

philharmonia orchestra

Philharmonia Limited
(Limited by Guarantee)

FINANCIAL STATEMENTS

For the year ended
31 March 2011



Company Registration No 799297
Charity Registration No 250277

Philharmonia Limited (Limited by Guarantee)

Index

	Page
Council of Management and Officers	2
Report of the Council of Management	3
Council of Management's responsibilities	9
Auditor's report	10
Statement of financial activities	11
Balance sheet	12
Cash flow statement	13
Accounting policies	14
Notes to the financial statements	17

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management

The Trustees present their report together with the financial statements of Philharmonia Limited ("the Company") for the year ended 31 March 2011

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Registration number 250277

Company Registration number 799297

Registered office Sixth Floor, The Tower Building
11 York Road
London
SE1 7NX

Auditor Baker Tilly UK Audit LLP
Chartered Accountants and Statutory Auditor
46 Clarendon Road
Watford
WD17 1JJ

Bankers NatWest Bank
125 Great Portland Street
London
W1A 1GA

Legal advisers Best & Soames
Clerkenwell Workshops
31 Clerkenwell Close
London
EC1R 0AT

Directors and Trustees

The directors of the charitable company are its trustees for the purpose of charity law. Throughout this report they are collectively referred to as the Council of Management.

The Council of Management members serving during the year and since the year end were as follows

President (non-player)	• Vincent Meyer
Chairman (player member)	• Alistair Mackie
Deputy Chair (player member)	• Simon Oliver
Managing Director (non-player)	• David Whelton
Other player members	Nicholas Bootiman (appointed 30 June 2011) Rebecca Chambers Imogen East (appointed 3 December 2010) Christian Jones (resigned 3 December 2010) Justin Jones • Gideon Robinson • Clare Thompson Mark van de Wiel
Other non-player members	- Daniel Salem (resigned 31 March 2011) David Snowden • Revd John Wates
Secretary	Charles Tait

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Philharmonia Limited is a charitable company limited by guarantee, governed by its Memorandum of Association as amended by Special Resolutions on 8 February 1989 and 12 December 2007 and its Articles of Association as amended by Special Resolutions on 10 April 1964 and 12 December 2007. It is registered as a charity with the Charity Commission. As at 31 March 2011 there were 84 members (2010 78).

Appointment of the Council of Management

The Council of Management comprises eight playing members of the Orchestra, plus four non-playing members.

The members of the Council of Management are appointed by the members of the company. A vote is conducted at each Annual General Meeting 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 four non-playing members of the Council of Management are co-opted at each Annual General Meeting. The Council of Management sets and reviews orchestral policy, financial policy and strategy. It reviews agreements with Arts Council England and other major funders. The Council of Management makes major decisions, including the appointment of titled conductors, the Managing Director and orchestral members. The Council of Management approves the financial budgets and accounts and appoints the auditor. It receives and monitors reports from the Orchestra Committee and Finance Committee, and regularly reviews the skills available on the Finance Committee. To facilitate effective operations, the Managing Director has delegated authority, within terms of delegation approved by the Council of Management, for operational matters including finance, employment and artistic performance-related activity.

Induction and training of the Council of Management

New members of the Council of Management receive a formal induction session from the Chairman, the Managing Director, key employees and other members of the Council, within the terms defined by the Governance Review in 2001-02. Ongoing training is provided as required.

Organisation

The Council of Management is supported by two sub-committees, the Orchestra Committee and the Finance Committee. The Orchestra Committee consists of eight player members and the Managing Director and is chaired by the Chairman of the Council of Management. The Orchestra Committee meets approximately every two weeks and is responsible for day to day orchestra matters, in particular personnel issues. It reports to the Council of Management on the management of orchestral and musical issues generally. It deals with orchestra issues arising in accordance with policy guidelines provided by the Council of Management. The Finance Committee consists of six non player members and two player members, the Chairman and Deputy Chair of the Council of Management, and is chaired by a non player. It meets four times a year prior to the Council of Management. Reporting to the Council of Management it proposes financial budgets, reviews financial performance against budgets and deals with financial issues arising in accordance with policy guidelines provided by the Council of Management. It sets guidelines for players' fees increases.

Related parties

The company has a related party relationship with Philharmonia Trust Limited, which shares some of the Trustees of Philharmonia Limited. During the financial year donations were received from non-playing Trustees. Payments were made to all playing Trustees in respect of the work they have done with the Orchestra, to the Chairman and Deputy Chairman for their roles as Chairs of the Orchestra, and a salary was paid to the Managing Director, who is also a Trustee, in respect of his employment with the Orchestra. No payments were made to non-playing members of the Finance Committee or Trustees.

Risk management

The Council of Management has delegated to the Finance Committee the responsibility for identifying the major risks to which the company is exposed, and reporting their findings to the Council. The risk management strategy set up by the Finance Committee comprises a rolling review of the risks facing the company, such that all risks are considered on an annual cycle, the establishment of systems and procedures to mitigate those risks identified in the plan, and the implementation of procedures designed

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management

to minimise any potential impact on the company should those risks materialise. Particular attention has focused on the effects of the recession on our sources of income, including public subsidy and fundraising income, the relationship with the Southbank Centre, complying with Arts Council England's grant requirements, and diversifying sources of income.

