

**Philharmonia Limited
(Limited by Guarantee)**

FINANCIAL STATEMENTS

for the year ended
31 March 2004



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
Keith Bragg	Chairman
Mark David	Vice Chairman
David Whelton	Managing Director
Kevin Hathway	
Matthias Feile	
Julian Milone	
Debbie Preece	(resigned 12 December 2003)
Daniel Salem	
Susan Salter	(resigned 12 December 2003)
John Wates	
Mary Whittle	(reappointed 12 December 2003)
Michael Hurwitz	(appointed 12 December 2003)
Neil Tarlton	(appointed 12 December 2003)

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 2004.

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.

APPOINTMENT OF COUNCIL OF MANAGEMENT

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

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

Council of Management

Player Members

Keith Bragg (Chairman)
Mark David (Vice Chairman)
Kevin Hathway
Matthias Feile
Julian Milone
Susan Salter (resigned 12 December 2003)
Debbie Preece (resigned 12 December 2003)
Mary Whittle (reappointed 12 December 2003)
Michael Hurwitz (appointed 12 December 2003)
Neil Tarlton (appointed 12 December 2003)

Non-Player Members

Vincent Meyer
Daniel Salem
John Wates
David Whelton

Finance Committee

Non-Player Members

John Wates (Chairman)
Anthony de Keyser
Nadine Majaro (appointed 6 November 2003)
Sioban Healy (appointed 6 November 2003)
David Whelton

Player Members

Keith Bragg
Mark David

Orchestra Committee

Player Members

Keith Bragg (Chairman)
Mark David (Vice Chairman)
Kevin Hathway
Matthias Feile
Julian Milone
Susan Salter (resigned 12 December 2003)
Debbie Preece (resigned 12 December 2003)
Mary Whittle (reappointed 12 December 2003)
Michael Hurwitz (appointed 12 December 2003)
Neil Tarlton (appointed 12 December 2003)

Non-Player Members

David Whelton

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

ACTIVITIES AND REVIEW OF THE BUSINESS

Artistic Programme 2003/04 Season

2003/04 was another highly successful year for the Philharmonia Orchestra. In addition to its Royal Festival Hall season the Orchestra gave concerts throughout the UK, Europe, North America, Japan and Australasia to large and enthusiastic audiences. Despite the difficult trading conditions that prevailed in the orchestral sector, the Philharmonia produced a small surplus.

The RFH season was particularly fine in terms of conductors, soloists and repertoire. Highlights included the opening season concerts with Principal Conductor Maestro Christoph von Dohnányi, which were also performed in the Concertgebouw Amsterdam and Carnegie Hall New York, a Rachmaninov Piano Concerto series with Mikhail Pletnev, and the debuts of Frans Brüggen and Philippe Jordan. Sir Charles Mackerras, Principal Guest Conductor, led a major Dvorak/Janacek Series giving definitive performances of this repertoire including an epic interpretation of Janacek's Glagolitic Mass. Sir Charles is enjoying an Indian summer with the Philharmonia Orchestra and his concerts are amongst the most sought after events in London's busy musical life. Esa-Pekka Salonen directed the Orchestra in an outstanding performance of Mahler's second Symphony, which was toured to Sardinia and France. Christoph von Dohnányi also led the Orchestra on a European tour, which included concerts in Budapest and Vienna and led to an immediate re-invitation for a residency at the Musikverein. The Orchestra's relationship with Christoph von Dohnányi grows deeper each season resulting in a quality of music making that is rare amongst London orchestras. Andras Schiff joined the Orchestra for some remarkable concerts including a performance of Bach's B minor Mass, and a Mendelssohn Piano Concerto Series. In April the Philharmonia took part in the South Bank's Berio Festival, during which it gave the UK premiere of Stanze. Following its recent successful visit to Australia in 2000 the Philharmonia returned to Australia with Vladimir Ashkenazy to give a tour including Sydney, Melbourne and Brisbane following which concerts were given in Singapore at the new Esplanade Hall and Taiwan.

Thirty-five subscription concerts were given in the Royal Festival Hall (RFH), and a further ten promoted independently in the Hall, exploring new repertoire and formats designed to appeal to new audiences.

2003/04 was Julian Anderson's second season as Director of the Music of Today series. Seven concerts were given. Julian Anderson continues to bring a distinctive approach to this series focusing on predominately British composers. The featured composers included Robin Holloway, Anna Meredith, Emily Hall, Dai Fujikura, Steve Martland, Tristan Murail and a Hungarian evening featuring the music of Gyula Csapó, László Tihanyi and Balázs Horváth. Each concert was well received by enthusiastic audiences, and under Julian's direction, this series continues to present the most innovative music from the best contemporary composers.

