	39,861	5,855
A4E	38,793	-
Out of Town	18,254	2,810
	<u>212,607</u>	<u>48,450</u>
EXPENDITURE		
Players Expenses:		
London Projects	16,976	19,665
Bedford Projects	15,723	5,691
Leicester Projects	15,451	3,429
A4E	11,730	-
Out of Town	5,154	2,312
Other Costs:		
London Projects	31,705	24,678
Bedford Projects	26,018	4,536
Leicester Projects	39,583	3,197
A4E	23,237	-
Out of Town	13,677	753
Write off of deficits brought forward	-	105,878
Total Expenditure	<u>199,254</u>	<u>170,139</u>
Net Overhead Expenditure	<u>45,488</u>	<u>34,959</u>
DEFICIT OF EXPENDITURE OVER INCOME	<u>(32,135)</u>	<u>(156,648)</u>

This page does not form part of the statutory financial statements.

# Philharmonia Limited (Limited by Guarantee)

## ORCHESTRAL OVERHEADS

for the year ended 31 March 2003

	2003 £	2002 £
Chairman's honorarium	10,000	6,849
Audition expenses	6,690	6,058
Library expenses	6,330	-
Depreciation:		
Musical instruments and cases	11,438	10,207
Instrument maintenance	728	604
Miscellaneous expenses	8,368	3,973
Archive costs	30,083	26,803
Holiday pay	101,698	-
	<u>175,335</u>	<u>54,494</u>
Deduct: Donations		
Martin Musical Scholarship Fund	(14,000)	(10,000)
	<u>161,335</u>	<u>44,494</u>

This page does not form part of the statutory financial statements.

# Philharmonia Limited (Limited by Guarantee)

## ADMINISTRATIVE OVERHEADS

for the year ended 31 March 2003

	2003 £	2002 £
Public relations	4,305	24,036
Salaries, wages and fees	604,889	591,738
Staff pensions	30,430	31,505
Training, recruitment and other staff costs	20,209	9,831
Travel and entertaining	44,873	51,654
Vehicle running costs	25,222	17,852
Office supplies	23,620	22,989
Telephone postage and couriers	47,310	49,751
Subscriptions and donations	13,097	10,586
Office equipment repairs and maintenance	48,464	40,722
Office rent, rates and service charges	24,002	20,193
Office cleaning and maintenance	4,314	2,769
Depreciation:		
Fixtures and fittings	14,256	9,264
Motor cars	2,840	4,090
Computer equipment	26,015	31,878
Audit fees	10,750	10,000
Legal fees	6,769	4,021
Other professional fees	26,181	2,740
General insurance	11,620	9,712
Bank charges and interest	9,186	32,626
Bad and doubtful debts expense	10,005	(8,323)
Exchange difference	(28,181)	(6,739)
(Profit/(loss) on disposal of fixed assets	(2,464)	90
	<hr/> 977,712	<hr/> 962,985
Deduct: Donations		
Friends of the Philharmonia	(23,200)	(21,500)
	<hr/> 954,512	<hr/> 941,485

This page does not form part of the statutory financial statements.