

# philharmonia orchestra

Philharmonia Limited  
(Limited by Guarantee)

## FINANCIAL STATEMENTS

For the year ended  
31 March 2012

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# Philharmonia Limited (Limited by Guarantee)

## Index

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

# Philharmonia Limited (Limited by Guarantee)

## Council of Management and Officers

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### 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  
The Pinnacle, 170 Midsummer Boulevard  
Milton Keynes  
Buckinghamshire MK9 1BP

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)	Simon Oliver (appointed as Chairman 8 December 2011) Alistair Mackie (resigned as Chairman and trustee 8 December 2011)
Deputy Chair (player member)	Gideon Robinson
Managing Director (non-player)	David Whelton
Other player members	Ellen Blythe (appointed 8 December 2011) Nicholas Bootiman (appointed 30 June 2011) Rebecca Chambers (resigned 8 December 2011) Imogen East Michael Fuller (appointed 8 December 2011) Justin Jones (resigned 8 December 2011) Clare Thompson (resigned 8 December 2011) Mark van de Wiel Carsten Williams (appointed 8 December 2011)
Other non-player members	Michael Hoffman (appointed 3 May 2012) David Snowdon Revd John Wates
Secretary	Charles Tait

# 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 2012

### 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 2012 there were 80 members (2011 84).

#### *Appointment of the Council of Management*

The Council of Management comprises eight playing members of the Orchestra, plus five 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 at an Extraordinary General Meeting. The five 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 seven 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

# Philharmonia Limited (Limited by Guarantee)

## Report of the Council of Management

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 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 digital technologies 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, Basingstoke and Canterbury and at the Three Choirs Festival, engagements by third party promoters, both live and internet-based educational programmes, recorded performances of the highest standard, outreach via the website and other digital 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 2011.

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 £9 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 digital programme, available free through its website.

# Philharmonia Limited (Limited by Guarantee)

## Report of the Council of Management

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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

### ACHIEVEMENTS AND PERFORMANCE

The Orchestra enjoyed an exceptional 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 70,364, an average of 73%. Its residencies in Bedford, Leicester, Basingstoke and Canterbury and other UK dates added a further estimated 100,000 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.

2011/12 saw a further strengthening of the relationship between Esa-Pekka Salonen and the Philharmonia Orchestra. This partnership 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. A highlight of Salonen's work with the Orchestra in the season was the conclusion of the project *Infernal Dance: Inside the world of Béla Bartók*, which included a semi-staged performance of *Duke Bluebeard's Castle* with video projections, co-commissioned with the Gulbenkian Foundation Lisbon and Konzerthaus Dortmund.

Salonen also directed the first stage in a series of concerts *Beethoven focus*, pairing Beethoven symphonies with less familiar works – including Beethoven's fifth symphony with a semi-staged performance of Dallapiccola's opera *Il Prigioniero*.

Lorin Maazel completed his Mahler symphony cycle with the Orchestra in October 2011, which involved extensive UK and foreign touring performances as well as those at the Royal Festival Hall.

A series of concerts entitled *The Still Point of the Turning World*, presented iconic works of the late nineteenth and early twentieth centuries, which reflect the spirit of their age and continue to resonate to the present day. The series included Brahms's German Requiem with Christoph von Dohnányi, Britten's War Requiem with Lorin Maazel, Shostakovich's *Babi Yar* with Vladimir Ashkenazy, and Mahler's *Resurrection* Symphony with Salonen.

Two notable conducting debuts in the season were those of Daniele Gatti, conducting Mahler's fifth symphony, and Diego Matheuz, who appeared with the Orchestra in October 2011. The Orchestra's film screening initiative continued with *Ben Hur* in June 2012, conducted by Carl Davis. The Orchestra and Salonen gave a performance of Holst's *The Planets*, together with a specially commissioned work by Joby Talbot, in a programme linked to the Orchestra's interactive digital installation *Universe of Sound*.

The Philharmonia's Music of Today Series, under new Artistic Director Unsuk Chin continues to bring new audiences to contemporary music in an approachable manner. The 2011/12 Season has focused on music new to the London stage, three of the four concerts featuring a UK premiere. All performances are now being recorded for archive purposes.

