

philharmonia orchestra

Philharmonia Limited
(Limited by Guarantee)

FINANCIAL STATEMENTS

For the year ended
31 March 2017

Philharmonia Limited (Limited by Guarantee)

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Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Registration number: 250277

Company Registration number: 799297

Registered office: 6 Chancel Street
London
SE1 0UX

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

Bankers: Barclays Bank
1 Churchill Place
London
E14 5HP

NatWest Bank
125 Great Portland Street
London
W1A 1GA

Legal advisers: McDermott Will and Emery LLP
Heron Tower
110 Bishopsgate
London
EC2N 4AY

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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:

| | |
|---------------------------------------|---|
| Chairman (player member) | Alistair Mackie (resigned 31 August 2016) Kira Doherty (appointed 1 September 2016) |
| Deputy Chairs (player members) | Kira Doherty (resigned 31 August 2016) Robin O'Neill |
| Managing Director (non-player) | David Whelton, OBE Hon RCM (resigned 2 September 2016) (Note: Helen Sprott started in post 13 March 2017 but is not a Trustee) |
| Interim Managing Director (player) | Alistair Mackie (appointed 1 September 2016, resigned 10 March 2017) |
| Other player members | Nathaniel Anderson-Frank (resigned 2 May 2017) Keith Bragg (appointed 10 September 2016, resigned 9 February 2017) Laurent Ben Slimane Michael Fuller Sarah Oates Timothy Walden (resigned 2 May 2017) Christian Geldsetzer (appointed 18 December 2016) Heidi Krutzen (appointed 2 May 2017) Victoria Irish (appointed 2 May 2017) |
| Other non-player members | Michael Hoffman (resigned 16 February 2017) Sir Peter Middleton (appointed 2 November 2016, resigned 8 February 2017) David Snowdon (resigned 26 August 2016) Revd John Wates OBE Julia Zilberman (appointed 2 November 2016, resigned 8 February 2017) |
| Secretary | Kim Lassemillante (appointed 2 November 2016, resigned 26 April 2017) Ana Da Silva (appointed 27 April 2017, resigned 13 July 2017) Paul John Townley (appointed 13 July 2017) |

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The Trustees present their report together with the financial statements of Philharmonia Limited ("the Company") for the year ended 31 March 2017.

OBJECTIVES AND ACTIVITIES

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

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

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

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

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

PUBLIC BENEFIT

When reviewing the charitable company's objectives and activities and devising the future programme of the charitable company for the next year, the Council of Management confirms that it has referred to the Charity Commission's general guidance on public benefit and complied with its duty under the Charities Act 2011.

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

The Orchestra's own promotion concerts at the Royal Festival Hall are open to the public without restriction; in addition, nearly 15% of tickets allocated are at subsidised prices, including discounts for disabled concert-goers and those on income support. The Orchestra's *Music of Today* and Chamber series are currently presented with free entry. The Orchestra also performs throughout the UK in public venues that have similarly inclusive policies.

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The Orchestra aims to increase the numbers and diversity of its audiences and participants through sophisticated audience engagement strategies including its world leading digital programme, with apps and video content available free through its website.

The Orchestra will also benefit future generations through its education programmes, through its recordings and online content, and through its dedication to training the next generation of orchestral musicians.

STRATEGIC REPORT

A ACHIEVEMENTS AND PERFORMANCE

Throughout 2016/17 the Orchestra continued to maintain and develop its position as one of the world's leading symphony orchestras in delivering a high quality artistic programme, achieving a broad geographic reach and engaging larger and more diverse audiences, both through live concerts and via digital media.

The Philharmonia delivered the following:

- 75 concerts across our residencies in London, Leicester, Bedford, Canterbury, Basingstoke and Three Choirs Festival, plus a further six audience- development performances across these centres;
- Six Music of Today concerts including six UK and three world premieres;
- 32 non-residency concerts in England and two in Wales;
- Nine Philharmonia Chamber recitals;
- Seven MMSF Instrumental Fellows recitals;
- 14 education concerts and sharings;
- 25 concerts overseas in Paris, Madrid and the USA.

We covered a wide range of repertoire performed by the world's finest conductors and soloists, including Christoph von Dohnányi, Herbert Blomstedt, Yuri Temirkanov, Edward Gardner, Andris Nelsons, Paavo Järvi, Vladimir Ashkenazy and Jakub Hrůša. Leading young Czech conductor, Jakub Hruša, was appointed Principal Guest Conductor alongside the exciting Finnish conductor, Santtu-Matias Rouvali.

Artistic highlights included *Stravinsky: Myths and Rituals*, the multi-disciplinary series led by Esa-Pekka Salonen culminating in Peter Sellars' production of *Oedipus Rex* and *Symphony of Psalms*. BBC Radio 3 broadcast all five Stravinsky concerts in a new partnership. Other highlights include:

- An exploration of the works of Carl Nielsen (conducted by Paavo Järvi), including live recordings of the Flute and Clarinet concerti, featuring the Orchestra's Principals as soloists;
- Salonen /Aimard: Inspirations, in which Salonen and his close artistic associate, the pianist Pierre-Laurent Aimard, shone a spotlight on the music which inspires and excites them;
- The conclusion of Vladimir Ashkenazy's Rachmaninov project - Maestro Ashkenazy's rapport with the music of his fellow countryman was captured in a live recording for the Orchestra's own label on Signum.
- Our Philharmonia at the Movies strand continued to build audiences with *Napoleon: Live Cinema*, the 1927 epic silent film performed with Carl Davis's score (to coincide with the release of a digitally restored version of the movie on DVD from the BFI National Archive, with Davis's score recorded by the Philharmonia), and *George Fenton: The Lady in the Van*, introduced by Alan Bennett.

The Philharmonia was included in the Observer's review of 'Best Classical Music, 2016', the only major orchestra to feature within the Top 10, an endorsement of our flagship festivals at Royal Festival Hall led by Esa-Pekka Salonen, "one of the UK's greatest musical assets – words not said lightly" (The Observer, June 2016).

A major development was the launch of the new Philharmonia Orchestra MMSF Instrumental Fellowship

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Programme, replacing the former 48-year-old MMSF scheme. Developed in consultation with all main conservatoires and section Principals, the IFP retains the MMSF's focus on quality, but has a broader remit to develop musicians seeking an orchestral career. Five String Fellows received paid work with the orchestra, complemented by industry insight sessions, careers guidance, auditions coaching, outreach work experience and the opportunity to bid for recital platforms. A successful fundraising campaign in 16/17 has secured the IFP for three years, encompassing Woodwind, Brass, Harp, Piano and Percussion alongside the Strings.

The Composers' Academy was strengthened, thanks to additional private funding which has seen instrumental masterclasses, industry insight sessions, digital training, and the usual composition development and mentoring from Unsuk Chin and other visiting international composers. The Academy culminated with the performance of three world premieres by Academy composers in June 2017.

We recruited the final cohort of trainees for the Arts Management Training Programme in 16/17. Going forward, the Philharmonia Apprenticeship programme will have a remuneration and studying structure, resolving potential barriers for young people with protected characteristics.

Philharmonia also gave 78 concerts in 2016-17 across the UK (2016 = 46), many linked to the Royal Festival Hall programme, ensuring the highest quality arts provision reaching the widest possible audiences. The Philharmonia supported many small-scale promoters, including in Norwich, Yeovil, Dorking, Cheltenham, Hereford, Chelmsford, Newbury and Windsor, often reviving moribund concert series.

Philharmonia remains committed to embedding the principles of the Creative Case for Diversity throughout its work.

2016/17 saw the culmination of *Universal Notes*, the ACE Re-imagine India-funded partnership between the Philharmonia and Darbar Arts, premiered at the Darbar Festival.

The successor to iOrchestra, The Virtual Orchestra, had its debut at Southbank Centre in October '16, culminating in 'Virtual Orchestra: Live in Concert' led by Esa-Pekka Salonen. 10,000 people visited across 10 days; 62% were aged 16-44, compared to the 36% from this demographic for London arts audiences generally, and 21% for Southbank classical audiences; and 18% of visitors were from a BAME background, which is more than double the average for London arts audiences (7%). The project included a programme of tailored access workshops for schools, youth and community groups, thereby enhancing the project's impact for these audiences, and significantly increasing our BAME engagement.

Strategic partnerships across our residencies have enabled us to reach young people and adults with protected characteristics, and to engage them through specially-designed engagement projects, including our flagship Symphonize project, in Leicester and Kingston, with vulnerable and marginalized young people creating their own response to orchestral music.

