

Philharmonia Limited
(Limited by Guarantee)

FINANCIAL STATEMENTS

for the year ended
31 March 2001



Company Registration No. 799297
Charity Registration No. 250277

Philharmonia Limited (Limited by Guarantee)

INDEX

	Page
COUNCIL OF MANAGEMENT AND OFFICERS	1
REPORT OF THE COUNCIL OF MANAGEMENT	2-6
FINANCIAL STATEMENTS	
Council of Management's responsibilities	7
Auditors' report	8
<i>Statement of financial activities</i>	9
Balance sheet	10
Cash flow statement	11
Accounting policies	12-13
Notes to the financial statements	14-24
General income and expenditure account	25
Own promotions income and expenditure account	26
Foreign tours income and expenditure account	27
Engagements income and expenditure account	28
Friends of the Philharmonia income and expenditure account	29
Martin Musical Scholarship Fund income and expenditure account	30
Education projects income and expenditure account	31
Orchestral overheads	32
Administrative overheads	33

Philharmonia Limited (Limited by Guarantee)

COUNCIL OF MANAGEMENT AND OFFICERS

COUNCIL OF MANAGEMENT

Vincent Meyer	President
Keith Bragg	Chairman
Mark David	Vice Chairman
David Whelton	Managing Director
Kevin Hathway	
Michael Hurwitz	
Julian Milone	
Debbie Preece (appointed 15 October 2001)	
Daniel Salem	
Susan Salter	
Andrew Smith	
John Wates	

SECRETARY

David Whelton

REGISTERED OFFICE

First Floor
125 High Holborn
London WC1V 6QA

COMPANY REGISTRATION NUMBER

799297

CHARITY REGISTRATION NUMBER

250277

AUDITORS

Baker Tilly
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

BANKERS

National Westminster Bank plc
125 Great Portland Street
London W1A 1GA

Investec Bank
2 Gresham Street
London EC2V 7QP

LEGAL ADVISERS

Hammond Suddards Edge
7 Devonshire Square
Cutlers Gardens
London, EC2M 4YH

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

The Council present their report and financial statements of Philharmonia Limited for the year ended 31 March 2001.

GOVERNING INSTRUMENT

The company is governed by its Memorandum and Articles of Association.

MANAGEMENT

The company ('The Charity') is managed by a Council of Management comprised of 8 playing members of the orchestra, elected in accordance with the Articles of Association, plus 4 non-playing members, who are co-opted at each annual general meeting. The Council of Management is supported by one sub committee, the Finance Committee, charged with working on the detail of the Orchestra's Finance.

APPOINTMENT OF COUNCIL OF MANAGEMENT

The Council of Management is appointed by the members of the Company. A vote is conducted at each AGM to elect nominated members to fill vacancies created by the retirement of existing Members of the Council. Exceptionally, a member may be elected by a properly constituted Extraordinary General Meeting. The 4 non-playing members are co-opted at each annual general meeting.

Council of Management

Player Members

Keith Bragg (Chairman)
Mark David (Vice Chairman)
Kevin Hathway
Michael Hurwitz
Julian Milone
Susan Salter
Andrew Smith
Debbie Preece (appointed 15 October 2001)

Non-Player Members

Vincent Meyer
Daniel Salem
John Wates
David Whelton

Finance Committee

Non-Player Members

John Wates (Chairman)
John Hill
Anthony de Keyser
Patrick Mill
David Whelton

Player Members

Keith Bragg
Mark David

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

ACTIVITIES AND REVIEW OF THE BUSINESS

The company is a charity whose objects are to maintain and develop its position as one of the world's leading symphony orchestras in playing quality, creative programming and distinctive live concert experience, and to bring its work to the widest possible audience in the UK and the rest of the world.

The 2000/01 financial year was another excellent year of artistic achievement for the Philharmonia Orchestra working with the world's leading conductors and soloists in a wide range of repertoire and performing to capacity houses throughout the world. 2000/01 was dominated by three major series: a Bach series, celebrating the 250th Anniversary, programmed and directed by Andras Schiff, a Mendelssohn series conducted by Wolfgang Sawallisch and Christoph von Dohnányi which included a definitive performance of the great Oratorio Elijah, and a collaboration with the South Bank Centre to celebrate Henze's 75th birthday in a pair of concerts conducted by Christoph von Dohnányi. The charismatic conductor, Valery Gergiev returned to the Orchestra for another Zurich Financial Services series, in which he led the Orchestra in two remarkable programmes celebrating the work of Diaghilev. The Orchestra was delighted to welcome back Maestro Lorin Maazel for two spectacular concerts in the Royal Festival Hall, and it was particularly satisfying for the Orchestra to work with him in its own home. The Orchestra was very proud to have been chosen by the Royal Festival Hall to give the fiftieth anniversary concert of the foundation of the Hall. This gala concert was conducted with great panache by Valery Gergiev. The summer season was brought to a close with a memorable concert given by Christoph von Dohnányi, to mark Alfred Brendel's 70th birthday. James MacMillan's Music of Today series now in its ninth year continued to offer stimulating and attractive programmes, featuring an eclectic range of composers including Thomas Ades, Vladislav Shostakovich, Steve Mackey and Elena Firsova. The subscription series concerts at the Royal Festival Hall continued to attract excellent audiences. The Financial subscription target was met, the average paid attendance audience across the season being 79%.

