

Philharmonia Limited
(Limited by Guarantee)

FINANCIAL STATEMENTS

for the year ended
31 March 2005



Company Registration No. 799297
Charity Registration No. 250277

Philharmonia Limited (Limited by Guarantee)

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Philharmonia Limited (Limited by Guarantee)

COUNCIL OF MANAGEMENT AND OFFICERS

COUNCIL OF MANAGEMENT

Vincent Meyer	President
Michael Hurwitz	Chairman
David Whelton	Managing Director
Laurence Davies	
Maya Iwabuchi	
Stuart James	
Alistair Mackie	
Daniel Salem	
Neil Tarlton	
Revd John Wates	
David Whitehouse	

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 presents its report and financial statements of Philharmonia Limited for the year ended 31 March 2005.

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, which advises the Council of Management on financial matters concerning the Company, and the Orchestra Committee, responsible for orchestral and musical matters including personnel. A further non-statutory committee, the Personnel Committee reporting to the Council of Management, was formed after the year end, to address some specific orchestral personnel matters).

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 - resigned 6 May 2005)
Michael Hurwitz (appointed Vice Chairman 11 May 2005; appointed Chairman 15 September 2005)
Mark David (Vice Chairman - resigned 6 May 2005)
Laurence Davies (appointed 9 November 2004)
Matthias Feile (resigned 9 November 2004)
Kevin Hathway (resigned 20 December 2004)
Maya Iwabuchi (appointed 31 January 2005)
Stuart James (appointed 9 June 2005)
Alistair Mackie (appointed 9 June 2005)
Julian Milone (resigned 20 December 2004)
Neil Tarlton
David Whitehouse (appointed 20 December 2004)
Mary Whittle (appointed Chairman 11 May 2005; resigned 15 September 2005)

Non-Player Members

Vincent Meyer
Daniel Salem
Revd John Wates
David Whelton

Finance Committee

Non-Player Members

Revd John Wates (Chairman)
Anthony de Keyser
Nadine Majaro
Sioban Healy
David Whelton

Player Members

Keith Bragg (resigned 6 May 2005)
Mark David (resigned 6 May 2005)
Mary Whittle (appointed 11 May 2005; resigned 15 September 2005)
Michael Hurwitz (appointed 11 May 2005)

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

Orchestra Committee

Player Members

Keith Bragg (Chairman - resigned 6 May 2005)
Mark David (Vice Chairman – resigned 6 May 2005)
Laurence Davies (appointed 9 November 2004)
Kevin Hathway (resigned 20 December 2004)
Matthias Feile (resigned 9 November 2004)
Michael Hurwitz (appointed Vice Chairman 11 May 2005;
appointed Chairman 15 September 2005)
Maya Iwabuchi (appointed 31 January 2005)
Stuart James (appointed 9 June 2005)
Alistair Mackie (appointed 9 June 2005)
Julian Milone (resigned 20 December 2004)
Neil Tarlton
David Whitehouse (appointed 20 December 2004)
Mary Whittle (appointed Chairman 11 May 2005;
resigned 15 September 2005)

Non-Player Members

David Whelton

ACTIVITIES AND REVIEW OF THE BUSINESS

Own Promotion concerts, South Bank Centre

The Philharmonia Orchestra enjoyed a particularly rich season of acclaimed performances, performing to a larger audience than ever before.

Among the highlights was the concert to celebrate the launch of the Orchestra's 60th Anniversary year in January 2005 with Riccardo Muti conducting Schubert's 9th Symphony and Vadim Repin playing the Beethoven Violin Concerto. This marked a new era in our long-established relationship with Muti. The relationship between the Orchestra and our Principal Conductor, Christoph von Dohnanyi, continued to flourish. His 75th birthday was celebrated through the opening concert of the season, a programme including Beethoven's 3rd piano concerto performed by Alfred Brendel. Other notable successes were his two concerts (including the Orchestra's own commission "Antiphonies") of the music of Harrison Birtwistle in Autumn 2004. These performances won a South Bank Show Award. Sir Peter Maxwell Davies conducted a concert of his music later in the Season, including his Antarctic Symphony, as part of the South Bank Centre Max Festival. A particularly memorable series of concerts was the cycle of Brahms symphonies in Spring 2005 conducted by Charles Mackerras, our Principal Guest Conductor, who continues to enjoy a very close and happy association with the Orchestra. He returned at the end of the Season to perform Mozart and Elgar programmes, including the Mozart Requiem and Elgar's 2nd Symphony. Our Conductor Laureate, Vladimir Ashkenazy, also appeared regularly with the Orchestra. He conducted the final concert in the Royal Festival Hall prior to closure, and joined members of the Orchestra in some informal cabaret for the farewell party for some 3,000 concert-goers afterwards in the Foyer. In April 2005, Esa-Pekka Salonen performed a concert of Wagner, Strauss and Beethoven, with Emanuel Ax as the soloist in Beethoven's "Emperor" piano concerto. This concert was broadcast online across the world thanks to a new sponsorship deal with British Telecom. The Rich Media webcast, the first ever of its kind by a UK Orchestra, was deemed a great success, with the Orchestra easily outperforming the targets set by BT. Our website received 600,000 hits on the day, about ten times the usual traffic.