The Philharmonia's Residency programme continues to flourish with two new Residencies beginning in 2011/12 Season. At the heart of each Residency lies a concert season of the highest quality, bringing music making and artists from our London Season to the UK's regions, integrated with tailored community/education programmes. The residencies in Bedford and Leicester continued strongly despite reductions in local Council funding. The season at The Anvil Basingstoke included a concert performance of Bartók's *Duke Bluebeard's Castle*, and Salonen conducting Mahler's Second Symphony and the world premiere of a joint commission by Joseph Phibbs. The Philharmonia gave the opening performance at the Marlowe Theatre in October 2011. The Orchestra's subsequent Season has seen four concerts, each achieving 100% capacity. The focus for 11/12 has been on building audience demand and awareness alongside developing links with wider community and education organisations for longer-term strategic relationships. The presence of some of the world's finest conductors and soloists continues to make a significant impact on audiences. The 2012 Three Choirs Festival in Hereford marks the first of a three-

# Philharmonia Limited (Limited by Guarantee)

## Report of the Council of Management

year Residency partnership with the Philharmonia The Residency status has strengthened artistic planning and allowed significant developments in community / education work with plans for 2013 already in place

The Philharmonia Orchestra gave a series of 116 concerts throughout the UK in the 2011/12 financial year and was rewarded with large and enthusiastic audiences Highlights outside London included a full production of *Duke Bluebeard's Castle* at Symphony Hall, Birmingham, the Orchestra's debut appearance in Stoke-on-Trent with Ashkenazy, and a Beethoven Piano Concerto cycle at the Royal Albert Hall London with pianist Lang Lang in addition to touring many of the programmes presented in its home base at the Royal Festival Hall The Orchestra continued its relationships with major UK halls including St David's Hall Cardiff, Warwick Arts Centre, Brighton Festival and Colston Hall Bristol, whilst maintaining its commitment to serve the UK's smaller towns/venues, including Cheltenham, Chichester and King's Lynn

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 42 concerts outside the UK, mainly within Europe, but also touring to Hong Kong, China and South Korea It is difficult to calculate accurately the capacity and sales in each concert overseas, but it is likely that well over 80,000 people attended non-UK concerts

2011/12 was a successful year for Philharmonia Education The publication of '*The Importance of Music A National Plan for Music Education*', and subsequent development of the hub system of local delivery, has helped to shape thinking and reinforce partnerships An internal review, including the appointment of a Director of Education, has re-focused strategic planning and will inform on-going project development Projects in the season included the completion of the project All About Roots, a three-year residency at four partner primary schools in Lambeth, Hear and Now, an intergenerational project where participants perform their own music with Philharmonia musicians, Young Composers Academy involving masterclasses, workshops and performances for three post-graduate composers, Play On, a partnership with Hounslow and Kingston Music Services culminating in a performance at Queen Elizabeth Hall, and Orchestra Unwrapped, a series of schools concerts in De Montfort Hall Leicester, which resulted in the Philharmonia being invited to represent cultural achievement within Leicester at the city's Olympic Torch Relay event The Orchestra also manages the Martin Musical Scholarship Fund and made grants totalling £43,800 to 40 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 The Digital department led production elements for the Orchestra's production of Bartók's *Duke Bluebeard's Castle* a technically complex semi-staging with video The video projections, created with digital studio Yeast Culture proved extremely effective and the London performance was a sell-out The production toured to Birmingham, Dortmund and Lisbon, and was subsequently booked for dates in the USA through the Orchestra's subsidiary company, Rite Digital Limited In January 2012, work began on *Universe of Sound*, a multi-screen interactive installation, based around a filmed recording of Holst's *The Planets* with Esa-Pekka Salonen The project was initially installed at the Science Museum in London, opening to critical acclaim in May 2012, with UK touring dates in Birmingham and Canterbury planned for 2013 Rite Digital Limited, the Orchestra's wholly owned trading subsidiary began trading in April 2011, funded in its first two years by the David and Elaine Potter Foundation Through the company the digital installation RE-RITE was toured to Germany and to China, as well as the touring of *Duke Bluebeard's Castle* as mentioned above It is anticipated that *Universe of Sound* will be added to the list of Philharmonia products toured through Rite Digital Limited in future years

The Orchestra began its new three-year core funding cycle as a member of Arts Council England's National Portfolio The Orchestra remains very dependent on funding from Arts Council England Despite this core funding, the Orchestra is increasingly dependent on fundraising and sponsorship, making it ever 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 its crucial dependency on ticket sales

# Philharmonia Limited (Limited by Guarantee)

## Report of the Council of Management

### FINANCIAL REVIEW

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#### *Review of the financial year*

