

# philharmonia orchestra

Philharmonia Limited  
(Limited by Guarantee)

FINANCIAL STATEMENTS

For the year ended  
31<sup>st</sup> March 2007



Company Registration No 799297  
Charity Registration No 250277

# Philharmonia Limited (Limited by Guarantee)

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# Philharmonia Limited (Limited by Guarantee)

Report of the Trustees for the year ended 31 March 2007

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Company, such that all risks are considered on an annual cycle, the establishment of systems and procedures to mitigate those risks identified in the plan and the implementation of procedures designed to minimise any potential impact on the Company should those risks materialise. Particular attention has focused on the South Bank Centre refurbishment project, complying with the Arts Council of England's grant requirements and diversifying sources of income.

## OBJECTIVES AND ACTIVITIES

The charitable objectives of the Company are as follows: the advancement of public education through the promotion and support of the art of music (including opera, music, drama, ballet and all art forms consisting in whole or in part of music), particularly by the promotion and encouragement of orchestral music. We achieve this by maintaining a symphony orchestra of the highest quality.

The Company aims to raise the public appreciation of music by maintaining and developing its position as one of the world's leading symphony orchestras, through the quality of its playing, its creative programming, the commissioning of new music, through the provision of its education programme, and through the use of new media to bring its performances to the largest and most diverse audience possible.

Its main objectives for the year were: the provision of "Own Promotion" concerts at the South Bank Centre, residencies in Bedford, Leicester, Basingstoke and Canterbury, co-promotion concerts, engagements by third party promoters, both live and internet-based educational programmes, recorded performances of the highest standard, outreach via website and other new media, and to enhance the financial status of the charity.

The strategies employed to achieve the Company's objectives were -

- To maintain, improve and secure the quality and status of the playing ensemble
- To consolidate the planning, promotion, marketing and operation of a range of live concerts based in the South Bank Centre but spreading widely through residencies, engagements and touring
- To develop exciting artistic projects in all media with the finest conductors, soloists and other collaborators
- To be a pioneer and leader in the use of new technologies to bring live music to the widest possible audience in the UK and the rest of the world, for the wider good and for the financial benefit of the Orchestra
- To build up a substantial archive of recordings and a valuable asset of copyright material for the future

The Orchestra is pleased to announce the appointment of Esa-Pekka Salonen as Principal Conductor and Artistic Advisor from the 2008/09 season.

The relationship between the Orchestra and its Principal Conductor, Christoph von Dohnányi, continued to flourish, and his concerts with the Orchestra at the opening of the 2006/07 season in London, and at other venues, demonstrated his mastery, fully justifying his new position of Honorary Conductor for life.

The Orchestra's season of performances at the Queen Elizabeth Hall received widespread critical acclaim from critics, audiences and artists alike, fully justifying the Orchestra's policy of continuing to present concerts of major symphonic repertoire with the world's finest conductors and soloists in the smaller hall's intimate acoustics during the Royal Festival Hall closure period. Audiences remained at near capacity during the year in the South Bank Centre. The Orchestra was pleased to maintain its relationship with both its other titled conductors Sir Charles Mackerras and Vladimir Ashkenazy, and with numerous other

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## Report of the Trustees for the year ended 31 March 2007

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great artists In December 2006 Esa-Pekka Salonen, was announced as Principal Conductor and Artistic Advisor of the Orchestra from 2008, he conducted a very successful series of three concerts in the same period The spring season was dominated by Elgar anniversary celebrations, conducted by Sir Andrew Davis, and consisting of 18 concerts given to full houses throughout the UK supported by a wide ranging education programme, dedicated website and travelling exhibition

The choral series presented at Westminster Cathedral in conjunction with The Bach Choir and Philharmonia Chorus was well received The highlight of the year was a performance of Verdi's Requiem conducted by Riccardo Muti with a superlative cast of soloists, the Philharmonia Chorus and Philharmonia Voices

The residencies in Bedford and Leicester continued to be very successful The Leicester concert series was the 10<sup>th</sup> anniversary season Each series was supported by a series of Family Music Days and chamber concerts as well as a wide ranging education programme These residencies continue to benefit from the satisfying impact that the world's finest conductors and soloists have on the audiences in these venues

The Orchestra maintained a significant presence throughout the UK in the year A six-concert series was promoted at the Anvil, Basingstoke, and the residency at the Marlowe Theatre, Canterbury was developed The Orchestra gave a series of concerts in Croydon at the invitation of the management of the Fairfield Halls As a result of Arts Council England's Grants for the Arts funding, the Orchestra expanded its activity in the UK significantly, including a large summer festivals programme and tours of the South West and Scotland The Orchestra was resident orchestra of the Three Choirs Festival in Hereford In August 2006 it appeared at the Edinburgh Festival, and has entered into negotiations to return on a regular basis from 2009