Our objective continues to be to promote world class concerts with leading conductors and soloists in the South Bank Centre. To judge from our box office income, which easily exceeded £1 million in the financial year to 31 March 2005, and from very encouraging press reviews of our concerts, this has again been achieved with resounding success. We enter the Royal Festival Hall closure period with an exceptionally fine Orchestra and management.

Music of Today

The Music of Today series continued with its increasingly popular free early evening slots in the Royal Festival Hall. There were UK premieres from internationally renowned composers Kaija Saariaho, Per Norgard and Matthias Pintscher, and world premieres from younger British composers, such as James Olsen. In June 2005 Music of Today

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REPORT OF THE COUNCIL OF MANAGEMENT

received its first broadcast on BBC Radio 3 (a performance with Matthias Pintscher), as part of the *Hear and Now* series. A number of conductors also made their debuts with the Orchestra in the series - Edward Gardner, Matthias Pintscher, Paul Watkins, David Porcelijn and Christopher Austin.

Other UK performances

The Orchestra continued its sell-out series of concerts in Bedford and Leicester this Season. In this year was the 10th Anniversary Season of the Bedford partnership, and this was celebrated in Spring 2005 by a concert featuring Soloists of the Orchestra.

In addition to these residencies, the Orchestra continued to increase its number of performances around the UK outside London. In the season it performed nearly 60 such concerts. In particular we continued to develop our good relationships with the Anvil Basingstoke and also with Colston Hall Bristol. We performed in Canterbury for the first time in twenty years, and are looking to develop the relationship further. The soloists of the Philharmonia also performed an increasing number of concerts in the season. The Orchestra was honoured in April 2005 to perform for the wedding of its patron, the Prince of Wales.

Foreign touring

The Orchestra enjoyed a very healthy touring schedule, including a Birtwistle project as part of our new annual residency in Bruges, as well as a return to the Chatelet Theatre in Paris for a series of performances of the Strauss opera *Arabella*. In December the Orchestra performed a Rachmaninov series under the baton of Vladimir Ashkenazy in the Megaron in Athens. In May 2005 Riccardo Muti conducted the Orchestra in a triumphant concert in Brescia as part of its 60th birthday celebrations. In April 2005 the Orchestra opened the new concert hall, the Casa da Musica, in Porto; we intend to develop this relationship into an annual residency.

Education

This year saw the end of a number of three-year programmes across the Orchestra's residencies, namely School Links in London, Stepping Stones in Bedford and Sound Ideas in London, Leicester and Bedford. The projects are currently being assessed but in all cases the work has had considerable impact and benefit for the participants both and projects have achieved their major aims and objectives. Additionally, the Orchestra has developed new projects and partnerships in its residency in Bristol including creative projects for young people and family concerts. This year also saw the launch of the Orchestra's education website, The Sound Exchange (see above).

Audience development

Thanks to assistance from the Arts Council Stabilisation Fund, the Orchestra continued to increase its ticket sales at the South Bank Centre. Paid attendance increased again this financial year from 75% to 76% at our Own Promotion concerts in the Royal Festival Hall. This is against reduced spending by the Orchestra on marketing. This year was the first year of the implementation of the Orchestra's Audience Development Strategy, which aims to ensure that the audience is central to all the work the Orchestra undertakes, whether in the concert hall, recording studio, or wider community. A key part of this process is to bring the Marketing and Education departments closer together and significant steps were taken towards this in the year.

Financial report

The surplus for the year was £409k, which includes a Stabilisation grant during the year of £386k. Areas which outperformed budget were our Own Promotions and our foreign touring. In particular, ticket income was £50k over budget. Areas which performed worse than budget were Co Promotions in Bedford and Leicester, and Education; strict cost budgeting could not be met in all these areas, and that fact has been addressed in budgeting forward. Thanks to improved budgeting and management accounting, as a result of Stabilisation support, management now has truly up-to-the-minute financial information which allows management, together with advice from the new Finance Committee, to take necessary decisions on a timely basis.