Morley College and Alice Farnham's Women Conductors' Programme: Preliminary work has begun to design a model for the programme that is sustainable for the long-term;

Higher Education partnerships

Developing our work with Higher Education partnerships continues to be a strategic priority for the Orchestra in order to secure the long-term resilience of its residencies. In 16-17, developments were as follows:

- The Philharmonia Orchestra celebrated the start of its 20th Season in residence at Leicester's De Montfort Hall with the launch of a major Strategic Partnership agreement with De Montfort University. The partnership is underpinned by DMU's financial contribution to the Orchestra's De Montfort Hall residency. Other projects include a collaborative exchange programme between their Music Technology Innovation students and staff and participants in the Philharmonia's Composers' Academy; bespoke mentoring and coaching programmes for DMU campus ensembles, delivered by members of the Orchestra; Student Ambassador and Career

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- Development schemes, connecting students with the Orchestra's management, including behind-the-scenes access for students to learn about the business of running an arts organisation; and an expansion of the Orchestra's flagship intergenerational community project, *Hear and Now*, to work with Highfields Community Centre on a new project that will highlight the benefit of music as a stimulating and therapeutic tool for people living with dementia, paired with the positive effects of intergenerational working.
- Our partnership with the University of Leicester continues to grow, including the delivery of the Philharmonia Scholarship programme for students, bespoke ensemble coaching and performance projects.
- New partnerships with the University of Kent and Canterbury Christ Church University started this year with the launch of student ticket schemes for our concerts at the Marlowe and access to Open Rehearsals, as well as a specially curated recital and masterclass for CCCU music students by Philharmonia woodwind Principals.

As a self-governing orchestra, recruitment of new Members is managed on a peer-group system. Our aim is to recruit players as widely as possible and to select on merit. The Philharmonia has a rigorous process of peer group review and self-evaluation, managed through the Orchestral Committee. Artistic excellence and the highest playing and ensemble standards are maintained through a diverse and stretching artistic programming, high-quality engagements and an appropriately balanced schedule. The Orchestra is committed to making as much of its work and resources available online to reach audiences across the UK and globally, to ensure as many as people as possible can experience our work.

The Philharmonia's subscription series at the Royal Festival Hall, its Residencies and the wider UK regional programme, provided opportunities for new and existing audiences to experience our programme in 2016-17. The Philharmonia's performances with promoters across the UK helped to reach areas of the country where audiences would not otherwise have the opportunity to see and hear a leading orchestra 'live'.

In addition to its UK performances, the Orchestra gave 25 concerts overseas. Engagements took the orchestra to France (11 concerts), Spain (four concerts), Germany (three concerts), Slovakia (one concert) and the USA (six concerts).

The Philharmonia pursued its model of partnership working in an international context, strengthening long-held artistic relationships with the Théâtre des Champs-Élysées, Paris (three concerts), the Festival d'Aix-en-Provence (eight performances) and the University of Berkeley, California (three performances). Conductors included Esa-Pekka Salonen, Andris Nelsons and Herbert Blomstedt. Concerts in Aix-en-Provence, Berkeley and Paris were linked to Salonen's Stravinsky Series, our major project for the 2016-17 year. The Stravinsky series included staged performance of *Agon*, *Oedipus Rex* and *Symphony of Psalms* in Aix. Nelsons' Bruckner Cycle travelled to Germany and to Paris, garnering wide acclaim. The Orchestra received immediate re-invitations in all these territories.

THE VIRTUAL ORCHESTRA

The 10-day Digital Takeover Festival that launched Southbank's Centre's 16/17 Classical Season provided the Philharmonia with the opportunity to embark on significant outreach activity with outer West London partners and communities:

- 26 teachers attended a Teacher INSET session, accompanied by a teachers' resource pack;
- School groups spanning Years 4 to Year 12 took part in guided workshop tours of the installation, led by experienced music education specialists reaching 919 young people;
- We undertook a comprehensive evaluation of the project which revealed:
 - Schools workshops had a satisfaction rate of 94%;
 - 41% of school visitors agreed strongly that the experience would make them consider learning an instrument;
 - 38% of under-16 visitors from the schools programme were from a BAME background, which is higher than the % BAME population in London (33%);
 - 68% of the group visitors who had never attended a concert before said that they would like to do so, following their visit to *The Virtual Orchestra*.

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Audience Development

Core to our audience development for our London Season is the Culture Segments app, connected to our CRM system, Tessitura, which allows us to benchmark audience segments and brand loyalty with their booking data. This has allowed us to analyze different segments' relationships with different kinds of repertory and to develop a highly targeted and insights-driven marketing strategy, so that we are in a position to communicate with our audiences in a more tailored manner and are more efficient with marketing budgets.

Audience Finder enables us to benchmark our data against a wider data set. The mapping tool provides analysis of the geographical areas of our residencies, where we do not have box office data, but can analyse the average ticket yield to inform our pricing strategies.

Utilizing audience data outside of London (and our box office) is helped further by Show Stats, providing access to Audience Spectrum data for selected venues across our UK programme.

A major development in our audience development work in Bedford has been outtaking over the box office (April 2017) for our Corn Exchange series. This will allow us to bring our Bedford audience data into Audience Finder for the coming financial year.

Our **free events and content production** initiatives – all aiming to deepen engagement with our audiences – have both grown and become more interconnected, as the Programming, Digital, Marketing and Education teams have worked more closely to network the effect of investment across multiple channels:

For Stravinsky: Myths & Rituals, Series Advisor Jonathan Cross worked with us to develop our most ambitious creative programme around a live series. Outputs included a major documentary film (<https://www.youtube.com/watch?v=xIAtoxbt7LQ>), which was also screened as part of the festival; a mini-site (<http://www.philharmonia.co.uk/stravinsky/>); five major essays printed in a 85-page souvenir programme book; Insights talks attended by hundreds of people; and a side-by-side education project with young people performing on the RFH stage. We also collaborated on content with our media partners, BBC Radio 3.

The Virtual Orchestra was live-blogged via Philharmonia and Southbank Centre channels, with wide engagement across social and traditional media (with coverage across radio and the broadsheet press).

This work was delivered in addition to our ongoing programme of Insights talks, free performances (Music of Today and the Philharmonia Chamber Players) and our film programme.

Across our London and regional residencies, our objective is to broaden the age, ethnicity and socio-economic background of our audiences and participants, through a combination of high-intervention outreach work; digital engagement projects delivered outside the concert hall; targeted pricing strategies; and creating clear pathways to engagement.

Our Education and Outreach work in our Residency towns, delivering interventions for targeted groups with low engagement, has broadened, and our digital engagement projects continue to grow. The Virtual Orchestra at Southbank Centre, a successor project to iOrchestra in South-West England, engaged a younger (62% aged 15 – 44, compared to 21% for SBC classical audiences) and more diverse (18% of audiences were from a BAME background, which is more than double the average arts audiences). Our team of animateurs delivered workshops, reaching just over 112 community group participants and 310 families, and guided tours were also offered daily to members of the public during public opening times.

Students and young adults continue to be a major focus, with the De Montfort University partnership delivering a major increase in student and first-time audiences at De Montfort Hall in Leicester, and the continued growth of audiences booking through the London Student Pulse app.

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Digital

We opened Southbank Centre's 16/17 Classic Season with a 'digital takeover' of Royal Festival Hall (see above), a 10-day festival in which we premiered our new Virtual Reality (VR) experience '360 Experience' and brought our installation 'Universe of Sound' to 10,000 people, reinforcing the importance of our digital projects as a catalyst for engaging people from socio-economic and ethnic backgrounds that are least likely to engage in the arts.

We have positioned ourselves as the sector leader in VR, and the Orchestra began an R&D partnership with Sony to develop higher-quality audio and video in VR, and was commissioned by Google to film a new VR film '*Beethoven VR*' which premiered at Sheffield Doc Fest in June 2017.

As well as remaining a pioneer in technology, we have also continued to increase audiences and revenue online through our core creative work in web and video. Highlights included the launch of a new interactive web documentary to celebrate the launch of the Orchestra's 'Stravinsky: Myths & Rituals' series.

The Orchestra's in-house video team released 35 films throughout 16/17, which continued to drive the dramatic growth in our YouTube audience from 8,012,618 to 11,494,268 views and 29,695 to 42,467 subscribers.