Outside its regular work, the Orchestra collaborated with Breakthru Productions to give the world premiere of a new animated film directed by Suzie Templeton of Peter and the Wolf in the Royal Albert Hall The film, which was transmitted on Christmas Day in the UK, has won awards across the world

The Orchestra has enjoyed a very busy touring schedule Highlights included the opening concerts of the Zurich Festspiele, a major tour of Europe with Charles Dutoit, concerts in Italy with Esa-Pekka Salonen, and the Philharmonia's first visit to China, conducted by Sir Andrew Davis The Orchestra also took part in the British Council's sponsored British Music Festival in Mexico

The Orchestra is now well established as a prime educational resource in both South London and its key residency venues of Bedford and Leicester During the year, as well as maintaining its key activities of Family Music Days and adult learning programmes, the Education Department put in place a new programme of project-based activities designed to take music and technology resources into both school and out of school settings

The recent creation of the Orchestra's Digital Projects division continues to present huge opportunities for the future The division is bringing together the Philharmonia's two websites, the core Philharmonia site and the Sound Exchange, and is supporting the planned launch of a new site in Autumn 2007, a new Philharmonia Online shop, which will sell downloads of live Philharmonia concerts

### ACHIEVEMENTS AND PERFORMANCE

The Orchestra enjoyed another rich season of widely acclaimed performances in London, in front of capacity audiences at the Queen Elizabeth Hall Attendance was 32,000, an average of 96% Its residencies in Bedford and Leicester and other out-of-London dates added a further 115,000 people attending Philharmonia performances This puts the Philharmonia amongst the most popular orchestras in Great Britain The orchestra is grateful to the support that Classic FM gives to it as "The Classic FM Orchestra on Tour"

The Orchestra places great emphasis on the contribution that overseas tours make to its profile and artistic life In this year, the orchestra performed 39 concerts outside the UK, in 12 countries Whilst it is hard to be accurate about the capacity and sales in each concert overseas, it is likely that up to 70,000 people attended non-UK concerts

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The Orchestra undertook a further 300 project sessions with more than 12,000 people, from 3 to 97 years old, in 10 different areas of England. Additionally an estimated 250,000 people took part in the Philharmonia's PLAY orchestra project on the South Bank in the summer of 2006. The Orchestra also presented five Family Music Day events for younger audiences. The Orchestra is fortunate to have the support of the Royal Philharmonic Society for its Music for Today concerts held immediately before the Orchestra's main evening concerts at the QEH. It presented six such concerts in this series attracting an average audience of 500. The Orchestra also manages the Martin Musical Scholarship Fund and was able to make grants totalling £66,600 shared between 65 scholarship winners. Six of these winners were featured in concerts at the QEH or Purcell Room.

During the year, website hits and unique visitor numbers increased by more than 60% (more than 1.5 million unique visitors, and nearly 2.5 million hits per month). The Orchestra's first major live digital project, PLAY orchestra, attracted more than 250,000 people and won the 2006 RPS Education Award.

By far the most important factor outside the Orchestra's control is the successful re-opening of the South Bank Centre and an artistic policy agreed with the Resident Orchestras. Changes in personnel at the South Bank Centre have delayed the formulation of a coherent artistic policy, and the Orchestra awaits resolution on this matter.

The Orchestra is still very dependent on funding from the Arts Council of England. Changes of policy and personnel at the ACE could have an impact on the future viability of the Orchestra. Its dependency on fundraising and sponsorship also makes it vulnerable to market changes.

## FINANCIAL REVIEW

### *Review of the financial year*

The year end saw a good financial result with a surplus of £142,909 (2006: £673,794) based on strong management, assistance from the Arts Council and a successful year for the Orchestra, despite restricted ticket revenue due to promoting concerts in the Queen Elizabeth Hall. Management budgeted conservatively due to there being many new areas of planned activity. The positive result was due in large part to a substantial surplus made on overseas engagements, due to an unprecedented volume of touring in the year.

### *Financial management policy*

The Company budgets a year in advance, balancing the cost of work taken on with grants and sponsorship income, as well as income directly generated by the work itself. If further work is offered once the budget has been set for the year it is only accepted if the work can be funded or if there is any remaining subsidy to be utilised. This means that the Company is able to control its financial position very carefully.

