

# Philharmonia

Philharmonia Limited  
(Limited by Guarantee)

FINANCIAL STATEMENTS

For the year ended  
31 March 2020

# Philharmonia Limited (Limited by Guarantee)

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# Philharmonia Limited (Limited by Guarantee)

## Report of the Board of Trustees, including Strategic Report

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### REFERENCE AND ADMINISTRATIVE DETAILS

Charity Registration number: 250277

Company Registration number: 00799297

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  
10 Marylebone High Street  
London  
W1U 4BT

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

Stone King LLP  
Boundary House  
91 Charterhouse Street  
London  
EC1M 6HR

# Philharmonia Limited (Limited by Guarantee)

## Report of the Board of Trustees, including Strategic Report

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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 Board of Trustees.

The Board members serving during the year and since the year end were as follows:

Chair	Michael Fuller (resigned 14 June 2019) Victoria Irish (appointed Chair 14 June 2019, appointed President 1 April 2020) Lord Mervyn King (appointed Chair 10 September 2020) Saul Nathan (appointed Interim Chair 1 April 2020, resigned 10 September 2020 but remains on Board)
Deputy Chair	Cheremie Hamilton-Miller (appointed 14 June 2019, appointed Deputy President 1 April 2020) Victoria Irish (appointed Chair 14 June 2019)
President (player member)	Victoria Irish (appointed 1 April 2020)
Deputy President (player member)	Cheremie Hamilton-Miller (appointed 1 April 2020)
Managing Director	Michael Fuller (Interim, not a Trustee, appointed 14 June 2019 resigned 31 August 2020) Helen Sprott (not a Trustee, resigned 13 June 2019)
Chief Executive Officer	Alexander Van Ingen (not a Trustee, appointed 1 September 2020)
Other player members	Laurent Ben Slimane Richard Birchall (appointed 14 June 2019, resigned 16 December 2019) Nuno Carapina (appointed 16 December 2019) Byron Fulcher (appointed 10 September 2020) Michael Fuller (appointed 10 September 2020) Kevin Hathway (appointed 9 August 2019, retired 6 August 2020) Carol Hultmark Linda Kidwell (appointed 10 August 2018, resigned 16 December 2019) Robin O'Neill (resigned 17 July 2019) Jan Regulski (appointed 16 December 2019) Timothy Rundle (resigned 16 December 2019) Antoine Sigure (appointed 10 September 2020) Philip White (appointed 16 December 2019, resigned 10 September 2020)
Other non-player members	Michael Brindle (appointed 1 April 2020) Rupert Darbyshire (Chair of the Finance Committee) Daniel Knottenbelt (appointed 1 April 2020) Sir Peter Middleton (appointed 1 April 2020) Lorenzo Modiano (appointed 1 April 2020) Revd John Wates OBE (resigned 31 March 2020) Julia Zilberman (appointed 1 April 2020)
Secretary	Lesley Baliga (appointed 1 April 2019, resigned 24 June 2019) Linda Barry (appointed 24 July 2019, resigned 28 October 2020) Kim Lassemillante (appointed 28 October 2020)
Independent Finance Committee member	Nick Bishop

# Philharmonia Limited (Limited by Guarantee)

## Report of the Board of Trustees, including Strategic Report

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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 2020.

### 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; and the relief of poverty and distress amongst playing members of any symphony orchestra for the time being maintained by the Charity and the dependents of such persons. The Company achieves these objectives 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, Canterbury, at the Three Choirs Festival and Garsington Opera; 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.

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 quantity and quality 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 the Orchestra's live performing programme in London, its residencies, throughout the UK and internationally;
- To expand the Orchestra's role as a pioneer, leader and creative innovator in the use of digital technologies to reach the widest possible global audience;
- 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 Board of Trustees 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 Southbank Centre are open to the public without restriction. Discounted tickets are available for disabled concert-goers, those on income support, students and under-18s. The Orchestra also offers an extensive programme of chamber concerts, contemporary music, talks and foyer events with free entry. The Orchestra performs throughout the UK in public venues that have similarly inclusive policies.

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

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### STRATEGIC REPORT

#### A ACHIEVEMENTS AND PERFORMANCE

The Philharmonia Orchestra maintained its reputation as a world-class symphony orchestra through its performances at the Southbank Centre, its out of London residencies in Bedford, Leicester, Canterbury, Basingstoke, the Three Choirs Festival and Garsington Opera, and internationally in Europe and Asia. The Orchestra presented a broad range of music from mainstream core repertoire to new commissions, and collaborated with an array of distinguished conductors and soloists.

The Orchestra delivered the following across 2019/20:

- 71 concerts across our residencies in London, Leicester, Bedford, Canterbury, Basingstoke, Three Choirs Festival and Garsington Opera (2 further concerts were cancelled due to the COVID-19 outbreak);
- 7 Music of Today concerts (a further concert was cancelled due to the COVID-19 outbreak);
- 27 non-residency concerts in England and Wales;
- 5 performances by the Philharmonia Chamber Players (a further concert was cancelled due to the COVID-19 outbreak);
- 25 concerts overseas in Spain and the Canary Islands, France, Poland, Germany, Slovakia Switzerland and Japan (a further 5 concerts in Europe were cancelled due to the COVID-19 outbreak).

The Orchestra's headline project for the 2019/20 year was *Bittersweet Metropolis* a series devised and led by Principal Conductor Esa-Pekka Salonen featuring the music of Weimar Berlin. The series spanned the 2018/19 and 2019/20 Seasons, and included works by Berg, Hindemith and Weill.

Principal Conductor Designate Santtu-Matias Rouvali conducted performances of Tchaikovsky's Swan Lake Suite and Prokofiev Symphony No. 5 in the Royal Festival Hall. Both works were recorded for future CD release on the Signum label.

A particular highlight of the year was the return of legendary conductor Herbert Blomstedt to conduct two programmes including Beethoven's *Eroica* and Berlioz *Symphonie fantastique*.

To mark the start of the Orchestra's 75<sup>th</sup> anniversary year, in January the Orchestra and Salonen gave the world première of Mark-Anthony Turnage's Horn Concerto *Towards Alba* (commissioned by the Orchestra with support from John and Carol Wates) with soloist Richard Watkins. In celebration of another anniversary, that of the 250<sup>th</sup> year since Beethoven's birth, the Orchestra and Salonen performed a recreation of the composer's famous 1808 concert at the Theater an der Wien, Vienna.

The Orchestra also gave a concert in celebration of the 60<sup>th</sup> birthday of George Benjamin, conducted by the composer, including performances of his works *Duet* (with soloist Pierre-Laurent Aimard) and *Dream of the Song* (with James Hall and Philharmonia Voices).

The Orchestra welcomed conductors including Vladimir Ashkenazy (Conductor Laureate), Jakub Hrůša, Paavo Järvi, Lahav Shani, John Wilson, Philippe Herreweghe and Elim Chan. Soloists included Denis Matsuev, Esther Yoo, Tamara Stefanovich, Sol Gabetta, Viktoria Mullova, Leonidas Kavakos and Sayaka Shoji.

In May 2019 it was announced that Santtu-Matias Rouvali has been appointed to succeed Esa-Pekka Salonen as Principal Conductor with effect from the start of the 2021-22 Season. Salonen announced in 2018 that he will step down from the post of Principal Conductor at the end of the 2020-21 Season.

During the year the Orchestra appointed a new Concertmaster, Benjamin Marquise Gilmore, who will share the position with Zsolt-Tihamér Visontay.

Further to the Orchestra's artistic achievements over this period, we completed an ambitious rebrand and website project, launching in February 2020. This 18-month project, was designed to create a more modern, adaptable, recognisable brand identity for the orchestra, and at the same time to overhaul our

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leading digital asset, philharmonia.co.uk, was delivered on time and on budget, and has been well received by our audiences and stakeholder group (such as board, players and staff). Going forwards, all aspects of the Philharmonia's programme will be bound together by this new visual identity, which will strengthen the Orchestra's position in the market.

### EMERGING ARTISTS

Artistic talent was developed through our Composers' Academy and MMSF Instrumental Fellowship Programmes, and through the new International Negaunee Conducting Programme.