The Philharmonia Orchestra's regional concerts continued to flourish with 44 concerts given to enthusiastic audiences throughout the year. 2000/01 marked the fourth year of the Leicester residency, which has now been extended until the end of the 2004/05 season. Another excellent programme of concerts was presented, featuring artists of the calibre of Lorin Maazel, Esa-Pekka Salonen, Yevgeny Svetlanov and Christian Thielemann. Audiences continued to grow. The Bedford residency continued to flourish with the majority of concerts sold out. Negotiations have recently been concluded to extend the residency up to and including 2004/05 season.

The orchestra undertook 75 recording sessions in the year, the majority of which were funded by trusts foundations and private individuals.

The Orchestra had a very busy touring programme, giving concerts in Germany, Austria, Spain, Italy, and returning to the refurbished Chatelet Theatre for a remarkably successful production of Strauss's Die Schweigsame Frau, conducted by Christoph von Dohnányi.

The Community & Education Department carried out a range of projects and activities in London, Bedford and Leicester - working with many sectors of the community and in primary, secondary and special schools. Family Music Days, school matinees and pre-concert activities continue to prove very popular and audiences are growing. The Family concert formula established in London proved to be particularly successful.

Overall, 2000/01 was financially a satisfactory year for the Orchestra. The deficit on own promotion concerts at the Royal Festival Hall was substantially reduced, the surplus on foreign touring improved, as did the surplus for engagement and recordings. The Friends, which had made a substantial deficit in the 1999/2000 year, managed to reduce this, whilst at the same time maintaining their commitment to the Orchestra. The Development Department, which had been expanded to three members of staff, raised in excess of £800,000 in the course of the year, aided by the Philharmonia Trust, the Development Committee and Strategic Advisors. New sponsors included Commerz Bank and Fleming Family and Partners, and additional support was given by the Vivien Duffield Foundation, Britten Trust, the Idlewild Trust and the D'Oyly Carte

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

Foundation. The Department also organised two charity fundraising Galas with the Institute of Cancer Research's Everyman Campaign and Life Action Trust at the Royal Festival Hall. The Orchestra is most grateful to the Philharmonia Trust which under the chairmanship of Sir Sydney Lipworth QC, gave sterling support and continued to offer valuable strategic and policy advice. The following Trustees supported the Orchestra financially throughout the year: Vincent Meyer, Sir Sydney Lipworth QC, Stephen Richardson, Stephen Rubin, Daniel Salem, Mrs Crysanthé Lemos, Donald Kahn OBE, Sir Graham Hearne CBE, John Wates, Sandy Leitch and Mark Austin. The Philharmonia Orchestra is most grateful for their continued and loyal support.

The Administration of the financial management of the Orchestra proceeded smoothly. Detailed oversight of this aspect of the Orchestra's work continued through the work of the Finance Committee, which met under the chairmanship of John Wates. Membership of the Committee remained unchanged.

The Orchestra continued to work with the Stabilisation programme throughout the financial year, and received an early intimation of debt mitigation. Subsequently, the Arts Council announced an overall Stabilisation grant of £3.2 million for the Orchestra to fund a process of change enabling the Orchestra to gain ownership of its own material through a live recording programme, develop an expanded presence on the Web, and enhance its sales and marketing capacity. In addition the Arts Council, through London Arts has agreed to increase core subsidy to the Orchestra, with effect from 1st April 2002, to bring it in line with other UK orchestras. This is very welcome news and will provide a strong platform on which the Orchestra can build its future.

LOOKING AHEAD

Subsidy

Delegation to London Arts board went smoothly, and the Orchestra has established excellent relationships at all levels of this funding body. The Orchestra has received an intimation of funding for the 2003/04 financial years and will be working with the head of Music at London Arts to plan a coherent programme within its available resources. With parity of funding in effect from 1st April 2002 it is envisaged that the Orchestra will be less reliant in the future upon non-dependable sources of income. The Orchestra has accepted the conditions imposed by Stabilisation funding, and is planning a break-even position for the next five years. The Philharmonia Orchestra objectives of presenting concerts of the highest international quality, new work, education and access will be central to its successful future development.

THE MARTIN MUSICAL SCHOLARSHIP FUND

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

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

FINANCIAL RESULTS

The results of the year are set out in the income and expenditure account and the statement of financial activities on page 9 and the balance sheet on page 10.

RESERVES AND INVESTMENT POLICY

The finances of the Philharmonia Orchestra are currently insufficient for the creation of a reserve and the institution of an investment policy, the objective being to manage cash flow in a declining and unpredictable market place so as to avoid bank charges. When financial circumstances permit, it is the Council of Management's intention to create sufficient reserves to cover in the region of six months overhead costs.