The year end saw a consolidated deficit of £189,824 (2011 deficit of £129,499). The underlying result for Philharmonia Limited alone was a deficit of £197,957 (2011 deficit of £121,039), the Martin Musical Scholarship Fund, whose financial results are consolidated in these financial statements, made a surplus of £5,722 (2011 deficit of £8,460), and Rite Digital Limited, its new fully owned trading subsidiary company, a surplus in its first period of £2,412. Rite Digital paid this surplus to Philharmonia Limited under giftaid. The unconsolidated deficit was a significant improvement on the original budget for the year, largely due to better than anticipated ticket sales, although ticket sales in the 12/13 year are altogether more challenging.

Philharmonia is budgeting for a break-even position in the financial year ending March 2013, and so far is on track to achieve this, despite poor ticket sales in summer 2012.

The Orchestra is projecting deficits in 13/14 and 14/15, but it is working to reduce these as far as is practicable whilst continuing to promote full concert seasons which are artistically ambitious. The result of cuts to public funding, which has affected both our grant from Arts Council England and also support from local authorities, has resulted in reduced, but not artistically diluted, London and residency concert series each year. The intention going forward is to promote an average of 35 concerts per year at the Royal Festival Hall, although this will vary from year to year dependent on the timing of the Orchestra's schedule. This level of concert promoting is at the heart of the Orchestra's overall schedule and ensures the Orchestra maintains its high profile.

#### *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 under 12% of incoming resources.

#### *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 reasonable 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.



# Philharmonia Limited (Limited by Guarantee)

## Report of the Council of Management

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### **FUTURE PLANS & OBJECTIVES**

The Orchestra's planning remains focused on three principle features of its 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. The Orchestra will give 35 subscription concerts in the 12/13 season, with highlights being a Lutoslawski Centenary celebration, including a major exploration of the culture of Poland 1913 to 2013, in partnership with the Adam Mickiewicz Institute and Polska Music, a Britten Anniversary celebration, focusing on the music of Britten and Shostakovich, a European premiere of the recently discovered Prologue to the opera *Orango* by Shostakovich, and a concert to mark the 200<sup>th</sup> anniversary of Wagner's birth, showcasing British singers renowned in his repertoire. The Orchestra will also maintain and enhance its residencies in Leicester, Bedford, Canterbury, Basingstoke and at the Three Choirs Festival, as well as continuing to tour the cream of its London season throughout the UK.

A principal objective of the Orchestra's Digital department is to continue 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 dominates the department's new work through the coming year. 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, in particular, it will produce a significant stand-alone series of web resources supporting the Orchestra's Lutoslawski centenary project, including documentary films shot on location in Poland.

### **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.

As an example, the Philharmonia performed at the 2012 London Mela Festival, attended throughout the day by over 82,000 people, working with Indo-Classic specialist conductor David Murphy to put together a concert featuring Bhangra singer Jaz Dhami and musicians and dancers from the Bhavan Centre. The programme created featured music from both Western and Asian traditions, including a rarely heard work by Holst and two movements from Ravi Shankar's Symphony.

### **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 the group and of its incoming resources and application of resources, including the income and expenditure of the charitable group, 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 charitable company 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 the group 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 have 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

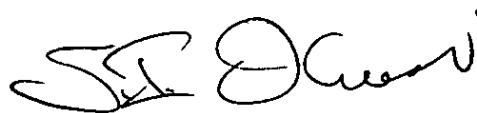


Baker Tilly UK Audit LLP was reappointed as the charitable company's auditors for the year ended 31 March 2012. As part of its good practice procedure, the Philharmonia Limited has gone to tender for audit services and another audit firm, BDO LLP, has been appointed to conduct the audit of the charitable company from 2013.

This report was approved by the Council of Management on 25 OCTOBER 2012

SIMON OLIVER

DAVID SNOWDON

DAVID WHELTON

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}  
} Members of  
} Council of  
} Management   
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## 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 2012 on pages 11 to 28. 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](http://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 group's and the parent charitable company's affairs as at 31 March 2012 and of the group's 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 parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company's 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

The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire MK9 1BP

Date *7 November 2012*

# Philharmonia Limited (Limited by Guarantee)

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account) for the year ended 31 March 2012

