

philharmonia orchestra

Philharmonia Limited
(Limited by Guarantee)

FINANCIAL STATEMENTS

For the year ended
31 March 2014

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Company Registration No. 799297
Charity Registration No. 250277

Philharmonia Limited (Limited by Guarantee)

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Philharmonia Limited (Limited by Guarantee)

Council of Management and Officers

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: BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex. RH6 0PA

Bankers: NatWest Bank
125 Great Portland Street
London
W1A 1GA

Legal advisers:	McDermott Will and Emery LLP Heron Tower 110 Bishopsgate London EC2N 4AY	ENN Advokatbyrå Strandvagen 47 114 56 Stockholm Sweden
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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)	Gideon Robinson
Deputy Chair (player member)	Richard Birchall
Managing Director (non-player)	David Whelton
Other player members	Ellen Blythe Laurent Ben Slimane (appointed 13 December 2013) Deirdre Cooper (appointed 13 December 2013) Imogen East (retired 13 December 2013) Michael Fuller (appointed 4 June 2013) Simon Oliver Michael Turner Mark van de Wiel (retired 13 December 2013) Carsten Williams (resigned 2 May 2013)
Other non-player members	Michael Hoffman David Snowdon Revd John Wates
Secretary	Charles Tait

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Report of the Council of Management, including Strategic Report

The Trustees present their report together with the financial statements of Philharmonia Limited ("the Company") for the year ended 31 March 2014.

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 2014 there were 74 members (2013: 77).

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

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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 manage 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 goes 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.

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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.

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.

STRATEGIC REPORT

A ACHIEVEMENTS AND PERFORMANCE

In the 2013/14 financial year the Philharmonia Orchestra promoted 36 Own Promotion concerts, with approximately 67,000 attendees, led by a roster of internationally renowned conductors that is unrivalled in the UK; and six Music of Today concerts. That Philharmonia maintains its core roster of world renowned conductors from all generations is an indicator of Philharmonia's exceptional quality amongst UK Orchestras. Esa-Pekka Salonen led the Royal Festival Hall concert series; other recent collaborations were with Christoph von Dohnányi (Honorary Conductor for Life), Vladimir Ashkenazy (Conductor Laureate), Lorin Maazel, Yuri Temirkanov, David Afkham, Nicholas Collon, Sir Andrew Davis, Edward Gardner, Daniele Gatti, Jakub Hrůša, Paavo Järvi, Philippe Jordan, Andris Nelsons, Vasily Petrenko, Santtu-Matias Rouvali, András Schiff, Tugan Sokhiev, Juraj Valčuha, and John Wilson, who are internationally acknowledged as amongst the finest conductors of their generations, returning season after season to perform with the Philharmonia. We see this as key, indisputable evidence of the continued international pre-eminence of Philharmonia as a performing ensemble.

Major highlights of the year included:

- the European premiere of Shostakovich's recently discovered operatic Prologue *Orango*, conducted by Salonen;
- a celebration of Wagner's 200th birthday, marked by an all-day event culminating in a semi-staged performance of *Die Walküre* Act 3 with British Wagnerian performances led by Sir Andrew Davis;
- Salonen's performance of Berlioz *Romeo and Juliet* to open the 2013/14 Season, marking the 30th anniversary of his first performance with the Orchestra
- A Brahms cycle conducted by Andris Nelsons
- Strauss 150th anniversary celebrations, including performances with Philippe Jordan (*Salome*), Christoph von Dohnányi (*Ein Heldenleben*) and Lorin Maazel (*Also sprach Zarathustra*, *Ein alpensinfonie*)
- Yuri Temirkanov's 75th birthday concert, broadcast live by BBC Radio 3

The Philharmonia's Music of Today Series, directed by Unsuk Chin, offers an unparalleled opportunity for new audiences to experience contemporary music, with each performance introduced from the platform and free. An estimated 2,000 people attended the six concerts in this year, which included three world premieres and two UK premieres.

Despite the challenge of local authority budget cuts, Philharmonia's Residencies continue to flourish, with sell-out performances in Canterbury and growing audiences in Leicester. Highlights in the year included installation *Universe of Sound* and associated concerts in Canterbury and Birmingham; and Andris Nelson's Brahms series and Lorin Maazel's Strauss series touring throughout the UK. In the residencies Philharmonia reaches a much broader community than just concert audiences, through its integrated education and audience development programmes, which play a central role in each residency, working with a diverse range of communities including schools, students, elderly people with dementia and children with special needs.