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

DESIGNATED FUNDS AND OTHER FUNDS

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

PHILHARMONIA INCOME AND EXPENDITURE ACCOUNT

This Fund has been in deficit for a number of years due to operating, as most UK symphony orchestras have, with insufficient funding. Under the terms of the Stabilisation settlement awarded to the Orchestra by the Arts Council of England, the accumulated deficit will be eradicated in the course of the next 5 years.

MARTIN MUSICAL SCHOLARSHIP FUND

The results for the year indicate an excess of expenditure over income. This arises from the necessity to reduce the level of reserve over a three-year period in accordance with Charity Commission guidelines.

FRIENDS OF THE PHILHARMONIA INCOME AND EXPENDITURE ACCOUNT

The results for the year reveal a very small excess of expenditure over income. The Friends of the Philharmonia exists to support the Orchestra and plans to be self-financing with effect from the 2001/2002 financial year, and to eradicate the accumulated deficit over the following five years.

MEMBERS OF THE COUNCIL

The members named on page 1 served throughout the year with the exception of Debbie Preece who was elected at an EGM on 15 October 2001. Susan Salter and Justin Jones retired by rotation under Article 49 of the Articles of Association. Susan Salter was re-elected and Julian Malone was elected on 15 December 2000. Keith Bragg, Andrew Smith and Kevin Hathway retire by rotation and will be offering themselves for re-election at the AGM on 10 December 2001.

RISK MANAGEMENT

The Council of Management is responsible for the management of the risks faced by the company. Key risks have been identified as under:

- (a) September 11th 2001
The tragic events on New York on September 11th 2001 accelerated the down turn in the economic environment in which the Orchestra works. Specifically sponsorship and corporate hospitality have been badly hit, but the reluctance of artists to undertake international travel has also hit the recording programme and the downturn in tourism has affected ticket income. As a result of this, the Orchestra has rebudgeted its business plan for the 2002/03 and 2003/04 financial years to take account of these new developments. The insurance position of the Orchestra has also changed requiring a reassessment of touring risk, particularly with respect to players' fees.
- (b) Stabilisation
The conditions attached to Stabilisation funding make significant demands on the Orchestra:
 - A sum of £235, 000 over and above the operating requirement of the Orchestra has to be generated in order to release the funding for website development. Steps are being taken to achieve this by the end of the 2003/04 financial year.

Philharmonia Limited (Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

- The Company must budget for a break even position, and in the event of shortfalls in income or cost over runs, take all necessary steps to achieve a year end break even position. In the current economic climate, the Orchestra is at risk of failing to meet this condition set by Stabilisation.
- (c) **Earned Income**
Earned income particularly from corporate and private sector remains a high-risk area, particularly in the current climate. It is envisaged that recordings and tours will also continue to be vulnerable. It has been agreed to accept conservative budgets in each of these areas for the 2002/03 and 2003/04 financial years.
- (d) **South Bank Centre**
Whilst the Orchestra is delighted to have additional core subsidy, it remains vulnerable to the lack of direction currently being demonstrated by the South Bank Board. The Royal Festival Hall and its immediate environs continues to deteriorate and with a refurbished Barbican, with its re-engineered acoustics, the competitive position of the Philharmonia in relation to audiences and sponsors in London is severely weakened. It remains a priority for the orchestra to renegotiate its relationship with the South Bank Centre in particular to avoid double funding for its sales and marketing operation. The Boyden review, funded by the Stabilisation Unit is addressing this issue.

Through the above risk management process, the Council of Management are satisfied that the major risks are identified and as far as practicable adequately mitigated.

AUDITORS

The auditors, Baker Tilly, have expressed their willingness to continue in office and a resolution will be proposed in General Meeting that they be reappointed.

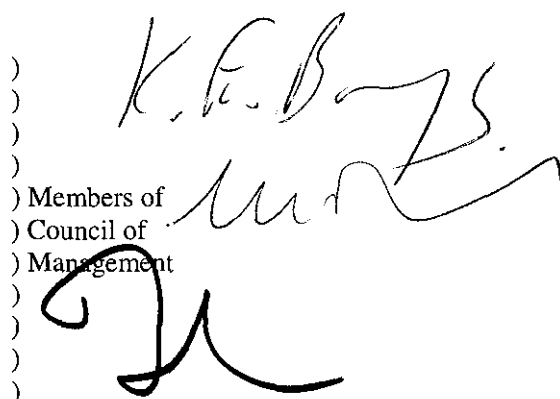
This report was approved by the Council of Management on 4 DECEMBER 2001

KEITH BRAGG

MARK DAVID

DAVID WHELTON

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

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

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

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

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

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

We have audited the financial statements on pages 9 to 22.