B FINANCIAL REVIEW

Review of the financial year

The year-end saw a consolidated surplus of £342,157 (2016: deficit of £195,248). The underlying unconsolidated result for Philharmonia Limited alone was a surplus of £350,132 (2016: deficit of £238,011). The Martin Musical Scholarship Fund, whose financial results are consolidated in these financial statements, made a deficit of £7,975 (2016: surplus of £42,763). Rite Digital Limited, Philharmonia Limited's fully owned trading subsidiary company, made an operating surplus of £16,865 (2016: £11,382); Rite Digital paid this surplus to Philharmonia Limited under the terms of Gift Aid.

Continued pressure on public funding, which has affected both our grant from Arts Council England and also support from local authorities, has meant that it is challenging to maintain the London and Residency concert series each year in terms that are not artistically diluted. The intention going forward is to continue to promote an average of 32 concerts per financial year at the Royal Festival Hall, although this will vary from year to year, dependent on the distribution of concerts through the Orchestra's Season. 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. Regular communication with Arts Council England is also key to this advance budgeting.

Reserves policy

Philharmonia Limited is in the process of reviewing its Reserves Policy so that it aligns more precisely with its risk profile. Historically, the Council of Management has considered it unnecessary to hold an excessive level of free reserves because of its symbiotic relationship with the Philharmonia Trust. The Philharmonia Trust supports the work of the Philharmonia Orchestra, primarily through an annual grant but also through the advance of additional finance when required. For this approach to be maintained, Trust funds require routine replenishment: an overall review of the degree of reliance on Philharmonia Trust versus Limited's own free reserves is in order in the wake of recent significant contributions from the Trust which may impact on the Trust's ability to respond to additional requests in the medium-term.

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Actual free reserves (defined as unrestricted reserves less fixed assets) as at 31 March 2017 were £326,755 (2016: deficit of £105,568). As at the 31 March 2017 the aggregate value of reserves was £1.60 million (2016: £1.26 million). A breakdown of this is shown on the balance sheet and in the statement of funds note (note 19). Of these reserves £540k is invested in the refurbishment of the Chancel Street property (shown as a designated fund), a further £355k is reserved in MMSF restricted and endowment funds.

Investment policy

The Company has a policy of investing surplus cash through the Philharmonia Trust 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 approximately 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 for their extreme generosity in supporting the work of the Orchestra.

C FUTURE PLANS

With Principal Conductor and Artistic Advisor, Esa-Pekka Salonen, at the helm, the Orchestra will continue with its flagship series's at the Royal Festival Hall alongside its five UK residencies and extensive international and UK touring programme.

Our programme in the second half of the 2017-18 Season includes the final concert in our Voices of Revolution: Russia 2017, and a European premiere by Music of Today Artistic Director, Unsuk Chin – *Le Chant des Etoiles*, one of several new commissions and premiers presented by the Philharmonia Orchestra.

In 2018-19, we will present outstanding programmes by our titled conductors, and close associates. Highlights include Esa-Pekka Salonen conducting Schoenberg's gigantic *Gurrelieder* in Paris and London, and two further Schoenberg programmes featuring *Verklärte Nacht* and *Erwartung* presented in the context of Wagner and Bruckner. Jakub Hrusa focuses on native Czech repertory, including a first RFH performance of *The Mystery of Time* by Miloslav Kabelac; Santtu-Matias Rouvali presents an all-Strauss programme, and appears in Cambridge and London with a popular programme of iconic works by Ravel and Sibelius;

Our long-established contemporary music strand, Music Of Today (MOT), under the continuing artistic direction of Unsuk Chin, will incorporate non-Western classical elements, and relocate to the SBC's refurbished and re-launched spaces, Purcell Room and the QEH, with occasional post-concert performances on the floor of the Clore Ballroom;

In addition, we will present new works in our RFH Own Promotion series, a new Bass Clarinet Concerto, *Prometheus*, by composer, Geoffrey Gordon for the Philharmonia Orchestra's Principal Bass Clarinetist, Laurent Ben Slimane; the world premiere of a new choral work, *Dreamers*, by Peruvian composer, Jimmy Lopez (in partnership with Cal Performances and Stanford University); and the UK premiere of Peter Eotvos's *Multiversum*. Esa-Pekka Salonen also conducts his own Cello Concerto, completed 2017.

We will continue to experiment with theatrical lighting and video inserts where appropriate, enhancing the audience experience.

In addition to bespoke concert seasons in each of our Residency towns and cities, we will sustain and develop specialist programmes for targeted constituencies, including our intergenerational project, *Hear and Now*, for young musicians alongside older people living with dementia and their carers; *Symphonise*, our programme for vulnerable young people; and our *Community Ambassadors* scheme;

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Our new audience development project, the *Virtual Orchestra*, targeting the least engaged, combines our award-winning *Universe of Sound* immersive installation with our latest virtual reality experience, along with fringe programmes with local partners, and alternative and accessible concert formats. The project involves ongoing and detailed evaluation;

We will present our *Orchestra Unwrapped* concerts for KS2 schoolchildren in each of our Residencies, including at the RFH for the first time;

We will maintain our current programme of support for Music Education Hubs, offering coaching, side-by-side projects and high-profile performance opportunities; we will maintain our relationships with Conservatoire partners, and our student programmes with Leicester University and De Montfort University;

We will continue to invest in outstanding emerging instrumentalists and emerging composers via established programmes;

We will invest in Research and Development for a broad range of new Education and Learning programmes and creative initiatives, including new tech projects in partnership with leading tech companies and renowned arts and cultural organisations;

Our Programme will be complemented and augmented by high-quality in-house films and online content;

We will continue to balance our artistically ambitious projects with commercial concert engagements and studio recordings.

The comprehensive rebranding exercise will be delivered in 2018-19, and promises to add substantially to the value and impact of our work, communicating about the Philharmonia and its work in terms that are fresh, inclusive and contemporary.

Fundraising and Development will be substantially refocused with the launch of a major Campaign, the creation of new specialist fundraising committees.

D PRINCIPAL RISKS AND UNCERTAINTIES

The environment in which the Orchestra operates is inherently risky with the organisation exposed to many economic, geopolitical and artistic risks in the course of normal activities.

Trustees try to minimise risk exposure to achieve an overall low/medium risk profile.

Methodology

The organisation takes a bottom-up approach to risk management with the senior management team (HoD) responsible for regularly updating the Risk Register, scanning the environment for new risks and managing existing risk. Each risk is evaluated and assigned to a member of HoD, who will ensure that appropriate risk mitigation is put in place using the TARA method (Transfer, Avoid, Reduce, Accept). The Risk Register is prepared on a traffic light system and only those items deemed to have a residual risk, i.e. risk after mitigation, of medium to high are escalated to Finance Committee for further action. Finance Committee reviews the Risk Register on a quarterly basis in advance of presentation to the Council of Management and Philharmonia Trust.

Key Risks & Uncertainties

Principal areas of risk identified in the current register are:

Arts Council funding: the main source of voluntary income (20% of total turnover) remains the Arts Council NPO funding. This funding has been at a standstill level for a number of years meaning a 4.5% decrease in real-terms. The Orchestra has been notified that its application for funding was successful

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and that funding for the period 2018-22 will be maintained at existing levels, subject to acceptance of the business plan.

Artistic risk:

Over-reliance on the Principal Conductor, putting artistic planning at risk;

Recruitment and retention of top quality players, to ensure that artistic quality is preserved.

The Orchestra has appointed two new titled conductors, in order to reduce the risk of over-reliance upon the Principal Conductor. It is seeking to strengthen its relationship with a broader cadre of conductors with whom it can be exclusively associated in London.

The Orchestra is investing in the future generation of musicians with schemes such as the *Composers Academy*, *Music of Today* and the *Martin Musical Scholarship Fund*.

Over dependence on major donors / sponsors: voluntary income represents 20% of total turnover. The Orchestra tries to diversify sources of income to mitigate against this through the existing membership schemes such as the *Friends of the PO*, *Conductors Circle* and *Chair Endowments* and the development of more fundraising syndicates to directly support areas of the Orchestra's work (e.g. commissioning, Instrument Fellows etc). The Orchestra aims to further strengthen this area by developing closer ties with its US fundraising bodies: the *Philharmonia Foundation* and the *American Friends of the Philharmonia Orchestra*; it has plans to substantially reframe its fundraising approach, galvanising potential supporters through an intensive two-year campaign leading up to the Orchestra's 75th anniversary in 2020, and via the formation of focused fundraising boards each with clear remit, target constituencies and financial KPIs

Uncertainties: A key part of the Orchestra's work involves overseas tours. The Orchestra mitigates the risk of currency fluctuations negatively impacting upon income from foreign touring primarily by contracting tours in sterling wherever possible, or in cases where this is not feasible, by engaging in forward currency contracts as appropriate.