OBJECTIVES AND ACTIVITIES

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

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

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

The strategies employed to achieve the company's objectives are:

- To maintain, improve and secure the quality and status of the playing ensemble, through the quality of artistic opportunity and the quality and quantity of the Orchestra's schedule.
- To develop the Orchestra's role as an originator and producer of new work, through commissioning and collaboration across art forms.
- To develop, promote and market its live performing programme in London, its residencies, throughout the UK and internationally.
- To expand its role as a pioneer, leader and creative innovator in the use of digital technologies in reaching the widest possible international audiences.
- To nurture interest in, and knowledge of, orchestral music through education, audience development, digital activity and recordings.
- To commit to knowledge and experience sharing with other arts organisations at a strategic level, notably in the fields of digital development, philanthropy, marketing and programme planning.

PUBLIC BENEFIT

When reviewing the charitable company's objectives and activities and devising the future programme of the charitable company for the next year, the Council of Management confirms that it has referred to the Charity Commission's general guidance on public benefit and complied with its duty under the Charities Act 2006.

The company's aims and objectives stated above are directed at the public at large: the Orchestra's concert goers throughout the UK and abroad, visitors to its website, those who listen to its recordings, and those who attend its various education events.

The Orchestra's own promotion concerts at the Royal Festival Hall are open to the public without restriction, additionally 18% of tickets are available at the subsidised price of £8 and discounts are available for disabled concert goers and those on income support. The Orchestra's Music of Today series is presented with free entry. The Orchestra also performs throughout the UK in public venues which have similarly inclusive policies.

Additionally the Orchestra aims to increase the numbers and diversity of its audiences and participants through its world leading new media programme, available free through its website.

The Orchestra will also benefit future generations through its education programmes, through its recordings, and through its passing down of the skill of high level orchestral performance.

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management

ACHIEVEMENTS AND PERFORMANCE

The Orchestra enjoyed another rich season of widely acclaimed performances in London, in front of large audiences at the Royal Festival Hall. As ever the Orchestra's challenge is to attract music lovers to diverse and challenging programmes of music throughout the year. Attendance was 79,998, an average of 75%. Its residencies in Bedford and Leicester and other UK dates added a further estimated 80,000 people attending Philharmonia performances. This puts the Philharmonia amongst the most popular orchestras in Great Britain. The Orchestra recognises the importance of the support that Classic FM gives to it as "The Classic FM Orchestra on Tour", this enhances public awareness of the Orchestra and ensures that even more members of the public can benefit from its work.

2010/11 saw the third season with Esa-Pekka Salonen as Principal Conductor of the Philharmonia Orchestra. Salonen's relationship with the Orchestra continues to attract universal critical acclaim and is presenting the Orchestra with the opportunity to bring new and more diverse audiences into concerts, projects and digital activities, thus widening its public reach. Salonen opened the 10/11 season with semi-staged performances of Wagner's *Tristan und Isolde*, featuring film projections by Bill Viola and a stellar cast, in London, Birmingham, Lucerne and Dortmund. 10/11 also saw the start of Salonen's project, *Infernal Dance*. Inside the world of Bela Bartok, which, in addition to London performances, is being toured to nine UK and European cities.

Christoph von Dohnányi, the Orchestra's Honorary Conductor for Life, also featured in the year's concerts, conducting a complete Schumann Symphony cycle. After the year end, in spring 2011, Lorin Maazel conducted a complete Mahler Symphony cycle which toured extensively around Europe as well as touring with the Orchestra around the UK and overseas. Two notable conducting debuts with the Orchestra took place in the year: Susanna Malkki and Jakub Hrusa.

The Orchestra was involved in two concerts with film screenings in the year. A screening of Karl Grune's 1928 epic *Waterloo* in April launched an annual film event, which continued with the 1925 *Phantom Of The Opera* in March. The initiative allows us to target new audience groups through the BFI/independent cinemas, and peer-to-peer through specialist social networks. In November 2010, in the start of an annual collaboration, John Wilson presented his newly-reconstructed version of *Singin' in the Rain* to a capacity audience. This was part of the Philharmonia's Sunday Matinee series, which is developing as a valuable way-in to the Orchestra's work for families, groups and older patrons.

The Philharmonia's Music of Today Series has continued to achieve national recognition for its imaginative series of concerts. In 2010/11 the series championed less familiar composers (Christopher Trapani, Richard Causton) alongside the established (Colin Matthews, H K Gruber). 2010/11 is Julian Anderson's final Season as Artistic Director, his successor is Unsuk Chin, whose appointment was announced by Salonen in September.

The residencies in Bedford and Leicester continued strongly despite reductions in local Council funding. Nine concerts were given in each venue, and in addition a wide ranging education programme. In the course of the year, negotiations were successfully concluded to maintain both residencies at a slightly reduced level, reflecting the reduction in funding to local authorities. The presence of some of the world's finest conductors and soloists continues to make a significant impact on audiences.