The Philharmonia performed again at London's Mela Festival in August 2013, reaching a predominantly Asian audience of 71,000 people and coverage on the BBC Asian Network.

Philharmonia introduced a new *Philharmonia at the Movies* series in the 13/14 year. Concerts in the year included *A Night at the Oscars* (Carl Davies), *2001 A Space Odyssey*, and *Naopoleon* in

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November 2013. This series has developed into a fully pledged season in 2014/15. These concerts are encouraging a new demographic of audiences into the concert hall.

Highlights of Philharmonia's foreign touring year were: the completion of the Orchestra's Lutoslawski project with concerts in Spain, Germany and France; also a residency at the Theatre des Champs-Élysées in December 2013, performing for a much acclaimed production of Poulenc's opera *Dialogues des Carmélites*; and a tour to Russia, including a Russian premiere of Shostakovich's unfinished satirical opera *Orango*.

Overall, it is estimated that over 310,000 people world-wide directly experienced a live Philharmonia concert in the year.

The Orchestra's digital installation *Universe of Sound*, introduced at a residence in The Science Museum in summer 2012, was toured to Canterbury and Birmingham in spring 2013 along with associated live concerts given by the Orchestra. Additionally *RE-RITE* was toured to Hamburg and Salzburg in the year, and both *Universe of Sound* and *RE-RITE* will be involved in the iOrchestra project over 2014 and 2015, alongside *MusicLab*, our new interactive digital education mobile centre.

Work began in the year on iOrchestra, Philharmonia's flagship audience development project, seed funded by a separate Arts Council grant, using pioneering digital technology to engage specifically identified communities in the South West region with orchestral music. The project includes:

- *MusicLab*, an interactive and fun mobile digital education centre touring to 13 hard-to-reach communities;
- Philharmonia's immersive digital installations, *RE-RITE* and *Universe of Sound*;
- live Philharmonia concerts.

A two year monitoring and evaluation strategy will support iOrchestra including creating *myOrchestra*, a digital membership card scheme for new audiences visiting *MusicLab* and the installations. We expect that overall at least 46,000 people will benefit from iOrchestra.

In June 2013 Philharmonia went live with Tessitura, its new online customer relationship management system. This has given the Marketing and Development teams access to a powerful box office and audience analysis tool, and also allowed us to introduce real-time self-seat selection online, substantially improving customer service levels.

At the same time Philharmonia launched a new responsive website, offering users streamlined pathways to our popular film/digital content alongside enhanced booking facilities. The site integrates with the Philharmonia's social media: in 2013/14 our Facebook profile grew from 3,000 to 125,000 followers. Website analytics and customer feedback have been extremely positive.

Philharmonia Education continued to develop in the year under its new Director of Education, with more coherent strategic direction and increased partnership working.

Three key priorities define the Education programme; supporting residencies, enhancing the Orchestra's major artistic series, and contributing towards digital projects. We estimate that 12,000 children and young people have engaged with our education programmes in 2013/14.

A particular highlight was *Orchestra Unwrapped*, which brought Key Stage Two concerts to Leicester, Basingstoke and Canterbury, accompanied by teacher training sessions and resources. *Orchestra Unwrapped*, alongside other schools concerts elsewhere, reached over 7,000 children and 100 teachers.

This year saw the culmination of '*Hear and Now presents Nonsense Songs*', a cross-cultural inter-generational project, involving over 250 performers from 14 community groups. Tim Steiner worked with participants to create a new piece which was performed at the Bedford Corn Exchange. Young leaders obtained Arts Award Bronze accreditation.

Philharmonia continues to build its relationships with music education hubs in south-western outer London boroughs (Hounslow, Kingston, Richmond and Sutton); also with Leicester-Shire Music Hub through which some young string players performed in an *Orchestra Unwrapped* concert; and Music

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for Bedford Borough Hub, whose youth string ensemble participated in a coaching session with Philharmonia musicians.

Preparations were also made in the year for the education components of iOrchestra; including the recruiting of over 100 local schools for involvement with the project; leading a consultation to inform the content of MusicLab; and training staff and volunteers and producing handbooks.

In the year, Philharmonia Trust acquired a new building at 6 Chancel Street, Southwark, London, thanks to a large donation from Vincent Meyer. This building will serve as a base for the Orchestra's administration, its library and archives. In addition there will be a small performance and rehearsal space. It is anticipated that occupation of the building will take place in March 2015, after a major refurbishment.