The Leicester and Bedford residencies continued successfully with a wide range of music presented in each venue. 2003/04 marked the first year of the new partnership with Bristol encompassing the Colston Hall, St George's and the Watershed. The Philharmonia Orchestra is delighted with the success of this new initiative, which is bringing its work to the widest possible public in Bristol.

The Orchestra continued to work actively in the regions taking over 50 programmes with the world's finest conductors and soloists to a wide range of venues. The satellite residencies in Basingstoke and Southend continued to be particularly successful, and the MOT concerts presented outside London achieved some success. Audiences in the regions remain committed and enthusiastic, but very conservative in their taste.

The Philharmonia Orchestra maintained an active touring programme throughout the year performing in Spain, Austria, Germany, Italy, Sardinia, Greece, Belgium (where a new residency with the Concertgebouw Bruges was established), North America, Taiwan, Singapore and Australia. Market conditions in Europe, North America and Japan remain very tough, and this sector of the Orchestra's work can no longer be relied on to make a major contribution to overheads. The financial objective in touring is now to cover costs rather than make a surplus as in previous years.

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

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

ACTIVITIES AND REVIEW OF THE BUSINESS (*continued*)

Artistic Programme 2003/04 Season (*continued*)

Throughout its work the Philharmonia Orchestra aims to respond to the culturally diverse communities located in each of its residency areas, crossing cultural boundaries with activities and working in close consultation with local agencies. The education and marketing departments played an active role in implementing the Orchestra's new Cultural Diversity action plan and are looking to make further progress in this area in 2004/05.

In the course of the year the new sales and marketing team consolidated the work of the department and launched a series of new initiatives in the field of e-commerce and recording. The link with the Education Department has led to a greater inter-dependence of work and consequently more effective implementation of the Orchestra's audience development strategy.

The Orchestra continues to be pleased with the outcome of the stabilisation process. As mentioned previously, the balance sheet has been strengthened, the finance department strengthened, and new initiatives developed, including the education web site.

The early notification from the Arts Council England (ACE) of the increase in revenue funding for 2004/05 and 2005/06 financial years has greatly assisted the Orchestra's forward planning. The increase in subsidy in 2003/04 enabled it to continue to expand its activity as well as to undertake a number of artistically ambitious projects. Conditions for the Orchestra continued to improve with the expansion of the Holiday Fee scheme.

Despite difficult trading conditions the Orchestra made a modest surplus of just over £18,000 (including MMSF). Own Promotion concerts at the RFH performed well against budget, whilst touring continued to decline. Earned income from engagements and recordings was slightly better than budget and the Bedford and Leicester residencies also performed well against budget with costs being kept under control. Commercial sponsorship remains very difficult to secure. However, the total income raised from sponsorship and donations was in excess of £1 million, a very healthy figure that is unlikely to be reached in the foreseeable future. The Education budget remained in deficit and it remains difficult to secure funding for the entirety of the Orchestra's education programme. Planning for 2004/05 and beyond has taken account of this. Looking ahead, once the remaining tranches of debt mitigation have been received during the 2004/05 and 2005/06 financial years the Orchestra is anticipating having a positive balance sheet.

During the year the Orchestra successfully negotiated with Her Majesty's Customs and Excise the status of cultural exemption from VAT for its own promotion concerts. This resulted in a substantial back claim, which has been reflected in the 2003/04 accounts. The Council of Management expects that, on the current financial model and on the assumption that ticket sales remain steady, cultural exemption will be of considerable financial benefit to the Orchestra in the future.

Cultural Diversity action plan

The Philharmonia has achieved most of the objectives set out in year one of its Cultural Diversity Action Plan. Progress continues to be made with the Bhavan Centre, and funding has been secured for a joint project with Shiva Nova which will take place in the 2005/06 season. The Orchestra continues to work closely with its regional partners in this area.

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

ACTIVITIES AND REVIEW OF THE BUSINESS (*continued*)

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.
- 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.