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REPORT OF THE COUNCIL OF MANAGEMENT

Governance

The Council of Management is currently working on modernising the Memorandum and Articles of the Company, with professional third party assistance. This follows on from a significant governance review over the last few years, which has considerably strengthened the organisation. We now have in place a strong Board for the Philharmonia Trust, which is engaged in raising a significant Endowment for the long-term future benefit of the Orchestra. The new Finance Committee continues to provide valuable advice to the Council of Management, as well as addressing the key risks to the organisation over the next few years.

Fundraising

Over £1m was raised in the course of the year with the assistance of the Philharmonia Trust, The Friends Development Committee and The Advisory Council. Sponsors, Partners and Supporters included: Mr Vincent Meyer, The Meyer Foundation, The John S Cohen Foundation, Mr & Mrs G Modiano, ICAP plc, The Institute of Cancer Research, Cancerkin, P&O Nedlloyd, The Zvi & Ofra Meitar Family Fund Ltd, Mrs Chrisanthi Lemos, Mrs Gabrielle Bassatne, The Keyboard Trust, Life Action Trust, Road Victim's Trust, The Royal Philharmonic Society, the Radcliffe Trust, the PRS Foundation, Mr Daniel Salem, Mr Donald Kahn OBE, The Conde Nast Publications Limited, Espirito Santo Financial Group SA, BAE Systems, HEC, Autodesk, Mrs Kyoko Gledhill, Deloitte, Wilson Bowden plc, PricewaterhouseCoopers, The Revd and Mrs John Wates, The Tertis Foundation, Mr & Mrs Bernheim, Mr Donald Parr, The Milton Grundy Foundation, The Ury Trust, Fleming Family & Partners Limited, Mr & Mrs James Alexandre and Friends, the Tubney Charitable Trust, the Wixamtree Trust, the Garfield Weston Foundation, Bedford Borough Council, Bedfordshire County Council, The Paul Morgan Charitable Trust, The Lynn Foundation, Connexions and Classic FM. The Philharmonia were also grateful for the support of their Corporate Members, Friends, Principal Friends, Professionals, attendees at Fundraising Concert and a number of anonymous donors.

Cultural Diversity action plan

The Orchestra has made significant steps in the implementation of its Cultural Diversity action plan. The Orchestra is participating in the GAIN programme, aimed at recruiting Trustees from the black and ethnic communities; two new members of our Orchestral Advisory Committee, which reports to the management of the Orchestra, have already been appointed. The Orchestra continues to work in its key residency venues to welcome under-represented groups, as well as appealing in our PR strategy to culturally diverse media, such as local press and community radio. Further, our education work in our chief residencies now includes the identifying of potential partner arts organisations, and involving representatives from diverse backgrounds through the Youth Council Network. Our Development Department is building databases of culturally diverse businesses and individual philanthropists with a view to building fundraising relationships. The Orchestra is collaborating with the group Shiva Nova, having commissioned a composition from Priti Paintel, its leader. Through our relationship with the Bhavan Centre, we now have a partnership with Indian Film Composer Maestro Pyarelal, and he is currently writing a work for the Orchestra.

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.

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 and Finance Committee.

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REPORT OF THE 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 offices in High Holborn, which have disabled access.

LOOKING AHEAD

Subsidy

The current disparity of subsidy between the London Symphony Orchestra and the Philharmonia continues to give the former a commercial advantage which still allows the former to outbid the Philharmonia for conductors, soloists and players, as well as reduce ticket prices below those of the Philharmonia. Any change in the present relative levels of subsidy would further exacerbate this problem and destabilise the Orchestra. The Orchestra was pleased to receive news of inflationary increases in the Arts Council subsidy for the next three years to 2007/08.

South Bank Centre

The closure for refurbishment of the Royal Festival Hall has triggered a review of our business plan and budgets which have been working successfully for the last few years since Stabilisation. Closure of the Hall presented us with a budgeted loss to the Orchestra of approximately £1.5 million; we have solved this problem by means of high but achievable sponsorship targets as well as reducing overhead costs. However long term stability is very much dependent on a successful relationship with our resident hall. The review of our service agreement with the South Bank Centre has been deferred due to the closure, but we are aware that the successful conclusion of this negotiation is of the utmost importance to the future success of our business plan if we are to continue promoting concerts at the South Bank Centre.