### *Reserves policy*

The Council of Management aims to maintain reserves in unrestricted funds at a level which it believes can reasonably cover overhead costs in the event of seasonal fluctuations or an unexpected downturn in activity. The Council reviews its policy and this requirement regularly and considers that the balance held in unrestricted funds at the balance sheet date is sufficient for this purpose, at present. The balance equates to nearly five months' worth of administrative overheads.

This policy reflects the recommendation of its main funder, Arts Council England, that its core funded organisations should aim to build up sufficient reserves to help ensure their long-term survival, as going concerns.

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Report of the Trustees for the year ended 31 March 2007

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## *Investment policy*

The Company has a policy of investing surplus cash in investment vehicles that are low risk, are considered mainstream and allow for flexibility. Investments are reviewed by the Finance Committee on a regular basis to ensure that the maximum return is being achieved. The Finance Committee uses its knowledge of the market, supported by information and opinions from our bankers, to assess each investment.

## *Principal funding sources and expenditure policy*

The Company acknowledges the support of the Arts Council of England which provides approximately 25% of the funding required by the Orchestra. This funding primarily supports the South Bank Centre residency. The Company is also grateful to a large number of individual sponsors, including its President, Vincent Meyer, for their extreme generosity in supporting the work of the Orchestra.

The Orchestra's planning is focused on the return to the refurbished Royal Festival Hall, in June 2007, which will allow us to plan large-scale pan-European projects around key artists and events. Notable examples include a highly ambitious Messaien Project with Pierre-Laurent Aimard in 2007/08 and a major celebration of the music of Vaughan Williams in 2008. Longer term planning is centered around the appointment of Esa-Pekka Salonen as Principal Conductor and Artistic Advisor of the Orchestra from the 2008/09 season. All of these projects will be funded by sponsorship.

The Orchestra's New Media objectives are equally ambitious. PLAY orchestra, a "virtual orchestra" installation, will be adapted and improved, and using The Sound Exchange's 17,000 orchestral sound samples will allow more people to experience an orchestra from within. The Orchestra will continue to record its live concerts and make them available for audio download from a new, online Philharmonia Shop that will be fully integrated into both our websites. Video will also play an increasing role in our education and audience development programme. The Orchestra's sponsorship will continue to fund these objectives, and additional sponsorship deals are being secured to fund capital requirements.

## **CULTURAL DIVERSITY ACTION PLAN**

The Orchestra has continued to make progress in the implementation of its Cultural Diversity action plan. It recently participated in the GAIN programme and is in the process of implementing the recommendations from that programme. Significant progress has been made in Leicester and Bedford, new distribution networks are targeting under-represented audience groups, and collaborations with both the Leicester Comedy Festival and the Peepul Centre have created new opportunities for cross-cultural marketing. Discussions are ongoing with a number of significant artists in the Indian music field.

## **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 dependent, and unrelated criminal convictions. 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 programmes.

## **TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

Company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the Trustees are required to

- Select suitable accounting policies and apply them consistently,
- Make judgements and estimates that are reasonable and prudent, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume

# Philharmonia Limited (Limited by Guarantee)

Report of the Trustees for the year ended 31 March 2007

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that the charity will continue in business

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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.

In accordance with company law, as the Company's directors, we certify that

- So far as we are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- As the directors of the Company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

## AUDITORS

The Trustees having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed successor auditors with effect from 1 April 2007, in accordance with the provisions of section 26(5) of the Companies Act 1989. Baker Tilly UK Audit LLP have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting that they will be reappointed.

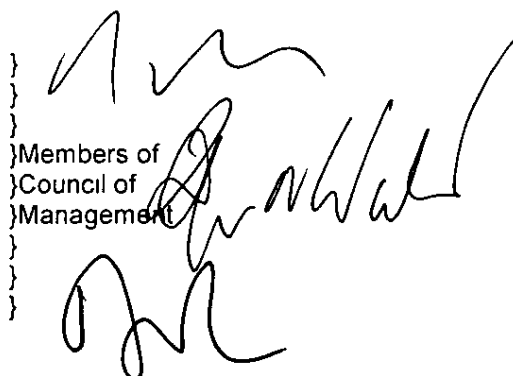
This report was approved by the Council of Management on 15 NOVEMBER 2007

ALISTAIR MACKIE

JOHN WATES

DAVID WHELTON

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} Council of  
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# Philharmonia Limited (Limited by Guarantee)

## Independent Auditors' Report to the Members of Philharmonia Limited (Limited by Guarantee)

We have audited the financial statements on pages <sup>10</sup> ~~8~~ to <sup>25</sup> ~~24~~