The Philharmonia continues to recruit Members worldwide to maximise the quality of applicants. At spring 2013, the membership tally stood at 74. This is below our target of 80 Members: we aim to fill positions within 12 months of vacancy; however, this is not always possible due to the high standards the Orchestra applies as well as the logistics of organising fair auditions and trials. It is Philharmonia's priority to recruit the very best Orchestral players from around the world.

This year represents the middle year of its three-year core funding cycle as a member of Arts Council England's National Portfolio from April 2012 to March 2015. The Orchestra remains very dependent on funding from Arts Council England. Despite this core funding, the Orchestra is increasingly reliant also on fundraising and sponsorship, and whilst the Orchestra has a proven strong track record in this fundraising, it is as ever vulnerable to the effects of economic circumstances world wide. Philharmonia Trust is now in a position financially to afford significantly higher grants to Philharmonia Limited, thanks to some large scale fundraising events. The Council of Management is fully aware of the potential impact on such income streams, as well as its crucial dependency on ticket sales.

B FINANCIAL REVIEW

Review of the financial year

The year end saw a consolidated deficit of £84,625 (2013: surplus of £63,850). The underlying unconsolidated deficit for Philharmonia Limited alone was a deficit of £77,039 (2013: surplus of £67,133). Martin Musical Scholarship Fund, whose financial results are consolidated in these financial statements, made a deficit of £14,011 (2013: £15,308). Rite Digital Limited, Philharmonia Limited's fully owned trading subsidiary company made a surplus of £6,425 (2013: £12,025); Rite Digital paid this surplus to Philharmonia Limited under giftaid. The unconsolidated deficit compares favourably to a budgeted £136,000 deficit for the year, despite the write off of early iOrchestra costs which were budgeted for future years. This positive variance was largely due to better than expected foreign touring results, and also cost savings on Own Promotion concerts. Both incoming and outgoing resources were lower than prior year, due mainly to the prior year including the Universe of Sound project and a particularly large US tour.

Philharmonia Limited is budgeting for a deficit of £230,000 in the financial year ending March 2015, the last of the current Arts Council funding cycle. So far it is on track to stay within budget. Two major projects will dominate the year: the iOrchestra project, and the property refurbishment (see above).

Cuts to public funding, which have 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 continue 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 will ensure 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. Regular communication with Arts Council England is also key to this advance budgeting.

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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 free reserves (unrestricted reserves less fixed assets) between 5% and 7.5% of incoming resources in the long term; this approximately equates to between £470,000 and £700,000. Currently the Orchestra has free reserves of approximately £550,000, or 6% 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. The Finance Committee reviews cash forecasts on a regular basis to identify in advance significant cash surpluses and cash flow issues, and to ensure that reasonable returns are achieved, without risk to the capital, and to ensure that there is sufficient working capital for the organisation.

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 and the residencies in Bedford, Leicester, Basingstoke and Canterbury, and at the Three Choirs Festival. 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.

C FUTURE PLANS

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 and Education programmes; and its extensive UK residencies and touring programme. The Orchestra will promote 36 subscription concerts and 4 Music of Today concerts in London in the 14/15 financial year, with highlights being: a cycle of the symphonies and concertos of Brahms, conducted by Andris Nelsons; a "Bohemian Legends" series of concerts conducted by Jakub Hrůša; a multi-media production of Prokofiev's *Ivan The Terrible* conducted by Vladimir Ashkenazy; and a series of concerts throughout the 2014 calendar year commemorating the 150th anniversary of the birth of Richard Strauss. 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.

Next year sees the first of two years of the iOrchestra project, seed funded by Arts Council England, and supported by other Trusts and Foundations. Please see above for more details. In addition, our digital installations will continue to be toured internationally, through our trading subsidiary Rite Digital Limited, earning financial returns for the Orchestra.

Philharmonia will also be occupied with the refurbishment of its new property at 6 Chancel Street, which will be transacted by Philharmonia Limited, under the terms of a licence from the building owner, Philharmonia Trust Limited. Please see section A above (page 7) for more details.

D PRINCIPAL RISKS AND UNCERTAINTIES

Philharmonia Orchestra identifies and manages its risks through a risk register, maintained, reviewed and updated annually via the Finance Committee. This document contains what the Council of Management

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considers to be all the significant risks and uncertainties of the organisation. By referring to this document, the Council is able to plan its strategy and also its schedule of work with the confidence that it is not exposing the organisation to unduly high overall risk.