The Development Department raised over £1 million in the course of the year aided by the Philharmonia Trust, the Friends Development Committee and strategic advisors. Sponsorships and supporters included:

Mr Vincent Meyer, The Meyer Foundation, Mrs Hazel Westbury, Espirito Santo Financial Group SA, Mr Donald Kahn OBE, Life Action Trust, The Principal Friends of the Philharmonia, Reuters, The Conde Nast Publications Limited, ICAP plc, The Marit and Hans Rausing Charitable Foundation, PricewaterhouseCoopers, IBM UK Limited, Total, Sir Sydney Lipworth, The Zvi & Ofra Meitar Family Ltd, Deloitte, Bedfordia Group plc, Julius Baer International Limited, The Royal Philharmonic Society, Banc of America Securities, The Revd and Mrs John Wates, Countess Yoko Ceschina, Mrs Shimona Cowan, Mr G Modiano, The Milton Grundy Foundation, Sheila Cross, Lady Vaizey, Anthony & Helen Spiro, The Ury Trust, Lisa & Gerald Fairtlough, FF&P, The Dowager Viscountess Rothermere, the Amaryllis Fleming Foundation, the Garfield Weston Foundation, Mr & Mrs Charles Hale, Pemberton Greenish and Classic FM. We are also pleased to acknowledge grants from the Wates Foundation and also the Bridge House Estates Trust Fund for support in our Community and Education work.

The Philharmonia Orchestra is currently renegotiating the lease on its offices in High Holborn and anticipates being able to stay there for the near future. However, it is unlikely that any new lease negotiated by the Orchestra to stay in its current premises will be on its current favourable rates. Provision has been made in the 2005/06 budget for an increase in rent. The Orchestra will continue to investigate alternative premises to ensure that its overheads remain as low as possible.

LOOKING AHEAD

Subsidy

Parity of subsidy amongst the major 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. The current disparity of subsidy between the London Symphony Orchestra and the Philharmonia is reflected in the commercial advantage the LSO enjoys in these areas already. In addition it has also enabled the LSO to reduce its ticket prices to substantially below those of the Philharmonia Orchestra. Any change in the present relative level of subsidy in London would exacerbate this position, and in the short term destabilise the Orchestra. The economy of London orchestras remains very fragile and must not be changed without a full understanding of the elements of its constituent parts, and the effect that any change would have on their financial situation.

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

ACTIVITIES AND REVIEW OF THE BUSINESS (*continued*)

South Bank Centre (SBC)

The Royal Festival Hall will be closed between June 2005 and January 2007 for a major refurbishment programme. The Philharmonia is looking forward to performing in a better acoustic and this, together with a more attractive environment, should enable the Orchestra to maximise box office income from September 2007 onwards. During Closure, the Orchestra will relocate its London subscription season to the Queen Elizabeth Hall. Financial losses anticipated during Closure due to a reduction in box office income and sponsorship amount to approximately £1.5 million. Steps are being taken to reduce this and the Philharmonia is most grateful to its sponsors, benefactors and general supporters who have offered to continue their support during the closure period. Arts Council England has refused to offer additional support to compensate for the losses arising from Closure.

DESIGNATED FUNDS AND OTHER FUNDS

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

RESERVES AND INVESTMENT POLICY

Upon receipt of the full amount of debt mitigation the Philharmonia Orchestra should be in a position to begin building reserves and is in the process of defining a reserves policy. It is noted that the Stabilisation Unit and Arts Council England/London Arts require The Orchestra to have sufficient reserves in order to protect its position in the future.

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

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

PHILHARMONIA INCOME AND EXPENDITURE ACCOUNT

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

THE MARTIN MUSICAL SCHOLARSHIP FUND

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

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

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.

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

MEMBERS OF THE COUNCIL

The Members named on page 1 served throughout the year except where indicated. Susan Salter, Debbie Preece and Mary Whittle retired by rotation under Article 49 of the Articles of Association and Debbie Preece and Mary Whittle offered themselves for re-election. Mary Whittle, Michael Hurwitz and Neil Tarlton were elected.

RISK MANAGEMENT

The Council of Management is responsible for the management of the risks faced by the company. 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 will remain 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.

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 Sales Level Agreement for the two parties.

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. All action possible is taken by the management of the Orchestra to ensure that parity is maintained, including regular discussion with Arts Council England.

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

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 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.