Respective responsibilities of the Council of Management and auditors

As described on page 7 the company's Council of Management are responsible for the preparation of financial statements. *It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.*

Basis of opinion

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

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

Going concern

In forming our opinion, we have considered the adequacy of the disclosures in the financial statements concerning the going concern basis in accordance with which the financial statements have been prepared. As more fully described in the accounting policy note, "Basis of Accounting", the company relies substantially on funding by grants from the Arts Council of England for its current and future commitments and operates on the basis that, taking one year with another, its revenue will match its expenditure. The company has been accepted onto the Arts Council of England's main Stabilisation programme. This will enable the company to strengthen its balance sheet by means of debt mitigation and removal of the accumulated deficit. 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.

Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 March 2001 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

4th December, 2001

Philharmonia Limited (Limited by Guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an Income and Expenditure Account)

For the year ended 31 March 2001

	Note	Unrestricted Funds £	Restricted Funds £	Total 2001 £	Restated Total 2000 £
Income and Expenditure					
Incoming Resources					
Donations and gifts	2	461,172	336,020	797,192	552,957
Activities in furtherance of the charity's objectives:					
Grants		1,089,400	285,639	1,375,039	1,340,832
Sponsorship		-	303,971	303,971	176,971
Turnover		4,488,275	79,863	4,568,138	4,880,321
Other income		16,138	156,397	172,535	377,131
Investment income		1,185	71,727	72,912	1,064
Total Incoming Resources		6,056,170	1,233,617	7,289,787	7,329,276
Resources Expended					
Charitable expenditure					
Costs of activities in furtherance of the charity's objectives:					
Costs of generating funds	3	5,119,942	1,100,960	6,220,902	6,731,810
Support costs	4	338,677	82,821	421,498	404,082
Grants payable	5	-	61,580	61,580	51,355
Management and administration	6	639,581	309	639,890	604,288
Total Resources Expended		6,098,200	1,245,670	7,343,870	7,791,535
Net outgoing resources		(42,030)	(12,053)	(54,083)	(462,259)
Other recognised gains and losses:					
(Loss)/gain on revaluation of investments		(12,395)	-	(12,395)	3,262
		(54,425)	(12,053)	(66,478)	(458,997)
Transfer between funds		(74,780)	74,780	-	-
Net movement in funds		(129,205)	62,727	(66,478)	(458,997)
Balances as at 1 April		(1,353,623)	137,716	(1,215,907)	(756,910)
Balances as at 31 March		(1,482,828)	200,443	(1,282,385)	(1,215,907)

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

Philharmonia Limited (Limited by Guarantee)

BALANCE SHEET (including branches)

31 March 2001

	Notes	2001 £	Restated 2000 £
FIXED ASSETS			
Tangible assets	12	215,084	251,528
Investments	13	218,399	49,500
		<u>433,483</u>	<u>301,028</u>
CURRENT ASSETS			
Debtors	14	904,077	904,604
Cash at bank and in hand		468,302	311,579
		<u>1,372,379</u>	<u>1,216,183</u>
CREDITORS: Amounts falling due within one year	15	(3,088,247)	(2,705,118)
NET CURRENT LIABILITIES		<u>(1,715,868)</u>	<u>(1,488,935)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,282,385)	(1,187,907)
CREDITORS: Amounts falling due after more than one year	16	-	(28,000)
TOTAL LIABILITIES		<u>(1,282,385)</u>	<u>(1,215,907)</u>
RESTRICTED FUNDS			
Capital fund	21	200,443	137,716
UNRESTRICTED FUNDS			
Designated			
Special reserve	21	-	100,000
Other			
Martin Musical Scholarship Fund	21	67,158	88,462
Friends of the Philharmonia Income and Expenditure Account	21	(14,805)	(14,202)
Philharmonia Income and Expenditure Account	21	(1,647,265)	(1,641,705)
Revaluation reserve	21	112,084	113,822
	21	<u>(1,282,385)</u>	<u>(1,215,907)</u>

Approved by the Council of Management on

KEITH BRAGG

MARK DAVID

DAVID WHELTON

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) Members of
) Council of
) Management
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4 DECEMBER 2001

K. E. Bragg

[Signature]

Philharmonia Limited (Limited by Guarantee)

CASH FLOW STATEMENT (including branches)

for the year ended 31 March 2001

	<i>Notes</i>	2001 £	Restated 2000 £
Cash flow from operating activities	24a	257,146	295,178
Capital expenditure and servicing of finance	24b	(209,307)	(44,219)
INCREASE IN CASH IN THE PERIOD		<u>47,839</u>	<u>250,959</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

		2001 £	Restated 2000 £
Increase in cash in the period		47,839	250,959
NET FUNDS/(DEBT) AT 1 APRIL 2000	24	16,090	(234,869)
NET FUNDS AT 31 MARCH 2001		<u>63,929</u>	<u>16,090</u>

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with applicable accounting standards, and the Statement of Recommended Practice, 'Accounting and Reporting by Charities' issued in October 2000, and on a going concern basis. Where necessary comparative figures have been restated to follow the new format.