E GOING CONCERN

The Orchestra relies substantially on funding by grants from Arts Council England for its current and future commitments. This funding is primarily via NPO annual revenue funding, but also via other ACE funding programmes.

Arts Council England committed to maintaining the Orchestra's NPO funding for the three years to March 2018, at a stand-still rate (without an inflationary increase). In June 2017, in response to an application for NPO funding for 2018-22, the Orchestra received notification that NPO funding for the period 2018-22 would be maintained at existing levels, subject to the approval of a business plan for the period.

The PO's 2018-22 Business Plan was submitted to Arts Council England in October 2017 and is being reviewed by them; the deadline of Arts Council approval of all NPO business plans is January 2018. The Arts Council has written to Philharmonia Orchestra Limited expressing confidence in the orchestra and offering appropriately qualified assurances of ongoing support. The Philharmonia Trust have also provided general assurances of ongoing support. With this in mind, 'going concern' status of Philharmonia Limited is considered an appropriate assumption for the preparation of these financial statements.

F CULTURAL DIVERSITY ACTION PLAN

The Orchestra adopts an holistic approach to diversity, embracing the principles of cultural diversity as set out in the Creative Case for Diversity. The Orchestra continues to build partnerships geared towards artistic relationships which promote greater diversity in our output and audiences. This approach integrates both administrative and musical leadership to ensure diversity is central to planning in all areas of the organisation.

Our residency model is central to this approach, as it enables us to engage with and respond to diverse

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communities around the UK. Consequently, output this year has included collaborations with South Asian groups in Leicester and London (Shruti Arts and the Darbar Festival); further work with the Hear and Now project working with diverse communities in Bedford; and education work across our Residencies in collaboration with Music Education Hubs, enabling us to target young people with protected characteristics.

February 2017 saw us repeat our initiative in presenting a celebratory concert, marking Chinese New Year, attracting new sponsors, reaching Chinese communities in London. We plan that the series will continue in February 2018 and 2019.

G EQUAL OPPORTUNITIES ACTION PLAN

The 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, applications for positions as players, concert attendees and participants in education programmes.

Our ACE-funded iOrchestra project in the South West demonstrated how successful our digital and outreach-led audience development work can be in catalyzing engagement with people with protected characteristics. Taking the learnings from iOrchestra, further progress was made in 16/17, providing equality of access through The Virtual Orchestra in London (see H3, 11 and 18).

16/17 saw a focus on workforce equality, in order to ensure that progress made in our audience outreach and digital programmes is also reflected within the orchestra's administration and Player membership.

A framework for a new Young Fellowship Programme was developed, aimed at supporting the transition of talented young BAME and economically deprived young people through the traditional instrumental learning drop-off points, in order to stage a positive intervention and encourage equality of opportunity.

On the administration, our new Apprenticeships programme, developed in consultation with Creative and Cultural Skills in 16/17, will feed our commitment to equality into the entry level of the organisation, and diversity and equality will be a key consideration in our governance review that also began in 16/17. The review will make recommendations on decision-making, controls and efficiencies, recruitment and selection of board members and the encouragement of the appointment of Trustees from groups with protected characteristics to best champion our increased focus on equality and diversity. Deputy Chair Robin O'Neill became the Council's representative for their responsibilities in this area. We also began the process of revising and updating our Staff Handbook to include (amongst other areas) our Equality and Diversity Policy.

Aligned to planning for the 2018-22 funding period, we also began the process of planning for a refreshed Equality Action Plan, with measurable targets aligned to activity.

The Philharmonia continues to provide equality of opportunity to current staff, applicants for administrative posts, Orchestra Members, extras, conductors, soloists and guest artists, outreach and engagement participants and concert attendees, as stated in our Equal Opportunities Policy.

H ENVIRONMENTAL ACTION PLAN

With the purchase of the Philharmonia's administrative office and library at 6 Chancel Street by the Philharmonia Trust Ltd, we assumed full responsibility for the environmental impact of our organization. This has made the following progress possible:

- We have changed utility suppliers in order to analyse our usage and adapt accordingly;

Philharmonia Limited (Limited by Guarantee)

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- A new virtualised IT infrastructure reduces energy use and ensures data security and integrity. Virtualisation and cloud integration ensures that our IT, web and phone infrastructure is available 99.9% of the time, with continuing reductions in overhead costs.

It has also inspired the following progress:

- Phasing in online customer/donor communication. We ceased our printed 'Fanfare' magazine for Friends of the Philharmonia and now publish the equivalent information online;
- We have signed up to the ABO Green Orchestra Charter;
- The Green Team now present regularly at SMT meetings;
- A new policy directs that staff take trains for UK travel wherever possible, or car-share. We pay a mileage rate to musicians for UK touring, which is not reduced by sharing lifts, thus financially incentivizing lift-sharing;
- We are part of the Ride-to-Work Scheme: parking costs have gone down;
- Our MOBI intranet continues to revolutionize information sharing between administration and players, including an online (rather than paper) schedule facility. Through MOBI, we publish train information for players for UK touring dates, and actively encourage players to arrange lift shares through the Players' online noticeboard;

We have drafted a new Environmental Policy that identifies all stakeholders (Trustees, Council of Management, visiting artists, staff, players, venues, supporters, agents, partners, freelance staff and suppliers); locates our sites of environmental impact (office, touring / travel, venues, digital and education programmes, and operational / administrative impact), lists our commitments alongside KPIs; and covers evaluation, performance review and governance ownership. Philharmonia Ltd Trustee Michael Fuller is co-ordinating Council of Management input.

I FUNDRAISING STATEMENT

The Philharmonia's ticket sales, government funding, and commercial projects cannot support us on their own. Every aspect of the Philharmonia's work would be significantly diminished without the generous support of our individual donors, corporate partners and trusts and foundations.

As a registered charity, the Philharmonia relies upon the generosity and support of private individuals through purchasing tickets, making donations, becoming a Friend of the Philharmonia or becoming a Conductors' Circle member.

Our loyal audience members and supporters, are at the heart of the Philharmonia Orchestra. Individuals support the Orchestra through become a Friend of the Philharmonia or Conductors' Circle, endowing a Chair in the Orchestra or directly supporting a concert. Every donation we receive, regardless of how big or small, makes a difference.

Our Corporate partners help to maintain the quality and ambition of the Orchestra's work whilst publicly demonstrating organisation's contribution to enriching the UK's culture and society.

Support from Trusts and Foundations enables us to engage people across the UK and internationally with our flagship concert series, our pioneering audience development projects, our development work with emerging artists, and our vital education programme.

Last year, we gave 184 performances, toured to 23 UK towns and cities, and engaged with a live audience of over 160,000. 39% of our activity was focused on engaging children and young people with orchestral music.

The Philharmonia is a paid-up registered member of the Fundraising Regulator (formally Fundraising Standards Board) and subscribe to the fundraising codes of practice. We have received no complaints in the financial year. **Our Supporter Promise** tells our supporters how we work and what they can expect when they support us. Our aim is to communicate with our donors in an open and transparent way that makes them want to stay involved with us for as long as possible, as they see the value and impact of their support.

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

What you can expect

When you make a commitment to the Philharmonia Orchestra you can expect the following:

- To know that we are using your donation to create thrilling experiences in music, both live and digitally.
- To not feel under pressure to give more, or more frequently than you want.
- To know that we will keep your personal details safe and secure.
- To choose how we contact you and that you can change this at any time (link to your account sign in).

We promise the following

- We will be clear, honest and open.
- We will let you know how we are using your donation to help create thrilling experiences in music which have a transformative impact on the widest possible audience.
- We will administer your gift efficiently, putting it to work quickly.

We will ensure that our fundraising is legal and follows best practice, following the Fundraising Regulator Code of Fundraising Practice as our minimum standard, complying with its Fundraising Promise

We promise your personal data

- Will never be shared with anyone beyond the Philharmonia and its venue partners under contract, including the Southbank Centre, Bedford Corn Exchange, and De Montfort Hall, as outlined in our [Privacy Policy](#).
- We will never sell your data for the purpose of marketing or fundraising.
- We will use your details in the ways to which you have agreed, and only tell you about things we think you may be interested in.
- If you tell us that you don't want to be contacted in a certain way, about a certain area of our work, we will ensure that your request is honoured.

J 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, 12 December 2007 and 18 December 2016. It is a charity registered with the Charity Commission. At 31 March 2017, there were 79 members (2016: 67).