The Philharmonia Orchestra gave an extensive series of 116 concerts throughout the UK in the 2010/11 financial year and was rewarded with large and enthusiastic audiences. Highlights outside London include Esa-Pekka Salonen conducting in Leeds and Cardiff, a sell-out concert at the Anvil Basingstoke with Ashkenazy as conductor, to celebrate the 10th anniversary of the residency there, an extensive Summer Festivals tour, a world premiere of Stanley Kubrick's *2001: A Space Odyssey*, and continued relationships with major metropolitan halls including St David's Hall Cardiff, Symphony Hall Birmingham, Colston Hall Bristol, and Leeds Town Hall, whilst maintaining our commitment to serve the UK's smaller towns/venues, including Cheltenham and Cambridge. In addition the Orchestra prepared for its new residency in The Marlowe Theatre Canterbury, and is pleased to announce a new three-year partnership residency at the Three Choirs Festival (2012 to 2014).

The Orchestra continues to place great emphasis on the contribution that overseas tours make to its profile and artistic life. In this year, the Orchestra performed 32 concerts outside the UK, mainly within Europe, but also touring to China, South Korea and Japan. It is difficult to calculate accurately the

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management

capacity and sales in each concert overseas, but it is likely that over 50,000 people attended non-UK concerts

2010/11 was another successful year for the Education department. Existing relationships continued to thrive, and new work was undertaken in residency areas and beyond. The department has also been reviewing its priorities, developing significant new projects for 2011/12, and considering strategy beyond then. In particular the Orchestra was involved with Year 2 (of 3) of its All About Roots programme with Lambeth primary schools, and Fusion *Hear and Now*, an intergenerational project led by the Philharmonia with Orchestras Live.

The Orchestra also manages the Martin Musical Scholarship Fund and made grants totalling £63,450 to 69 scholarship winners. Some of these winners were featured in Southbank Centre concerts.

The Orchestra's Digital department enjoyed an active year, with much of its work being available through the Orchestra's websites, which received 225,000 unique visitors during the year. RE-RITE won the significant accolade of two Royal Philharmonic Society awards in May 2010. It toured to Leicester in April 2010, and also to Lisbon in January 2011. Through the Orchestra's subsidiary company, Rite Digital Limited, it is intended that RE-RITE, and other projects developed by the Digital department, will be exploited around the world, contributing financially to the Orchestra's core budgets, as well as sharing digital expertise/resources with other arts organisations. The Orchestra is delighted that the David and Elaine Potter Foundation has agreed to fund this new venture for its first two years. Two other major digital projects being developed during the year were contributing to the semi-staged performance of Bartok Duke Bluebeard's Castle in November 2011, and The Universe of Sound, a new installation at the Science Museum planned for May 2012.

The Orchestra's relationship with the Southbank Centre remains one of the crucial factors to its success. The new partnership agreement, signed in February 2010 was very welcome news, however significant operational problems are still arising and the Orchestra continues to work on improving the relationship and the effectiveness of the Royal Festival Hall on concert days. It is acknowledged by both parties that the agreement is a "living document" which should be periodically reviewed and updated.

The Orchestra is still very dependent on funding from Arts Council England. In the course of the year, the Orchestra successfully bid for an extension of its Arts Council core funding, up to and including the 2014/15 financial year. However, the annual grant awarded over the period is based on a 7% reduction in actual terms against that for the 2010/11 financial year, and this will affect the level of the Orchestra's activity in the Royal Festival Hall. It will also increase its dependency on fundraising and sponsorship, making it even more vulnerable to the effects of the current problems in the UK and world economies. The Council of Management is fully aware of the potential impact on such income streams, as well as on ticket sales.

Although these cuts make financial stability more difficult to achieve, the certainty in the level of support is very welcome as it allows the Orchestra to plan several years ahead with confidence, and to approach fundraising with a positive endorsement from the Arts Council.

FINANCIAL REVIEW

Review of the financial year

The year end saw a consolidated deficit of £129,499 (2010 surplus of £10,055). The underlying result for Philharmonia Limited alone was a deficit of £121,039 (2010 deficit of £112,145), the Martin Musical Scholarship Fund, whose financial results are consolidated in these financial statements, made a deficit of £8,460 (2010 surplus of £112,200). The unconsolidated deficit was a significant improvement on the original budget for the year, largely due to a cost reduction exercise, a higher than expected surplus from foreign touring, and a revaluation of significant currency cash holdings at year end (see Note 6 on page 19). A substantially larger deficit was avoided by the allocation of the remaining £480,000 from the Arts Council's Sustain award to this financial year.

We are budgeting for a further deficit in the financial year ending March 2012 of £269,000. From April 2012 due to the successful application to the Arts Council (see above), we are budgeting for more or less break even budgets for 12/13 and 13/14, although the cumulative effect of actual anticipated inflation will mean an expected deficit in 14/15.

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management

Despite the recession, Own Promotion ticket sales more or less achieved budget. Of particular concern, looking both at the year under review and the year ahead, is fundraising income. Corporate income and funding from Trusts and Foundations in particular remains particularly hard to attract.

Financial management policy

The company budgets two to three years in advance, balancing the cost of orchestral concerts and other core work with grants and sponsorship income, as well as income directly generated by the work itself. If further activity is taken on once the budget has been set for the year ahead it is only accepted if the work can be funded or if there is any remaining subsidy to be used. This means that the company is able to control its financial position very carefully.

Reserves policy

The Council of Management considers that it is necessary to maintain reserves in unrestricted funds at a level which it believes can reasonably cover both overhead costs and lost ticket and sponsorship income in the event of seasonal fluctuations or an unexpected downturn in activity. It has in recent years built a designated fund which addresses this and also allows the Orchestra the opportunity to plan artistically ambitious projects.