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2012 £	Total 2011 £
<b>Income and Expenditure</b>						
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income	1	2,952,781	799,030	-	3,751,811	3,890,331
Activities for generating funds		242,648	22,818	-	265,466	73,887
Investment income	10	14,028	-	-	14,028	1,824
Incoming resources from charitable activities	2	5,311,048	93,451	-	5,404,499	5,764,604
Other incoming resources		14,485	-	-	14,485	30,328
<b>Total incoming resources</b>		<b>8,534,990</b>	<b>915,299</b>	<b>-</b>	<b>9,450,289</b>	<b>9,760,974</b>
<b>Resources expended</b>						
Costs of generating funds						
Costs of generating voluntary income	4	222,218	294,687	-	516,905	491,686
Fundraising costs	5	163,794	14,100	-	177,894	95,753
Charitable activities	6	8,227,211	651,722	-	8,878,933	9,231,667
	8					
Governance costs		66,328	-	-	66,328	62,998
Other resources expended		53	-	-	53	369
<b>Total resources expended</b>		<b>8,679,604</b>	<b>960,509</b>	<b>-</b>	<b>9,640,113</b>	<b>9,882,473</b>
<b>Net outgoing resources (and deficit of income over expenditure)</b>		<b>(144,614)</b>	<b>(45,210)</b>	<b>-</b>	<b>(189,824)</b>	<b>(121,499)</b>
Other recognised gains and losses						
Loss on revaluation of assets		-	-	-	-	(8,000)
<b>Net movement in funds</b>		<b>(144,614)</b>	<b>(45,210)</b>	<b>-</b>	<b>(189,824)</b>	<b>(129,499)</b>
Total funds brought forward	21	1,236,809	69,662	184,484	1,490,955	1,620,454
<b>Total funds carried forward</b>	<b>21</b>	<b>1,092,195</b>	<b>24,452</b>	<b>184,484</b>	<b>1,301,131</b>	<b>1,490,955</b>

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

# Philharmonia Limited (Limited by Guarantee)

## BALANCE SHEETS

as at 31 March 2012

Company Registration No 799297 Charity Registration No 250277

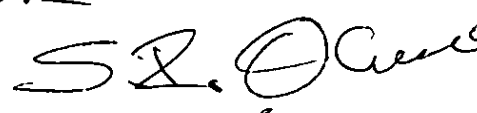
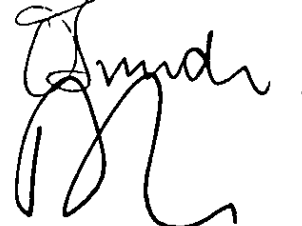
		Group		Charity	
	Notes	2012 £	2011 £	2012 £	2011 £
<b>Fixed assets</b>					
Intangible assets	12	47,536	-	-	-
Tangible assets	13	361,719	213,982	358,344	213,982
Investments	14	7,500	7,500	7,600	7,500
<b>Total fixed assets</b>		<b>416,755</b>	<b>221,482</b>	<b>365,944</b>	<b>221,482</b>
<b>Current assets</b>					
Debtors	15	1,350,991	1,179,227	1,347,549	1,179,227
Cash at bank and in hand		1,822,999	2,371,484	1,810,992	2,371,484
<b>Total current assets</b>		<b>3,173,990</b>	<b>3,550,711</b>	<b>3,158,541</b>	<b>3,550,711</b>
<b>Current Liabilities</b>					
Creditors: Amounts falling due within one year	16	(2,289,614)	(2,281,238)	(2,223,354)	(2,281,238)
<b>Net current assets</b>		<b>884,376</b>	<b>1,269,473</b>	<b>935,187</b>	<b>1,269,473</b>
<b>Net assets</b>		<b>1,301,131</b>	<b>1,490,955</b>	<b>1,301,131</b>	<b>1,490,955</b>
<b>The funds of the Charity.</b>					
<b>Restricted Funds</b>	21	24,452	69,662	24,452	69,662
<b>Endowment Funds</b>	21	184,484	184,484	184,484	184,484
<b>Unrestricted Funds</b>					
Designated funds	21/23	1,009,958	1,203,541	1,009,958	1,203,541
General funds		82,237	33,268	82,237	33,268
<b>Total Unrestricted Funds</b>	21	<b>1,092,195</b>	<b>1,236,809</b>	<b>1,092,195</b>	<b>1,236,809</b>
<b>Total Funds</b>		<b>1,301,131</b>	<b>1,490,955</b>	<b>1,301,131</b>	<b>1,490,955</b>

The financial statements on pages 11 to 28 were approved by the Council of Management and authorised for issue on 25 OCTOBER 2012 and signed on its behalf by