Appointment of the Council of Management

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

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 four non-playing members of the Council of Management are co-opted at each Annual General Meeting. The Council of Management sets and reviews orchestral policy, financial policy and strategy. It reviews agreements with Arts Council England and other major funders. The Council of Management makes major decisions, including the appointment of titled conductors, the Managing Director and orchestral members. The Council of Management approves the financial budgets and accounts and appoints the auditor. It receives and monitors reports from the Orchestra Committee

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

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 of 2001/02. An Arts Council funded review of the governance arrangements of both Philharmonia Limited and Philharmonia Trust Limited has been undertaken by an independent consultant and a report is due imminently. Recommendations are likely to cover the skills and diversity of Trustees; approaches to trustee recruitment; the functional relationship between the two entities; roles and responsibilities; the function of sub-committees; and the training and induction of Trustees so that they are fully aware of their responsibilities in relation to charity law and the wider regulatory environment. Ongoing training is provided to Council of Management 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, and Orchestra personnel matters in particular. 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 two non-player members and 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.

Senior staff

Day to day operating decisions are delegated to the Heads of Department (HoD) team which comprises the Managing Director, Deputy Managing Director, Residencies and Regional Programmes Director, Development Director, Education Director, Finance Director, Marketing Director and Digital Director. Total remuneration in aggregate was £491,070 (2016: £576,965). Pay for senior staff is benchmarked against industry norms. Pay for the Managing Director is approved by the Council of Management.

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 (see note 17). 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 was 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.

Additional procedures will be introduced with regard to the identification of any related party transactions as part of a planned enhanced induction process in order to help ensure early notification and ongoing awareness of any such relationships.

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

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

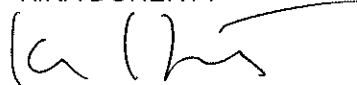
The members of the Council of Management who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members have confirmed that they have taken all the steps 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

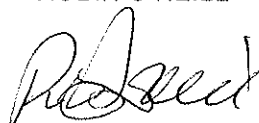
BDO LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report, including the Strategic Report, was approved by the Council of Management on 16 November 2017.

KIRA DOHERTY



ROBIN O'NEILL



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Members of Council Management

Philharmonia Limited (Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHILHARMONIA LIMITED

We have audited the financial statements of Philharmonia Limited for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flow, 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 auditors

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. We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. 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 (FRC'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 FRC'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 parent charity's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including the 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 matters prescribed by the Companies Act 2006

In our opinion, the information given in the trustees' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements

Philharmonia Limited (Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT

and the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and trustees' report.

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:

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

BDO LLP

Fiona Condron (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
Gatwick,
United Kingdom

Date: 22 November 2017

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 2017

| | Note | 2017 | | | | 2016 | | | |
|------------------------------------|------|--------------------|------------------|-----------------|-------------------|--------------------|------------------|-----------------|-------------------|
| | | Unrestricted Funds | Restricted Funds | Endowment Funds | Total Funds 2017 | Unrestricted Funds | Restricted Funds | Endowment Funds | Total Funds 2016 |
| | | £ | £ | £ | £ | £ | £ | £ | £ |
| Income and Endowments from: | | | | | | | | | |
| Donations and legacies | 1 | 3,924,081 | 461,817 | - | 4,385,898 | 3,586,539 | 785,405 | - | 4,371,944 |
| Charitable activities | 2 | 6,588,123 | 145,736 | - | 6,733,859 | 5,693,345 | 73,745 | - | 5,767,090 |
| Other trading activities | | 232,008 | - | - | 232,008 | 181,710 | - | - | 181,710 |
| Investments | 8 | 2,025 | - | - | 2,025 | 4,383 | - | - | 4,383 |
| Total income and endowments | | 10,746,237 | 607,553 | - | 11,353,790 | 9,465,977 | 859,150 | - | 10,325,127 |
| Expenditure on: | | | | | | | | | |
| Raising funds | 3 | 715,422 | 72,019 | - | 787,441 | 665,028 | 77,764 | - | 742,792 |
| Charitable activities | 4 | 9,758,323 | 465,869 | - | 10,224,192 | 9,000,053 | 777,530 | - | 9,777,583 |
| Total expenditure | | 10,473,745 | 537,888 | - | 11,011,633 | 9,665,081 | 855,294 | - | 10,520,375 |
| Net income/(expenditure) | 7 | 272,492 | 69,665 | - | 342,157 | (199,104) | 3,856 | - | (195,248) |
| Transfers between funds | 19 | 7,655 | (7,655) | - | - | 323,865 | (333,865) | 10,000 | - |
| Net movement in funds | | 280,147 | 62,010 | - | 342,157 | 124,761 | (330,009) | 10,000 | (195,248) |
| Total funds brought forward | | 895,318 | 169,665 | 194,484 | 1,259,467 | 770,557 | 499,674 | 184,484 | 1,454,715 |
| Total funds carried forward | | 1,175,465 | 231,675 | 194,484 | 1,601,624 | 895,318 | 169,665 | 194,484 | 1,259,467 |

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The notes from pages 26 to 37 form an integral part of these financial statements

Philharmonia Limited (Limited by Guarantee)

BALANCE SHEETS

as at 31 March 2017

Company Registration No. 799297

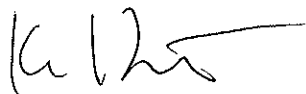
Charity Registration No. 250277

| | Note | Group | | Charity | |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 2017 | 2016 | 2017 | 2016 |
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 11 | 848,710 | 1,000,886 | 848,710 | 1,000,886 |
| Investments | 12 | - | - | 100 | 100 |
| Total fixed assets | | <u>848,710</u> | <u>1,000,886</u> | <u>848,810</u> | <u>1,000,986</u> |
| Current assets | | | | | |
| Debtors | 13 | 1,541,807 | 911,560 | 1,484,695 | 978,530 |
| Cash at bank and in hand | | 1,007,949 | 914,861 | 960,647 | 842,947 |
| Total current assets | | <u>2,549,756</u> | <u>1,826,421</u> | <u>2,445,342</u> | <u>1,821,477</u> |
| Creditors falling due in less than one year | 14 | (1,796,842) | (1,567,840) | (1,692,528) | (1,562,996) |
| Net current assets | | <u>752,914</u> | <u>258,581</u> | <u>752,814</u> | <u>258,481</u> |
| Net assets | | <u>1,601,624</u> | <u>1,259,467</u> | <u>1,601,624</u> | <u>1,259,467</u> |
| The funds of the Charity: | | | | | |
| Restricted funds | 19 | 231,675 | 169,665 | 231,675 | 169,665 |
| Endowment funds | 19 | 194,484 | 194,484 | 194,484 | 194,484 |
| Unrestricted funds | | | | | |
| Designated funds | 19 | - | 739,054 | - | 739,054 |
| General funds | 19 | 1,175,465 | 156,264 | 1,175,465 | 156,264 |
| Total unrestricted funds | | <u>1,175,465</u> | <u>895,318</u> | <u>1,175,465</u> | <u>895,318</u> |
| Total funds | | <u>1,601,624</u> | <u>1,259,467</u> | <u>1,601,624</u> | <u>1,259,467</u> |

The Statement of Financial Activities for the year ended 31 March 2017 for the parent charitable company was a surplus of £350,132 (2016: deficit (£238,011))

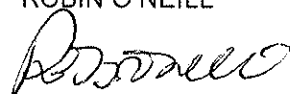
The financial statements were approved by the Council of Management and authorised for issue on 16 November and signed on its behalf by:

KIRA DOHERTY



}
}
} Members of
} Council of
} Management

ROBIN O'NEILL



}
}
}

The notes on pages 26 to 37 form an integral part of these financial statement

Philharmonia Limited (Limited by Guarantee)

STATEMENT OF CASHFLOWS (including branches)

for the year ended 31 March 2017

| | | 2017 | 2016 |
|---|-----|------------------|------------------|
| | | £ | £ |
| Cashflows from operating activities: | | | |
| Net cash provided/(used in) by operating activities | 18a | 134,168 | (364,444) |
| Cash flows from investing activities: | | | |
| Dividends, interest and rent from investments | | 2,025 | 4,383 |
| Purchase of property, plant and equipment | | (43,105) | (350,861) |
| Net cash (used in) investing activities | | <u>(41,080)</u> | <u>(346,478)</u> |
| | | <u>93,088</u> | <u>(710,922)</u> |
| Change in cash and cash equivalents in the reporting year | | 93,088 | (710,922) |
| Cash and cash equivalents at the beginning of the reporting year | | 914,861 | 1,625,783 |
| Cash and cash equivalents at the end of the reporting year | 18b | <u>1,007,949</u> | <u>914,861</u> |

The notes on pages 26 to 37 form an integral part of these financial statement.