The policy reflects the recommendation of its main funder, Arts Council England, that its core funded organisations should aim to build up sufficient reserves to help ensure their long-term survival, as going concerns. It is acknowledged by the Arts Council, however, that this will be difficult to achieve with the recent cuts in funding available to its clients.

The Council considers that it is appropriate to aim to maintain reserves as close to 10% of incoming resources as possible in the long term. Currently the Orchestra has unrestricted reserves of a little over 12% of incoming resources, although this percentage is expected to reduce over the next financial year.

Investment policy

The company has a policy of investing surplus cash in investment vehicles that are low risk, are considered mainstream and allow for flexibility. Investments are reviewed by the Finance Committee on a regular basis to ensure that a maximum return is being achieved, without risk to the capital. The Finance Committee reviews cash forecasts on a regular basis to identify in advance significant cash surpluses and cash flow issues.

Principal funding sources and expenditure policy

The company acknowledges the support of Arts Council England which, through its core grant, provides over 20% of the income of the Orchestra. This funding primarily supports the Southbank Centre residency. The company is also grateful to a large number of individual sponsors, in particular its President, Vincent Meyer, for their extreme generosity in supporting the work of the Orchestra.

FUTURE PLANS & OBJECTIVES

The Orchestra's planning remains focused on three principle features of the Orchestra's work: the continuation of Esa-Pekka Salonen's tenure as Principal Conductor and Artistic Advisor, its pioneering Digital programme, and its extensive UK touring programme. Salonen opens the 11/12 season with the culmination of the Bartok *Infernal Dance* project, including a semi-staged, multi-media performance of Duke Bluebeard's Castle. Other highlights include the conclusion of the Mahler Cycle with Lorin Maazel, a performance of Luigi Dallapiccola's opera, *Il Prigioniero*, conducted by Esa-Pekka Salonen, and a series of high profile concerts focused on key historical moments of the 20th century. 2011/12 also sees Esa-Pekka Salonen perform his first Beethoven Cycle with the Philharmonia, the complete cycle will be given in Bonn.

A principal objective of the Orchestra's Digital department is to develop the work of the Orchestra's new subsidiary trading company, Rite Digital Limited, which will seek to tour RE-RITE throughout the world, as well as pursuing other business opportunities. The Universe of Sound project with The Science Museum in May 2012 will dominate the department's research and development through the next year. In addition, The Digital Department will be working for the first time as a producer of content for the Orchestra on the concert platform, commissioning and producing an innovative staging of Duke Bluebeard's Castle with

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management

video projections surrounding the Orchestra, a project which will tour to Birmingham, Lisbon and Dortmund as well as London in autumn 2011. The Digital Department will continue to produce short podcast films going behind the scenes with the Orchestra, meeting artists and conductors, and exploring repertoire and composers.

CULTURAL DIVERSITY ACTION PLAN

The Philharmonia Orchestra has continued to implement its cultural diversity aims alongside its audience development strategy, and to monitor and evaluate its achievements in these areas. We have established these principles across our UK engagements and foreign touring activity as well as our regular residencies. Artistic relationships continue to thrive through working closely with artists and ensembles of minority ethnic origin, attracting new audiences and giving the Orchestra members insight and experience outside the western classical tradition, thereby helping to widen the public benefit offered by 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 dependents, 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, and participants in education programmes.

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management

COUNCIL OF MANAGEMENT'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Council of Management (who are also the directors of the charity for the purposes of company law) is responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Council of Management is required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Council of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The members of the Council of Management who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members has confirmed that they have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting that they will be reappointed.

This report was approved by the Council of Management on **3 NOVEMBER 2011**

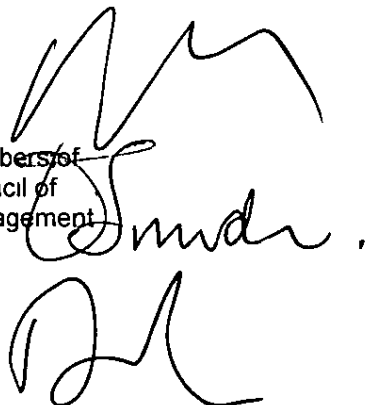
ALISTAIR MACKIE

DAVID SNOWDON

DAVID WHELTON

}
}
}
}
}
}
}
}

Members of
Council of
Management



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHILHARMONIA LIMITED

We have audited the financial statements of Philharmonia Limited for the year ended 31 March 2011 on pages 11 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 9, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

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 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Report of the Council of Management for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

SARAH MASON (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants

46 Clarendon Road, Watford, WD17 1JJ

Date *7 November 2011*

Philharmonia Limited (Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an Income and Expenditure Account) for the year ended 31 March 2011