SIMON OLIVER

DAVID SNOWDON

DAVID WHELTON

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

## CASH FLOW STATEMENT (including branches)

for the year ended 31 March 2012

	Notes	2012 £	2011 £
Cash (outflow)/inflow from operating activities	24a	(343,287)	367,126
Capital expenditure and servicing of finance	24b	(205,198)	(49,776)
<b>(Decrease)/increase in cash in the period</b>		<b>(548,485)</b>	<b>317,350</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		2012 £	2011 £
(Decrease)/increase in cash in the period		(548,485)	317,350
<b>Net funds brought forward</b>	24c	<b>2,371,484</b>	<b>2,054,134</b>
<b>Net funds carried forward</b>	24c	<b>1,822,999</b>	<b>2,371,484</b>

# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

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

### **BASIS OF PREPARATION**

The financial statements have been prepared on a going concern basis under the historic cost convention, with the exception of investments which are reported at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, with applicable United Kingdom Accounting Standards, the Charities Act 2011, and the Companies Act 2006.

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

### **CONSOLIDATION**

The consolidated financial statements include the results of Philharmonia Limited and all of its subsidiary undertakings together with its branch, The Martin Musical Scholarship Fund. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 March.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **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 three 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.

# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

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### 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.

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.

### INTANGIBLE FIXED ASSETS AND DEPRECIATION

Intangible fixed assets represent intellectual property created for specific projects from which future economic benefit is expected to be derived. Amortisation will be provided on a straight line basis over the expected period that income will be generated.

### 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	10 - 20%



# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

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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. 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 2012

### 1 VOLUNTARY INCOME

	Unrestricted £	Restricted £	2012 Total £	2011 Total £
Arts Council England core grant and stabilisation	2,030,405	-	2,030,405	2,180,885
Grant income – other	8,138	206,557	214,695	742,784
Donations from charitable foundations	32,441	265,740	298,181	149,021
Other donations	881,797	56,821	938,618	243,555
Sponsorship	-	269,912	269,912	574,086
	<u>2,952,781</u>	<u>799,030</u>	<u>3,751,811</u>	<u>3,890,331</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 £	2012 Total £	2011 Total £
United Kingdom	3,120,333	59,440	3,179,773	3,349,178
Rest of Europe	1,981,613	34,011	2,015,624	2,415,426
Rest of World	209,102	-	209,102	-
	<u>5,311,048</u>	<u>93,451</u>	<u>5,404,499</u>	<u>5,764,604</u>

Income arose from the following areas of work

	Unrestricted £	Restricted £	2012 Total £	2011 Total £
Own promotion ticket sales and other	1,197,816	34,533	1,232,349	1,505,892
Fees from UK concerts outside London	1,561,142	24,907	1,586,049	1,431,009
Fees from overseas touring work	2,190,715	34,011	2,224,726	2,415,426
Fees from recording work	278,528	-	278,528	309,496
Income from education projects	82,847	-	82,847	102,781
	<u>5,311,048</u>	<u>93,451</u>	<u>5,404,499</u>	<u>5,764,604</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

### 3 ALLOCATION OF SUPPORT COSTS

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

31 <sup>st</sup> March 2012	Costs of generating voluntary income £	Fundraising costs £	Charitable activities £	Governance costs £	Total £
Employment costs	200,053	5,261	1,094,921	38,173	1,338,408
Travel, subsistence and entertaining	10,303	39	93,503	-	103,845
Occupation and office costs	22,596	21,808	247,840	2,905	295,149
Bank interest and charges	-	-	16,278	-	16,278
Orchestral overheads	-	-	289,908	-	289,908
Other costs	8,402	833	54,176	430	63,841
	241,354	27,941	1,796,626	41,508	2,107,429

31 <sup>st</sup> 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

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

### 4 COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted £	Restricted £	2012 £	2011 £
Allocation of support costs (Note 3)	197,197	44,157	241,354	203,254
Other expenses	25,021	250,530	275,551	288,432
	<u>222,218</u>	<u>294,687</u>	<u>516,905</u>	<u>491,686</u>

Other expenses include £203,398 (2011 - £207,978) relating to an apportionment of those musicians' rehearsal and concert fees which are considered to generate fundraising income