#### COMPOSERS' ACADEMY

During the course of an annual programme (presented in partnership with the Royal Philharmonic Society) three emerging composers per Season will each write an original chamber work for a Philharmonia ensemble, and will benefit from masterclasses, mentoring and industry insight sessions, culminating a concert performance of the compositions.

#### MMSF INSTRUMENTAL FELLOWSHIP PROGRAMME

The MMSF Programme helps sixteen Conservatoire-level instrumentalists per Season to develop their orchestral careers, each supported by a bursary, a mentor drawn from the relevant Section of the Orchestra, masterclasses, mock auditions, paid concert work as part of the Orchestra, and work experience on outreach projects and recital platforms. We are grateful to the following for their ongoing support for this programme: Help Musicians UK, the John E Mortimer Foundation and the Sidney Perry Foundation

### AUDIENCE DEVELOPMENT

All audience development work undertaken across the Marketing, Learning & Engagement, Concerts and Digital teams aims to increase and diversify our audiences, and to develop deeper relationships with existing audiences, whether live or online.

#### THE VIRTUAL ORCHESTRA

*The Virtual Orchestra (TVO)* is a deep-level audience development project initiated by the Philharmonia Orchestra with the purpose of engaging new audiences for orchestral music, focusing on low-engagement communities. In the last financial year, we delivered The Virtual Orchestra in Basingstoke (July – August 2019) and a range of legacy projects and consultations.

The project has enabled the Orchestra to utilise its skills and assets to benefit the public in our residencies. Entry to digital installations and surrounding outreach activities was free to members of the public.

- There were an additional 18,388 interactions in Basingstoke, bringing the total interactions to 63,233
- We reached 3,601 participants in our schools, family and community workshops across the project, including Basingstoke
- Basingstoke's culminating free concerts attracted 1,000 people taking our total of live audience numbers for the project to 3,387. 43% of these received free tickets
- 26% of public attendees and workshop participants identified as BAME at The Virtual Orchestra, compared to the industry standard of 2%

*The Virtual Orchestra* is supported by the Esmée Fairbairn Foundation, Paul Hamlyn Foundation and John Ellerman Foundation.

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### FAMILY CONCERTS

Following the success of The Virtual Orchestra's family-friendly concerts, Philharmonia produced family concerts in Bedford, Leicester and Canterbury across February and March 2020. These were co-designed with our local steering groups and attracted audiences of 1,804 across the residencies. We engaged in 11 pre-concert outreach workshops that prioritised access for vulnerable audiences that would not usually engage in orchestral music, including Bedford & District Cerebral Palsy Society and Querns Community Centre in Canterbury.

### RELAXED CONCERTS

Given the diversity of audiences that attended our TVO and Family Concerts, we initiated discussions with organisations in our residency centres to co-create a prototype Relaxed Chamber Concert that was to be performed on 20 May in Bedford for disabled and non-disabled audiences. This event was cancelled due to Corona Virus, but we intend to continue discussions and run this prototype concert when it is safe to do so.

### COMMUNITY AMBASSADORS

The Community Ambassadors Programme (jointly run by the Learning & Engagement and Marketing Departments) has diversified our audiences regionally, by inviting well-placed and respected community leaders to facilitate concert-going for audiences with protected characteristics and those experiencing barriers to engagement. This initiative is a key part of the strategy that underpins the planning for and legacy of The Virtual Orchestra, ensuring an onward audience journey route.

### AUDIENCE RESEARCH

Core to all our audience development work is audience research, for which we have well-developed practice across data insights, surveys and evaluation, and customer relationship management. Our data insights research is centred on our ticketing system Tessitura, further complemented by use of the Audience Finder dashboard. Our audience research now focuses on our wider residency audiences, rather than the London own promotion Season alone.

### EDUCATION AND OUTREACH

The Orchestra's Education Programme reflects the diversity of the communities we serve, offering a high quality, relevant and compelling portfolio of participatory and educational projects whose aim is to inspire, excite, empower and engage a broad range of participants. Partnership working is embedded within our practice: our projects are designed in collaboration with a wide range of organisations and stakeholders including our residency venues, Music Education Hubs, schools, universities and conservatoires, community groups and Local Authorities.

Projects and activities undertaken in 2019/20 included:

*Hear and Now*: a flagship inter-generational community creative project based in the Queens Park area of Bedford, *Hear and Now* is a longstanding unique musical collaboration between the Tibbs Dementia Foundation's *Music 4 Memory*, a singing group for people living with dementia and their carers, Fusion Youth Singing, a teenage vocal and instrumental group, and members of the Philharmonia Orchestra. Young and old instrumentalists from the North Bedfordshire Youth Chamber Orchestra and Da Capo String Ensemble – a group for learners/rusty returners – form the *Hear and Now* inter-generational orchestra. Comprising over 150 participants, this multi-layered project is unique in its quality, creativity, diversity, scale, and age-span; this season saw a new partnership with University of Bedfordshire to incorporate dance and movement into the process, alongside a small-scale research project to assess the impact of working intergenerationally on an arts and wellbeing project on participants and artists.

*Hear and Now* is generously supported by The Andor Charitable Trust, The Arts Society, The D'Oyly Carte Charitable Trust, House of Industry Estate, The Lynn Foundation, McLay Dementia Trust, The Neighbourly Charitable Trust, St John's Hospital Trust, Orchestras Live, The Wixamtree Trust, and a funder that wishes to remain *anonymous*.



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- The Young Fellowships Programme is a significant new project for the Philharmonia as it seeks to respond to the crisis in music education that is directly affecting the diversity of young musicians. This pilot scheme launched in Leicester in 2019/20, to support young instrumentalists from low income and BAME families. In partnership with Awards for Young Musicians and Leicestershire Schools Music Service, promising children are identified through the classroom ensemble programme and are further supported weekly 121 lessons from a local LSMS peripatetic teacher, a small bursary, access to Get Together days as well as a minimum three 121 lessons with a Philharmonia player. The Young Fellowships Programme is generously supported by the Garfield Weston Foundation and the Ragdoll Foundation.
- A burgeoning programme of work in prisons (using VR technology) and hospices;
- 3 major *Orchestra Unwrapped* schools (with two cancelled due to COVID-19) concerts reaching almost 5,000 KS2 children across our residencies and in London, supported by teacher training, resource packs and in-school workshops. We are most grateful to the Harpur Trust, De Montfort University (Leicester), the Eranda Rothschild Foundation and the Kobler Trust for their support to make these concerts possible.
- For the first time, 3 families concerts took place across our residencies in Bedford, Leicester and Canterbury, with almost 2,000 people attending
- The launch of a new SEND workshop programme linked to *Orchestra Unwrapped*; supported by the Eranda Rothschild Foundation
- The launch of a pilot project with looked-after children in Leicester, through partnership with Bullfrog Arts and Kagemusha Taiko; his project is generously supported by the Rayne Foundation, Edith Murphy Foundation, The John S Cohen Foundation, the Boris Karloff Charitable Foundation, The J Reginald Corah Foundation Fund and a funder who wishes to remain anonymous
- Partnership with University of Leicester and De Montfort University (Leicester) resulting in a range of projects including ensemble coaching, community projects, Industry Insights talks and scholarship schemes;
- Adult Learning and Participation opportunities were threaded throughout our concert season via Insights Talks (pre-concert talks and Study Days).

## DIGITAL

Our national Audience Development project, “The Virtual Orchestra”, with the digital installation “Universe of Sound” at its heart, concluded in August 2019.

The Philharmonia launched a brand new website for its season launch at the start of 2020, alongside a full brand refresh. The entire process was managed by the Digital and Marketing departments and external design and web agencies.

Throughout 19/20, the latest digital installation, “the VR Sound Stage”, continued to tour internationally to the US, Japan and across Europe. Funding from Nesta’s Amplified pilot programme allowed us to explore adapting the VR Sound Stage for schools and hospices.

Having secured funding from Innovate for the flagship “Audience of the Future” project, we have worked throughout 19/20 in our new consortium with the RSC, Punchdrunk and other gold-chip partners to develop a major new immersive installation that was due to be premièred around an RSC production of *A Midsummer Night’s Dream*. The project was meant to culminate in a large-scale immersive showcase at Stratford-Upon-Avon in June 2020 but was cancelled in late March due to COVID-19. The Philharmonia just secured an additional £129,712 from Innovate UK through its commercial subsidiary Rite Digital to underwrite 100% of all costs, as it pivots to a fully online experience in Jan/Feb 21, ensuring this digital activity remains a going concern.