	Note s	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2011 £	Total 2010 £
Income and Expenditure						
Incoming resources						
Incoming resources from generated funds						
Voluntary income	1	3,196,006	694,325	-	3,890,331	3,745,212
Activities for generating funds		38,421	35,466	-	73,887	96,918
Investment income	10	1,824	-	-	1,824	2,549
Incoming resources from charitable activities	2	5,746,207	18,397	-	5,764,604	6,177,263
Other incoming resources		26,562	3,766	-	30,328	195,822
Total incoming resources		9,009,020	751,954	-	9,760,974	10,217,764
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	4	174,434	317,252	-	491,686	495,745
Fundraising costs	5	63,337	32,416	-	95,753	133,029
Charitable activities	6	8,739,829	491,838	-	9,231,667	9,319,462
Governance costs	8	62,998	-	-	62,998	68,782
Other resources expended		49	320	-	369	190,691
Total resources expended		9,040,647	841,826	-	9,882,473	10,207,709
Net incoming resources (and deficit of income over expenditure)		(31,627)	(89,872)	-	(121,499)	10,055
Other recognised gains and losses						
Loss on revaluation of assets		(8,000)	-	-	(8,000)	-
Net movement in funds		(39,627)	(89,872)	-	(129,499)	10,055
Total funds brought forward	20	1,276,436	159,534	184,484	1,620,454	1,610,399
Total funds carried forward	20	1,236,809	69,662	184,484	1,490,955	1,620,454

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

as at 31 March 2011

Company Registration No 799297

Charity Registration No 250277

	Notes	2011 £	2010 £
Fixed assets.			
Tangible assets	12	213,982	223,744
Investments	13	7,500	7,500
Total fixed assets		221,482	231,244
Current assets:			
Debtors	14	1,179,227	1,294,167
Cash at bank and in hand		2,371,484	2,054,134
Total current assets		3,550,711	3,348,301
Current Liabilities.			
Creditors Amounts falling due within one year	15	(2,281,238)	(1,959,091)
Net current assets		1,269,473	1,389,210
Net assets		1,490,955	1,620,454
The funds of the Charity:			
Restricted Funds	20	69,662	159,534
Endowment Funds	20	184,484	184,484
Unrestricted Funds			
Designated funds	20/22	1,203,541	1,203,541
General funds		33,268	72,895
Total Unrestricted Funds	20	1,236,809	1,276,436
Total Funds		1,490,955	1,620,454

The financial statements on pages 11 to 26 were approved by the Council of Management and authorised for issue on **3 NOVEMBER 2011** and signed on its behalf by

ALISTAIR MACKIE

DAVID SNOWDON

DAVID WHELTON

}
}
} Members of
} Council of
} Management
}
}
}

Philharmonia Limited (Limited by Guarantee)

CASH FLOW STATEMENT (including branches)

for the year ended 31 March 2011

	Notes	2011 £	2010 £
Cash inflow/(outflow) from operating activities	23a	367,126	(169,812)
Capital expenditure and servicing of finance	23b	(49,776)	(40,473)
Increase/(decrease) in cash in the period		317,350	(210,285)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		2011 £	2010 £
Increase/(decrease) in cash in the period		317,350	(210,285)
Net funds brought forward	23c	2,054,134	2,264,419
Net funds carried forward	23c	2,371,484	2,054,134

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 PREPARATION

The financial statements have been prepared on a going concern basis under the historic cost convention, with the exception of investments which are reported at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, with applicable United Kingdom Accounting Standards, the Charities Act 2006, and the Companies Act 2006. These financial statements include the results of Philharmonia Limited together with its branch, The Martin Musical Scholarship Fund.

The principal accounting policies adopted in the preparation of the financial statements are set out below

GOING CONCERN

The company relies substantially on funding by grants from 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.

Arts Council England has recently committed to maintaining the Orchestra's subsidy for the four years to March 2015, with inflationary increases in the last two of those years. Bearing this in mind, the going concern concept is considered an appropriate basis for the preparation of these financial statements.

INCOMING RESOURCES

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

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

Investment income and other incoming resources are recognised on a receivable basis.

Incoming resources from charitable activities represents income generated from own promotions, engagements and foreign tours taking place during the financial year. It comprises the total value of ticket and programme sales, advertising revenue, relay and transcription revenue, and services invoiced to customers, after deducting all credits and allowances and excluding value added tax. Income received in the financial year in respect of own promotions, engagements and foreign tours taking place in a future financial year is deferred to that period.

RESOURCES EXPENDED

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

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

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

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

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

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

Other resources expended are direct operational costs which are outside the ordinary activity of the company

VOLUNTEERS AND DONATED SERVICES AND FACILITIES

The value of services provided by volunteers is not incorporated into these financial statements, as no reliable estimate can be placed on this value

LEASES

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease

INVESTMENTS

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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, on a straight line basis, as follows -

Office furniture and fittings	20%
Musical instruments and cases	10%
Computers and office equipment	33 33%
Motor vehicles	20%

The carrying values of tangible fixed assets are reviewed for impairment should events or changes in circumstances indicate the carrying value may not be recoverable

FUNDS

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

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

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

The endowment fund represents those assets held permanently by the charity, principally investments

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

Income arising on the endowment fund is to be used to provide grants through the grant fund. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currencies are translated at the actual rate at the time of the transaction. Assets and liabilities held on the balance sheet in foreign currencies are translated at the closing rate at the balance sheet date. All differences are taken to the Statement of Financial Activities.