These financial statements combine the results of Philharmonia Limited together with its branches, the Friends of the Philharmonia and The Martin Musical Scholarship Fund.

The company relies substantially on funding by grants from the Arts Council of England for its current and future commitments and operates on the basis that, taking one year with another, its revenue will match its expenditure. There is no indication that the company's activities will be curtailed or substantially altered and therefore no provision has been included in the financial statements for costs that would be incurred in these events.

In addition, overdraft facilities in line with the company's projected cash flow requirements have been negotiated with the company's bankers for the period to 10 November 2002.

The company has been accepted onto the Arts Council of England's main Stabilisation programme. This will enable the company to strengthen its balance sheet by means of debt mitigation and removal of the accumulated deficit.

In view of this and of the continuing support of the Arts Council of England, the going concern basis is considered an appropriate basis for the preparation of these financial statements.

TURNOVER

This represents income generated from own promotions, engagements and foreign tours, but excludes grants, sponsorship and donations. It comprises the total value of ticket and programme sales, advertising revenue, relay and transcription revenue, and services invoiced to customers, after deducting all credits and allowances and excluding value added tax.

DEPRECIATION

Fixed assets include musical instruments which have been revalued. Other fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets except those which are considered to be of high residual value with an immaterial depreciation charge, at rates calculated to write off the cost of the assets down to its estimated residual value evenly over its expected useful life, as follows:-

Office furniture and fittings	20%
Musical instruments, instrument boxes and recordings	10%
Computers and office equipment	33.33%
Motor vehicles	20%

GRANTS AND SPONSORSHIP

Grants and sponsorship are credited to the statement of financial activities in the year in which they accrue.

DONATIONS

Donations if allocated to specific concerts, engagements or projects are credited to the statement of financial activities in the year in which they accrue.

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

EXPENDITURE

Resources expended are recognised in the period in which they are incurred.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function is included as administrative overheads.

INVESTMENTS

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

FUNDS

Unrestricted funds are donations or other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Designated funds are unrestricted funds earmarked by the Council of Management for particular purposes.

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

EXCHANGE CONVERSIONS

Overseas currencies received from foreign tours have been stated at the actual rates obtained.

LEASES

Rentals under operating leases are charged to income and expenditure account as incurred.

CONNECTED CHARITIES

The Philharmonia Trust Limited (registered charity number 254191) is a connected charity as certain members of the Council of Management who are also trustees, are Members of the Council of Management of Philharmonia Limited.

The position at the end of the year between Philharmonia Limited and the Trust is shown in debtors, note 13 and note 17 to the financial statements.

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

No transactions between the entities took place during the year.

PENSION COSTS

The company contributes to personal pension schemes. The charge to the statement of financial activities is the amount payable in respect of the accounting period.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

1 TURNOVER AND DEFICIT

The company's turnover and deficit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	2001 £	2000 £
United Kingdom	2,582,816	2,988,294
Europe	1,875,524	704,585
Rest of the World	109,798	1,187,442
	<u>4,568,138</u>	<u>4,880,321</u>

2 INCOMING RESOURCES

DONATIONS AND GIFTS

	<i>Unrestricted</i> £	<i>Restricted</i> £	2001 <i>Total</i> £	2000 <i>Total</i> £
Charities foundations	135,894	66,770	202,664	210,969
Other donations	325,278	269,250	594,528	341,988
	<u>461,172</u>	<u>336,020</u>	<u>797,192</u>	<u>552,957</u>

3 COSTS OF GENERATING FUNDS

	<i>Unrestricted</i> £	<i>Restricted</i> £	2001 <i>Total</i> £	2000 <i>Total</i> £
Concert and relay fees	3,734,513	732,522	4,467,035	4,926,825
Travel, subsistence and transport of instruments	678,319	65,050	743,369	720,865
Music and instrument hire	78,232	9,685	87,917	121,165
Hall hire and box office commission	342,037	12,952	354,989	357,160
Subscription and programme expenses	192,507	-	192,507	255,479
Other expenses	94,334	280,751	375,085	350,316
	<u>5,119,942</u>	<u>1,100,960</u>	<u>6,220,902</u>	<u>6,731,810</u>

4 SUPPORT COSTS

	<i>Unrestricted</i> £	<i>Restricted</i> £	2001 <i>Total</i> £	2000 <i>Total</i> £
Public Relations/Corporate identity	18,890	-	18,890	20,970
Advertising and Publicity	16,383	14,129	30,512	61,408
Fundraising Event costs	65,970	68,692	134,662	129,141
Employment costs	185,729	-	185,729	152,851
Other expenses	51,705	-	51,705	39,712
	<u>338,677</u>	<u>82,821</u>	<u>421,498</u>	<u>404,082</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

5 GRANTS PAYABLE

The amount payable in the year comprises:

Name	Instrument	2001 £	2000 £
Mark Allen	Trumpet	1,000	-
Tamas Andras	Violin	1,000	-
Irana Botan	Piano	1,000	-
Thomas Carroll +	<i>KPMG Award</i> Cello	-	1,000
Sa Chen	Piano	1,000	-
Natalie Clein	Cello	1,000	-
David Cohen	Cello	1,600	-
<i>John E Mortimer Award + R Conway Award</i>			
Donnie Deacon	Violin	-	1,000
Schlomy Dobrinski +	Violin	1,000	800
Danny Driver +	<i>John E Mortimer Award</i> Piano	1,000	800
Mei-Yi Foo +	Piano	1,000	1,000
Juliana Georgieva	Violin	-	1,000
Charys Green	<i>Sidney Perry Award</i> Clarinet	2,100	-
Tristan Gurney +	Violin	1,000	800
Richard Harwood +	<i>John E Mortimer Award</i> Cello	1,000	650
Waka Hesagawa +	<i>Sidney Perry Award</i> Piano	2,000	675
Catriona Hetherington	Cello	1,000	-
Inju Ho	Piano	1,000	-
Benjamin Huges	Cello	1,000	-
Alina Ibragimova	<i>John E Mortimer Award</i> Violin	1,000	-
Guy Johnson	Cello	-	1,000
Yuri Kalnits	Violin	-	1,000
Tatiana Kozhevato	Violin	1,000	-
Chenyin Lee	Piano	1,000	-
Georgia Lewis +	Violin	800	1,000
Natalia Lomeiko +	Violin	800	1,000
Martin Marko	Piano	1,000	-
Rebekah Matthews	Bassoon	1,000	-
Melanie McLoughlin	Trumpet	1,000	-
Goli Mohtadi +	Piano	-	1,300
Yumi Nomoto	Piano	1,000	-
Jane Oliver	Cello	1,000	-
Vrta Panomarioviate	Piano	1,000	-
Rafal Payne	Violin	1,000	-
Marianna Prjevalskaya	Piano	1,000	-
Kristina Puspure +	Violin	600	1,600
Duncan Reid	Violin	1,000	-
Dominika-Anna Rosiek	Violin	1,000	-
Anna Safonova	Violin	1,000	-
Anneke Scott	Horn	1,000	-
Alender Sitkovetsky	<i>Sidney Perry Award</i> Violin	2,000	-
Andrew Skidmore	Cello	1,000	-
Hiroaki Takenouchi	Piano	-	1,000
Bavant Skeley	Violin	1,000	-
Dmitri Torchinsky	<i>John E Mortimer Award</i> Violin	1,000	-
Shu-Wei Tseng +	Piano	1,000	1,000
Tetyana Ursova	<i>John E Mortimer Award</i> Piano	1,000	-
		42,900	16,625

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

Name	Instrument	2001 £	2000 £
carried forward		42,900	16,625
Katarina Varngy	Violin	1,000	-
Alastair Warren	Bass Trombone	1,000	-
Ashley Wass	Piano	1,000	-
Sam Wedgewood +	<i>KPMG Award</i> Trumpet	-	1,000
Lydia Westcombe-Evans +	Violin	1,000	1,000
Naomi Williams	Cello	1,000	-
Katherine Wood +	<i>John E Mortimer Award</i> Cello	1,000	1,000
Natasha Wright	<i>Trevor Snood Award £500</i> Viola	1,000	-
Nicholas Wright	<i>KPMG Award</i> Violin	1,000	-
Qian Wu +	<i>Sidney Perry Award</i> Piano	2,100	1,000
Grants under £1,000 not listed individually		12,880	30,730
Less: Grants not claimed		(4,300)	(1,100)
TOTAL		<u>61,580</u>	<u>50,255</u>

+ Previous award winner

The total number of grants awarded were 67 to individuals and none to institutions.

6	MANAGEMENT AND ADMINISTRATION	Unrestricted £	Restricted £	2001 Total £	2000 Total £
	Employment costs	351,471	-	351,471	348,237
	Travel, subsistence and entertaining	57,631	-	57,631	65,782
	Occupation and office costs	104,821	-	104,821	99,722
	Professional fees	31,426	-	31,426	76,537
	Bank interest and charges	41,672	-	41,672	38,059
	Other expenses/(income)	52,560	309	52,869	(24,049)
		<u>639,581</u>	<u>309</u>	<u>639,890</u>	<u>604,288</u>
7	OTHER OPERATING INCOME AND CHARGES			2001 £	2000 £
	Other operating income includes:				
	Arts Council of England grant			1,117,400	1,034,020
	Other operating expenditure includes:				
	Auditors' remuneration			9,500	9,000
	Operating lease rentals			34,292	25,884