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We produced over 50 films in 19/20, including the flagship Weimar series of films that drew widespread critical praise. Thanks to the new partnership with TAL (more below), the Film team have grown to take on an extra full-time producer and assistant producer to increase the Philharmonia's capacity.

The Philharmonia has continued to build on its growing network of cultural and technological partnerships. Throughout 19/20 the Digital team embarked on R&D projects with Intel's volumetric capture team in LA, with Sony's top teams in Tokyo, worked directly with Magic Leap's most senior creative and technical teams for the development of the Audience of the Future showcase due for June 2020 (until it was cancelled).

Our major new partnership with the Chinese educational organisation, TAL, has led to growing commercial interest in China, with a VR showcase and a week of educational workshops in Shanghai in July 2019. The Audience of the Future consortium has also opened up new investment and partnership opportunities in China for the future, as the consortium partners plan to showcase their work together to increase exposure.

## **B FINANCIAL REVIEW**

### **Review of the financial year**

The financial year 2019/20 saw a consolidated net deficit of £664,922 (2018/19: net deficit of £42,041). The underlying unconsolidated result for Philharmonia Limited alone was a deficit of £618,564 (2018/19: deficit of £51,882). The increased deficit was caused in large part by less touring in 19/20 than in the prior year when there were significant tours to the US and China, the result from touring was £235k less than prior year. COVID-19 also impacted results late in the financial year with the cancellation of the European tour scheduled for late March 2020. Cancellation of Own Promotion and Residencies concerts in March also contributed to the deficit. Unfortunately, as it becomes more difficult to secure public funding it also becomes increasingly difficult to continue to deliver our objectives to the high standard that we expect without a number of projects being loss making. The grant received from Philharmonia Trust was reduced in 19/20 to £300,000 (2018/19 £598,000), in order to retain funds within the investment portfolio for the longer term. Support costs were £2,672,625 (2018: £2,678,173).

The Martin Musical Scholarship Fund, whose financial results are consolidated in these financial statements, made a deficit of £46,359 (2018/19: surplus of £4,841). Rite Digital Limited, Philharmonia Limited's fully owned trading subsidiary Company, made an operating surplus of £476 (2018/19: £18,089); Rite Digital Limited paid this surplus to Philharmonia Limited under the terms of Gift Aid.

### **Financial management policy**

The Orchestra aims to budget 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**

The Board of Trustees has considered it unnecessary to hold an excessive level of free reserves because of its symbiotic relationship with the Philharmonia Trust Limited. The Philharmonia Trust Limited supported the work of the Philharmonia Orchestra, primarily through an annual grant but also through the advance of additional finance when required.

The Philharmonia Orchestra has aimed to hold a minimum of £400,000 of free reserves. Any excess being used for long-term strategic investments and to cover any short-term deficits. As at the 31 March 2020 the total value of reserves was £2,023,778 (2018/19: £2,688,700). A breakdown of this is shown on the balance sheet and in the statement of funds note (note 19). Of these reserves £412,363 (2018/19:

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£497,243) is invested in the refurbishment of the Chancel Street property (shown as a designated fund), a further £331,421 (2018/19: £377,781) is reserved in MMSF restricted and endowment funds. Actual free reserves (defined as unrestricted reserves less fixed assets) as at 31 March 2020 were £943,508 (2018/19: of £1,424,491).

The merger with Philharmonia Trust on 1 April 2020 will see Philharmonia Limited adopt the reserves policy previously followed by Philharmonia Trust.

### **Investment policy**

The Orchestra has previously had a policy of investing any 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.

The merger with Philharmonia Trust on 1 April 2020 will see Philharmonia Limited adopt the investment policy previously followed by Philharmonia Trust.

## **C FUTURE PLANS**

The Philharmonia responded quickly to the shutdown caused by the COVID-19 pandemic and was the first British symphony orchestra to launch a new programme of orchestral work online. In three concerts across summer 2020, The Philharmonia Sessions presents the Orchestra in socially distanced format for digital performances specifically created for an online audience. Partnering with media partners, Classic FM, the project represents the Philharmonia's first performances since its last concert, pre-shutdown, on Sunday 15 March 2020.

This work will act as a springboard for more broadcasts, online concerts, and learning and participation work in autumn 2020.

The 'Keep the Philharmonia Playing' fundraising campaign was launched at the end of March in response to the COVID pandemic. This seeks to connect players and donors encouraging both donations but also a long lasting relationship with the Orchestra. Messaging has also been embedded in all public activity during the period to highlight the challenges we are facing. We are also continuing our successful campaign to ask ticket purchasers to donate the value of their tickets to cancelled concerts.

Despite the pandemic we will strive to fill the Artist in Residence position that aims to diversify our programme, artists and audiences.

We plan to amend our year end to the 31<sup>st</sup> August from next year to align it with the concert season, a much more practical timeframe for reporting.

## **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.

As the COVID-19 pandemic took hold in the early part of 2020 there followed extreme uncertainty around the Orchestra's ability to achieve its objectives; raise additional funds through donations and grants; as well as maintain the returns expected on investments.

In general 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 responsible for regularly updating the Risk Register, scanning the environment for new risks and

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managing existing risk. Each risk is evaluated and assigned to a senior manager 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 the Finance Committee for further action. The Finance Committee reviews the Risk Register on a quarterly basis in advance of presentation to the Board.

### Key Risks & Uncertainties

The principal risk facing the Orchestra at this time is the impact of COVID-19 on our ability to perform and deliver our objectives both now and in the future. The risk related to our ability to maintain and increase income levels has heightened and will continue to impact us for some time to come.

The main source of voluntary income (20% of total income) remains Arts Council England NPO funding. This funding has been at a standstill level for a number of years, meaning a decrease in real terms. There is a risk that future changes in government policy could reduce the level of funding.

A significant proportion of the Orchestra's income is earned from international touring, in particular from tours to European countries. The current pandemic has raised a question as to what tours may be possible in the future. There is also uncertainty around the Government's negotiations with the EU which may cause difficulties (both logistical and financial) of planning such activity when we are permitted to tour again. The Orchestra has adopted a policy of remaining in touch with relevant Government bodies and industry representatives in order to ensure that we are as informed as possible, and best placed to take mitigating action at the appropriate time.

Income from sponsorship, donations and from Trusts and Foundations is key to every area of the Orchestra's activities, from concert planning to digital, education and outreach work. We have taken steps proactively to strengthen our fundraising function, including the creation of a Development Board during the year. The merger between Philharmonia Ltd and Philharmonia Trust Ltd, which completed at midnight on 31 March 2020, has already shown to be a great benefit as we face the challenges brought on by the pandemic. This will continue to yield benefits by giving access to a wider range of Trustee contacts, and the increased Trustee commitment.

### E GOING CONCERN

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

In response to an application for NPO funding for 2018-22, the Orchestra received notification that NPO funding for this period would be maintained at existing levels. ACE have also rolled over the current NPO funding period for a further year in response to the impact that COVID-19 is having on the Arts, therefore our current funding period will now extend to March 2023.

Despite the uncertainty brought about by COVID-19 pandemic, the merger between Philharmonia Limited and Philharmonia Trust will boost the Orchestra's resilience, fundraising abilities and charitable governance. The total reserves held by Philharmonia Trust at 31 March 2020 are £5.9m. The merger increases the fixed assets held by Philharmonia Limited with the transfer of the property at Chancel Street to Philharmonia Limited's balance sheet. It also provides access to draw upon the 2005 Fund (£2.1m at 31 March 2020), an endowment previously held within the investment portfolio of Philharmonia Trust. Although not desirable to take from this fund at such a time, it is reassuring to know that the investment fund is available to us. A detailed budgeting process takes place every year, however with the onset of the pandemic, a COVID-19 rework of the budget took place in the early part of 20/21 to ensure the uncertainties were reflected in an updated budget. With this in mind the Trustees consider that the 'going concern' status of Philharmonia Limited is an appropriate assumption for the preparation of these financial statements

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### **F EQUALITY AND DIVERSITY ACTION PLAN**

The Orchestra is in the process of signing-off on a renewed Equality and Diversity Action Plan, building in measurable actions and time-specific deadlines that will lead to the following outcomes. Many of these speak to the priorities identified by Arts Council England as being germane to the Creative Case for Diversity and the upcoming 'Let's Create' ten-year strategy 2020-2030, as well as creating a more sustainable and relevant business model:

**Workforce, Governance and Membership:** Philharmonia commits to achieving a more diverse workforce, Board of Trustees, and Membership of the Orchestra, ensuring we are representative of the UK's diversity. We must create and maintain an inclusive environment to ensure everyone is safe and comfortable in their workplace, can work to the best of their abilities, and can utilise this diversity to co-create a sustainable, relevant, and forward-thinking organisation.