PENSION CONTRIBUTIONS

The charitable company operates a defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

CONNECTED CHARITIES

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

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

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1 VOLUNTARY INCOME

	Unrestricted £	Restricted £	2011 Total £	2010 Total £
Arts Council England core grant and stabilisation	2,180,885	-	2,180,885	2,134,220
Grant income – other	480,000	262,784	742,784	269,115
Donations from charitable foundations	50,821	98,200	149,021	356,021
Other donations	184,300	59,255	243,555	293,981
Sponsorship	300,000	274,086	574,086	691,875
	<u>3,196,006</u>	<u>694,325</u>	<u>3,890,331</u>	<u>3,745,212</u>

2 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

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

	Unrestricted £	Restricted £	2011 Total £	2010 Total £
United Kingdom	3,334,561	14,617	3,349,178	3,541,360
Rest of Europe	2,411,646	3,780	2,415,426	2,310,682
Rest of World	-	-	-	325,221
	<u>5,746,207</u>	<u>18,397</u>	<u>5,764,604</u>	<u>6,177,263</u>

Income arose from the following areas of work:

	Unrestricted £	Restricted £	2011 Total £	2010 Total £
Own promotion ticket sales and other	1,495,776	10,116	1,505,892	1,725,766
Fees from UK concerts outside London	1,426,508	4,501	1,431,009	1,518,951
Fees from overseas touring work	2,411,646	3,780	2,415,426	2,635,903
Fees from recording work	309,496	-	309,496	249,562
Income from education projects	102,781	-	102,781	47,081
	<u>5,746,207</u>	<u>18,397</u>	<u>5,764,604</u>	<u>6,177,263</u>

Philharmonia Limited (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

3 ALLOCATION OF SUPPORT COSTS

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

31 st March 2011	Costs of generating voluntary income	Fundraising costs	Charitable activities	Governance costs	Total
	£	£	£	£	£
Employment costs	161,757	3,129	1,006,062	37,779	1,208,727
Travel, subsistence and entertaining	12,723	27	121,571	-	134,321
Occupation and office costs	22,571	21,848	233,251	2,952	280,622
Bank interest and charges	-	-	16,470	-	16,470
Orchestral overheads	-	-	311,441	-	311,441
Other costs	6,203	967	35,682	117	42,969
	203,254	25,971	1,724,477	40,848	1,994,550

31 st March 2010	Costs of generating voluntary income	Fundraising costs	Charitable activities	Governance costs	Total
	£	£	£	£	£
Employment costs	172,777	4,702	906,134	38,002	1,121,615
Travel, subsistence and entertaining	13,042	48	114,640	-	127,730
Occupation and office costs	26,531	24,024	215,855	2,804	269,214
Bank interest and charges	-	-	23,529	-	23,529
Orchestral overheads	-	-	306,594	-	306,594
Other costs	4,812	1,046	88,679	111	94,648
	217,162	29,820	1,655,431	40,917	1,943,330

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

4 COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted	Restricted	2011	2010
	£	£	£	£
Allocation of support costs (Note 3)	174,060	29,194	203,254	217,162
Other expenses	374	288,058	288,432	278,583
	<u>174,434</u>	<u>317,252</u>	<u>491,686</u>	<u>495,745</u>

Other expenses include £207,978 (2010 - £193,938) relating to an apportionment of those musicians' rehearsal and concert fees which are considered to generate fundraising income

5 FUNDRAISING COSTS

	Unrestricted	Restricted	2011	2010
	£	£	£	£
Fundraising event costs	38,939	30,843	69,782	103,209
Allocation of support costs (Note 3)	24,398	1,573	25,971	29,820
Other expenses	-	-	-	-
	<u>63,337</u>	<u>32,416</u>	<u>95,753</u>	<u>133,029</u>

6 COST OF CHARITABLE ACTIVITIES

	Unrestricted	Restricted	2011	2010
	£	£	£	£
Concert and relay fees	4,803,534	140,754	4,944,288	5,077,017
Travel, subsistence and transport of instruments	888,535	44,455	932,990	1,301,485
Music and instrument hire	130,237	910	131,147	139,063
Hall hire and box office commission	513,634	6,692	520,326	601,273
Subs and programme expenses	272,569	-	272,569	270,008
Grants payable (Note 7)	-	65,300	65,300	63,450
Allocation of support costs (Note 3)	1,533,545	190,932	1,724,477	1,655,431
Uncrystallised exchange gain	(40,910)	-	(40,910)	-
Other expenses	638,685	42,795	681,480	211,735
	<u>8,739,829</u>	<u>491,838</u>	<u>9,231,667</u>	<u>9,319,462</u>

7 GRANTS PAYABLE

A total of 63 (2010 69) grants were awarded to individuals during the financial year. The recipients received grants of up to £6,000 each. 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.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

8 GOVERNANCE COSTS

	2011	2010
	£	£
Audit fees	22,150	27,865
Allocation of support costs (Note 3)	40,848	40,917
	<u>62,998</u>	<u>68,782</u>

9 NET OUTGOING RESOURCES FOR THE YEAR

	2011	2010
	£	£
Net outgoing resources for the year are stated after charging		
Auditor's remuneration - Audit	22,150	27,865
Operating lease rentals -		
Land and buildings	116,361	116,361
Plant and machinery	26,894	31,035
Foreign exchange (gains)/losses	(29,057)	24,134
Depreciation	51,538	45,395
	<u></u>	<u></u>