### 5 FUNDRAISING COSTS

	Unrestricted £	Restricted £	2012 £	2011 £
Fundraising event costs	43,730	12,806	56,536	69,782
Allocation of support costs (Note 3)	26,647	1,294	27,941	25,971
Other expenses	93,417	-	93,417	-
	<u>163,794</u>	<u>14,100</u>	<u>177,894</u>	<u>95,753</u>

### 6 COST OF CHARITABLE ACTIVITIES

	Unrestricted £	Restricted £	2012 £	2011 £
Concert and relay fees	4,577,404	270,751	4,848,155	4,944,288
Travel, subsistence and transport of instruments	990,235	31,222	1,021,457	932,990
Music and instrument hire	86,932	2,620	89,552	131,147
Hall hire and box office commission	466,249	6,115	472,364	520,326
Subs and programme expenses	197,057	-	197,057	272,569
Grants payable (Note 7)	-	43,800	43,800	65,300
Allocation of support costs (Note 3)	1,787,855	8,771	1,796,626	1,724,477
Uncrystallised exchange gain	(12,071)	-	(12,071)	(40,910)
Other expenses	133,550	288,443	421,993	681,480
	<u>8,227,211</u>	<u>651,722</u>	<u>8,878,933</u>	<u>9,231,667</u>

### 7 GRANTS PAYABLE

A total of 40 (2011 63) 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 2012

8	GOVERNANCE COSTS	2012	2011
		£	£
	Audit fees	24,820	22,150
	Allocation of support costs (Note 3)	41,508	40,848
		<u>66,328</u>	<u>62,998</u>
9	NET OUTGOING RESOURCES FOR THE YEAR	2012	2011
		£	£
	Net outgoing resources for the year are stated after charging		
	Auditor's remuneration - Audit	24,820	22,150
	Operating lease rentals -		
	Land and buildings	116,361	116,361
	Plant and machinery	26,894	26,894
	Foreign exchange losses / (gains)	200	(29,057)
	Depreciation	57,461	51,538
		<u></u>	<u></u>
10	INVESTMENT INCOME AND INTEREST RECEIVABLE	2012	2011
		£	£
	Interest on deposits	14,028	1,824
		<u>14,028</u>	<u>1,824</u>
11	EMPLOYEES	2012	2011
		No	No
	The average monthly number of persons employed by the company during the year was		
	Office and management	33	31
	Transport	3	3
		<u>36</u>	<u>34</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

11	EMPLOYEES (continued)	2012 £	2011 £
	Staff costs for the above persons (including transport department costs)		
	Wages and salaries	1,126,577	1,102,203
	Social security costs	126,660	118,671
	Other pension costs	85,172	75,651
		<u>1,338,409</u>	<u>1,296,525</u>
	Council of Management Emoluments		
	Honoraria	17,117	15,718
	Remuneration for services as a director (including pension)	167,000	165,862
		<u>184,117</u>	<u>181,580</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>143,396</u>	<u>142,323</u>
	No other members of the Council received emoluments		
		2012 No	2011 No
	Members of Council received no reimbursement of expenses (2011 £455)		
	The number of employees whose emoluments exceed £60,000 (in bands of £10,000) are as follows		
	£60,000 - £70,000	2	-
	£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 2012

### 12 INTANGIBLE FIXED ASSETS Group

	Intellectual property £
Cost and net book value 1 April 2011	-
Additions	47,536
31 March 2012	<u>47,536</u>

### 13 TANGIBLE FIXED ASSETS Group

	Office furniture & fittings £	Musical Instruments and cases £	Computers and office equipment £	Motor vehicles £	Total £
Cost or valuation 1 April 2011	123,583	358,333	381,150	105,434	968,500
Additions	2,894	19,258	50,133	132,913	205,198
Disposals	-	-	-	(80,120)	(80,120)
31 March 2012	<u>126,477</u>	<u>377,591</u>	<u>431,283</u>	<u>158,227</u>	<u>1,093,578</u>
Depreciation 1 April 2011	103,051	213,126	339,277	99,064	754,518
Charged in the year	9,792	8,543	30,225	8,901	57,461
Disposals	-	-	-	(80,120)	(80,120)
31 March 2012	<u>112,843</u>	<u>221,669</u>	<u>369,502</u>	<u>27,845</u>	<u>731,859</u>
Net book value 31 March 2012	<u>13,634</u>	<u>155,922</u>	<u>61,781</u>	<u>130,382</u>	<u>361,719</u>
1 April 2011	<u>20,532</u>	<u>145,207</u>	<u>41,873</u>	<u>6,370</u>	<u>213,982</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