**Artists, Programme & Partnerships:** Philharmonia will programme performances, artistic series, artists and form partnerships that are relevant to and representative of our diverse residency communities.

**Audience & Participants:** Audiences, participants and those engaging with Philharmonia, both digitally and live, will be representative of the diversity of our residency centres.

#### **ARTIST IN RESIDENCE (AND PILOT CABARET)**

Philharmonia is introducing a non-classical Artist in Residence position that aims to diversify our programme, artists and audiences. Delivery of this project begins in financial year 20/21 but we piloted this project in September 2019 with a Late-Night Cabaret. The cabaret worked with Raze Collective and The Cocoa Butter Club (both organisations that champion queer cabaret artists and people of colour) to produce a collaborative Late-Night Cabaret that responded to our Weimar Germany series at the Southbank Centre. We commissioned six artists to collaborate with three Philharmonia players and create new work: attendance was free and unticketed, but we received audiences of up to 400 across the evening in the Queen Elizabeth Hall Foyer.

### **G EQUAL OPPORTUNITIES**

Our Equality and Diversity Action Plan is targeted towards growing the numbers of people and participants from protected characteristics groups who access our work, and on developing our workforce and Board. Our focus is on age, disability, gender, race, class and socio-economic status.

We have established a new Equality and Diversity Action Group, with junior to senior representation across all departments in the administration, and with representatives from the player group and Board. The Group's priorities are driven by the Equality and Diversity Action Plan, and initiatives are prioritised accordingly.

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.

### **H ENVIRONMENTAL ACTION PLAN**

The Orchestra is committed to reducing the negative environmental impact of our activities, in particular those relating to office waste and energy consumption, business travel, staff commuting and business services. As a touring orchestra, much of our environmental impact relates to concert touring nationally and internationally, including Orchestra and artist travel, instrument transport (including freight) and the impact of the venues where we rehearse and perform.

We are committed to improving our environmental performance and to engaging players, staff and external stakeholders in the following areas:

- Reducing energy usage and building emissions, in particular with regard to our office building at 6 Chancel Street;

# Philharmonia Limited (Limited by Guarantee)

## Report of the Board of Trustees, including Strategic Report

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- Reducing the environmental impact of travel, for example by encouraging the use of conference calls and low-carbon travel modes such as walking, cycling, public transport and lift sharing. We offer a Ride-to-Work scheme to our staff;
- Reducing waste to landfill and increasing re-use and recycling;
- Green procurement of suppliers and services.

The Orchestra has committed to a 5-year arrangement giving us exclusive use of an emissions-efficient, ULEZ-compliant instrument truck with effect from autumn 2019.

The Orchestra's flagship project for the 2021-22 Season (Rouvali's first as Principal Conductor) will focus upon Nature and the environment, thus placing environmental issues at the heart of our artistic programming and core activity.

## I FUNDRAISING STATEMENT

Fundraising and sponsorship remain a vital part of the Philharmonia's funding model. Development income for 19/20 reflects a strong year of consolidating our work with our national and international sponsors, and individual patrons and supporters. Support for the Philharmonia's Own Promotion concerts has been a key area of growth in the last year. *Rouvali Conducts Swan Lake, Horn Calls and Voices of 1945* all received generous support from individuals close to the organisation. A group of passionate donors formed the Mahler Syndicate to support the 19/20 series of Mahler concerts, although sadly only the 20 February concert was able to go ahead. The Kurt Weill Foundation for Music supported the Concerto for Violin and Wind Orchestra by Kurt Weill which played a key part in the *Weimar Berlin: The Party's Over* on the 29 September. We were also delighted to receive a grant from ABO Sirens to support the programming of Lili Boulanger's *D'un soir triste*. Although planned for all four of our regional residencies, due to COVID-19, it was only possible to perform at the Royal Festival Hall and Bedford Corn Exchange. A number of celebratory post-concert receptions have allowed us to extend our networks and meaningfully connect our donors with musicians, soloists and conductors.

A key highlight from 19/20 has been the continuation of our longstanding partnership with Citi who supported the Orchestra's latest international tour to Japan in January 2020. Citi has been a partner of the Philharmonia for over 25 years, supporting the breadth of the Orchestra's work at home and abroad. The tour was highly successful for the Orchestra with an audience of 7,443 attending the 5 concerts and attracting significant news coverage in Japan.

The Orchestra has also maintained and expanded relations with partners in China notably celebrating the fifth year of our Principal International Partnership with Wuliangye. In December 2019, an ensemble of musicians were invited to perform at the company's prestigious annual Conference and Festival in Yibin to celebrate their success as China's foremost manufacturer of baijiu. New partnerships were created including the TAL education platform with whom we co-created an online syllabus of music education released in three instalments across all of mainland China. In addition, the Philharmonia created a summer series of musicianship workshops for children in Shanghai in August 2019. Both projects not only generated vital income for the Orchestra but also allowed us to expand our reach and brand recognition on a truly global level.

All voluntary fundraising at the Philharmonia is carried out by an internally-managed Development department. The Philharmonia is a member of the Fundraising Regulator, the independent regulator of charitable fundraising. This was established to strengthen the system of charity regulation and restore public trust in fundraising and upholds a Code of Fundraising Practice for the UK. The Philharmonia works to its standards for charitable fundraising, which aim to ensure that fundraising is respectful, open, honest and accountable to the public.

## J STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing document

Philharmonia Limited is a charitable Company limited by guarantee, governed by its Memorandum of Association as amended most recently by Special Resolutions on 1 April 2020 and 26 May 2020 and its

# Philharmonia Limited (Limited by Guarantee)

## Report of the Board of Trustees, including Strategic Report

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Articles of Association as amended most recently by Special Resolutions on 19 March 2020, 1 April 2020 and 26 May 2020. It is a charity registered with the Charity Commission. At 31 March 2020, there were 78 members (2019: 78).

### **Appointment of the Board of Trustees**

The merger of Philharmonia Limited with Philharmonia Trust Limited saw a change in the governance structure, and the Council of Management has been replaced by a Board of Trustees. The Board comprises eight playing members of the Orchestra, plus seven non-playing members.

The members of the Board of Trustees 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 non-playing members of the Board are co-opted at each Annual General Meeting. The Board sets and reviews orchestral policy, financial policy and strategy. It reviews agreements with Arts Council England and other major funders. The Board makes major decisions, including the appointment of titled conductors, the Managing Director and orchestral members. The Board approves the financial budgets and accounts and appoints the auditor. It receives and monitors reports from the Orchestra Committee, Artistic Committee, Development Board 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 Board, for operational matters including finance, employment and artistic performance-related activity.

### **Induction and training of the Board of Trustees**

New members of the Board of Trustees receive a formal induction session from the Chair, the Managing Director, key employees and other members of the Board.

### **Organisation**

The Board is supported by four sub-committees, the Orchestra Committee, the Finance Committee, the Artistic Committee and the Development Board. The Orchestra Committee consists of the eight player members of the Board, chaired by the President of the Board. 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 Board on the management of orchestral and musical issues generally. It deals with Orchestra issues arising in accordance with policy guidelines provided by the Board.

The Finance Committee consists of five non-player members, four of whom are also members of the Board, plus the President and Deputy President of the Board. It is chaired by a non-player. It meets four times a year prior to the meetings of the Board. Reporting to the Board, it proposes financial budgets, reviews financial performance against budgets and deals with financial issues arising in accordance with policy guidelines provided by the Board. It sets guidelines for players' fees increases. The Finance Committee is also supported by its newly formed sub-committee, the Investment Committee.