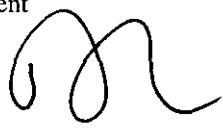


This report was approved by the Council of Management on 18 NOVEMBER 2004

KEITH BRAGG

MARK DAVID

DAVID WHELTON

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

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

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

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

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

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

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

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

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

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

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

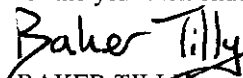
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2004 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

18 November 2004

Philharmonia Limited (Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an Income and Expenditure Account)

For the year ended 31 March 2004

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2004 £	Total 2003 £
Income and Expenditure						
Incoming Resources						
Donations and gifts	2	635,880	378,774	-	1,014,654	1,085,583
Activities in furtherance of the charity's objects						
Grants	3	1,572,362	254,151	-	1,826,513	1,814,965
Sponsorship		-	277,175	-	277,175	427,465
Income from concerts	1	4,153,389	37,632	-	4,191,021	4,545,191
Other income		220,391	104,500	-	324,891	102,328
Investment income	9	15,998	12,426	-	28,424	15,188
Total Incoming Resources		6,598,020	1,064,658	-	7,662,678	7,990,720
Resources Expended						
Support costs	4	556,582	35,432	-	592,014	392,991
Costs of generating funds	5	5,113,432	975,521	-	6,088,953	6,562,078
Grants payable	6	-	61,375	-	61,375	67,800
Management and administration	7	903,663	-	-	903,663	701,597
Total Resources Expended		6,573,677	1,072,328	-	7,646,005	7,724,466
Net incoming/(outgoing) resources	8	24,343	(7,670)	-	16,673	266,254
Other recognised gains and losses:						
Gain/(loss) on revaluation of investments	14	-	-	1,879	1,879	(19,411)
		24,343	(7,670)	1,879	18,552	246,843
Transfer between funds		(27,946)	27,946	-	-	-
Net movement in funds		(3,603)	20,276	1,879	18,552	246,843
Balances as at 1 April		(607,284)	7,732	171,023	(428,529)	(675,372)
Balances as at 31 March	21	(610,887)	28,008	172,902	(409,977)	(428,529)

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 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	13	250,363	304,755
Investments	14	199,533	187,759
		<u>449,896</u>	<u>492,514</u>
CURRENT ASSETS			
Debtors	15	1,029,081	1,550,331
Cash at bank and in hand		216,848	179,116
		<u>1,245,929</u>	<u>1,729,447</u>
CREDITORS: Amounts falling due within one year	16	(2,105,802)	(2,650,490)
NET CURRENT LIABILITIES		<u>(859,873)</u>	<u>(921,043)</u>
TOTAL LIABILITIES		<u>(409,977)</u>	<u>(428,529)</u>
RESTRICTED FUNDS	21	28,008	7,732
ENDOWMENT FUNDS	21	172,902	171,023
UNRESTRICTED FUNDS	21	(610,887)	(607,284)
	21	<u>(409,977)</u>	<u>(428,529)</u>

Approved by the Council of Management on

18 NOVEMBER 2004

KEITH BRAGG

MARK DAVID

DAVID WHELTON

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) Members of
) Council of
) Management

Philharmonia Limited (Limited by Guarantee)

CASH FLOW STATEMENT (including branches)

for the year ended 31 March 2004

	<i>Notes</i>	2004 £	2003 £
Cash flow from operating activities	24a	64,127	(44,175)
Capital expenditure and servicing of finance	24b	(26,395)	(132,503)
INCREASE/(DECREASE) IN CASH IN THE PERIOD		<u>37,732</u>	<u>(176,678)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		2004 £	2003 £
Increase/(decrease) in cash in the period		37,732	(176,678)
NET FUNDS AT 1 APRIL 2003	24	179,116	355,794
NET FUNDS AT 31 MARCH 2004		<u>216,848</u>	<u>179,116</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.

In addition, overdraft facilities in line with the company's projected cash flow requirements have been negotiated with the company's bankers for the period to 30 September 2004.

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.

In view of this and of the continuing support of the Arts Council England, the going concern basis 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.

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 £3,500 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 2004

1 INCOME FROM CONCERTS

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

	2004 £	2003 £
United Kingdom	3,081,038	3,030,601
Europe	504,261	1,172,864
Rest of the World	605,722	341,726
	<u>4,191,021</u>	<u>4,545,191</u>

2 DONATIONS AND GIFTS

	Unrestricted £	Restricted £	2004 Total £	2003 Total £
Charitable foundations	261,533	185,371	446,904	343,926
Other donations	374,347	193,403	567,750	741,657
	<u>635,880</u>	<u>378,774</u>	<u>1,014,654</u>	<u>1,085,583</u>

3 GRANTS

	Unrestricted £	Restricted £	2004 Total £	2003 Total £
Arts Council England	1,487,362	131,000	1,618,362	1,590,600
Other	85,000	123,151	208,151	224,365
	<u>1,572,362</u>	<u>254,151</u>	<u>1,826,513</u>	<u>1,814,965</u>