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

Now that it has received the full amount of debt mitigation and other Stabilisation funds the Philharmonia Orchestra is at a break even position with its reserves. It is noted that Arts Council England requires the Orchestra to build sufficient reserves in order to protect its position in the future. However, this will be impossible at least during closure of the Royal Festival Hall due to budgeting constraints. Therefore the Orchestra's objective during this closure will be to maintain this breakeven position. Once the Orchestra is in a position to begin building reserves it will review this reserves policy.

Currently any funds which are available for investment are invested in high rate, low risk deposit accounts and treasury weekly deposits, 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. However, as a result of further debt mitigation support from Arts Council Stabilisation in the year, the Orchestra is now nearly at a break even position. We expect that, from current forecasts, the small remaining deficit will be eliminated by 31st March 2006.

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.

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

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Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

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

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 except where indicated. In December 2004 Keith Bragg, Kevin Hathway and Julian Milone retired by rotation under Article 49 of the Articles of Association and all offered themselves for re-election. Keith Bragg, David Whitehouse and Maya Iwabuchi were elected. In addition, Matthias Feile resigned during the year and Laurence Davies was elected in his place. Since the year-end, Keith Bragg (then Chairman) and Mark David (then Vice Chairman) have resigned, having held these posts for 14 years and 10 years respectively. The Council would like to thank them for the very significant contribution they made to the life of the Orchestra in these positions. They were succeeded by Mary Whittle as Acting Chairman and Michael Hurwitz as acting Vice Chairman. Mary Whittle resigned after four months to take up a position, which she had previously accepted, and Michael Hurwitz succeeded as Acting Chairman. It was decided not to elect a Vice Chairman until the next AGM. The other members of the Council served throughout the year.

RISK MANAGEMENT

The Council of Management is responsible for the management of the risks faced by the company. With the help of the Finance Committee, the Council performs an annual review of these risks and documents these in a risk analysis document. All insurable risks are insured where appropriate. Key potential risks have been identified as under:

a) Box Office Income

Continuing economic uncertainty 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 remained static in the 2004/05 season. A different pricing structure will be in place for concerts promoted in the Queen Elizabeth Hall during Royal Festival Hall closure.

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 which is dependent on investment income are at risk, in the current economic climate, from being reduced.

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) Competition

As described elsewhere in this report and accounts, the Orchestra is operating in a highly competitive environment, in respect of ticket sales, recording income, sponsorship and subsidy. The Orchestra seeks to mitigate this risk by concentrating on providing very high quality performances.

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REPORT OF THE COUNCIL OF MANAGEMENT

e) Reliance on South Bank Centre

The Orchestra places strong reliance on the South Bank Centre for the core of its operations. Over the next two years, this poses a particular risk during the closure of the Royal Festival Hall for refurbishment. The Orchestra is planning to make use of the Queen Elizabeth Hall during this period, but this change in venue raises risks in terms of ticket sales and working conditions.

Once the Royal Festival Hall reopens, the relationship between the Orchestra and the South Bank Centre will continue to be a significant area of risk. A review is currently taking place between the South Bank Centre and the two resident Orchestras, the objective of which is a new Service Level Agreement for the two parties. The Orchestra is aware that the consequences of not obtaining such an agreement could be the fatal undermining of its future.

f) Maintaining Parity of Subsidy

Parity of subsidy amongst the London orchestras remains a critical element in the stability of the Philharmonia. Any distortion of subsidy between orchestras, especially in London, would have an immediate impact on the market, enabling competitor orchestras to outbid the Philharmonia for conductors, soloists and players. This would also lead directly to a reduction in the public benefit deriving from the Arts Council's subsidy of the orchestra sector in general. All action possible is taken by the management of the Orchestra to ensure that parity is maintained, including regular discussion with Arts Council England.

g) 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. Under the Chairmanship of Reverend John Wates, the Finance Committee has provided excellent advice and guidance throughout the year. The Orchestra is grateful to the committee for their invaluable contribution to the life and work of the Orchestra.

h) 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, the Finance Committee and the Council of Management.

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.

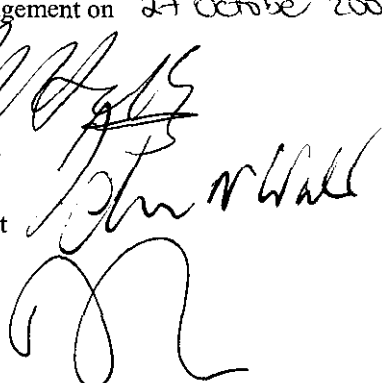
This report was approved by the Council of Management on 27 October 2005

MICHAEL HURWITZ

JOHN WATES

DAVID WHELTON

)
)
)
) Members of
) Council of
) Management



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 25.