The Artistic Committee consists of 5 players elected by the members of the Charity at an AGM, one non-player, and one further player appointed by the Orchestra Committee from amongst its members, this player is also the Chair of the Committee. The Committee will meet a minimum of 3 times per Season with the CEO (or delegate) in attendance. The Committee is advisory to the Board with key responsibility to identify and collate Orchestra members' artistic views in relation to Philharmonia Limited's business plan and long-term strategy.

The Development Board will consist of up to 18 members. These include a non-playing member of the main Board who also acts as Chair of the Development Board; two playing members of the Orchestra, of whom at least one shall be a main Board member; the Development Director; the CEO; and other personnel invited to join. It will meet twice a year and reports to the Board of Trustees. Its role is to support the Development Department in achieving budgeted fundraising targets. The Development Board will help to raise funds for the Orchestra's programme of activity in the UK and overseas.

# Philharmonia Limited (Limited by Guarantee)

## Report of the Board of Trustees, including Strategic Report

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### Senior staff

Day to day operating decisions are delegated to the Senior Management team which comprises the Managing Director, Deputy Managing Director, Finance Director, Development Director, Marketing Director, Learning & Engagement Director, Residencies and Regional Programme Director (to March 2020), Head of Digital, Head of Innovation and Partnerships and Director of Artistic Planning (from June 2020). Pay for senior staff is benchmarked against industry norms. Pay for the Managing Director/Chief Executive Officer is approved by the Board of Trustees.

### Related parties

The Company had a related party relationship with Philharmonia Trust Limited, which shared some of the Trustees of Philharmonia Limited. These two entities merged on 1 April 2020. During the financial year donations were received from non-playing Trustees. Payments were made to all playing Trustees, including the Chair and Deputy Chair, in respect of the work they have carried out with the Orchestra. No payments were made to non-playing members of either the Finance Committee or Board.

### MERGER – POST BALANCE SHEET EVENT

Philharmonia Ltd and Philharmonia Trust Ltd merged with effect from 1 April 2020.

The new governance model merges Philharmonia Ltd and Philharmonia Trust Limited into one entity with one main Board of eight player Trustees and seven non-player Trustees. The Chair is now a non-player Trustee (a position previously held by a player Trustee of the Council of Management, the Board of Philharmonia Ltd). The main Board will be supported by sub-committees including Orchestral, Artistic, Finance, Development, Investments and Nominations. The new structure retains the Orchestra's self-governing status, whilst boosting the Orchestra's resilience, fundraising abilities and charitable governance – a "self-governing plus" model.



# Philharmonia Limited (Limited by Guarantee)

## Statement of Trustees' Responsibilities

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Board of Trustees (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 Board 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 Board 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 Board of Trustees 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.

### CHARITY GOVERNANCE CODE

Philharmonia Limited recognises that good governance in a charity is fundamental to its success. Philharmonia Limited and its Board are continually working towards achieving the highest standards of governance, by reference to the principles and recommended practice of the charity governance code. The merger between Philharmonia Ltd and Philharmonia Trust Ltd, referred to on page 15, will improve the governance structure to make the organisation more sustainable in the long term.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The members of the Board who were present 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 Board of Trustees on 10 November 2020.

VICTORIA IRISH

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*Victoria Irish*

} Members of the Board

CHEREMIE HAMILTON-MILLER

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*C. Hamilton-Miller*

# Philharmonia Limited (Limited by Guarantee)

## Independent Auditor's Report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PHILHARMONIA LIMITED

#### **Opinion**

We have audited the financial statements of Philharmonia Limited ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions related to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Report of the Board of Trustees, including the Strategic Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# Philharmonia Limited (Limited by Guarantee)

## Independent Auditor's Report (continued)

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### ***Opinions on other matters prescribed by the Companies Act 2006***

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

### ***Matters on which we are required to report by exception***

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

### ***Responsibilities of the Board of Trustees***

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, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's responsibilities for the audit of the financial statements***

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

# Philharmonia Limited (Limited by Guarantee)

## Independent Auditor's Report (continued)

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

*BDO LLP*

### Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick,

United Kingdom

Date: 1 December 2020

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 2020)**

		<b>2020</b>				<b>2019</b>			
	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019
		£	£	£	£	£	£	£	£
<b>Income and Endowments from:</b>									
Donations and legacies	1	3,021,848	772,212	-	3,794,060	3,243,480	1,150,409	-	4,393,889
Charitable activities	2	4,787,231	63,448	-	4,850,679	7,289,454	200,122	-	7,489,576
Other trading activities	2a	300,877	-	-	300,877	277,648	-	-	277,648
Investment income	8	601	521	-	1,122	888	-	-	888
Other income	1a	784,532	-	-	784,532	785,155	-	-	785,155
<b>Total income and endowments</b>		<b>8,895,089</b>	<b>836,181</b>	<b>-</b>	<b>9,731,270</b>	<b>11,596,625</b>	<b>1,350,531</b>	<b>-</b>	<b>12,947,156</b>
<b>Expenditure on:</b>									
Raising funds	3	734,326	53,327	-	787,653	910,358	130,926	-	1,041,284
Charitable activities	4	8,643,862	964,677	-	9,608,539	10,541,864	1,406,049	-	11,947,913
<b>Total expenditure</b>		<b>9,378,188</b>	<b>1,018,004</b>	<b>-</b>	<b>10,396,192</b>	<b>11,452,222</b>	<b>1,536,975</b>	<b>-</b>	<b>12,989,197</b>
Net (expenditure)/income	7	<b>(483,099)</b>	<b>(181,823)</b>	<b>-</b>	<b>(664,922)</b>	<b>144,403</b>	<b>(186,444)</b>	<b>-</b>	<b>(42,041)</b>
Transfers between funds	20	(59,558)	69,558	(10,000)	-	(39,027)	39,027	-	-
<b>Net movement in funds</b>		<b>(542,657)</b>	<b>(112,265)</b>	<b>(10,000)</b>	<b>(664,922)</b>	<b>105,376</b>	<b>(147,417)</b>	<b>-</b>	<b>(42,041)</b>
Total funds brought forward		2,127,687	366,529	194,484	2,688,700	2,022,311	513,946	194,484	2,730,741
<b>Total funds carried forward</b>		<b>1,585,030</b>	<b>254,264</b>	<b>184,484</b>	<b>2,023,778</b>	<b>2,127,687</b>	<b>366,529</b>	<b>194,484</b>	<b>2,688,700</b>

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 38 form an integral part of these financial statements.

# Philharmonia Limited (Limited by Guarantee)

## BALANCE SHEETS as at 31 March 2020

Company Registration No. 799297  
Charity Registration No. 250277

		Group		Charity	
		2020	2019	2020	2019
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11	572,561	714,556	572,561	714,556
Intangible assets	11	80,000	-	80,000	-
Investments	12	-	-	100	100
<b>Total fixed assets</b>		<b>652,561</b>	<b>714,556</b>	<b>652,661</b>	<b>714,656</b>
<b>Current assets</b>					
Debtors	13	1,505,501	2,740,322	1,509,963	2,845,381
Cash at bank and in hand		1,335,641	1,326,578	1,294,090	1,209,911
<b>Total current assets</b>		<b>2,841,142</b>	<b>4,066,900</b>	<b>2,804,053</b>	<b>4,055,292</b>
Creditors falling due in less than one year	14	(1,469,925)	(2,092,756)	(1,432,936)	(2,081,248)
<b>Net current assets</b>		<b>1,371,217</b>	<b>1,974,144</b>	<b>1,371,117</b>	<b>1,974,044</b>
<b>Net assets</b>		<b>2,023,778</b>	<b>2,688,700</b>	<b>2,023,778</b>	<b>2,688,700</b>
<b>The funds of the Charity:</b>					
<b>Restricted funds</b>	20	254,264	366,529	254,264	366,529
<b>Endowment funds</b>	20	184,484	194,484	184,484	194,484
<b>Unrestricted funds</b>					
Designated funds	20	412,363	497,243	412,363	497,243
General funds	20	1,172,667	1,630,444	1,172,667	1,630,444
<b>Total unrestricted funds</b>		<b>1,585,030</b>	<b>2,127,687</b>	<b>1,585,030</b>	<b>2,127,687</b>
<b>Total funds</b>		<b>2,023,778</b>	<b>2,688,700</b>	<b>2,023,778</b>	<b>2,688,700</b>

The parent charity's net loss for the year was £618,564 (2019: Deficit £51,882).