4 SUPPORT COSTS

	Unrestricted £	Restricted £	2004 Total £	2003 Total £
Public Relations	115,507	-	115,507	4,543
Advertising and Publicity	22,251	17,704	39,955	30,305
Fundraising Event costs	105,772	17,728	123,500	106,934
Employment costs	280,900	-	280,900	212,215
Other expenses	32,152	-	32,152	38,994
	<u>556,582</u>	<u>35,432</u>	<u>592,014</u>	<u>392,991</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

5	COST OF GENERATING FUNDS	Unrestricted £	Restricted £	2004 Total £	2003 Total £
	Concert and relay fees	3,600,062	576,105	4,176,167	4,493,301
	Travel, subsistence and transport of instruments	595,382	70,535	665,917	791,430
	Music and instrument hire	86,663	9,285	95,948	80,514
	Hall hire and box office commission	382,042	18,257	400,299	391,759
	Subs and programme expenses	191,556	-	191,556	215,806
	Other expenses	257,727	301,339	559,066	589,268
		<u>5,113,432</u>	<u>975,521</u>	<u>6,088,953</u>	<u>6,562,078</u>

6 GRANTS PAYABLE

The total number of grants awarded were 66 to individuals and none to institutions. The amount payable in the year comprises:

Name	Instrument	2004 £	2003 £
Andra Arnican	Viola	500	-
Lucy Baker +	Violin	600	600
Simon Baker	Tenor Trombone	1,000	-
Alison Balsam +	<i>KPMG Award</i> Trumpet	-	1,000
Angela Barnes	Horn	-	1,000
James Barrelet	Cello	-	1,000
Batteri Percussion Ensemble	<i>Total Out Reach Award</i> Ensemble	-	3,000
Sarah Beaty	<i>June Allison Award + recital</i> Clarinet	1,000	-
Cara Berridge	Cello	-	1,000
Ana-Lisa Bezrodny	<i>Sidney Perry Award</i> Violin	1,000	-
Amir Bisengaliev	<i>Sidney Perry Award</i> Violin	1,000	800
Irina Botan	Violin	-	1,000
Bozza Trio	<i>Total Out Reach Award</i> Ensemble	-	3,000
Tiberiu Buta +	<i>John E Mortimer Award</i> Violin	-	1,000
Evelyn Chang	Piano	-	650
Eulalie Charland	<i>Sidney Perry Award</i> Violin	-	1,000
Jennifer Christie	<i>Sidney Perry Award</i> Viola	-	1,000
Elizabeth Cooney	<i>Sidney Perry Award</i> Violin	1,000	-
Ruth Davies	Tenor Trombone	-	1,000
Natalie Dick	Violin	-	1,000
Drogan Djordjevic	Cello	-	1,000
Holly Fawcett	Oboe	-	800
Mei-Yi Foo +	<i>Sidney Perry Award</i> Piano	1,000	1,000
Tanya Gabrielian	<i>John E Mortimer Award</i> Piano	1,000	-
Nikolay Ginov	Cello	500	-
Ying Lai Green	Double Bass	850	-
Gerald Gregory +	<i>Sidney Perry Award</i> Violin	800	1,000
Marie Gustafsson	Piano	-	1,000
Carried forward		<u>10,250</u>	<u>22,850</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