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Philharmonia Ltd 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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 and whether the Report of the Council of Management is consistent with the financial statements. We also report to you if, in our opinion, the charitable company 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 other transactions is not disclosed.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 charitable company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 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
- the information given in the Report of the Trustees is consistent with the financial statements



BAKER TILLY UK AUDIT LLP  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

16 November 2007



# Philharmonia Limited (Limited by Guarantee)

## STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account and a Statement of Total Recognised Gains and Losses)  
for the year ended 31 March 2007

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2007 £	Total 2006 £
<b>Income and Expenditure</b>						
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income	1	2,113,563	697,214	12,366	2,823,143	3,543,357
Activities for generating funds		39,692	21,148	-	60,840	118,719
Investment income	10	54,355	9,288	-	63,643	73,835
Incoming resources from charitable activities	2	4,610,045	93,770	-	4,703,815	4,088,782
Other incoming resources		200,527	11,360	-	211,887	224,331
<b>Total incoming resources</b>		<b>7,018,182</b>	<b>832,780</b>	<b>12,366</b>	<b>7,863,328</b>	<b>8,049,024</b>
<b>Resources expended</b>						
Costs of generating funds						
Costs of generating voluntary income	4	100,746	243,341	-	344,087	388,257
Fundraising costs	5	31,287	7,412	-	38,699	113,111
Charitable activities	6	6,426,884	579,119	-	7,006,003	6,570,533
Governance costs	8	302,752	-	-	302,752	249,600
Other resources expended		11,200	10,072	-	21,272	53,729
<b>Total resources expended</b>		<b>6,872,869</b>	<b>839,944</b>	<b>-</b>	<b>7,712,813</b>	<b>7,375,230</b>
<b>Net incoming resources before other recognised gains and losses</b>		<b>145,313</b>	<b>(7,164)</b>	<b>12,366</b>	<b>150,515</b>	<b>673,794</b>
Other recognised gains and losses						
(Loss)/gain on investments	14	-	-	(7,606)	(7,606)	2,781
<b>Net movement in funds</b>		<b>145,313</b>	<b>(7,164)</b>	<b>4,760</b>	<b>142,909</b>	<b>676,575</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		364,343	133,534	177,514	675,391	(1,184)
<b>Total funds carried forward</b>		<b>509,656</b>	<b>126,370</b>	<b>182,274</b>	<b>818,300</b>	<b>675,391</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)

as at 31 March 2007

	Notes	2007 £	2006 £
<b>Fixed assets:</b>			
Tangible assets	13	244,274	208,344
Investments	14	216,451	214,934
<b>Total fixed assets</b>		<b>460,725</b>	<b>423,278</b>
<b>Current assets:</b>			
Debtors	15	1,017,924	452,328
Cash at bank and in hand		1,618,868	2,034,648
<b>Total current assets</b>		<b>2,636,792</b>	<b>2,486,976</b>
<b>Liabilities</b>			
Creditors Amounts falling due within one year	16	(2,279,217)	(2,234,863)
<b>Net current assets</b>		<b>357,575</b>	<b>252,113</b>
<b>Net assets</b>		<b>818,300</b>	<b>675,391</b>
<b>The funds of the Charity.</b>			
<b>Restricted Funds</b>	20	126,370	133,534
<b>Endowment Funds</b>	20	182,274	177,514
<b>Unrestricted Funds</b>	20		
Designated funds	21	618,541	618,541
Undesignated funds		(108,885)	(254,198)
<b>Total Unrestricted Funds</b>		<b>509,656</b>	<b>364,343</b>
<b>Total charity funds</b>		<b>818,300</b>	<b>675,391</b>

Approved by the Council of Management on 15 NOVEMBER 2007

ALISTAIR MACKIE

JOHN WATES

DAVID WHELTON

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} Members of  
} Council of  
} Management  
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# Philharmonia Limited (Limited by Guarantee)

CASH FLOW STATEMENT (including branches)  
for the year ended 31 March 2007

	Notes	2007 £	2006 £
Cash flow from operating activities	22a	(322,415)	1,455,378
Capital expenditure and servicing of finance	22b	(93,365)	(31,921)
<b>Increase in cash for the period</b>		<b>(415,780)</b>	<b>1,423,457</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		2007 £	2006 £
Increase/(decrease) in cash in the period		(415,780)	1,423,457
<b>Net funds brought forward</b>	22c	<b>2,034,648</b>	<b>611,191</b>
<b>Net funds carried forward</b>		<b>1,618,868</b>	<b>2,034,648</b>

# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

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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 PREPARATION**

The financial statements have been prepared on a going concern basis under the historic cost convention, with the exception of investments which are reported at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP2005) issued in March 2005, with applicable United Kingdom Accounting Standards, the Charities Act 1993 and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are set out below

### **GOING CONCERN**

The company relies substantially on funding by grants from the Arts Council 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.