10 INVESTMENT INCOME AND INTEREST RECEIVABLE

	2011	2010
	£	£
Interest on deposits	1,824	2,549
	<u>1,824</u>	<u>2,549</u>

11 EMPLOYEES

	2011	2010
	No	No
The average monthly number of persons employed by the company during the year was		
Office and management	31	30
Transport	3	3
	<u>34</u>	<u>33</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

11 EMPLOYEES (continued)

	2011 £	2010 £
Staff costs for the above persons (including transport department costs)		
Wages and salaries	1,102,203	1,018,931
Social security costs	118,671	114,005
Other pension costs	75,651	74,368
	<u>1,296,525</u>	<u>1,207,304</u>
Council of Management Emoluments		
Honoraria	15,718	16,537
Remuneration for services as a director (including pension)	165,862	162,322
	<u>181,580</u>	<u>178,859</u>
Emoluments to any Council of Management member is authorised in the Articles of Association		
The Council of Management emoluments disclosed above (excluding pension contributions) includes amounts paid to		
The highest paid member of Council	<u>142,323</u>	<u>138,983</u>
No other members of the Council received emoluments		
	2010 No	2010 No
Members of Council received reimbursement of expenses of £455 (2010 £376)		
The number of employees whose emoluments exceed £60,000 (in bands of £10,000) are as follows		
£140,001 - £150,000	<u>1</u>	<u>1</u>

One member of the Council of Management has contributions paid into a defined contribution money purchase pension scheme

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

12 TANGIBLE FIXED ASSETS

	Office furniture & fittings £	Musical Instruments and cases £	Computers and office equipment £	Motor vehicles £	Total £
Cost or valuation					
1 April 2010	122,946	337,575	361,909	104,294	926,724
Additions	637	28,758	19,241	1,140	49,776
Revaluation	-	(8,000)	-	-	(8,000)
31 March 2011	123,583	358,333	381,150	105,434	968,500
Depreciation					
1 April 2010	91,990	201,616	311,553	97,821	702,980
Charged in the year	11,061	11,510	27,724	1,243	51,538
31 March 2011	103,051	213,126	339,277	99,064	754,518
Net book value					
31 March 2011	20,532	145,207	41,873	6,370	213,982
1 April 2010	30,956	135,959	50,356	6,473	223,744

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. This valuation is reviewed annually, and the Council of Management considers the valuation appropriate at the year end.

Six double basses by Pullman were valued by Gallery Strings (London) at £12,000 each in 1999. A French violin by Pierre Sylvestre was valued by Oxford Violins in December 2010 for insurance purposes at £28,000, however it is considered that its realisable value in the current market is £20,000, and it has been revalued to this figure in the financial statements.

13 FIXED ASSET INVESTMENTS

	2011 £	2010 £
Diamond brooch, constructed by Boucheron Shaped as violin, endorsed by the Orchestra's Patron	7,500	7,500
	<u>7,500</u>	<u>7,500</u>

This item was donated by the manufacturer, and was last valued by a Fellow of the Institute of Registered Valuers in January 2009, based on the underlying value of its constituent parts. The Council of Management has reviewed the basis of this valuation and considers that it remains appropriate at the year end.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

14 DEBTORS

	2011 £	2010 £
Due within one year		
Trade debtors	682,336	349,017
Other debtors	197,186	183,778
Philharmonia Trust Limited	-	235,235
Prepayments and accrued income	299,705	526,137
	<u>1,179,227</u>	<u>1,294,167</u>

Included in Other Debtors is an amount of £72,234 (2010 – £84,734) falling due after more than one year

15 CREDITORS Amounts falling due within one year

	2011 £	2010 £ (as restated)
Trade creditors	471,742	666,574
Other creditors	77,824	66,140
Philharmonia Trust Limited	7,961	-
Other taxation and social security costs	137,109	134,083
Accruals	446,829	409,366
Deferred income	1,139,773	682,928
	<u>2,281,238</u>	<u>1,959,091</u>

Analysis of Deferred Income

	2010 £ (as restated)	Received £	Released £	2011 £
Tickets In Advance	325,405	530,881	(542,685)	313,601
Sponsorship In Advance	134,509	561,765	(182,050)	514,224
Education Funds	39,671	1,750	(36,000)	5,421
Prepaid Income	83,343	671,554	(448,370)	306,527
Arts Council Sustain Award	100,000	304,000	(404,000)	-
	<u>682,928</u>	<u>2,069,950</u>	<u>(1,613,105)</u>	<u>1,139,773</u>

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

16 LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member There were 84 members at 31 March 2011 (2010 78)

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

17 LEASE COMMITMENTS

	2011 £	2010 £
Annual commitments under operating leases expiring		
In one year		
Land and buildings	116,361	116,361
Motor vehicles	13,462	13,739
In two to five years		
Office equipment	13,431	12,012
	<u>143,254</u>	<u>142,112</u>

18 RELATED PARTY TRANSACTIONS

The company has a related party relationship with Philharmonia Trust Limited, which shares some of the Trustees of Philharmonia Limited. No grants were awarded by Philharmonia Trust Limited to Philharmonia Limited in the year (2010 £130,000). Income totaling £246,544 was received, and costs totaling £44,082 were borne, by Philharmonia Limited on behalf of Philharmonia Trust Limited in respect of a fundraising gala at Windsor Castle in the year. Other costs borne by Philharmonia Limited on behalf of, and recharged to, Philharmonia Trust Limited totalled £368,584 (2010 £106,032). There was no income received by Philharmonia Trust Limited and due to Philharmonia Limited in the year (2010 £10,000). Sums transferred from Philharmonia Trust Limited to Philharmonia Limited in the year totalled £635,235 (2010 £94,267). The balance remaining due from Philharmonia Limited to Philharmonia Trust Limited at the year end was £7,961 (2010 Trust owed £235,235).