Principal areas of risk identified in the current register are:

- 1) *Arts Council funding*: despite the recent indication of renewed core funding up to 2018, the relatively high level of this funding (over 20% of total turnover) means that there is a significant risk in the longer term. Additionally the renewed indication of funding for 2015 to 2018 does not allow for inflation, and therefore there is a risk that the Orchestra's schedule will be negatively affected by inflationary pressures.
- 2) *Local authority funding*: local authorities have been forced to make significant budgetary cuts in recent years, and this has in many cases had severe effects on local arts funding. This is affecting the Philharmonia both directly, through its Leicester and Bedford residencies funding; and indirectly through funding cuts to performance halls throughout the UK, whose symphonic concert seasons are significantly affected or even removed altogether.
- 3) *Sponsorship*: the Philharmonia has an exceptionally strong record, particularly in the area of private philanthropy. However, cuts to other areas of its income and an ever increasingly ambitious schedule means that fundraising targets have recently been increased year on year. Therefore the risk of not achieving these budgets is higher. Private and corporate sponsorship contributes around 20% of Philharmonia's budgeted income.
- 4) *Classical music audiences and failure to be proactive in a changing marketplace*: there is an ever-present risk that interest in traditional format classical music performance is under threat, particularly with the more challenging repertoire in which the Philharmonia has a tradition and forms the basis of our justification for public funding. This could have an impact both on audience levels and also on demand for the Orchestra's adventurous programming. However Philharmonia is at the forefront of encouraging variety in repertoire, principally through its residency programming; and it is also a pioneer amongst the UK's audiences in alternative format presentation of classical music, in particular through its digital media and educational output.

CULTURAL DIVERSITY ACTION PLAN

Philharmonia has maintained and continued to build its activity to achieve its cultural diversity aims. We have built artistic relationships with culturally diverse organisations, delivering activity that attracts new audiences as well as giving our musicians insight into practice outside the western classical tradition.

Over the last year Philharmonia continued its partnership with Shruti Arts, a Leicester-based organisation promoting South Asian Music and Performing Arts. Members of Shruti Arts have interacted with Philharmonia artists. The partnership has also inspired a series of video podcasts, featuring Philharmonia musicians and soloists with Asian musicians, learning about the techniques and traditions of each other's musical cultures. We are working on a new approach to this project and its relationship to the Leicester residency, and a new project organised through Leicester Education HUB working with Dabar Arts is offering a new opportunity for our players to work with Asian Musicians in an educational setting.

In Spring 2014 Philharmonia performed with students from the China Conservatory Beijing performing on traditional Chinese instruments side by side with the Philharmonia. This is part of a longer term partnership which we are establishing with a number of Chinese partners.

Philharmonia's concert at the 2013 London Mela Festival was given to an audience of around 70,000 people from a primarily south Asian heritage and broadcast on the BBC Asian Network. It follows on from an appearance at the same Festival in 2012, and plans are being made to continue the relationship into the future, with our involvement a key element of the artistic fusion of the Festival.

This year Philharmonia has continued its cross-cultural and intergenerational (ages 5 to 95) *Hear and Now* creative project in Bedford, composing a new piece of music performed publicly.

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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.

ENVIRONMENTAL ACTION PLAN

Venues

We have no direct influence on our venues, but take comfort from the fact that our regular venues are all funded either by Arts Council England or by local authorities, therefore subscribing to best practice.

International travel

We are engaged by local promoters for international tours and therefore have limited influence over travel plans. However we do encourage travel by train and chartered aircraft.

UK travel

We have introduced "mobi", Philharmonia's intranet, which has revolutionised information sharing. Through mobi we publish train information for players for touring dates; and encourage lift shares through the Players' noticeboard.

Also, we pay a mileage rate to Musicians for UK touring, which is not reduced by sharing lifts: this effectively financially incentivises lift sharing.

Administrative staff travel

- We have reduced our car fleet from three to two;
- we publish guidelines for encouraging business travel by train, discouraging use of own cars, and encouraging sharing of car lifts when pool cars are used;
- we have a ride-2-work cycle scheme, offering staff preferential terms for commuting bicycles.

Office

We do not have control over the use of energy and water in our shared office building, as we pay a fixed service charge. However, we do conduct periodic campaigns amongst our staff to switch off lights and computer equipment when they are not needed.

Philharmonia Trust acquired a new building which will be leased to Philharmonia Limited to house the administration, library and archives of the Orchestra. Environmental factors are high up the brief for our Design team for the refurbishment; and ongoing, in the new building we shall keep detailed energy and water consumption data.

Paper usage

- Our new online database will allow more targeted marketing, reducing paper usage;
- our new website will allow more online marketing compared to paper marketing;
- we are phasing in online customer/donor communication; for example we now publish our "Fanfare" magazine to Friends of the Philharmonia online;
- We are also encouraging Members to receive information online rather than in paper copy.