### Charity

	Office furniture & fittings £	Musical Instruments and cases £	Computers and office equipment £	Motor vehicles £	Total £
Cost or valuation					
1 April 2011	123,583	358,333	381,150	105,434	968,500
Additions	2,894	19,258	46,083	132,913	201,148
Disposals	-	-	-	(80,120)	(80,120)
31 March 2012	126,477	377,591	427,233	158,227	1,089,528
Depreciation					
1 April 2011	103,051	213,126	339,277	99,064	754,518
Charged in the year	9,792	8,543	29,550	8,901	56,786
Disposals	-	-	-	(80,120)	(80,120)
31 March 2012	112,843	221,669	368,827	27,845	731,184
Net book value					
31 March 2012	13,634	155,922	58,406	130,382	358,344
1 April 2011	20,532	145,207	41,873	6,370	213,982

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.

### 14 FIXED ASSET INVESTMENTS

Group	2012 £	2011 £
Diamond brooch, constructed by Boucheron, endorsed by Orchestra's Patron	<u>7,500</u>	<u>7,500</u>
Charity		
Diamond brooch, constructed by Boucheron, endorsed by Orchestra's Patron	7,500	7,500
Investment in subsidiary – Rite Digital Limited	100	-
	<u>7,600</u>	<u>7,500</u>

The diamond brooch 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 2012

The charity wholly owns the entire share capital (100 shares of £1 each) of Rite Digital Limited. The trading results of this subsidiary are as follows:

	2012 £
<b>Profit and loss account</b>	
Turnover	104,972
Cost of sales	(45,030)
Administrative expenditure	(120,745)
Other income	63,215
Amount gift aided to the Charity	(2,412)
Retained in subsidiary	-
<b>Assets and liabilities</b>	
Intangible fixed assets	47,536
Tangible fixed assets	3,375
Current assets	138,275
Current liabilities	(189,086)
Net assets	100
Share capital	100

### 15 DEBTORS

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Due within one year				
Trade debtors	535,196	682,336	462,337	682,336
Other debtors	233,723	197,186	226,320	197,186
Philharmonia Trust Limited	168,429	-	168,429	-
Amounts owed by Group Company	-	-	122,726	-
Prepayments and accrued income	413,643	299,705	367,737	299,705
	<u>1,350,991</u>	<u>1,179,227</u>	<u>1,347,549</u>	<u>1,179,227</u>

Included in Other Debtors (Group and Charity) is an amount of £59,735 (2011 – £72,234) falling due after more than one year.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

### 16 CREDITORS Amounts falling due within one year

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	540,827	471,742	530,151	471,742
Other creditors	96,060	77,824	95,265	77,824
Philharmonia Trust Limited	-	7,961	-	7,961
Other taxation and social security costs	130,917	137,109	130,917	137,109
Accruals	349,124	446,829	344,335	446,829
Deferred income	1,172,686	1,139,773	1,122,686	1,139,773
	<u>2,289,614</u>	<u>2,281,238</u>	<u>2,223,354</u>	<u>2,281,238</u>

#### Analysis of Deferred Income

	2011	Received	Released	2012
	£	£	£	£
Tickets In Advance	313,601	450,235	(480,070)	283,766
Sponsorship In Advance	514,224	222,611	(275,225)	461,610
Education Funds	5,421	62,836	(38,921)	29,336
Prepaid Income	306,527	886,495	(795,048)	397,974
	<u>1,139,773</u>	<u>1,622,177</u>	<u>(1,589,264)</u>	<u>1,172,686</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

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

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### 17 LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 80 members at 31 March 2012 (2011: 84).

### 18 LEASE COMMITMENTS

	2012 £	2011 £
Annual commitments under operating leases expiring		
In one year		
Land and buildings	-	116,361
Motor vehicles	13,462	13,462
In one to two years		
Office equipment	1,666	-
In two to five years		
Land and Buildings	116,361	-
Office equipment	11,765	13,431
	<u>143,254</u>	<u>143,254</u>

### 19 RELATED PARTY TRANSACTIONS

The company has a related party relationship with Philharmonia Trust Limited, which shares some of the Trustees of Philharmonia Limited. Grants of £163,000 were awarded by Philharmonia Trust Limited to Philharmonia Limited in the year (2011: £nil). Income totaling £155,660 was received, and costs totaling £653,351 were borne, by Philharmonia Limited on behalf of, and recharged to, Philharmonia Trust Limited. Sums transferred from Philharmonia Trust Limited to Philharmonia Limited in the year totalled £484,301 (2011: £635,235). The balance remaining due from Philharmonia Trust Limited to Philharmonia Limited at the year end was £168,429 (2011: Limited owed £7,961).