The company also has a related party relationship with The Meyer Foundation, of which the Company's President, Vincent Meyer, is a Trustee. In the year the total donations received from Vincent Meyer or the Meyer Foundation were £290,000 (2010 £359,368).

Payments were made to all playing members of the Council of Management in respect of the work they have done with the Orchestra, to the Chairman and Deputy Chairman for their roles as Chairs of the Orchestra, and a salary was paid to the Managing Director, who is also a Trustee, in respect of his employment with the Orchestra. During the year, playing members of the Council of Management were paid no additional income for the additional duties resulting from being members of the Council of Management.

19 CAPITAL COMMITMENTS

At 31 March 2011 Philharmonia Limited had entered into a capital commitment for the purchase of a new lorry, which was subsequently paid for and delivered in late summer 2011. The total purchase price (ex VAT) was £131,562. There were no other capital commitments at the end of the year, and there were no capital commitments at 31 March 2010.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

20 FUNDS

	Balance at 1 April 2010 £	Incoming £	Outgoing £	Transfers £	Balance at 31 March 2011 £
RESTRICTED FUNDS					
Philharmonia Income and Expenditure	98,032	607,333	(703,600)	-	1,765
Friends of the Philharmonia Income and Expenditure Account	28,357	108,621	(106,306)	-	30,672
Martin Musical Scholarship Grant Fund	18,905	36,000	(31,600)	-	23,305
Martin Musical Scholarship Donated Asset Fund	14,240	-	(320)	-	13,920
TOTAL RESTRICTED FUNDS	159,534	751,954	(841,826)	-	69,662
ENDOWMENT FUNDS					
Martin Musical Scholarship Fund	184,484	-	-	-	184,484
TOTAL ENDOWMENT FUNDS	184,484	-	-	-	184,484
UNRESTRICTED FUNDS					
Designated Funds	1,203,541	-	-	-	1,203,541
Martin Musical Scholarship Fund	139,494	56,207	(68,747)	-	126,954
Friends of the Philharmonia Income and Expenditure Account	(11,945)	-	-	-	(11,945)
Philharmonia Income and Expenditure Account	(148,195)	8,952,813	(8,971,900)	2,099	(165,183)
Revaluation Reserve	93,541	-	(8,000)	(2,099)	83,442
TOTAL UNRESTRICTED FUNDS	1,276,436	9,009,020	(9,048,647)	-	1,236,809
TOTAL FUNDS	1,620,454	9,760,974	(9,890,473)	-	1,490,955

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects. Funds have been designated for specific purposes as set out in note 22. The deficit on the Friends fund represents Friends' support for concerts underfunded by subscriptions received from the Orchestra's Friends scheme, the Trustees intend that this deficit will be eliminated through additional subscriptions raised in the future.

Restricted funds are funds which have been given for particular purposes and projects. The Philharmonia, Friends of the Philharmonia and Martin Musical Scholarship Grant restricted funds relate to funds received in respect of specific future musical events which have not yet been expended, the Martin Musical Scholarship Donated Asset Fund relates to a donated musical instrument which is held for the use of scholarship winners.

The endowment funds represent 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 2011

21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
Tangible fixed assets	213,982	-	-	213,982
Fixed asset investments	7,500	-	-	7,500
Current assets	2,987,083	321,005	184,484	3,492,572
Current liabilities	(1,971,756)	(251,343)	-	(2,223,099)
	<u>1,236,809</u>	<u>69,662</u>	<u>184,484</u>	<u>1,490,955</u>

22 DESIGNATION OF RESERVES

In the last few financial years, the Council of Management designated funds from Philharmonia Limited's unrestricted reserves towards deficits generated by future projects with the Orchestra's Principal Conductor. The balance on the Designated Reserve at 31 March 2011 is £1,203,541 (2010 - £1,203,541).

The unrestricted Philharmonia Income and Expenditure Fund is currently in deficit. The Council of Management expects to eliminate this deficit through the allocation of some of these Designated Funds and through future financial planning.

23 CASH FLOWS

		2011 £	2010 £
a	Reconciliation of (outgoing)/incoming resources to net cash inflow from operating activities		
	Net (outgoing)/incoming resources before other gains and losses	(121,499)	10,055
	Depreciation	51,538	45,395
	Decrease in debtors	114,940	58,607
	Increase/(decrease) in creditors	322,147	(283,869)
	Net cash flow from operating activities	<u>367,126</u>	<u>(169,812)</u>
		2011 £	2010 £
b	Analysis of cash flows for headings netted in the cash flow		
	Net cash outflow from capital expenditure and financial investment		
	Purchase of tangible fixed assets	(49,776)	(40,473)
		<u>(49,776)</u>	<u>(40,473)</u>
		At 1 April 2010 £	Cash flow £
c	Analysis of net debt		At 31 March 2011 £
	Cash in hand, at bank	2,054,134	317,350
			2,371,484