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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;
- 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

BDO LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report, including the Strategic Report, was approved by the Council of Management on

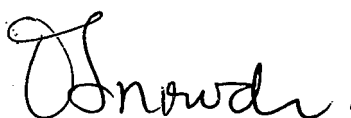
6 NOVEMBER 2014.

GIDEON ROBINSON

DAVID SNOWDON

DAVID WHELTON

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} Members of
} Council of
} Management
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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PHILHARMONIA LIMITED

We have audited the financial statements of Philharmonia Limited for the year ended 31 March 2014 which comprise Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. 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 charity'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 charity'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 charity and the charity'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, the trustees (who are also the directors of the charitable 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 Financial Reporting Council'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014, 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 requirements of the Companies Act 2006.

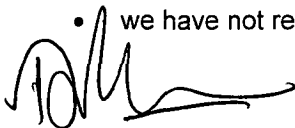
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report 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 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.



Don Bawtree, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date:

11 Nov 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Philharmonia Limited (Limited by Guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an Income and Expenditure Account) for the year ended 31 March 2014

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2014 £	Total 2013 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	1	3,412,581	443,868	-	3,856,449	4,440,434
Activities for generating funds		211,510	-	-	211,510	484,156
Investment income	9	6,063	-	-	6,063	13,660
Incoming resources from charitable activities		5,314,820	94,473	-	5,409,293	6,656,084
Total incoming resources		8,944,974	538,341	-	9,483,315	11,594,334
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	3	465,675	20,450	-	486,125	529,576
Fundraising costs	4	182,999	-	-	182,999	347,943
Charitable activities	5	8,358,855	470,513	-	8,829,368	10,584,878
Governance costs	7	69,448	-	-	69,448	68,087
Total resources expended		9,076,977	490,963	-	9,567,940	11,530,484
Net (outgoing) / incoming resources		(132,003)	47,378	-	(84,625)	63,850
Net movement in funds		(132,003)	47,378	-	(84,625)	63,850
Total funds brought forward	20	1,149,489	31,008	184,484	1,364,981	1,301,131
Total funds carried forward	20	1,017,486	78,386	184,484	1,280,356	1,364,981

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 2014

Company Registration No. 799297 Charity Registration No. 250277

		Group		Charity	
	Notes	2014 £	2013 £	2014 £	2013 £
Fixed assets					
Intangible assets	11	18,714	35,269	-	-
Tangible assets	12	446,720	391,402	444,868	387,404
Investments	13	-	7,500	100	7,600
Total fixed assets		465,434	434,171	444,968	395,004
Current assets					
Debtors	14	1,200,328	1,574,618	1,248,322	1,648,336
Cash at bank and in hand		1,736,487	1,625,341	1,699,832	1,584,459
Total current assets		2,936,815	3,199,959	2,948,154	3,232,795
Current Liabilities					
Creditors: Amounts falling due within one year	15	(2,121,893)	(2,269,149)	(2,112,766)	(2,262,818)
Net current assets		814,922	930,810	835,388	969,977
Net assets		1,280,356	1,364,981	1,280,356	1,364,981
The funds of the Charity:					
Restricted Funds	20	78,386	31,008	78,386	31,008
Endowment Funds	20	184,484	184,484	184,484	184,484
Unrestricted Funds					
Designated funds	20/22	831,415	1,009,958	1,009,958	1,009,958
General funds		186,071	139,531	7,528	139,531
Total Unrestricted Funds	20	1,017,486	1,149,489	1,017,486	1,149,489
Total Funds		1,280,356	1,364,981	1,280,356	1,364,981




The financial statements on pages 13 to 29 were approved by the Council of Management and authorised for issue on **6 NOVEMBER 2014** and signed on its behalf by:

GIDEON ROBINSON

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 2014

	Notes	2014 £	2013 £
Cash in/(out)flow from operating activities	23a	232,281	(91,969)
Capital expenditure and servicing of finance	23b	(121,135)	(105,689)
Decrease in cash in the period		111,146	(197,658)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		2014 £	2013
Increase/(decrease) in cash in the period		111,146	(197,658)
Net funds brought forward	23c	1,625,341	1,822,999
Net funds carried forward	23c	1,736,487	1,625,341

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

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. 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 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. All financial statements for subsidiaries and branches are made up to 31 March. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

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 of 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.

Other categories of income are recognised on an accruals basis, excluding value added tax.

RESOURCES EXPENDED

Expenditure is recognised when a liability is incurred and on an accruals basis. 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.