Name		Instrument	2004 £	2003 £
Brought forward			10,250	22,850
Verity Gunning		Oboe	1,000	-
Soojin Han		Violin	800	1,000
Emma Hancock		Violin	800	800
Rachel Helleur		Cello	1,000	-
Simon Hewitt-Jones		Violin	800	-
Emily Hullmark	<i>John E Mortimer Award</i>	Bassoon	1,000	-
Alina Ibragimova +	<i>LDF Casbolt Award</i>	Violin	-	1,000
Phillipa Jeffrey	<i>Paul Conway Award</i>	Violin	-	500
Dominic John		Piano	-	1,000
Lorna John		Oboe	800	1,000
Rebecca Jones +	<i>Trevor Snoch Award</i>	Viola	-	500
Tatevik Khachatryan		Violin	-	1,000
I Kiwuwa		Piano	1,000	-
Inese Klotina		Piano	1,000	-
Tatiana Kozhevato +		Violin	1,000	1,000
John E Mortimer Award + RFH recital				
Bartholomew Lafollete	<i>John E Mortimer Award</i>	Cello	1,000	-
Katie Lockhart	<i>Sidney Perry Award</i>	Clarinet	1,000	-
Matthew Lowe +		Cello	-	800
Timothy Lowe		Cello	800	600
Lu Lu		Violin	-	1,000
Adam Mackenzie	<i>Friends Award + recital</i>	Bassoon	1,000	-
Burak Marlali		Double Bass	1,000	1,000
Arun Meron	<i>Trevor Snoch Memorial Award</i>	Viola	500	-
Anila Milaj		Violin	-	800
John Mills	<i>John E Mortimer Award</i>	Violin	-	1,000
Anna Mowat		Cello	-	1,000
Dimitri Murrath +	<i>John E Mortimer Award</i>	Viola	1,000	1,000
Desmond Neysmith +	<i>John E Mortimer Award</i>	Cello	-	1,000
Yumi Nomoto	<i>Special category</i>	Piano	-	1,000
Maggie O'Herlihy +	<i>John E Mortimer Award</i>	Piano	1,000	1,000
Evgeny Osokin		Cello	1,000	-
Meng-Yang Peng	<i>John E Mortimer Award</i>	Piano	1,000	-
Una Palliser	<i>John E Mortimer Award</i>	Viola	1,000	-
Ruth Palmer	<i>Emanuel Hurwitz Award + RFH recital</i>	Violin	500	-
Jennifer Pike		Violin	1,145	1,500
	<i>Special category + E Hurwitz Award</i>			
John Pitts	<i>Composers Award</i>		5,000	-
Tom Poster	<i>Sidney Perry Award</i>	Piano	1,000	1,000
Kristina Puspure +	<i>John E Mortimer Award</i>	Violin	-	1,000
Maya Rasooly	<i>John E Mortimer Award</i>	Viola	1,000	-
Alex Redington +		Violin	-	800
Sam Roskams		Cello	350	-
Ruth Rogers +		Violin	250	750
Dominika-Anna Rosiek +	<i>Sidney Perry Award</i>	Violin	1,000	1,000
Benjamin Roskarns +		Violin	800	800
Claire Rowe		Cello	-	1,000
Alastair Rycroft		Horn	1,000	-
Carried forward			41,795	49,700

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

Name	Instrument	2004 £	2003 £
Brought forward		41,795	49,700
Helena Smart	Violin	1,000	500
Mariya Sotirova	Viola	1,000	-
Martin Sturfalt	Piano	1,000	-
Kim So-Ock +	Violin	-	1,000
Yergeny Sudbin	Piano	800	800
Sergei Suvorov	<i>Special Category</i> Cello	1,000	1,000
Hiroaki Takenouchi	<i>John E Mortimer Award</i> Piano	800	1,000
Elsbeth Taylor	Horn	-	1,000
The Thorne Trio	<i>Outreach Award</i>	5,000	-
Alexandra Thorneloe	Bassoon	-	1,000
Janine Thorpe	<i>Sidney Perry Award</i> Violin	1,000	1,000
Dmitri Torchinsky +	Violin	600	800
Massimo di Triolio	Clarinet	500	-
Nicholas Trygstad	Cello	1,000	1,000
Marga Alexander Memorial Award			
Gareth Twigg	Bassoon	-	1,000
Lisa Vergese	<i>Sidney Perry Award</i> Oboe	1,000	-
Eric Wang	Violin	800	-
Graham Walker	Cello	-	1,000
Ying-Jun Wei +	<i>Special Category</i> Cello	-	1,000
Lydia Westcombe-Evans +	<i>Sidney Perry Award</i> Violin	1,000	1,000
Lucy Whitehead	Bassoon	1,000	-
Adrian Wilson	Oboe	1,000	1,000
Sarah Wolstenholme	Viola	-	800
Alexandra Wood	Violin	-	800
Nicholas Wright +	Violin	-	600
Qian Wu +	<i>Includes John Wates Award of £1,000</i> Piano	1,450	1,000
Qian Wu	<i>Includes Reginald Conway Award of £450</i> Violin	1,200	800
Yi Yang	Violin		1,000
less: Grants not claimed		(1,570)	-
TOTAL		<u>61,375</u>	<u>67,800</u>