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

8	INVESTMENT INCOME AND INTEREST RECEIVABLE	2001 £	2000 £
	Investment income	72,912	1,064
	Interest receivable	6,346	5,416
		<u>79,258</u>	<u>6,480</u>
9	INTEREST PAYABLE	2001 £	2000 £
	Bank interest payable	41,672	38,059
10	EMPLOYEES	2001 No.	2000 No.
	The average monthly number of persons (excluding Council of Management) employed by the company during the year was:		
	Office and management	17	17
	Transport	1	1
		<u>18</u>	<u>18</u>
		2001 £	2000 £
	Staff costs for the above persons (including transport department costs):		
	Wages and salaries	504,487	471,671
	Social security costs	50,013	46,629
	Other pension costs	28,391	17,604
		<u>582,891</u>	<u>535,904</u>
	Council of Management Remuneration		
	Fees	6,746	6,564
	Remuneration for services as a director	88,426	87,890
		<u>95,172</u>	<u>94,454</u>
	The Honorarium and other emoluments disclosed above (excluding pension contributions) includes amounts paid to:		
	The highest paid member of Council	88,426	87,890
	No other members of Council received emoluments.		
		2001 No	2000 No
	Members of Council received reimbursement of expenses of £1,299 (2000: £740).		
	The number of employees whose emoluments exceed £50,000 are as follows:		
	£80,001 - £90,000	1	1

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

11 TAXATION

As a charity the company is exempt from corporation tax.

12	TANGIBLE FIXED ASSETS	<i>Office furniture & fittings £</i>	<i>Musical instruments, baskets and recordings £</i>	<i>Computers and office equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
	Cost or valuation:					
	1 April 2000	83,168	238,711	256,825	85,630	664,334
	Additions	2,722	10,469	14,288	533	28,012
	Disposal	(30,442)	-	(135,590)	-	(166,032)
	31 March 2001	55,448	249,180	135,523	86,163	526,314
	Depreciation					
	1 April 2000	48,723	106,587	184,190	73,306	412,806
	Charged in the year	8,891	6,105	44,062	3,983	63,041
	Disposal	(30,387)	-	(134,230)	-	(164,617)
	31 March 2001	27,227	112,692	94,022	77,289	311,230
	Net book value					
	31 March 2001	28,221	136,488	41,501	8,874	215,084
	31 March 2000	34,445	132,124	72,635	12,324	251,528

The musical instruments were revalued on a replacement value basis for insurance purposes on 25 March 2000 by Thomas Winter. The value of these depreciating instruments was determined at £140,710.

French violin by Pierre Sylvestre was valued by John & Arthur Beare on 17 August 2000 at £20,000. Six double basses by Pullman were valued by Gallery Strings (London) at £12,000 each on 17 August 2000.

The Council of Management believe that the musical instruments have not materially changed in value as at 31 March 2001.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

13	FIXED ASSET INVESTMENTS	2001 £	2000 £
	<i>QUOTED INVESTMENTS</i>		
	COST		
	15,000 M&G Securities Limited charibond income shares	-	16,395
	19,319 AXA Sun Life Trust Management Limited, Master portfolio accumulation units	5,370	5,370
	625 Scottish Mutual	2,000	2,000
	Christopher Warren Green Violin Trust (1.442% holding)	5,000	5,000
	Norwich Union PPT Monthly Income Plus Portfolio	20,000	-
	Threadneedle UK Corporate Bond	20,000	-
	Aberdeen Unit Trust Managers Ltd Fixed Interest Fund	20,000	-
	Aberdeen Unit Trust Managers Ltd Fund of Investment Trusts Acc	20,000	-
	Aberdeen Unit Trust Managers Ltd Gilt Income	20,000	-
	Aberdeen Unit Trust Managers Ltd Sterling Bond	20,000	-
	Britannic Gilt & Fixed Interest	20,000	-
	Britannic High Income Fund	20,000	-
	Exeter Fund Managers Ltd Fixed Interest	20,000	-
	Schroders Gilt and Fixed Interest	20,000	-
		<u>212,370</u>	<u>28,765</u>
	Middle Market Value	<u>218,399</u>	<u>49,500</u>
		2001 £	2000 £
	1 April 2000	49,500	46,238
	Additions	200,000	-
	Disposals	(18,706)	-
	(Deficit)/surplus on revaluation	(12,395)	3,262
	31 March 2001	<u>218,399</u>	<u>49,500</u>
14	DEBTORS	2001 £	2000 £
	Due within one year:		
	Trade debtors	340,192	430,783
	Other debtors	171,772	85,361
	Prepayments and accrued income	352,522	335,143
	Amounts owed by Philharmonia Trust Limited	39,591	53,317
		<u>904,077</u>	<u>904,604</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

15	CREDITORS: Amounts falling due within one year	2001 £	2000 £
	Bank overdraft	404,373	295,489
	Loan	76,000	48,000
	Trade creditors	987,346	797,880
	Other creditors	453,147	350,125
	Philharmonia Trust Limited	400,000	450,000
	Other taxation and social security costs	75,351	58,661
	Accruals	352,393	438,171
	Deferred income	339,637	266,792
		<u>3,088,247</u>	<u>2,705,118</u>

The bank overdraft of £404,373 (2000: £295,489) was secured by a first charge on the company's book debts.