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

for the year ended 31 March 2017

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 preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015)- (Charities SORP FRS 102) the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and the Companies Act 2006.

The Orchestra relies substantially on funding by grants from Arts Council England for its current and future commitments. This funding is primarily via NPO annual revenue funding, but also via other ACE funding programmes.

Arts Council England committed to maintaining the Orchestra's NPO funding for the three years to March 2018, at a stand-still rate (without an inflationary increase). In June 2017, in response to an application for NPO funding for 2018-22, the Orchestra received notification that NPO funding for the period 2018-22 would be maintained at existing levels, subject to the approval of a business plan for the period.

The PO's 2018-22 Business Plan was submitted to Arts Council England in October 2017 and is being reviewed by them; the deadline of Arts Council approval of all NPO business plans is January 2018. The Arts Council has written to Philharmonia Orchestra Limited expressing confidence in the orchestra and offering appropriately qualified assurances of ongoing support. The Philharmonia Trust have also provided general assurances of ongoing support. With this in mind, the 'going concern' status of Philharmonia Limited is considered an appropriate assumption for the preparation of these financial statements.

CONSOLIDATION

The consolidated financial statements include the results of Philharmonia Limited and its subsidiary undertaking Rite Digital Limited, 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.

KEY AREAS OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors which are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects the current and future periods. A claim for Orchestral Tax Credit has yet to be made but an estimate of the amount involved has been included within these accounts.

INCOME

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, receipt is probable, 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.

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

for the year ended 31 March 2017

EXPENDITURE

Expenditure is recognised when a liability is incurred and on an accruals basis. Expenditure is classified as either *Cost of Raising Funds* or *Expenditure on Charitable Activity*. Both categories of expenditure include an apportionment of support costs, which have been allocated to activity cost categories on a headcount basis.

LEASES

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

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% |
| Property improvements | 5% |

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.

FINANCIAL INSTRUMENTS

The charity has financial assets and liabilities of a kind that qualify as basic financial instruments. Financial assets comprise cash at bank and in hand, short trade and other debtors. These are reviewed at regular intervals for impairment and are written down accordingly if required. Financial liabilities include trade and other creditor and loans and are recognised at transaction value.

DEBTORS

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayment are valued at the amount prepaid net of any trade discounts due.

BANK

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

for the year ended 31 March 2017

FUNDS

Unrestricted funds are donations or income 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. 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 2017

1. INCOME FROM DONATIONS AND LEGACIES

| | 2017 | | | 2016 |
|---------------------------------------|------------------|----------------|------------------|------------------|
| | Unrestricted | Restricted | Total | Total |
| | £ | £ | £ | £ |
| Arts Council England core grant | 2,042,222 | - | 2,042,222 | 2,042,216 |
| Grant income –other | 69,300 | - | 69,300 | 89,878 |
| Donations from charitable foundations | - | 129,906 | 129,906 | 102,767 |
| Donations from Philharmonia Trust | 800,000 | - | 800,000 | 505,333 |
| Other donations and legacies | 1,012,559 | 15,300 | 1,027,859 | 1,320,154 |
| Sponsorship | - | 316,611 | 316,611 | 311,596 |
| | <u>3,924,081</u> | <u>461,817</u> | <u>4,385,898</u> | <u>4,371,944</u> |

The Philharmonia Trust is a related party for statutory purposes (see note 17 for further details)

2. INCOME FROM CHARITABLE ACTIVITIES

| | 2017 | | | 2016 |
|------------------------------|------------------|----------------|------------------|------------------|
| | Unrestricted | Restricted | Total | Total |
| | £ | £ | £ | £ |
| Own promotion concerts | 2,030,495 | 49,546 | 2,080,041 | 1,746,229 |
| Recordings & Film | 988,130 | - | 988,130 | 684,229 |
| Engagements | 1,296,368 | 31,368 | 1,327,736 | 1,555,041 |
| Co Promotions | 187,021 | 10,222 | 197,243 | 221,628 |
| Tours | 1,886,355 | 54,600 | 1,940,955 | 1,490,618 |
| Education & Digital projects | 186,034 | - | 186,034 | 57,302 |
| Other income | 13,720 | - | 13,720 | 12,043 |
| | <u>6,588,123</u> | <u>145,736</u> | <u>6,733,859</u> | <u>5,767,090</u> |

3. COSTS OF RAISING FUNDS

| | Unrestricted | Restricted | 2017 | 2016 |
|--|----------------|---------------|----------------|----------------|
| | £ | £ | £ | £ |
| Allocation of support costs (see note 5) | 574,176 | 44,415 | 618,591 | 530,960 |
| Other expenditure | 141,246 | 27,604 | 168,850 | 211,832 |
| | <u>715,422</u> | <u>72,019</u> | <u>787,441</u> | <u>742,792</u> |

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

4. COSTS OF CHARITABLE ACTIVITIES

| | Unrestricted | Restricted | 2017 | 2016 |
|--|------------------|----------------|-------------------|------------------|
| | £ | £ | £ | £ |
| Concert and relay fees | 5,407,590 | 271,438 | 5,679,028 | 5,367,439 |
| Travel, subsistence and transport of instruments | 469,573 | 47,396 | 516,969 | 655,758 |
| Music and instrument hire | 116,099 | 17,521 | 133,620 | 147,247 |
| Hall hire and box office commission | 548,021 | 7,171 | 555,192 | 526,060 |
| Subscriptions and programme expenditure | 279,651 | 119 | 279,770 | 246,186 |
| Grants payable | 11,809 | 25,320 | 37,129 | 41,500 |
| Allocation of support costs (see note 5) | 1,722,141 | - | 1,722,141 | 1,711,370 |
| Other expenditure on charitable activities | 1,203,439 | 96,904 | 1,300,343 | 1,082,023 |
| | <u>9,758,323</u> | <u>465,869</u> | <u>10,224,192</u> | <u>9,777,583</u> |

5. ALLOCATION OF SUPPORT COSTS

2017

| | Cost of raising funds | Cost of charitable activities | Total |
|--------------------------------------|-----------------------|-------------------------------|------------------|
| | £ | £ | £ |
| Employment costs | 363,302 | 1,090,180 | 1,453,482 |
| Travel, subsistence and entertaining | 21,462 | 99,822 | 121,284 |
| Occupation and office costs | 114,185 | 248,774 | 362,959 |
| Bank interest and charges | 5,551 | 14,827 | 20,378 |
| Orchestral overheads | - | 75,267 | 75,267 |
| Governance cost | - | 60,422 | 60,422 |
| Other costs | 114,091 | 132,849 | 246,940 |
| | <u>618,591</u> | <u>1,722,141</u> | <u>2,340,732</u> |

2016

| | Cost of raising funds | Cost of charitable activities | Total |
|--------------------------------------|-----------------------|-------------------------------|------------------|
| | £ | £ | £ |
| Employment costs | 352,190 | 1,036,665 | 1,388,855 |
| Travel, subsistence and entertaining | 21,731 | 105,863 | 127,594 |
| Occupation and office costs | 94,667 | 244,760 | 339,427 |
| Bank interest and charges | 6,003 | 16,033 | 22,036 |
| Orchestral overheads | - | 132,276 | 132,276 |
| Governance cost | - | 35,310 | 35,310 |
| Other costs | 56,369 | 140,463 | 196,833 |
| | <u>530,960</u> | <u>1,711,370</u> | <u>2,242,331</u> |

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

6. GRANTS PAYABLE

A total of 29 (2016: 37) grants were awarded to individuals during the financial year. The recipients received grants of up to £1,000 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.