LEASES

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

INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible fixed assets represent intellectual property created for specific projects from which future economic benefit is expected to be derived. Amortisation is provided directly against the income streams from the assets; it is anticipated that the write off period of the intangible fixed assets currently held is a maximum of two years.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

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. As a general rule, 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 where the annual depreciation charge would therefore be immaterial, 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%

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 2014

1. VOLUNTARY INCOME

	Unrestricted £	Restricted £	2014 Total £	2013 Total £
Arts Council England core grant and stabilisation	2,033,891	-	2,033,891	2,031,141
Grant income – other	96,522	18,584	115,106	245,886
Donations from charitable foundations	28,101	159,636	187,737	549,203
Other donations	1,254,067	88,558	1,342,625	1,207,224
Sponsorship	-	177,090	177,090	406,980
	<u>3,412,581</u>	<u>443,868</u>	<u>3,856,449</u>	<u>4,440,434</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

2. 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 2014	Costs of generating voluntary income £	Fundraising costs £	Charitable activities £	Governance costs £	Total £
Employment costs	190,584	3,325	1,224,571	43,007	1,461,487
Travel, subsistence and entertaining	12,304	23	109,623	-	121,950
Occupation and office costs	21,261	20,605	241,677	2,636	286,179
Bank interest and charges	-	-	21,965	-	21,965
Orchestral overheads	-	-	112,393	-	112,393
Other costs	7,517	1,056	94,736	305	103,614
	231,666	25,009	1,804,965	45,948	2,107,588

31 st March 2013	Costs of generating voluntary income £	Fundraising costs £	Charitable activities £	Governance costs £	Total £
Employment costs	200,984	8,190	1,170,437	38,714	1,418,325
Travel, subsistence and entertaining	9,632	64	87,363	-	97,059
Occupation and office costs	25,599	24,724	225,999	2,562	278,884
Bank interest and charges	-	-	16,770	-	16,770
Orchestral overheads	-	-	96,332	-	96,332
Other costs	9,876	1,401	21,937	598	33,812
	246,091	34,379	1,618,838	41,874	1,941,182

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

3. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted £	Restricted £	2014 £	2013 £
Allocation of support costs (Note 2)	209,424	22,242	231,666	246,091
Other expenses	256,251	(1,792)	254,459	283,485
	<u>465,675</u>	<u>20,450</u>	<u>486,125</u>	<u>529,576</u>

Other expenses include £206,908 (2013 - £244,200) relating to an apportionment of those musicians' rehearsal and concert fees which are considered to generate fundraising income.

4. FUNDRAISING COSTS

	Unrestricted £	Restricted £	2014 £	2013 £
Fundraising event costs	38,398	-	38,398	105,029
Allocation of support costs (Note 2)	25,021	-	25,021	34,379
Other expenses	119,580	-	119,580	208,535
	<u>182,999</u>	<u>-</u>	<u>182,999</u>	<u>347,943</u>

5. COST OF CHARITABLE ACTIVITIES

	Unrestricted £	Restricted £	2014 £	2013 £
Concert and relay fees	4,408,647	218,011	4,626,658	5,835,019
Travel, subsistence and transport of instruments	890,215	69,722	959,937	1,508,315
Music and instrument hire	85,949	2,219	88,168	161,310
Hall hire and box office commission	495,139	7,614	502,753	514,056
Subs and programme expenses	247,021	-	247,021	159,806
Grants payable (Note 6)	19,987	13,000	32,987	37,764
Allocation of support costs (Note 2)	1,786,527	18,438	1,804,965	1,618,838
Other expenses	425,370	141,509	566,879	749,770
	<u>8,358,855</u>	<u>470,513</u>	<u>8,829,368</u>	<u>10,584,878</u>

6. GRANTS PAYABLE

A total of 43 (2013: 52) 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 2014

7. GOVERNANCE COSTS

	2014	2013
	£	£
Audit fees		
Current year fee	23,500	20,000
Under accrued prior year fee	-	6,213
Allocation of support costs (Note 2)	45,948	41,874
	<u>69,448</u>	<u>68,087</u>

No non audit fees were paid to auditors in the current or prior years.