Deferred income relates to income in respect of future accounting periods received in advance in the form of subscriptions, sponsorship and other grants. It is the expectation of the various income donors that this income will be expended in future financial periods.

16	CREDITORS: Amounts falling due in more than one year	2001 £	2000 £
	Loan	-	28,000
	Amount payable by instalments:		
	within 1 year	76,000	48,000
	within 1 to 2 years	-	28,000
		<u>76,000</u>	<u>76,000</u>

The loan is interest free and is secured by a second charge on the company's book debts and a first charge on the fixed assets. In addition it is secured on the music library of Philharmonia Trust Limited.

17 LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 74 members at 31 March 2001 (2000: 74).

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

18 THE PHILHARMONIA TRUST LIMITED

The Philharmonia Trust Limited which exists with the object of supporting Philharmonia Limited had unrestricted trust funds of £308,951 at 31 March 2001 (2000: £210,497) which can be utilised to support the orchestra if required.

The Philharmonia Trust Limited forgave £50,000 of the amount due by Philharmonia Limited as at 31 March 2001 (2000: £50,000), and this amount has been credited to the Income and Expenditure Account.

19	LEASE COMMITMENTS	2001 £	2000 £
	Land and buildings:		
	Annual commitments under operating leases expiring:		
	Between two and five years	22,616	22,616
		<hr/>	<hr/>

20 RELATED PARTY TRANSACTIONS

Vincent Meyer, President of the Orchestra made a donation of £100,000 (2000: £100,000) towards general music costs of the orchestra.

The Meyer Foundation, of which Vincent Meyer is a trustee, made a donation of \$125,000 (2000: \$125,000) towards general music costs of the Orchestra.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2001

21 FUNDS	Balance at 1 April 2000 £	Incoming £	Outgoing £	Transfers £	Recognised gains and losses £	Balance at 31 March 2001 £
RESTRICTED FUNDS						
Philharmonia Income and Expenditure	-	1,026,644	(1,091,596)	64,952	-	-
Martin Musical Scholarship fund	-	47,000	(65,224)	18,224	-	-
Friends of the Philharmonia Income and Expenditure Account	-	88,246	(88,849)	603	-	-
Capital fund	137,716	71,727	-	(9,000)	-	200,443
UNRESTRICTED FUNDS						
Martin Musical Scholarship Fund	88,462	16,906	(16,230)	(9,224)	(12,756)	67,158
Friends of the Philharmonia Income and Expenditure Account	(14,202)	-	-	(603)	-	(14,805)
Philharmonia Income and Expenditure Account	(1,641,705)	6,039,264	(6,081,971)	37,147	-	(1,647,265)
Revaluation Reserve	113,822	-	-	(2,099)	361	112,084
DESIGNATED FUNDS						
Special Reserve	100,000	-	-	(100,000)	-	-
	<u>(1,215,907)</u>	<u>7,289,787</u>	<u>(7,343,870)</u>	<u>-</u>	<u>(12,395)</u>	<u>(1,282,385)</u>

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

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

The Capital fund represents a capital donation given by the Mortimer Foundation. The interest arising on this capital is used to provide grants through the grant fund. The figures for the year ended 31 March 2000 have been restated to show the Mortimer Foundation balance as a restricted fund in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in October 2000.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

22 CONTINGENT LIABILITIES

At 31 March 2001 the company has a claim for dilapidation of its old offices outstanding. Whilst the Council of Management accept that an amount is payable the final amount, at this time, cannot be determined with any accuracy.

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £	Capital Fund £	Total £
Tangible fixed assets	215,084	-	215,084
Fixed asset investments	17,956	200,443	218,399
Cash at bank	468,302	-	468,302
Debtors	904,077	-	904,077
Creditors	(3,088,247)	-	(3,088,247)
	<u>(1,482,828)</u>	<u>200,443</u>	<u>(1,282,385)</u>

24 CASH FLOWS

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

Net outgoing resources before revaluations	(54,083)	(462,259)
Depreciation	63,041	60,308
Loss on sale of fixed assets	1,415	79
Loss on sale of investments	300	-
Decrease in debtors	528	771,367
Increase/(decrease) in creditors	245,945	(74,317)
Net cash flow from operating activities	<u>257,146</u>	<u>295,178</u>

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

Capital expenditure and financial investment

Purchase of tangible fixed assets	(28,012)	(44,219)
Sale of tangible fixed assets	18,705	-
Purchase of investments	(200,000)	-
Net cash outflow from capital expenditure and financial investment	<u>(209,307)</u>	<u>(44,219)</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

24	CASH FLOWS (<i>continued</i>)	At 1 April 2000 £	Cash flow £	At 31 March 2001 £
c	Analysis of net debt			
	Cash in hand, at bank	311,579	156,723	468,302
	Overdrafts	(295,489)	(108,884)	(404,373)
	Total	<u>16,090</u>	<u>47,839</u>	<u>63,929</u>