7. NET INCOME/(EXPENDITURE) FOR THE YEAR

Net income/(expenditure) for the year is stated after charging:

| | 2017 | 2016 |
|---|---------|---------|
| | £ | £ |
| Auditor's remuneration - current year audit fee | 53,300 | - |
| Operating lease rentals: | | |
| Land and buildings | 53,900 | - |
| Plant and machinery | 12,135 | - |
| Foreign exchange losses | - | - |
| Bank interest payable | - | - |
| Depreciation | 124,429 | 125,065 |

8. INVESTMENT INCOME AND INTEREST RECEIVABLE

| | 2017 | 2016 |
|----------------------|--------------|--------------|
| | £ | £ |
| Interest on deposits | 2,025 | 4,383 |
| | <u>2,025</u> | <u>4,383</u> |

9. EMPLOYEES

| | | |
|------------------------------|------------------|------------------|
| Staff costs were as follows: | 2017 | 2016 |
| | £ | £ |
| Wages and salaries | 1,250,485 | 1,311,658 |
| Social security costs | 108,887 | 126,788 |
| Pension costs | 79,604 | 100,743 |
| | <u>1,438,976</u> | <u>1,539,189</u> |

There were no redundancies in the year (2016 – Nil)

The key management personnel of the charity comprise the Managing Director, Deputy Managing Director,

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

Development Director, Residencies and Regional Programmes Director, Education Director, Finance Director, Marketing Director and Digital Director. Aggregate remuneration for the financial year was £491,070 (2016: £576,965)

The number of employees whose salaries exceeded £60,000 are as follows:

| | 2017 | 2016 |
|---------------------|-------------|-------------|
| | no. | no. |
| £60,000 - £70,000 | 0 | 2 |
| £70,000 - £80,000 | 2 | 0 |
| £140,000 - £150,000 | 0 | 1 |

The average number employees, by headcount, during the year is as follows:-

| | 2017 | 2016 |
|-----------------------|-------------|-------------|
| Transport | 2 | 4 |
| Office and management | 40 | 39 |
| | <u>42</u> | <u>43</u> |

10. COUNCIL OF MANAGEMENT EMOLUMENTS

Emoluments to any Council of Management member is authorised in the Articles of Association. No emoluments are paid to Council of Management members as Board Members.

The Council of Management emoluments (including pension contributions) in the year were as follows:

| | Salary | Pension | 2017 | 2016 |
|--|---------------|----------------|--------------|--------------|
| | £ | £ | Total | Total |
| | | | £ | £ |
| Honoraria for services as Chair of the Orchestra: | | | | |
| Alistair Mackie (resigned 31/8/16) | 4,980 | 299 | 5,279 | 2,690 |
| Kira Doherty (From 1/9/16) | 7,032 | 422 | 7,454 | - |
| Gideon Robinson (rsigned 10/12/15) | - | - | - | 9,854 |
| Honoraria for services as Deputy Chair of the Orchestra: | | | | |
| Richard Birchall (resigned 10/12/15) | - | - | - | 4,143 |
| Kira Doherty (to 31/8/16) | 1,611 | 97 | 1,708 | 762 |
| Robin O'Neill | 3,886 | 233 | 4,119 | 762 |
| Remuneration for services as Managing Director: | | | | |
| David Whelton | 75,147 | 16,215 | 91,362 | 179,670 |
| Alistair Mackie | 42,553 | 2,554 | 45,107 | - |
| Helen Sprott | 7,500 | 450 | 7,950 | - |

None of the Council aside from the former Managing Director received any reimbursed expenses over the year (2016: £nil). All such payments were made for services as Managing Director.

Philharmonia Limited (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

11. TANGIBLE FIXED ASSETS

Consolidated

| | Office Furniture & Fittings £ | Leasehold improvements £ | Musical Instruments, cases & recordings £ | Computers & Office Equipment £ | Motor Vehicles £ | Total £ |
|--------------------------|--|--------------------------------|---|---|------------------------|------------|
| Cost or valuation | | | | | | |
| at 1 April 2016 | 89,737 | 671,064 | 423,879 | 377,533 | 211,226 | 1,773,439 |
| Additions | - | 14,838 | - | 28,267 | - | 43,105 |
| Disposals | - | - | (28,000) | (6,532) | (96,374) | (130,906) |
| as at 31 March 2017 | 89,737 | 685,902 | 395,879 | 399,268 | 114,852 | 1,685,638 |
| Depreciation | | | | | | |
| at 1 April 2016 | 74,134 | 40,502 | 263,672 | 291,775 | 102,470 | 772,553 |
| Charged in year | 8,104 | 50,515 | 11,937 | 36,643 | 17,230 | 124,429 |
| Disposals | - | - | (19,342) | (6,532) | (34,180) | (60,054) |
| as at 31 March 2017 | 82,238 | 91,017 | 256,267 | 321,886 | 85,520 | 836,928 |
| Net Book Value | | | | | | |
| 31 March 2017 | 7,499 | 594,885 | 139,612 | 77,382 | 29,332 | 848,710 |
| 31 March 2016 | 15,603 | 630,562 | 160,207 | 85,758 | 108,756 | 1,000,886 |

Charity

| | Office Furniture & Fittings £ | Leasehold improvements £ | Musical Instruments, cases & recordings £ | Computers & Office Equipment £ | Motor Vehicles £ | Total £ |
|--------------------------|--|--------------------------------|---|---|------------------------|------------|
| Cost or valuation | | | | | | |
| at 1 April 2016 | 89,737 | 671,064 | 423,879 | 371,097 | 211,226 | 1,767,003 |
| Additions | - | 14,838 | - | 28,267 | - | 43,105 |
| Disposals | - | - | (28,000) | (6,532) | (96,374) | (130,906) |
| as at 31 March 2017 | 89,737 | 685,902 | 395,879 | 392,832 | 114,852 | 1,679,202 |
| Depreciation | | | | | | |
| at 1 April 2016 | 74,134 | 40,502 | 263,672 | 285,339 | 102,470 | 766,117 |
| Charged in year | 8,104 | 50,515 | 11,937 | 36,643 | 17,230 | 124,429 |
| Disposals | - | - | (19,342) | (6,532) | (34,180) | (60,054) |
| as at 31 March 2017 | 82,238 | 91,017 | 256,267 | 315,450 | 85,520 | 830,492 |
| Net Book Value | | | | | | |
| 31 March 2017 | 7,499 | 594,885 | 139,612 | 77,382 | 29,332 | 848,710 |
| 31 March 2016 | 15,603 | 630,562 | 160,206 | 85,758 | 108,756 | 1,000,886 |

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.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

12. FIXED ASSET INVESTMENT

| | 2017 | 2016 |
|---|------------|------------|
| Charity | £ | £ |
| Investment in subsidiary - Rite Digital Limited | 100 | 100 |
| | <u>100</u> | <u>100</u> |

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:

| | 2017 | 2016 |
|---------------------------------------|------------|------------|
| | £ | £ |
| <i>Profit and loss account</i> | | |
| Turnover | 74,839 | 8,379 |
| Expenditure | (69,760) | (1,669) |
| Foreign Exchange gain | 11,786 | 4,672 |
| Surplus gift aided to the Charity | (16,865) | (11,382) |
| Retained in subsidiary | <u>-</u> | <u>-</u> |
| <i>Assets and liabilities</i> | | |
| Current assets | 104,414 | 73,289 |
| Current liabilities | (104,314) | (73,189) |
| Net assets | <u>100</u> | <u>100</u> |
| Share capital | <u>100</u> | <u>100</u> |

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

13. DEBTORS

| | Group | | Charity | |
|--------------------------------|------------------|----------------|------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Due within one year: | | | | |
| Trade debtors | 491,408 | 340,156 | 434,296 | 340,156 |
| Other debtors | 69,555 | 276,427 | 69,555 | 275,052 |
| Philharmonia Trust Limited | 329,411 | - | 329,411 | - |
| Amounts owed by group company | 13,293 | - | 13,293 | 68,346 |
| Prepayments and accrued income | 638,140 | 294,977 | 638,140 | 294,976 |
| | <u>1,541,807</u> | <u>911,560</u> | <u>1,484,695</u> | <u>978,530</u> |
| Due after more than one year: | | | | |
| Other debtors | - | - | - | - |
| Total debtors | <u>1,541,807</u> | <u>911,560</u> | <u>1,484,695</u> | <u>978,530</u> |

14. CREDITORS: Amounts falling due within one year

| | Group | | Charity | |
|--|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Trade creditors | 883,952 | 355,159 | 779,637 | 354,888 |
| Other creditors | 56,680 | 19,870 | 56,680 | 15,608 |
| Philharmonia Trust Limited | - | 422,361 | - | 422,361 |
| Other taxation and social security costs | 126,029 | 143,475 | 126,029 | 143,164 |
| Accruals | 273,252 | 281,045 | 273,253 | 281,045 |
| Deferred income | 456,929 | 345,930 | 456,929 | 345,930 |
| | <u>1,796,842</u> | <u>1,567,840</u> | <u>1,692,528</u> | <u>1,562,996</u> |

15. LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 79 members at 31 March 2017 (2016: 67).

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

16. LEASE COMMITMENTS

| | | | 2017 | 2016 |
|---|---------------------|----------|---------|---------|
| | Office equipment | Building | Total | Total |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| not later than one year | - | - | - | - |
| later than one year and not later than five years | 50,125 | - | 50,125 | 50,125 |
| later than five years | - | 286,004 | 286,004 | 286,004 |
| | 50,125 | 286,004 | 336,129 | 336,129 |

| | Office equipment | Building | 2017 Total | 2016 Total |
|--|---------------------|----------|---------------|---------------|
| | £ | £ | £ | £ |
| The value of lease payments recognised as an expense in the year were: | 12,135 | 53,990 | 66,125 | 54,370 |

17. 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 £800,000 were awarded by Philharmonia Trust Limited to Philharmonia Limited in the year (2016: £505,333). Costs totaling £16,505 (2016: £473) 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 totaled £205,333 (2016: £864,358). The balance due from Philharmonia Trust Limited to Philharmonia Limited at the year end was £328,810 (2016: Philharmonia Trust Limited owed Philharmonia Limited £9,024).