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 2005 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

27 October 2005

Philharmonia Limited (Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an Income and Expenditure Account)

For the year ended 31 March 2005

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2005 £	Total 2004 £
Income and Expenditure						
Incoming Resources						
Donations and gifts	1	488,466	308,236	-	796,702	1,014,654
Activities in furtherance of the charity's objects						
Grants	2	1,826,681	160,419	-	1,987,100	1,826,513
Sponsorship		-	307,294	-	307,294	277,175
Income from concerts	3	4,086,608	122,071	-	4,208,679	4,191,021
Other income		399,516	115,814	-	515,330	324,891
Investment income	9	8,399	9,742	-	18,141	28,424
Total Incoming Resources		6,809,670	1,023,576	-	7,833,246	7,662,678
Resources Expended						
Support costs	4	388,133	32,990	-	421,123	592,014
Costs of generating funds	5	5,278,745	883,009	-	6,161,754	6,088,953
Grants payable	6	-	67,620	-	67,620	61,375
Management and administration	7	775,669	118	-	775,787	903,663
Total Resources Expended		6,442,547	983,737	-	7,426,284	7,646,005
Net incoming resources	8	367,123	39,839	-	406,962	16,673
Other recognised gains and losses:						
Gain on revaluation of investments	14	-	-	1,831	1,831	1,879
Net movement in funds		367,123	39,839	1,831	408,793	18,552
Balances as at 1 April		(610,887)	28,008	172,902	(409,977)	(428,529)
Balances as at 31 March	21	(243,764)	67,847	174,733	(1,184)	(409,977)

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 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	13	222,585	250,363
Investments	14	211,008	199,533
		<u>433,593</u>	<u>449,896</u>
CURRENT ASSETS			
Debtors	15	1,301,567	1,029,081
Cash at bank and in hand		611,191	216,848
		<u>1,912,758</u>	<u>1,245,929</u>
CREDITORS: Amounts falling due within one year	16	(2,347,535)	(2,105,802)
NET CURRENT LIABILITIES		<u>(434,777)</u>	<u>(859,873)</u>
TOTAL LIABILITIES		<u>(1,184)</u>	<u>(409,977)</u>
RESTRICTED FUNDS	21	67,847	28,008
ENDOWMENT FUNDS	21	174,733	172,902
UNRESTRICTED FUNDS	21	(243,764)	(610,887)
	21	<u>(1,184)</u>	<u>(409,977)</u>

Approved by the Council of Management on 27 October 2005

MICHAEL HURWITZ

JOHN WATES

DAVID WHELTON

)
)
)
) Members of
) Council of
) Management





Philharmonia Limited (Limited by Guarantee)
CASH FLOW STATEMENT (including branches)
for the year ended 31 March 2005

	<i>Notes</i>	2005 £	2004 £
Cash flow from operating activities	24a	427,332	64,127
Capital expenditure and servicing of finance	24b	(32,989)	(26,395)
INCREASE IN CASH IN THE PERIOD		<u>394,343</u>	<u>37,732</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		2005 £	2004 £
Increase in cash in the period		394,343	37,732
NET FUNDS AT 1 APRIL 2004	24c	216,848	179,116
NET FUNDS AT 31 MARCH 2005		<u>611,191</u>	<u>216,848</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.

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 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 been accepted onto the Arts Council 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.

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.

INCOME FROM CONCERTS

This represents income generated from own promotions, engagements and foreign tours which took place during the year, 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 i.e. in the year in which those concerts, engagements or projects take place. Otherwise, donations are accounted for in the year of receipt.

EXPENDITURE

Resources expended are accounted for on an accruals basis.

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 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.

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 note 15 (Debtors) 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.

During the year contributions of £3,970 were collected from the players of the Orchestra and passed to the Benevolent Fund.

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.

GRANTS PAYABLE

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. Grants payable in the year under review are detailed in Note 6 to these accounts.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