The company has benefited from the Arts Council England's main Stabilisation programme. This is enabling the company to strengthen its balance sheet by means of debt mitigation and removal of the accumulated deficit.

As a result of its participation in Arts Council England's Stabilisation programme, the company has been able to remove its historic accumulated deficit. Bearing this in mind, and also the fact that further Stabilisation funds have been awarded, the going concern concept is considered an appropriate basis for the preparation of these financial statements.

### **ACCOUNTING**

These financial statements include the results of Philharmonia Limited together with its branch, The Martin Musical Scholarship Fund.

### **INCOMING RESOURCES**

Voluntary income, including donations, gifts and legacies, as well as grants that provide core funding or are of a general nature are recognised where there is entitlement certainty at the receipt and the amount can be measured with sufficient reliability. Such income is only deferred if the donor has requested the amount to be allocated to specific concerts, engagements or projects, in which case it is allocated to the financial year in which the work takes place, or the donor has imposed conditions which must be met before the Charity has unconditional entitlement.

Income from activities for generating funds is recognised when it is earned. Activities for generating funds are defined as those activities which are undertaken specifically to generate further income for the Orchestra, such as lecture lunches and events put on by Friends of the Philharmonia.

Investment income is recognised on a receivable basis.

Incoming resources from charitable activities represents income generated from own promotions, engagements and foreign tours taking place during the financial year. 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. Income received in the financial year in respect of own promotions, engagements and foreign tours taking place in a future financial year is deferred to that period.

### **RESOURCES EXPENDED**

Expenditure is recognised when a liability is incurred. All categories of resources expended include an apportionment of management and overhead expenses, which have been allocated to activity cost categories on a basis consistent with the use of resources.

Costs of generating funds are those costs incurred in attracting voluntary income, as defined above. Costs of fundraising are those costs which are directly attributable to activities undertaken specifically to

# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

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generate further income for the Orchestra

The costs of charitable activities are all those costs which are directly attributable to the furtherance of the Company's aims and objectives, including the costs of putting on concerts, providing grants, and indirect expenditure such as marketing costs

Grants are made from the Martin Musical Scholarship Fund. The cost of grants payable is recognised in the financial year in which the decision to make such a grant is taken

Governance costs include those incurred in the governance of the Company and its assets and are primarily associated with constitutional and statutory requirements

### **VOLUNTEERS AND DONATED SERVICES AND FACILITIES**

The value of services provided by volunteers is not incorporated into these financial statements

### **LEASES**

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

### **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

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Fixed assets include musical instruments which have been revalued. Other fixed assets are stated at cost. Purchases less than £1,000 are not considered for capitalisation unless for security reasons they need to be recorded in the fixed asset register (i.e. computer laptops)

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%

### **FUNDS**

Unrestricted funds are donations or other incoming resources receivable or generated for the objectives of the charity without a required purpose and are available as general funds

Designated funds are unrestricted funds reserved by the Trustees for particular purposes

Restricted funds are to be used for required 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 represents 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

### **FOREIGN EXCHANGE TRANSACTIONS**

Transactions in foreign currencies are translated at the actual rate at the time of the transaction. Amounts held on the balance sheet in foreign currencies are translated at the closing rate

### **CONNECTED CHARITIES**

The Philharmonia Trust Limited (registered charity number 254191) is a connected charity as some of the Trustees of Philharmonia Trust Limited are also Trustees of Philharmonia Limited

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

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 1 VOLUNTARY INCOME

	Unrestricted £	Restricted £	Endowment £	2007 Total £	2006 Total £
Arts Council England core grant and stabilisation	1,969,312	-		1,969,312	2,385,156
Grant income – other	85,000	207,363		292,363	234,509
Donations from charitable foundations	1,011	154,687		155,698	131,305
Other donations	41,810	64,364	12,366	118,540	331,611
Sponsorship	16,430	270,800		287,230	460,776
	<u>2,113,563</u>	<u>697,214</u>	<u>12,366</u>	<u>2,823,143</u>	<u>3,543,357</u>

### 2 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Incoming resources from charitable activities were derived from operations undertaken to further the Company's objectives. Sales were made in the following geographical markets

	2007 £	2006 £
United Kingdom	3,199,112	2,136,541
Rest of Europe	1,029,132	1,952,241
Rest of World	475,571	-
	<u>4,703,815</u>	<u>4,088,782</u>