Total income for the year of Philharmonia Ltd, the parent charity, was £9,421,739 (2019: £12,750,196) and total expenditure £10,040,303 (2019: £12,802,077).

The financial statements were approved by the Board of Trustees and authorised for issue on 10 November 2020 and signed on its behalf by:

VICTORIA IRISH

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*Victoria Irish*

} Members of the Board of Trustees

CHEREMIE HAMILTON-MILLER

}  
}

*C. Hamilton-Miller*

The notes on pages 26 to 38 form an integral part of these financial statements

**Philharmonia Limited (Limited by Guarantee)**  
**CONSOLIDATED STATEMENT OF CASHFLOWS**  
for the year ended 31 March 2020

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		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
<b>Cashflows from operating activities:</b>			
<b><i>Net cash provided by operating activities</i></b>	<b>19a</b>	<b>84,438</b>	<b>3,483</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rent from investments		1,122	888
Purchase of tangible fixed assets		(6,496)	(22,606)
Purchase of intangible fixed assets		(80,000)	-
Proceeds from Disposal of Assets		9,999	-
<b><i>Net cash (used in) investing activities</i></b>		<b>(75,375)</b>	<b>(21,718)</b>
<b><i>Change in cash and cash equivalents in the reporting period</i></b>		<b>9,063</b>	<b>(18,235)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>1,326,578</b>	<b>1,344,813</b>
<b><i>Cash and cash equivalents at the end of the reporting period</i></b>	<b>19b</b>	<b><u>1,335,641</u></b>	<b><u>1,326,578</u></b>

The notes on pages 26 to 38 form an integral part of these financial statements

# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

for the year ended 31 March 2020

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

### **BASIS OF PREPARATION**

The financial statements have been prepared on a going concern basis under the historic cost convention. 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.

### **GOING CONCERN**

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

The Orchestra was notified in June 2017 that its application for continued NPO funding for the period 2018/22 had been successful, subject to ACE's approval of a Business Plan for the period. The Orchestra's Business Plan was subsequently approved, and it continues to be refreshed on an annual basis. ACE have also rolled over the current NPO funding period for a further year in response to the impact that COVID-19 is having on the Arts, therefore the current funding period will now extend to March 2023.

Despite the uncertainty brought about by the COVID-19 pandemic, the merger between Philharmonia Limited and Philharmonia Trust will boost the Orchestra's resilience, fundraising abilities and charitable governance. The total reserves held by Philharmonia Trust at 31 March 2020 are £5.9m. The merger increases the fixed assets held by Philharmonia Limited with the transfer of the property at Chancel street to Philharmonia Limited's balance sheet. It also provides access to draw upon the 2005 Fund, (£1.7m at 31 March 2020), an endowment previously held within the investment portfolio of Philharmonia Trust. Although not desirable to take from this fund at such a time, it is reassuring to know that the investment fund is available to us.

A detailed budgeting process takes place every year, however with the onset of the pandemic, a COVID-19 rework of the budget took place in the early part of 20/21 to ensure the uncertainties were reflected in an updated budget.

With this in mind the Trustees consider that the 'going concern' status of Philharmonia Limited is 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 branch 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 SIGNIFICANT JUDGEMENTS AND 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. The most significant estimate within the financial statements relates to the accrued income for the Orchestral Tax Credit for the 2019/20 period. This claim is yet to be made.



# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

for the year ended 31 March 2020

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### 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), with income relating to advanced ticket sales being held as deferred income and released only when the concert takes place. Rite Digital transfers its surplus to Philharmonia Limited under the terms of Gift Aid at year end.

### EXPENDITURE

Expenditure is recognised when a liability is incurred and on an accruals basis. Expenditure is classified as either *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 valued at deemed cost at the transition date of FRS102. 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 from time to time for impairment should events or changes in circumstances indicate the carrying value may not be recoverable.

### INTANGIBLE ASSETS

Intangible assets are capitalised where it is probable that the expected future economic gains that are attributable to the asset will flow to the entity. Website development costs will therefore fall into this category and have been included on the balance sheet at cost.

Cost are written down from the date of first use on a straight-line basis, as follows:-

Website Development costs	20%
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No other intangible assets are recognised on the balance sheet.

# Philharmonia Limited (Limited by Guarantee)

## ACCOUNTING POLICIES

for the year ended 31 March 2020

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### 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. Prepayments 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.

### 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) was a connected charity throughout the year as some of its Trustees were also Trustees of Philharmonia Limited. The merger of Philharmonia Trust with Philharmonia Limited completed at midnight on 31 March 2020.

American Friends of the Philharmonia Orchestra, Inc and Philharmonia Foundation are based in the United States and connected to Philharmonia Limited as some of the Trustees of Philharmonia Limited are also on the Board of the US entities.

The Philharmonia Orchestra in Bedford Trust (registered charity number 1170495) is connected to Philharmonia Limited but has no Trustees in common.

The Philharmonia Benevolent Fund (registered charity number 280370) is connected to Philharmonia Limited but has no Trustees in common.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 1. INCOME FROM DONATIONS AND LEGACIES

			2020	2019
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Arts Council England core grant	2,042,222	-	2,042,222	2,042,222
Grant income -other	17,399	175,050	192,449	69,300
Donations from charitable foundations	-	270,049	270,049	587,450
Donations from Philharmonia Trust	300,000	-	300,000	598,000
Other donations and legacies	662,227	4,720	666,947	603,258
Sponsorship donations	-	322,393	322,393	493,659
	<u>3,021,848</u>	<u>772,212</u>	<u>3,794,060</u>	<u>4,393,889</u>

The Philharmonia Trust is a related party for statutory purposes (see note 18 for further details).

#### 1a. OTHER INCOME

			2020	2019
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Other income	<u>784,532</u>	<u>-</u>	<u>784,532</u>	<u>785,155</u>

Other income is in respect of claims for Orchestral Tax Relief.

### 2. INCOME FROM CHARITABLE ACTIVITIES

			2020	2019
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Own promotion concerts	1,070,004	42,412	1,112,416	1,126,146
Recordings & Film	356,674	-	356,674	925,366
Engagements	582,463	1,950	584,413	664,535
Co Promotions	772,001	16,186	788,187	790,951
Tours	1,865,195	-	1,865,195	3,898,732
Education & Digital projects	136,824	-	136,824	78,904
Other activities	4,070	2,900	6,970	4,942
	<u>4,787,231</u>	<u>63,448</u>	<u>4,850,679</u>	<u>7,489,576</u>

#### 2a. OTHER TRADING ACTIVITIES

Other Trading Activities consist of Exhibition/Digital projects generated from Rite Digital Ltd, trading subsidiary of Philharmonia Limited, of £251,990 (2019: £132,121), along with fundraising income and friends event income of £48,887 (2019: £145,527).

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2020

#### 3. EXPENDITURE ON RAISING FUNDS

	Unrestricted	Restricted	2020 Total	2019 Total
	£	£	£	£
Allocation of support costs (see note 5)	542,699	53,327	596,026	696,774
Direct expenditure	191,627	-	191,627	344,510
	<u>734,326</u>	<u>53,327</u>	<u>787,653</u>	<u>1,041,284</u>

#### 4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted	Restricted	2020 Total	2019 Total
	£	£	£	£
Concert and relay fees	4,654,093	405,279	5,059,372	6,306,943
Travel, subsistence and transport of instruments	794,910	156,623	951,533	1,897,599
Music and instrument hire	161,798	19,708	181,506	317,846
Hall hire and box office commission	461,126	36,971	498,097	492,596
Subscriptions and programme expenditure	203,887	691	204,578	204,840
Grants and costs of Institute Fellowship Programme	-	119,176	119,176	54,999
Allocation of support costs (see note 5)	2,076,599	-	2,076,599	1,981,399
Other expenditure on charitable activities	291,449	226,229	517,678	691,691
	<u>8,643,862</u>	<u>964,677</u>	<u>9,608,539</u>	<u>11,947,913</u>

A reallocation of costs from Other expenditure on charitable activities to Travel, subsistence and transport of instruments has been reflected in this note. This reallocation is also reflected in prior year for consistency.