8. NET (OUTGOING) / INCOMING RESOURCES FOR THE YEAR

	2014	2013
	£	£
Net outgoing resources for the year are stated after charging:		
Auditor's remuneration – current year		
Current year audit fee	23,500	20,000
Under accrued prior year fee	-	6,213
Operating lease rentals -		
Land and buildings	116,361	116,361
Plant and machinery	12,072	12,072
Profit on disposal of fixed asset investments	(4,895)	-
Foreign exchange losses / (gains)	5,361	(25,283)
Depreciation	78,212	61,155

9. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2014	2013
	£	£
Interest on deposits	6,063	13,660
	<u>6,063</u>	<u>13,660</u>

10. EMPLOYEES

	2014	2013
	No	No
The average monthly number of people employed by the company during the year was:		
Office and management	35	34
Transport	2	2
	<u>37</u>	<u>36</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

10. EMPLOYEES (continued)

	2014 £	2013 £
Staff costs for the above people (including transport department costs):		
Wages and salaries	1,234,821	1,198,333
Social security costs	131,516	132,099
Other pension costs	95,151	87,892
	<u>1,461,488</u>	<u>1,418,324</u>
Council of Management Emoluments:		
Honoraria	16,937	16,686
Remuneration for services as a director (including pension)	173,787	170,064
	<u>190,724</u>	<u>186,750</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>143,898</u>	<u>146,287</u>
No other members of the Council received emoluments.		
	2014 No	2013 No
Members of Council received no reimbursement of expenses (2013: nil).		
The number of employees whose salaries exceed £60,000 (in bands of £10,000) are as follows:		
£60,000 - £70,000	2	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 2014

11. INTANGIBLE FIXED ASSETS

Group

	Intellectual property £
Cost and net book value: 1 April 2013	35,269
Additions	1,351
Amortisation	(17,906)
31 March 2014	<u>18,714</u>

12. TANGIBLE FIXED ASSETS

Group

	Office furniture & fittings £	Musical Instruments and cases £	Computers and office equipment £	Motor vehicles £	Total £
Cost or valuation: 1 April 2013	136,583	394,271	468,962	184,601	1,184,417
Additions	2,249	10,761	16,529	103,991	133,530
31 March 2014	<u>138,832</u>	<u>405,032</u>	<u>485,491</u>	<u>288,592</u>	<u>1,317,947</u>
Depreciation: 1 April 2013	116,777	230,385	402,569	43,284	793,015
Charged in the year	3,738	10,753	43,397	20,324	78,212
31 March 2014	<u>120,515</u>	<u>241,138</u>	<u>445,966</u>	<u>63,608</u>	<u>871,227</u>
Net book value: 31 March 2014	<u>18,317</u>	<u>163,894</u>	<u>39,525</u>	<u>224,984</u>	<u>446,720</u>
1 April 2013	<u>19,806</u>	<u>163,886</u>	<u>66,393</u>	<u>141,317</u>	<u>391,402</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Charity

	Office furniture & fittings £	Musical Instruments and cases £	Computers and office equipment £	Motor vehicles £	Total £
Cost or valuation:					
1 April 2013	136,583	394,271	462,526	184,601	1,177,981
Additions	2,249	10,761	16,529	103,991	133,530
31 March 2014	138,832	405,032	479,055	288,592	1,311,511
Depreciation:					
1 April 2013	116,778	230,385	400,130	43,284	790,577
Charged in the year	3,738	10,753	41,251	20,324	76,066
31 March 2014	120,516	241,138	441,381	63,608	866,643
Net book value:					
31 March 2014	18,316	163,894	37,674	224,984	444,868
1 April 2013	19,805	163,886	62,396	141,317	387,404

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

Group

	2014 £	2013 £
Diamond brooch, constructed by Boucheron, endorsed by Orchestra's Patron	-	7,500

Charity

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

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

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:

	2014 £
<i>Profit and loss account</i>	
Turnover	144,467
Cost of sales	(98,706)
Administrative expenditure	(39,336)
Amount gift aided to the Charity	(6,425)
Retained in subsidiary	<u>-</u>
<i>Assets and liabilities</i>	
Intangible fixed assets	18,714
Tangible fixed assets	1,852
Current assets	39,860
Current liabilities	(60,326)
Net assets	<u>100</u>
Share capital	<u>100</u>

14. DEBTORS

Included in Other Debtors (Group and Charity) is an amount of £34,734 (2013 – £47,234) falling due after more than one year. falling due after more than one year.