Income arose from the following areas of work

	2007 £	2006 £
Own promotion ticket and programme sales and advertising revenue	772,576	691,495
Fees from UK concerts outside London	1,930,030	1,324,069
Fees from overseas touring work	1,281,396	1,632,341
Fees from recording work	697,151	424,770
Income from education projects	22,662	16,107
	<u>4,703,815</u>	<u>4,088,782</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

### 3 ALLOCATION OF SUPPORT COSTS

Support costs have been allocated as shown in the table below to the different types of activity undertaken by the Company, on a basis which is consistent with the use of resources

**31<sup>st</sup> March 2007**

	Costs of generating voluntary income £	Fundraising costs £	Charitable activities £	Governance costs £	Total £
Employment costs	73,757	1,631	586,607	161,570	823,565
Travel, subsistence and entertaining	20,206	119	104,290	-	124,615
Occupation and office costs	20,484	17,672	148,143	36,977	223,276
Bank interest and charges	-	-	-	15,209	15,209
Orchestral overheads	-	-	225,214	-	225,214
Other costs	5,533	6,339	15,990	7,530	35,392
	119,980	25,761	1,080,244	221,286	1,447,271

**31<sup>st</sup> March 2006**

	Costs of generating voluntary income £	Fundraising costs £	Charitable activities £	Governance costs £	Total £
Employment costs	141,738	3,986	545,257	137,063	828,044
Travel, subsistence and entertaining	23,475	8,390	74,816	-	106,681
Occupation and office costs	25,459	16,289	143,797	21,226	206,771
Bank interest and charges	-	-	-	4,969	4,969
Orchestral overheads	-	-	315,631	-	315,631
Other costs	-	-	35,889	16,503	52,392
	190,672	28,665	1,115,390	179,761	1,514,488

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 4 COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted £	Restricted £	2007 £	2006 £
Allocation of support costs (Note 3)	100,746	19,234	119,980	190,672
Other expenses	-	224,107	224,107	197,585
	<u>100,746</u>	<u>243,341</u>	<u>344,087</u>	<u>388,257</u>

### 5 FUNDRAISING COSTS

	Unrestricted £	Restricted £	2007 £	2006 £
Fundraising event costs	4,248	6,761	11,009	52,005
Allocation of support costs (Note 3)	25,110	651	25,761	28,665
Other expenses	1,929	-	1,929	32,441
	<u>31,287</u>	<u>7,412</u>	<u>38,699</u>	<u>113,111</u>

### 6 COST OF CHARITABLE ACTIVITIES

	Unrestricted £	Restricted £	2007 £	2006 £
Concert and relay fees	4,361,003	264,075	4,625,078	3,929,786
Travel, subsistence and transport of instruments	687,867	64,927	752,794	862,797
Music and instrument hire	98,175	2,993	101,168	125,866
Hall hire and box office commission	81,523	18,296	99,819	213,641
Subs and programme expenses	173,204	31,137	204,341	189,590
Grants payable (Note 7)	-	66,180	66,180	55,385
Allocation of support costs (Note 3)	1,007,639	72,605	1,080,244	1,115,390
Other expenses	17,473	58,906	76,379	78,078
	<u>6,426,884</u>	<u>579,119</u>	<u>7,006,003</u>	<u>6,570,533</u>

### 7 GRANTS PAYABLE

A total of 65 (2006 55) grants were awarded to individuals during the financial year. The recipients received grants of up to £6,000. The policy of the Council of the Martin Musical Scholarship Fund is to make grants to young musicians in order to assist their musical training and development. Outstanding young musicians are selected by means of auditions before a panel of Orchestra members and other professional musicians. Grants are awarded with reference to individual abilities and needs.

A total of £1,100 (2006 £6,115) in grants awarded but not claimed has been credited to the accounts in the year.



# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 8 GOVERNANCE COSTS

	2007 (Unrestricted) £	2006 £
Accountancy and audit fees	24,124	37,994
Legal and other professional fees	54,908	26,845
Allocation of support costs (Note 3)	221,286	179,761
Other costs	2,434	5,000
	<u>302,752</u>	<u>249,600</u>

### 9 NET INCOMING RESOURCES FOR THE YEAR

	2007 £	2006 £
Net incoming resources for the year are stated after charging		
Auditors' remuneration - Audit	24,124	31,000
Auditors' remuneration - Non Audit	-	6,994
Operating lease rentals	8,062	9,534
	<u></u>	<u></u>

### 10 INVESTMENT INCOME AND INTEREST RECEIVABLE

	2007 £	2006 £
Interest on fixed deposits and bonds	9,124	9,785
Interest on deposits	54,519	64,050
	<u>63,643</u>	<u>73,835</u>