#### 5. ALLOCATION OF SUPPORT COSTS

2020	Expenditure on raising funds	Expenditure on charitable activities	Total
	£	£	£
Employment costs	417,843	1,409,800	1,827,643
Travel, subsistence and entertaining	17,940	196,814	214,754
Occupation and office costs	86,423	228,650	315,073
Bank interest and charges	7,044	18,581	25,625
Orchestral overheads	-	109,945	109,945
Governance cost	-	56,396	56,396
Other costs	66,776	56,413	123,189
	<u>596,026</u>	<u>2,076,599</u>	<u>2,672,625</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 2019

	Expenditure on raising funds	Expenditure on charitable activities	Total
	£	£	£
Employment costs	505,339	1,249,841	1,755,180
Travel, subsistence and entertaining	14,162	151,815	165,977
Occupation and office costs	98,418	243,583	342,001
Bank interest and charges	6,125	15,055	21,180
Orchestral overheads	-	58,988	58,988
Governance cost	-	70,432	70,432
Other costs	72,729	191,685	264,415
	<u>696,774</u>	<u>1,981,399</u>	<u>2,678,173</u>

### 6. GRANTS PAYABLE

A total of 14 (2018/19: 15) 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 (EXPENDITURE) FOR THE YEAR

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

	2020 £	2019 £
Auditor's remuneration - current year audit fee	34,000	40,780
- other services	8,742	6,708
Operating lease rentals:		
Land and buildings	53,326	53,326
Plant and machinery	11,211	13,237
Depreciation	141,330	98,774

### 8. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2020 £	2019 £
Interest on deposits	<u>1,122</u>	<u>888</u>
	<u>1,122</u>	<u>888</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

### 9. EMPLOYEES

Staff costs were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,417,702	1,432,286
Social security costs	141,051	144,937
Pension costs	82,676	88,005
Temporary staff	<u>308,183</u>	<u>229,237</u>
	<u><b>1,949,612</b></u>	<u><b>1,894,465</b></u>

There were no redundancies in the year (2018/19 – Nil).

The key management personnel of the charity during the year comprised the Managing Director, Deputy Managing Director, Development Director, Residencies and Regional Programmes Director, Education Director, Finance Director, Marketing Director, Head of Digital, Head of Innovation and Partnership and Head of Business Plan Implementation. Aggregate remuneration for the financial year was £652,504 (2018/19: £637,233), this excludes interim, off payroll, personnel.

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

	<b>2020</b>	<b>2019</b>
	<b>no.</b>	<b>no.</b>
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
£130,001 - £140,000	-	1

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

	<b>2020</b>	<b>2019</b>
Library	2	2
Marketing	7	6
Education	5	5
Concerts	10	10
New Media	5	6
Development	7	9
Management	5	6
Transport	<u>2</u>	<u>2</u>
	<u><b>43</b></u>	<u><b>46</b></u>

### 10. BOARD OF TRUSTEES

Emoluments to any Player Member serving on the Board of Trustees (formerly Council of Management) is authorised in the Articles of Association. No emoluments were paid for services as Trustees.

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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

	Salary	Pension	2020 Total	2019 Total
	£	£	£	£
Honoraria for services as Chair of the Orchestra:				
Kira Doherty (resigned August 2018)	-	-	-	4,825
Mike Fuller (appointed August 2018, resigned June 2019)	2,042	118	2,160	8,488
Victoria Irish (appointed June 2019)	10,114	607	10,721	-
Honoraria for services as Deputy Chair of the Orchestra:				
Mike Fuller (resigned August 2018)	-	-	-	1,401
Victoria Irish (appointed March 2018, resigned June 2019)	981	59	1,040	5,590
Cheremie Hamilton-Miller (appointed June 2019)	4,735	284	5,019	-
Remuneration for services as Managing Director:				
Helen Sprott (resigned 13 June 2019)	82,588	2,477	85,065	139,867
Mike Fuller (appointed June 2019)	90,646	5,258	95,904	-

None of the Trustees received any reimbursed expenses during the year (2018/19: Nil).

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2020

#### 11. TANGIBLE AND INTANGIBLE FIXED ASSETS

##### Consolidated

	Buildings refurbishment	Musical instruments, cases & recordings	Computers & office equipment	Office furniture, fittings and Motor vehicles	Total Tangible Assets	Intangible Asset	Total Fixed Assets
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
as at 1 April 2019	685,902	438,425	429,091	204,589	1,758,007	-	1,758,007
Transfers and Adjustments	-	18,705	(27,640)	17,576	8,641	-	8,641
Additions	-	-	6,496	-	6,496	80,000	86,496
Disposals	-	(1,528)	(13,507)	(143,332)	(158,367)	-	(158,367)
as at 31 March 2020	685,902	455,602	394,440	78,833	1,614,777	80,000	1,694,777
<b>Depreciation</b>							
as at 1 April 2019	(188,659)	(277,266)	(377,785)	(199,741)	(1,043,451)	-	(1,043,451)
Transfers and Adjustments	-	(9,600)	(118)	12,800	3,082	-	3,082
Charge in year	(30,782)	(85,200)	(12,478)	(12,870)	(141,330)	-	(141,330)
Disposals	-	1,528	13,507	124,448	139,483	-	139,483
as at 31 March 2020	(219,441)	(370,538)	(376,874)	(75,363)	(1,042,216)	-	(1,042,216)
<b>Net book value</b>							
31 March 2020	466,461	85,064	17,566	3,470	572,561	80,000	652,561
31 March 2019	497,243	161,159	51,306	4,848	714,556	-	714,556

##### Charity

	Buildings refurbishment	Musical instruments, cases & recordings	Computers & office equipment	Office furniture, fittings and Motor vehicles	Total Tangible Assets	Intangible Asset	Total Fixed Assets
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
as at 1 April 2019	685,902	438,425	422,655	204,589	1,751,571	-	1,751,571
Transfers and Adjustments	-	18,705	(27,640)	17,576	8,641	-	8,641
Additions	-	-	6,496	-	6,496	80,000	86,496
Disposals	-	(1,528)	(13,507)	(143,332)	(158,367)	-	(158,367)
as at 31 March 2020	685,902	455,602	388,004	78,833	1,608,341	80,000	1,688,341
<b>Depreciation</b>							
as at 1 April 2019	(188,659)	(277,266)	(371,349)	(199,741)	(1,037,015)	-	(1,037,015)
Transfers and Adjustments	-	(9,600)	(118)	12,800	3,082	-	3,082
Charge in year	(30,782)	(85,200)	(12,478)	(12,870)	(141,330)	-	(141,330)
Disposals	-	1,528	13,507	124,448	139,483	-	139,483
as at 31 March 2020	(219,441)	(370,538)	(370,438)	(75,363)	(1,035,780)	-	(1,035,780)
<b>Net book value</b>							
31 March 2020	466,461	85,064	17,566	3,470	572,561	80,000	652,561
31 March 2019	497,243	161,159	51,306	4,848	714,556	-	714,556

During the year a review of the Fixed Assets was undertaken and revealed a small number of assets which had been wrongly classified, included at their incorrect value or excluded from the Register. These are shown as part of Transfer and adjustments in the above table with a net increase in value of assets of £11,273.

The review also highlighted some anomalies with the rates of depreciation applied to individual assets. Where this occurred the estimated useful lives of the assets were re-assessed and depreciation re-calculated from the start of the year. The main impact on depreciation can be seen in Buildings Refurbishment with a reduction of £16,000 to the charge in the year and Musical Instruments with an increase of £72,000.



# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

The Intangible asset relates to the expenditure incurred in developing the new Philharmonia Website which was launched at the end of the year and hence was not amortised.