1	DONATIONS AND GIFTS			2005	2004
		Unrestricted	Restricted	Total	Total
		£	£	£	£
	Charitable foundations	322,075	126,321	448,396	446,904
	Other donations	166,391	181,915	348,306	567,750
		<u>488,466</u>	<u>308,236</u>	<u>796,702</u>	<u>1,014,654</u>
2	GRANTS			2005	2004
		Unrestricted	Restricted	Total	Total
		£	£	£	£
	Arts Council England	1,741,681	-	1,741,681	1,618,362
	Other	85,000	160,419	245,419	208,151
		<u>1,826,681</u>	<u>160,419</u>	<u>1,987,100</u>	<u>1,826,513</u>
3	INCOME FROM CONCERTS				
	The company's income from concerts was all derived from its principal activity. Sales were made in the following geographical markets:				
				2005	2004
				£	£
	United Kingdom			2,957,403	3,081,038
	Europe			906,284	504,261
	Rest of the World			344,992	605,722
				<u>4,208,679</u>	<u>4,191,021</u>
4	SUPPORT COSTS			2005	2004
		Unrestricted	Restricted	Total	Total
		£	£	£	£
	Public Relations	8,717	-	8,717	115,507
	Advertising and Publicity	18,002	17,031	35,033	39,955
	Fundraising Event costs	54,055	15,959	70,014	123,500
	Employment costs	280,831	-	280,831	280,900
	Other expenses	26,528	-	26,528	32,152
		<u>388,133</u>	<u>32,990</u>	<u>421,123</u>	<u>592,014</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

5	COST OF GENERATING FUNDS	Unrestricted £	Restricted £	2005 Total £	2004 Total £
	Concert and relay fees	3,683,669	528,033	4,211,702	4,176,167
	Travel, subsistence and transport of instruments	439,689	82,751	522,440	665,917
	Music and instrument hire	108,280	12,880	121,160	95,948
	Hall hire and box office commission	421,835	18,846	440,681	400,299
	Subs and programme expenses	221,748	-	221,748	191,556
	Other expenses	403,524	240,499	644,023	559,066
		<u>5,278,745</u>	<u>883,009</u>	<u>6,161,754</u>	<u>6,088,953</u>

6 GRANTS PAYABLE

The total number of grants awarded were 64 to individuals and none to institutions.

Awards of £5,000 were made to the following: Dominika-Anna Rosiek, Benjamin Roskams and Alasdair Spratt

Awards of £1,000 were made to the following: Sarah Armstrong, Lucy Baker, Sarah Beaty, Amir Bisengaliev, Irina Botan, Luis Cabrera, Anna Cashell, Fanny Clamagirand, Rob Collinson, Natalie Dick, Mei-Yi Foo, Diana Galvydyte, Matthew Gee, Sasha Grynyuk, Verity Gunning, Ellena Hale, Alexander Holliday, Emily Hultmark, Karen Hutt, Vitan Ivanov, Ivan Kiwuwa, Bartholomew Lafollete, Timothy Lowe, Lora Marinova, Adelia Myslov, Maggie O'Herlihy, Evgeny Osokin, Tom Owen, Jennifer Pike, Evanlina Puzaite, Alex Reddington, Mark Robinson, Andre-Mihai Simion, Victoria Simonsen, Mariya Sotirova, Heidi Sutcliffe, Andre Thaddeus, Jeanine Thorpe, Daniel Trodden, Anna Wolsenhome, Qian Wu, Zheng Yi Yang, Sulki Yu and Jia Zhang.

Awards of under £1,000 were made to the following: Jessica Burroughs, Tania Bysheva, Freude PianoTrio, Jane Gordon, Thomas Gould, Simon Hewitt-Jones, So-Ock Kim, Kathryn Meechan, Arun Menon, Dmitri Murrath, Libor Novacek, Tom Poster, Sophie Rosa, Alexander Sitkovetsky, Cameron Todd, Dmitri Torchinsky and Sara Wolstenholme.

A total of £3,430 in grants awarded but not claimed has been credited to the accounts in the year.

7	MANAGEMENT AND ADMINISTRATION	Unrestricted £	Restricted £	2005 Total £	2004 Total £
	Employment costs	425,266	-	425,266	464,885
	Travel, subsistence and entertaining	69,870	-	69,870	78,250
	Occupation and office costs	151,270	-	151,270	125,947
	Professional fees	81,323	-	81,323	149,521
	Bank interest and charges	7,869	118	7,987	12,836
	Other expenses	40,071	-	40,071	72,224
		<u>775,669</u>	<u>118</u>	<u>775,787</u>	<u>903,663</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