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 £391,000 (2011: £290,000).

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.

### 20 CAPITAL COMMITMENTS

There were no capital commitments as at 31 March 2012 (2011: £131,562, relating to the purchase of a new lorry).

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

### 21 FUNDS

	£ Balance at 1 April 2011	£ Incoming	£ Outgoing	£ Transfers	£ Balance at 31 March 2012
<b>RESTRICTED FUNDS</b>					
Philharmonia Income and Expenditure	1,765	799,150	(870,437)	52,169	(17,353)
Friends of the Philharmonia Income and Expenditure Account	30,672	79,649	(58,152)	(52,169)	-
Martin Musical Scholarship Grant Fund	23,305	36,500	(31,600)	-	28,205
MMSF Donated Asset Fund	13,920	-	(320)	-	13,600
<b>TOTAL RESTRICTED FUNDS</b>	<b>69,662</b>	<b>915,299</b>	<b>(960,509)</b>	<b>-</b>	<b>24,452</b>
<b>ENDOWMENT FUNDS</b>					
Martin Musical Scholarship Fund	184,484	-	-	-	184,484
<b>TOTAL ENDOWMENT FUNDS</b>	<b>184,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>184,484</b>
<b>UNRESTRICTED FUNDS</b>					
Designated Funds	1,203,541	-	-	(193,583)	1,009,958
Martin Musical Scholarship Fund	126,954	41,686	(40,544)	-	128,096
Friends of the Philharmonia Income and Expenditure Account	(11,945)	-	-	11,945	-
Philharmonia Income and Expenditure Account	(165,183)	8,493,304	(8,639,060)	183,737	(127,202)
Revaluation Reserve	83,442	-	-	(2,099)	81,343
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>1,236,809</b>	<b>8,534,990</b>	<b>(8,679,604)</b>	<b>-</b>	<b>1,092,195</b>
<b>TOTAL FUNDS</b>	<b>1,490,955</b>	<b>9,450,289</b>	<b>(9,640,113)</b>	<b>-</b>	<b>1,301,131</b>

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, in the year some of these funds were transferred to the Philharmonia Income and Expenditure Fund to offset the costs of specific events. The Trustees have reviewed the Friends of the Philharmonia Account and consider it to be properly a part of the General Philharmonia Income and Expenditure account since funds raised through the Friends scheme are for the general purposes of the Orchestra, the funds have been transferred accordingly.

Restricted funds are funds which have been given for particular purposes and projects. 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. In accordance with the decision taken as explained above (under Unrestricted Funds), the Friends of the Philharmonia fund has been transferred to the general Philharmonia Income and Expenditure account.

Endowment funds represent assets held permanently by the charity, representing a donation from 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.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

### 22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
Tangible fixed assets	361,719	-	-	361,719
Fixed asset investments	7,500	-	-	7,500
Current assets	2,696,643	340,397	184,484	3,221,524
Current liabilities	(1,973,667)	(315,945)	-	(2,289,612)
	<u>1,092,195</u>	<u>24,452</u>	<u>184,484</u>	<u>1,301,131</u>

### 23 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 2012 is £1,009,958 (2011 - £1,203,541)

The Council of Management has allocated £193,583 from its Designated Fund to the Philharmonia Income and Expenditure Account, representing the net deficits from two recent large projects. The unrestricted Philharmonia Income and Expenditure Fund remains in deficit. The Council of Management plans to eliminate this deficit through future financial planning.

### 24 CASH FLOWS

	2012 £	2011 £	
a    Reconciliation of (outgoing)/incoming resources to net cash inflow from operating activities			
Net (outgoing)/incoming resources before other gains and losses	(189,824)	(121,499)	
Depreciation	57,461	51,538	
(Increase) / Decrease in debtors	(219,298)	114,940	
Increase in creditors	8,374	322,147	
Net cash flow from operating activities	<u>(343,287)</u>	<u>367,126</u>	
	2012 £	2011 £	
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	(205,198)	(49,776)	
	<u>(205,198)</u>	<u>(49,776)</u>	
	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
c    Analysis of net debt			
Cash in hand, at bank	2,371,484	(548,485)	1,822,999