+ Previous award winner

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

7	MANAGEMENT AND ADMINISTRATION	Unrestricted £	Restricted £	2004 Total £	2003 Total £
	Employment costs	464,885	-	464,885	443,313
	Travel, subsistence and entertaining	78,250	-	78,250	62,083
	Occupation and office costs	125,947	-	125,947	121,035
	Professional fees	149,521	-	149,521	46,072
	Bank interest and charges	12,836	-	12,836	9,815
	Other expenses	72,224	-	72,224	19,279
		<u>903,663</u>	<u>-</u>	<u>903,663</u>	<u>701,597</u>
8	NET INCOMING RESOURCES FOR THE YEAR			2004 £	2003 £
	Net incoming resources for the year are stated after charging:				
	Auditors' remuneration			12,235	10,750
	Operating lease rentals			32,335	21,358
9	INVESTMENT INCOME AND INTEREST RECEIVABLE			2004 £	2003 £
	Investment income			9,895	10,576
	Interest receivable			18,529	4,612
				<u>28,424</u>	<u>15,188</u>
10	INTEREST PAYABLE			2004 £	2003 £
	Bank interest payable			810	1,090
11	EMPLOYEES			2004 No.	2003 No.
	The average monthly number of persons (excluding Council of Management) employed by the company during the year was:				
	Office and management			24	22
	Transport			2	1
				<u>26</u>	<u>23</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

11	EMPLOYEES (<i>continued</i>)	2004 £	2003 £
	Staff costs for the above persons (including transport department costs):		
	Wages and salaries	738,143	592,884
	Social security costs	77,471	62,373
	Other pension costs	37,993	32,209
		<u>853,607</u>	<u>687,466</u>
	Council of Management Emoluments		
	Honorarium	10,150	10,000
	Remuneration for services as a director	123,318	122,400
		<u>133,468</u>	<u>132,400</u>
	The Council of Management emoluments disclosed above (excluding pension contributions) includes amounts paid to:		
	The highest paid member of Council	123,318	122,400
	No other members of Council received emoluments.		
		2004 No	2003 No
	Members of Council received reimbursement of expenses of £50 (2003: £714).		
	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.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

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 2003	66,735	286,712	204,242	94,571	652,260
	Additions	715	1,485	14,300	-	16,500
	Disposal	-	-	-	-	-
	31 March 2004	67,450	288,197	218,542	94,571	668,760
	Depreciation					
	1 April 2003	46,178	134,913	144,348	22,066	347,505
	Charged in the year	10,189	12,232	32,289	16,182	70,892
	Disposal	-	-	-	-	-
	31 March 2004	56,367	147,145	176,637	38,248	418,397
	Net book value					
	31 March 2004	11,083	141,052	41,905	56,323	250,363
	31 March 2003	20,557	151,799	59,894	72,505	304,755

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

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

The Council of Management believes that the musical instruments have not materially changed in value as at 31 March 2004.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

14	FIXED ASSET INVESTMENTS	2004 £	2003 £
	QUOTED INVESTMENTS		
	COST		
	Norwich Union PPT Monthly Income Plus Portfolio	18,682	18,682
	Threadneedle UK Corporate Bond	20,000	20,000
	Aberdeen Unit Trust Managers Ltd Fixed Interest Fund	18,439	18,439
	Aberdeen Unit Trust Managers Ltd Gilt Income	18,655	18,655
	Aberdeen Unit Trust Managers Ltd Sterling Bond	18,804	18,804
	Britannic Gilt & Fixed Interest	18,837	18,837
	Britannic High Income Fund	18,583	18,583
	Exeter Fund Managers Ltd Fixed Interest	18,635	18,635
	Schroders Gilt and Fixed Interest	18,802	18,802
		<u>169,437</u>	<u>169,437</u>
	OTHER INVESTMENTS		
	Christopher Warren Green Violin Trust (1.442% holding)	5,000	5,000
		<u>174,437</u>	<u>174,437</u>
	Middle Market Value	<u>199,533</u>	<u>187,759</u>
		2004 £	2003 £
	1 April 2003	187,759	209,467
	Additions	9,895	10,576
	Disposals	-	(12,873)
	Surplus/(deficit) on revaluation	1,879	(19,411)
	31 March 2004	<u>199,533</u>	<u>187,759</u>
15	DEBTORS	2004 £	2003 £
	Due within one year:		
	Trade debtors	455,758	661,474
	Other debtors	105,501	79,196
	Prepayments and accrued income	395,536	700,704
	Amounts owed by Philharmonia Trust Limited	17,338	17,338
		<u>974,133</u>	<u>1,458,712</u>
	Due after more than one year:		
	Trade debtors	54,948	91,619
		<u>1,029,081</u>	<u>1,550,331</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

16	CREDITORS: Amounts falling due within one year	2004 £	2003 £
	Loan	76,000	76,000
	Trade creditors	591,770	836,780
	Other creditors	369,054	597,480
	Philharmonia Trust Limited	135,000	200,000
	Other taxation and social security costs	127,884	134,651
	Accruals	383,094	357,850
	Deferred income	423,001	447,729
		<u>2,105,802</u>	<u>2,650,490</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.