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Due within one year:				
Trade debtors	212,655	277,952	212,517	277,625
Other debtors	202,906	389,379	202,806	399,021
Philharmonia Trust Limited	458,152	448,587	458,152	448,587
Amounts owed by Group Company	-	-	51,199	93,283
Prepayments and accrued income	326,615	458,700	323,648	429,820
	<u>1,200,328</u>	<u>1,574,618</u>	<u>1,248,322</u>	<u>1,648,336</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

15. CREDITORS: Amounts falling due within one year

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	666,203	842,209	664,088	837,378
Other creditors	105,493	52,710	102,280	52,710
Other taxation and social security costs	48,617	123,379	46,818	123,379
Accruals	445,868	406,961	443,868	405,461
Deferred income	855,712	843,890	855,712	843,890
	<u>2,121,893</u>	<u>2,269,149</u>	<u>2,112,766</u>	<u>2,262,818</u>

16. LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 74 members at 31 March 2014 (2013: 77).

17. LEASE COMMITMENTS

	2014	2013
	£	£
Annual commitments under operating leases expiring:		
In one year		
Land and buildings	117,964	117,964
In one to two years		
Office equipment	8,189	-
In two to five years		
Office equipment	3,883	12,072
	<u>130,036</u>	<u>130,036</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. Grants of £445,333 were awarded by Philharmonia Trust Limited to Philharmonia Limited in the year (2013: £445,333). Income totalling £99,997 (2013 - £nil) was received, and costs totalling £558,149 (2013 - £3,254) 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 £448,587 (2013: £168,429). The balance remaining due from Philharmonia Trust Limited to Philharmonia Limited at the year end was £458,152 (2013: £448,587).

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 £390,000 (2013: £410,000). Donations were also received in the year from Michael Hoffman, David Snowdon and Revd John Wates, all of whom are also Trustees of Philharmonia Limited.

Payments were made to all playing members of the Council of Management in respect of the work

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

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

There were no capital commitments as at 31 March 2014 (2013: £nil).

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

20. FUNDS	£ Balance at 1 April 2013	£ Incoming	£ Outgoing	£ Transfers	£ Balance at 31 March 2014
RESTRICTED FUNDS:					
Philharmonia Income and Expenditure	(12,574)	525,341	(477,643)	-	35,124
Martin Musical Scholarship Grant Fund	30,302	13,000	(13,000)	-	30,302
MMSF Donated Asset Fund	13,280	-	(320)	-	12,960
TOTAL RESTRICTED FUNDS	31,008	538,341	(490,963)	-	78,386
ENDOWMENT FUNDS:					
Martin Musical Scholarship Fund	184,484	-	-	-	184,484
TOTAL ENDOWMENT FUNDS	184,484	-	-	-	184,484
UNRESTRICTED FUNDS:					
Designated Funds	1,009,958	-	-	(178,543)	831,415
Martin Musical Scholarship Fund	111,011	33,005	(46,696)	-	97,320
Philharmonia Income and Expenditure Account	(50,724)	8,911,969	(9,030,281)	180,642	11,606
Revaluation Reserve	79,244	-	-	(2,099)	77,145
TOTAL UNRESTRICTED FUNDS	1,149,489	8,944,974	(9,076,977)	-	1,017,486
TOTAL FUNDS	1,364,981	9,483,315	(9,567,940)	-	1,280,356

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 2014

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
Tangible fixed assets	376,720	70,000	-	446,720
Intangible fixed assets	18,714	-	-	18,714
Current assets	2,413,667	338,664	184,484	2,936,815
Current liabilities	(1,791,615)	(330,278)	-	(2,121,893)
	<u>1,017,486</u>	<u>78,386</u>	<u>184,484</u>	<u>1,280,356</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 principally with the Orchestra's Principal Conductor. The balance on the Designated Reserve at 31 March 2014 is £831,415 (2013 - £1,009,958).

The unrestricted Philharmonia Income and Expenditure Fund remains in deficit. The Council of Management plans to eliminate this deficit through future financial planning.

23. CASH FLOWS

	2014 £	2013 £
a Reconciliation of (outgoing)/incoming resources to net cash inflow from operating activities		
Net (outgoing)/incoming resources before other gains and losses	(84,625)	63,850
Depreciation and amortisation	94,767	88,273
Profit on sale of investment	(4,895)	-
Decrease/(Increase) in debtors	374,290	(223,627)
Decrease in creditors	(147,256)	(20,465)
Net cash inflow/(outflow) from operating activities	<u>232,281</u>	<u>(91,969)</u>
	2014 £	2013 £
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	(133,530)	(90,839)
Proceeds on sale of investment	12,395	-
Acquisition of intangible fixed assets	-	(14,850)
	<u>(121,135)</u>	<u>(105,689)</u>

	At 1 April 2013 £	Cash flow £	At 31 March 2014 £
c Analysis of net debt			
Cash in hand, at bank	<u>1,625,341</u>	<u>111,146</u>	<u>1,736,487</u>