Philharmonia Limited also issued a guarantee, supported by a debenture, to its principal bankers, NatWest, in respect of a mortgage totaling £1,000,000 issued to Philharmonia Trust Limited, secured on its property at 6 Chancel Street London. In April 2017, on the remortgaging by the Trust of the property with Barclays Bank Plc a new guarantee was issued. The new mortgage is for £1,870,000, and is also secured on the property at 6 Chancel Street.

The company also has a related party relationship with The Meyer Foundation, of which the Orchestra's former President, Vincent Meyer, is a Trustee. In the year, the total donations received from Vincent Meyer or the Meyer Foundation were £494,340 (2016: £387,000). Donations were also received in the year from Trustees of the Philharmonia Trust Ltd, aggregate £161,793 (2016: £134,638).

Payments were made to all playing members of the Council of Management in respect of the work they have done with the Orchestra, to the Chairman and Deputy Chairman for their roles as Chairs of the Orchestra, and a salary was paid to the Managing Director, who was 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.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

18a. RECONCILIATION OF NET (EXPENDITURE) / INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2017 £ | 2016 £ |
|--|----------------|------------------|
| Net income/(expenditure) for the reporting period (per the statement of financial activities) | 342,157 | (195,248) |
| Adjustments for: | | |
| Depreciation charges | 124,429 | 125,065 |
| Interest on bank deposits | (2,025) | (4,383) |
| Gain on the sale of fixed assets | 70,852 | - |
| (Increase)/Decrease in debtors | (630,247) | 109,471 |
| Increase/(Decrease) in creditors | 229,002 | (399,349) |
| Net cash (used in)/provided by operating activities | <u>134,168</u> | <u>(364,444)</u> |

18b. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 £ | 2016 £ |
|--|------------------|----------------|
| Cash in hand | 1,007,949 | 914,861 |
| Total cash and cash equivalents | <u>1,007,949</u> | <u>914,861</u> |

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

19. FUNDS

| | At 1 April 2016 | Income in year | Expenditure in year | Transfers | At 31 March 2017 |
|---------------------------------------|--------------------|-------------------|------------------------|----------------|---------------------|
| Restricted Funds | | | | | |
| Concerts | - | 464,647 | (198,476) | (266,171) | - |
| Education | - | 112,429 | (170,946) | 128,502 | 69,985 |
| Digital | - | 5,477 | (143,146) | 137,669 | - |
| Property | - | - | - | - | - |
| Martin Musical Scholarship Grant Fund | 41,202 | 20,000 | (25,000) | 5,000 | 41,202 |
| MMSF General Fund | 116,143 | 5,000 | - | (12,655) | 108,488 |
| MMSF Donated Assets | 12,320 | - | (320) | - | 12,000 |
| Total restricted | 169,665 | 607,553 | (537,888) | (7,655) | 231,675 |
| Endowment Funds | | | | | |
| Martin Musical Scholarship Fund | 194,484 | - | - | - | 194,484 |
| Total endowment | 194,484 | - | - | - | 194,484 |
| Unrestricted funds | | | | | |
| MMSF General Fund | - | 4,154 | (11,809) | 7,655 | - |
| Philharmonia General Fund | 81,218 | 10,742,083 | (10,053,677) | (208,750) | 560,874 |
| Designated Fund - Principal Conductor | 108,492 | - | (317,242) | 208,750 | - |
| Designated Fund - Property | 630,562 | - | (91,017) | - | 539,545 |
| Revaluation reserve | 75,046 | - | - | - | 75,046 |
| Total unrestricted | 895,318 | 10,746,237 | (10,473,745) | 7,655 | 1,175,465 |
| | 1,259,467 | 11,353,790 | (11,011,633) | - | 1,601,624 |

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

FUNDS

| | At 1 April 2015 | Income in year | Expenditure in year | Transfers | At 31 March 2016 |
|---------------------------------------|--------------------|-------------------|------------------------|------------------|---------------------|
| Restricted Funds | | | | | |
| Concerts | - | 385,342 | (135,420) | (249,922) | - |
| Education | - | 80,445 | (139,770) | 59,325 | - |
| Digital | - | 380,663 | (538,617) | 157,954 | - |
| Property | 445,732 | - | (28,367) | (417,365) | - |
| Martin Musical Scholarship Grant Fund | 41,302 | 12,700 | (12,800) | - | 41,202 |
| MMSF General Fund | - | - | - | 116,143 | 116,143 |
| MMSF Donated Assets | 12,640 | - | (320) | - | 12,320 |
| Total restricted | 499,674 | 859,150 | (855,294) | (333,865) | 169,665 |
| Endowment Funds | | | | | |
| Martin Musical Scholarship Fund | 184,484 | - | - | 10,000 | 194,484 |
| Total endowment | 184,484 | - | - | 10,000 | 194,484 |
| Unrestricted funds | | | | | |
| MMSF General Fund | 72,960 | 102,991 | (59,808) | (116,143) | - |
| Philharmonia General Fund | 11,135 | 9,362,986 | (9,291,278) | (1,625) | 81,218 |
| Designated Fund - Principal Conductor | 410,352 | - | (301,860) | - | 108,492 |
| Designated Fund - Property | 201,064 | - | (12,135) | 441,633 | 630,562 |
| Revaluation reserve | 75,046 | - | - | - | 75,046 |
| Total unrestricted | 770,557 | 9,465,977 | (9,665,081) | 323,865 | 895,318 |
| | 1,454,715 | 10,325,127 | (10,520,375) | - | 1,259,467 |

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

Concerts

Refers to sponsored activity on own promotions, engagements and touring. Any surplus or deficit at year end is credited to or charged to the general fund.

Education

Refers to Education and outreach projects which occurred during the year, such as Orchestra Unwrapped, Hear and Now, Strike a Chord and Composers Academy. Deficits are only carried forward if there is a high probability of receiving retrospective funds to cover activity.

Otherwise any deficit at year end is transferred to the general fund.

Digital

Refers to digital outreach projects which occurred during the year, the main project in 2015/16 being iOrchestra. This project has now concluded and the remaining deficit transferred to the general fund.

Property

The property reserve relates to funds for the fit out of 6 Chancel Street, a property occupied by the Orchestra and owned by Philharmonia Trust. A year end transfer has been made to transfer the residual funds (representing the net book value of the fit out) to a designated fund.

Martin Musical Scholarship Fund

Martin Musical Scholarship Fund (MMSF) is a branch of Philharmonia Ltd, which supports young musicians. Funds are split between restricted and endowment funds according to their nature. A year end transfer has been made to transfer the MMSF general fund to restricted funds.

Principle Conductor

The Council of Management has designated funds from Philharmonia Limited's unrestricted reserves towards deficits generated by future projects principally with the Orchestra's Principal Conductor.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2017

| | Unrestricted | Restricted | Endowment | Total |
|-----------------------|--------------|------------|-----------|-------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | 836,710 | 12,000 | - | 848,710 |
| Current assets | 2,130,623 | 224,649 | 194,484 | 2,549,756 |
| Current liabilities | (1,791,868) | (4,974) | - | (1,796,842) |
| | 1,175,465 | 231,675 | 194,484 | 1,601,624 |

2016

| | Unrestricted | Restricted | Endowment | Total |
|----------------------|--------------|------------|-----------|-------------|
| | £ | £ | £ | £ |
| Tangible fixed asset | 988,566 | 12,320 | - | 1,000,886 |
| Current assets | 1,414,717 | 217,220 | 194,484 | 1,826,421 |
| Current liabilities | (1,507,965) | (59,875) | - | (1,567,840) |
| | 895,318 | 169,665 | 194,484 | 1,259,467 |

Philharmonia Limited (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

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