### 11 INTEREST PAYABLE

	2007 £	2006 £
Bank interest payable	2,434	5,032
	<u></u>	<u></u>

### 12 EMPLOYEES

	2007 No	2006 No
The average monthly number of persons (excluding Council of Management) employed by the company during the year was		
Office and management	22	22
Transport	2	2
	<u>24</u>	<u>24</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 12 EMPLOYEES (*continued*)

	2007 £	2006 £
Staff costs for the above persons (including transport department costs)		
Wages and salaries	706,759	738,012
Social security costs	84,993	78,512
Other pension costs	47,309	40,923
	<u>839,061</u>	<u>857,447</u>
Council of Management Emoluments		
Honorarium	14,125	10,705
Remuneration for services as a director	128,951	127,170
	<u>143,076</u>	<u>137,875</u>
Emoluments to any Council of Management member is authorised in the Articles of Association		
The Council of Management emoluments disclosed above (excluding pension contributions) includes amounts paid to		
The highest paid member of Council	<u>128,951</u>	<u>127,170</u>
No other members of Council received emoluments		
	2007 No	2006 No
Members of Council received reimbursement of expenses of £642		
(2006 £3,149)		
The number of employees whose emoluments exceed £60,000 are as follows		
£120,001 - £130,000	<u>1</u>	<u>1</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 13 TANGIBLE FIXED ASSETS

	Office furniture & fittings £	Musical instruments, cases and recordings £	Computers and office equipment £	Motor vehicles £	Total £
Cost or valuation					
1 April 2006	69,632	307,181	253,653	94,571	725,037
Additions	30,752	20,650	30,617	2,223	84,242
31 March 2007	100,384	327,831	284,270	96,794	809,279
Depreciation					
1 April 2006	62,076	167,046	217,162	70,409	516,693
Charged in the year	4,332	8,058	20,715	15,207	48,312
31 March 2007	66,408	175,104	237,877	85,616	565,005
Net book value					
31 March 2007	33,976	152,727	46,393	11,178	244,274
31 March 2006	7,556	140,135	36,491	24,162	208,344

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 Guiviers in 2003 at £20,000. Six double basses by Pullman were valued by Gallery Strings (London) at £12,000 each in 1999; the Council of Management believes that the musical instruments have not materially changed in value as at 31 March 2007.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 14 FIXED ASSET INVESTMENTS

	2007 £	2006 £
Quoted investments – Cost		
Norwich Union PPT Monthly Income Plus Portfolio	20,753	20,753
Threadneedle UK Corporate Bond	21,977	21,977
New Star Interest Fund	21,410	21,410
Aberdeen Unit Trust Managers Ltd Gilt Income	20,491	20,491
New Star Sterling Bond	41,195	41,195
Resolution Gilt & Fixed Interest	21,146	21,146
Resolution High Income Fund	21,317	21,317
Schroders Gilt and Fixed Interest	20,577	20,577
	188,866	188,866
Middle Market Value at 31 <sup>st</sup> March	216,451	214,394

	2007 £	2006 £
Carrying value (market value) at the beginning of the year	214,934	211,008
Additions to the investments at cost	9,123	9,785
Net gain / (loss) on revaluation	(7,606)	2,781
Disposals	-	(8,640)
Carrying value (market value) at the end of the year	216,451	214,934

Our investment advisors are now instructed to invest in a portfolio which will maximise total return within a low risk portfolio and this is monitored by the Council of Management on a regular basis

### 15 DEBTORS

	2007 £	2006 £
Due within one year		
Trade debtors	679,199	206,959
Other debtors	82,568	131,577
Prepayments and accrued income	256,157	113,792
	1,017,924	452,328

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 16 CREDITORS Amounts falling due within one year

	2007 £	2006 £
Loan	76,000	76,000
Trade creditors	470,108	658,762
Other creditors	169,733	140,732
Philharmonia Trust Limited	262,585	195,350
Other taxation and social security costs	179,931	161,013
Accruals	591,147	485,557
Deferred income	529,713	517,449
	<u>2,279,217</u>	<u>2,234,863</u>

#### Analysis of Deferred Income

	2006 £	Received £	Released £	2007 £
Tickets In Advance	200,083	641,547	(587,781)	253,849
Sponsorship In Advance	253,389	98,775	(126,725)	225,439
Education Funds	63,977	22,136	(35,688)	50,425
	<u>517,449</u>	<u>762,458</u>	<u>(750,194)</u>	<u>529,713</u>

Each of these amounts have been received by the Orchestra for specific events, with specific conductors and soloists (where applicable) for future dated events and are there for deferred until that event has occurred or has become certain

#### Analysis of Loan

	2007 £	2006 £
Amount payable by instalments within 1 year	<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. No repayments were made during the year.