8	NET INCOMING RESOURCES FOR THE YEAR	2005 £	2004 £
	Net incoming resources for the year are stated after charging:		
	Auditors' remuneration	13,800	12,235
	Operating lease rentals	38,948	32,335
		<u>52,748</u>	<u>44,570</u>
9	INVESTMENT INCOME AND INTEREST RECEIVABLE	2005 £	2004 £
	Investment income	10,981	9,895
	Interest receivable	7,160	18,529
		<u>18,141</u>	<u>28,424</u>
10	INTEREST PAYABLE	2005 £	2004 £
	Bank interest payable	49	810
		<u>49</u>	<u>810</u>
11	EMPLOYEES	2005 No.	2004 No.
	The average monthly number of persons (excluding Council of Management) employed by the company during the year was:		
	Office and management	24	24
	Transport	2	2
		<u>26</u>	<u>26</u>
		2005 £	2004 £
	Staff costs for the above persons (including transport department costs):		
	Wages and salaries	697,226	738,143
	Social security costs	82,462	77,471
	Other pension costs	44,004	37,993
		<u>823,692</u>	<u>853,607</u>
	Council of Management Emoluments		
	Honorarium	10,069	10,150
	Remuneration for services as a director	125,258	123,318
		<u>135,327</u>	<u>133,468</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

11	EMPLOYEES (<i>continued</i>)	2005 £	2004 £			
	The Council of Management emoluments disclosed above (excluding pension contributions) includes amounts paid to:					
	The highest paid member of Council	125,258	123,318			
	No other members of Council received emoluments.					
		2005 No	2004 No			
	Members of Council received reimbursement of expenses of £240 (2004: £50).					
	The number of employees whose emoluments exceed £50,000 are as follows:					
	£120,001 - £130,000	1	1			
12	TAXATION					
	As a charity the company is exempt from corporation tax.					
13	TANGIBLE FIXED ASSETS					
	<i>Office furniture & fittings £</i>	<i>Musical instruments, cases and recordings £</i>	<i>Computers and office equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>	
	Cost or valuation:					
	1 April 2004	67,450	288,197	218,542	94,571	668,760
	Additions	967	18,664	22,083	-	41,714
	Disposal	-	-	(15,384)	-	(15,384)
	31 March 2005	68,417	306,861	225,241	94,571	695,090
	Depreciation					
	1 April 2004	56,367	147,145	176,637	38,248	418,397
	Charged in the year	3,387	12,632	28,754	16,157	60,930
	Disposal	-	-	(6,822)	-	(6,822)
	31 March 2005	59,754	159,777	198,569	54,405	472,505
	Net book value					
	31 March 2005	8,663	147,084	26,672	40,166	222,585
	31 March 2004	11,083	141,052	41,905	56,323	250,363

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 2005.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

14	FIXED ASSET INVESTMENTS	2005 £	2004 £
	QUOTED INVESTMENTS		
	COST		
	Norwich Union PPT Monthly Income Plus Portfolio	19,724	18,682
	Threadneedle UK Corporate Bond	21,003	20,000
	Aberdeen Unit Trust Managers Ltd Fixed Interest Fund	19,899	18,439
	Aberdeen Unit Trust Managers Ltd Gilt Income	19,581	18,655
	Aberdeen Unit Trust Managers Ltd Sterling Bond	19,781	18,804
	Britannic Gilt & Fixed Interest	19,989	18,837
	Britannic High Income Fund	19,856	18,583
	Exeter Fund Managers Ltd Fixed Interest	19,552	18,635
	Schroders Gilt and Fixed Interest	19,696	18,802
		<u>179,081</u>	<u>169,437</u>
	OTHER INVESTMENTS		
	Christopher Warren Green Violin Trust (1.442% holding)	5,000	5,000
		<u>184,081</u>	<u>174,437</u>
	Middle Market Value	<u>211,008</u>	<u>199,533</u>
		2005 £	2004 £
	1 April 2004	199,533	187,759
	Additions	9,644	9,895
	Surplus on revaluation	1,831	1,879
	31 March 2005	<u>211,008</u>	<u>199,533</u>
15	DEBTORS	2005 £	2004 £
	Due within one year:		
	Trade debtors	654,306	455,758
	Other debtors	75,125	105,501
	Prepayments and accrued income	559,337	395,536
	Amounts owed by Philharmonia Trust Limited	-	17,338
		<u>1,288,768</u>	<u>974,133</u>
	Due after more than one year:		
	Trade debtors	12,799	54,948
		<u>1,301,567</u>	<u>1,029,081</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

16	CREDITORS: Amounts falling due within one year	2005 £	2004 £
	Loan	76,000	76,000
	Trade creditors	688,265	591,770
	Other creditors	80,596	369,054
	Philharmonia Trust Limited	369,912	135,000
	Other taxation and social security costs	115,712	127,884
	Accruals	432,266	383,094
	Deferred income	584,784	423,000
		<u>2,347,535</u>	<u>2,105,802</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.

	2005 £	2004 £
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.