	2004 £	2003 £
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 88 members at 31 March 2004 (2003: 85).

18 THE PHILHARMONIA TRUST LIMITED

The Philharmonia Trust Limited which exists with the object of supporting Philharmonia Limited had unrestricted trust funds of £611,516 at 31 March 2004 (2003: £252,271) which can be utilised to support the orchestra if required.

The Philharmonia Trust Limited forgave £100,000 of the amount due by Philharmonia Limited as at 31 March 2004 (2003: £150,000), and this amount has been credited to the Income and Expenditure Account.

19	LEASE COMMITMENTS	2004 £	2003 £
	Land and buildings:		
	Annual commitments under operating leases expiring:		
	In one year		
	Land and buildings	-	22,616
	In two to five years		
	Motor vehicles	9,534	-
		<u>9,534</u>	<u>22,616</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

20 RELATED PARTY TRANSACTIONS

Vincent Meyer, President of the Orchestra made a donation of £135,000 (2003: £100,000) towards projects conducted by Christoph von Dohnanyi.

The Meyer Foundation, of which Vincent Meyer is a trustee, made a donation of \$129,000 (2003: \$129,615) towards general music costs of the Orchestra.

During the year the Philharmonia Trust Limited forgave £100,000 (2003: £150,000) of the debt owed by Philharmonia Limited. At the year end Philharmonia Limited owed the Philharmonia Trust £100,000 (2003: £200,000).

John Wates, Trustee of the Philharmonia Trust Limited and a member of the Council of Management, donated £20,000 to the orchestra (2003: £17,000).

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

21 FUNDS	Balance at 1 April 2003 £	Incoming £	Outgoing £	Transfers £	Recognised gains and losses £	Balance at 31 March 2004 £
RESTRICTED FUNDS						
Philharmonia Income and Expenditure	-	926,801	(954,747)	27,946	-	-
Friends of the Philharmonia Income and Expenditure Account	2,385	62,994	(52,931)	-	-	12,448
Martin Musical Scholarship Fund	5,347	74,863	(64,650)	-	-	15,560
ENDOWMENT FUNDS						
Martin Musical Scholarship Fund	171,023	-	-	-	1,879	172,902
UNRESTRICTED FUNDS						
Martin Musical Scholarship Fund	39,954	12,823	(21,438)	-	-	31,339
Friends of the Philharmonia Income and Expenditure Account	(14,805)	-	-	-	-	(14,805)
Philharmonia Income and Expenditure Account	(740,667)	6,585,197	(6,552,239)	(25,847)	-	(733,556)
Revaluation Reserve	108,234	-	-	(2,099)	-	106,135
	<u>(428,529)</u>	<u>7,662,678</u>	<u>(7,646,005)</u>	<u>-</u>	<u>1,879</u>	<u>(409,977)</u>

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

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

Endowment Funds

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

The transfer of £27,946 from unrestricted to restricted funds represents the deficits on projects financed by specific funding.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

22 CONTINGENT LIABILITIES

At 31 March 2004 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 £	Grant Fund £	Friends of the Philharmonia Fund £	Endowment Fund £	Total £
Tangible fixed assets	250,363	-	-	-	250,363
Fixed asset investments	8,640	17,991	-	172,902	199,533
Cash at bank	203,401	999	12,448	-	216,848
Debtors	1,029,081	-	-	-	1,029,081
Creditors	(2,102,372)	(3,430)	-	-	(2,105,802)
	<u>(610,887)</u>	<u>15,560</u>	<u>12,448</u>	<u>172,902</u>	<u>(409,977)</u>

24 CASH FLOWS

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

	2004 £	2003 £
Net incoming resources before revaluations	16,673	266,254
Depreciation	70,892	64,452
Loss on sale of fixed assets	-	382
Loss on sale of investments	-	19,563
Decrease/(increase) in debtors	521,250	(355,934)
Increase in creditors	(544,688)	(38,892)
Net cash flow from operating activities	<u>64,127</u>	<u>(44,175)</u>

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

Capital expenditure and financial investment

	2004 £	2003 £
Purchase of tangible fixed assets	(16,500)	(154,363)
Purchase of investments	(9,895)	(10,576)
Sale of investments	-	32,436
Net cash outflow from capital expenditure and financial investment	<u>(26,395)</u>	<u>(132,503)</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

24	CASH FLOWS (<i>continued</i>)	At 1 April 2003 £	Cash flow £	At 31 March 2004 £
c	Analysis of net debt			
	Cash in hand, at bank	179,118	37,732	216,850