### 17 LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 82 members at 31 March 2007 (2006 75).

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

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### 18 LEASE COMMITMENTS

	2007 £	2006 £
Annual commitments under operating leases expiring		
In one year		
Motor vehicles	3,251	7,131
In two to five years		
Office equipment	6,318	6,318
Motor vehicles	<u>6,875</u>	<u>-</u>

### 19 RELATED PARTY TRANSACTIONS

During the year, playing members of the Council of Management were paid no additional income for the additional duties resulting from being members of the Council of Management

The Company has a related party relationship with Philharmonia Trust Limited, which shares some of the Trustees of Philharmonia Limited. The Company also has a related party relationship with The Meyer Foundation, of which the Company's President, Vincent Meyer, is a Trustee. Payments were made to all playing Trustees in respect of the work they have done with the Orchestra, to the Chairman and Deputy Chairman for their roles as Chairs of the Orchestra, and a salary was paid to the Managing Director, who is also a Trustee, in respect of his employment with the Orchestra.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

### 20 FUNDS

	Balance at 1 April 2006 £	Incoming £	Outgoing £	Transfers £	Recognised gains and losses £	Balance at 31 March 2007 £
<b>RESTRICTED FUNDS</b>						
Philharmonia Income and Expenditure	58,178	665,032	(699,618)	-	-	23,592
Friends of the Philharmonia Income and Expenditure Account	24,143	86,453	(70,843)	-	-	39,753
Martin Musical Scholarship Grant Fund	35,693	81,295	(69,163)	-	-	47,825
Martin Musical Scholarship Donated Asset Fund	15,520	-	(320)	-	-	15,200
<b>TOTAL RESTRICTED FUNDS</b>	<b>133,534</b>	<b>832,780</b>	<b>(839,944)</b>	<b>-</b>	<b>-</b>	<b>126,370</b>
<b>ENDOWMENT FUNDS</b>						
Martin Musical Scholarship Fund	177,514	12,366	-	-	(7,606)	182,274
<b>TOTAL ENDOWMENT FUNDS</b>	<b>177,514</b>	<b>12,366</b>	<b>-</b>	<b>-</b>	<b>(7,606)</b>	<b>182,274</b>
<b>UNRESTRICTED FUNDS</b>						
Designated Funds	618,541	-	-	-	-	618,541
Martin Musical Scholarship Fund	3,190	4,885	(21,722)	-	-	(13,647)
Friends of the Philharmonia Income and Expenditure Account	(11,945)	-	-	-	-	(11,945)
Philharmonia Income and Expenditure Account	(347,380)	7,013,297	(6,851,147)	2,099	-	(183,131)
Revaluation Reserve	101,937	-	-	(2,099)	-	99,838
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>364,343</b>	<b>7,018,182</b>	<b>(6,872,869)</b>	<b>-</b>	<b>-</b>	<b>509,656</b>
<b>TOTAL FUNDS</b>	<b>675,391</b>	<b>7,863,328</b>	<b>(7,712,813)</b>	<b>-</b>	<b>(7,606)</b>	<b>818,300</b>

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects. The funds have been designated for specific purposes as set out in note 21

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

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

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 21 DESIGNATION OF RESERVES

In the previous financial year, the Council of Management designated £618,541 of the Philharmonia Limited's unrestricted reserves towards future projects

### 22 CASH FLOWS

22 CASH FLOWS

	2007 £	2006 £	
a Reconciliation of operating profit to net cash inflow from operating activities			
Net incoming resources before other gains and losses	150,515	673,794	
Depreciation	48,312	44,188	
Profit on sale of investments	-	829	
Decrease/(increase) in debtors	(565,596)	849,239	
Increase/(decrease) in creditors	44,354	(112,672)	
Net cash flow from operating activities	<u>(322,415)</u>	<u>1,455,378</u>	
	2007 £	2006 £	
b Analysis of cash flows for headings netted in the cash flow			
Net cash outflow from capital expenditure and financial investment			
Purchase of tangible fixed assets	(84,242)	(29,947)	
Purchase of investments	(9,123)	(9,785)	
Proceeds from sale of tangible fixed assets	-	-	
Proceeds on sale of investment	-	7,811	
	<u>(93,365)</u>	<u>(31,921)</u>	
	At 1 April 2006 £	Cash flow £	At 31 March 2007 £
c Analysis of net debt			
Cash in hand, at bank	2,034,648	(415,780)	1,618,868