17 LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 83 members at 31 March 2005 (2004: 88).

18 THE PHILHARMONIA TRUST LIMITED

The Philharmonia Trust Limited forgave £100,000 of the amount due by Philharmonia Limited as at 31 March 2005 (2004: £100,000), and this amount has been credited to the Income and Expenditure Account.

19	LEASE COMMITMENTS	2005 £	2004 £
	Land and buildings:		
	Annual commitments under operating leases expiring:		
	In one year		
	Land and buildings	-	-
	In two to five years		
	Motor vehicles	9,534	9,534
		<u>9,534</u>	<u>9,534</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

20 RELATED PARTY TRANSACTIONS

Vincent Meyer, President of the Orchestra made a donation of £178,000 (2004: £135,000) towards projects conducted by Christoph von Dohnanyi.

The Meyer Foundation, of which Vincent Meyer is a trustee, made a donation of £122,000 (2004: £72,000) towards general music costs of the Orchestra.

During the year the Philharmonia Trust Limited forgave £100,000 (2004: £100,000) of the debt owed by Philharmonia Limited. At the year end Philharmonia Limited owed the Philharmonia Trust £Nil (2004: £100,000) in respect of this debt.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

21 FUNDS	Balance at 1 April 2004 £	Incoming £	Outgoing £	Transfers £	Recognised gains and losses £	Balance at 31 March 2005 £
RESTRICTED FUNDS						
Philharmonia Income and Expenditure	-	861,346	(854,706)	-	-	6,640
Friends of the Philharmonia Income and Expenditure Account	12,448	62,018	(51,192)	-	-	23,274
Martin Musical Scholarship Grant Fund	15,560	84,212	(77,679)	-	-	22,093
Martin Musical Scholarship Donated Asset Fund	-	16,000	(160)	-	-	15,840
TOTAL RESTRICTED FUNDS	28,008	1,023,576	(983,737)	-	-	67,847
ENDOWMENT FUNDS						
Martin Musical Scholarship Fund	172,902	-	-	-	1,831	174,733
TOTAL ENDOWMENT FUNDS	172,902	-	-	-	1,831	174,733
UNRESTRICTED FUNDS						
Martin Musical Scholarship Fund	31,339	8,033	(20,077)	-	-	19,295
Friends of the Philharmonia Income and Expenditure Account	(14,805)	2,860	-	-	-	(11,945)
Philharmonia Income and Expenditure Account	(733,556)	6,798,777	(6,422,470)	2,099	-	(355,150)
Revaluation Reserve	106,135	-	-	(2,099)	-	104,036
TOTAL UNRESTRICTED FUNDS	(610,887)	6,809,670	(6,442,547)	-	-	(243,764)
TOTAL FUNDS	(409,977)	7,833,246	(7,426,284)	-	1,831	(1,184)

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 fund 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 2005

22 CONTINGENT LIABILITIES

At 31 March 2005 the company may be liable for a claim for dilapidation of the previous offices which it occupied. The Council of Management however does not consider that any amount is payable on this claim.

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £	Donated asset fund £	Grant Fund £	Friends of the Philharmonia Fund £	Education Funds £	Endowment Fund £	Total £
Tangible fixed assets	206,745	15,840	-	-	-	-	222,585
Fixed asset investments	8,640	-	27,635	-	-	174,733	211,008
Cash at bank	581,277	-	-	23,274	6,640	-	611,191
Debtors	1,301,567	-	-	-	-	-	1,301,567
Creditors	(2,341,993)	-	(5,542)	-	-	-	(2,347,535)
	<u>(243,764)</u>	<u>15,840</u>	<u>22,093</u>	<u>23,274</u>	<u>6,640</u>	<u>174,733</u>	<u>(1,184)</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

24	CASH FLOWS	2005	2004
		£	£
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Net incoming resources before revaluations	406,962	16,673
	Depreciation	60,930	70,892
	Profit on sale of fixed assets	(9,807)	-
	(Increase)/decrease in debtors	(272,486)	521,250
	Increase/(decrease) in creditors	241,733	(544,688)
	Net cash flow from operating activities	427,332	64,127
		2005	2004
		£	£
b	Analysis of cash flows for headings netted in the cash flow		
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(41,714)	(16,500)
	Purchase of investments	(9,644)	(9,895)
	Proceeds from sale of tangible fixed assets	18,369	-
	Net cash outflow from capital expenditure and financial investment	(32,989)	(26,395)
		At	At 31
		1 April	March 2005
		2004	£
c	Analysis of net debt	£	£
	Cash in hand, at bank	216,848	394,343
		611,191	