### 12. FIXED ASSET INVESTMENT

	2020	2019
	£	£
<b>Charity</b>		
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 which is incorporated in England and Wales: Company no 07565292. The trading results of this subsidiary are as follows:

	2020	2019
	£	£
<b>Profit and loss account</b>		
Turnover	345,640	132,121
Expenditure	(345,164)	(114,032)
Surplus gift aided to the Charity	(476)	(18,089)
	<u>-</u>	<u>-</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
<b>Assets and liabilities</b>		
Current assets	165,489	162,783
Current liabilities	(165,389)	(162,683)
	<u>100</u>	<u>100</u>
Net assets	<u>100</u>	<u>100</u>
	<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 2020

### 13 DEBTORS

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	£	£	£	£
Due within one year:				
Trade debtors	389,778	1,430,268	265,840	1,384,152
Other debtors	142,281	111,753	142,281	111,753
Philharmonia Trust Limited	-	210,659	-	210,659
American Friends of the Philharmonia	59,806	-	59,806	-
Amounts owed by group company	-	-	128,400	151,175
Tax recoverable	784,912	749,000	784,912	749,000
Prepayments and accrued income	128,724	238,641	128,724	238,641
	<u>1,505,501</u>	<u>2,740,322</u>	<u>1,509,963</u>	<u>2,845,381</u>

Tax recoverable relates to Orchestral Tax Relief of £700,000 for FY 2019/20 with the balance relating to an additional claim for a prior year.

### 14 CREDITORS: Amounts falling due within one year

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	£	£	£	£
Trade creditors	669,249	1,125,299	650,063	1,125,054
Other creditors	67,862	66,163	50,059	60,850
Other taxation and social security costs	71,989	155,146	71,989	150,521
Accruals	290,986	386,799	290,986	385,474
Deferred income (see note 15)	369,839	359,348	369,839	359,348
	<u>1,469,925</u>	<u>2,092,756</u>	<u>1,432,936</u>	<u>2,081,248</u>

### 15. DEFERRED INCOME

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	£	£	£	£
Balance brought forward at 1 April	359,348	239,795	359,348	239,795
Prior year deferred income released in year	(962,592)	(946,013)	(962,592)	(946,013)
Income deferred in year	973,083	1,065,566	973,083	1,065,566
	<u>369,839</u>	<u>359,349</u>	<u>369,839</u>	<u>359,348</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

Deferred income relates to ticket sales in advance and various sponsorship agreements where the project or concert has not yet been delivered.

### 16. LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 78 members at 31 March 2020 (2018/19: 78).

### 17. COMMITMENTS

The minimum lease payments under non-cancellable operating leases were as follows:

			2020	2019
	Office equipment	Building	Total	Total
	£	£	£	£
Operating leases which expire:				
not later than one year	10,608	3,414	14,022	66,563
later than one year and not later than five years	42,081	-	42,081	182,028
later than five years	1,930	-	1,930	18,986
	<u>54,620</u>	<u>3,414</u>	<u>58,034</u>	<u>267,577</u>

Prior year reflects the rental agreement with Philharmonia Trust. The merger between the two entities means this is no longer required.

			2020	2019
	Office equipment	Building	Total	Total
	£	£	£	£
The value of lease payments recognised as an expense in the year were:	11,211	53,326	64,537	66,563

### 18. RELATED PARTY TRANSACTIONS

The Company has a related party relationship with Philharmonia Trust Limited, which shares some of the Trustees of Philharmonia Limited. Grants of £300,000 were awarded by Philharmonia Trust Ltd during the year (2018/19: £598,000). Office rental costs totalling £35,000 (2018/19: £35,000) were incurred by Philharmonia Ltd as a re-charge from Philharmonia Trust Ltd. Sums transferred from Philharmonia Trust to Philharmonia Limited during the year totalled £463,172 (2018/19: £448,000). The balance due between Philharmonia Limited and Philharmonia Trust at the year-end was Nil (2018/19: Philharmonia Trust owed Philharmonia Limited £210,659).

In April 2017 Philharmonia Ltd also issued a guarantee, supported by a debenture, to its principal bankers, Barclays, in respect of a mortgage totalling £1,800,000 issued to Philharmonia Trust Ltd, secured on its property at 6 Chancel Street, London SE1. The mortgage balance outstanding as at 31 March 2020 was £1,681,815.

The Company has a related party relationship with the American Friends of the Philharmonia Orchestra (AFPO) and the Philharmonia Foundation (both US registered entities) by virtue of having Trustees in common.

During the year AFPO made payments totalling £63,544 (2018/19: £258,598) in respect of expenses repaid and grants payable to Philharmonia Ltd. At year end AFPO owed Philharmonia Limited £59,806 (2018/19: £nil)

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

Payments were made to all playing members of the Board (formerly the Council of Management), including the Chair and Deputy Chair, in respect of the work they have carried out with the Orchestra. During the year, playing members of the Board were paid no additional income for duties resulting from

### 19a. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Net (expenditure)/income for the reporting period (per the statement of financial activities)</b>	(664,923)	(42,041)
Adjustments for:		
Depreciation charges and revaluation	129,607	98,774
Interest on bank deposits	(1,122)	(888)
Gain/(Loss) on the sale of fixed asset	8,885	-
Decrease/(Increase) in debtors	1,234,821	(612,769)
(Decrease)/Increase in creditors	(622,830)	560,407
<b>Net cash provided by operating activities</b>	<u>84,438</u>	<u>3,483</u>

### 19b. ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash in hand	<u>1,335,641</u>	<u>1,326,578</u>
<b>Total cash and cash equivalents</b>	<u>1,335,641</u>	<u>1,326,578</u>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 1 April 2019 £	Income £	Expenditure £	Transfers £	At 31 March 2020 £
<b>Restricted Funds</b>					
Philharmonia Projects Fund	183,232	669,715	(805,178)	59,558	107,327
Martin Musical Scholarship Grant Fund	119,593	69,395	(110,180)	(30,700)	48,108
MMSF General Fund	52,024	3,421	(8,996)	40,700	87,149
MMSF Donated Assets	11,680	-	-	-	11,680
Rite Digital	-	93,650	(93,650)	-	-
<b>Total restricted</b>	<b>366,529</b>	<b>836,181</b>	<b>(1,018,004)</b>	<b>69,558</b>	<b>254,264</b>
<b>Endowment Funds</b>					
Martin Musical Instrumental Fellowships Fund	194,484	-	-	(10,000)	184,484
<b>Total endowment</b>	<b>194,484</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>184,484</b>
<b>Unrestricted funds</b>					
Philharmonia General Fund	1,555,398	8,895,089	(9,378,188)	25,322	1,097,621
Designated Fund - Property	497,243	-	-	(84,880)	412,363
Revaluation reserve	75,046	-	-	-	75,046
<b>Total unrestricted</b>	<b>2,127,687</b>	<b>8,895,089</b>	<b>(9,378,188)</b>	<b>(59,558)</b>	<b>1,585,030</b>
<b>Total funds</b>	<b>2,688,700</b>	<b>9,731,270</b>	<b>(10,396,192)</b>	<b>-</b>	<b>2,023,778</b>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

	At 1 April 2018 £	Income £	Expenditure £	Transfers £	At 31 March 2019 £
<b>Restricted Funds</b>					
Philharmonia Projects Fund	340,490	1,290,520	(1,521,655)	73,877	183,232
Martin Musical Scholarship Grant Fund	74,902	60,011	(15,320)	-	119,593
MMSF General Fund	86,874	-	-	(34,850)	52,024
MMSF Donated Assets	11,680	-	-	-	11,680
<b>Total restricted</b>	<b>513,946</b>	<b>1,350,531</b>	<b>(1,536,975)</b>	<b>39,027</b>	<b>366,529</b>
<b>Endowment Funds</b>					
Martin Musical Instrumental Fellowships Fund	194,484	-	-	-	194,484
<b>Total endowment</b>	<b>194,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194,484</b>
<b>Unrestricted funds</b>					
MMSF General Fund	-	4,829	(39,679)	34,850	-
Philharmonia General Fund	1,403,501	11,591,796	(11,412,543)	(27,356)	1,555,398
Designated Fund - Property	543,764	-	-	(46,521)	497,243
Revaluation reserve	75,046	-	-	-	75,046
<b>Total unrestricted</b>	<b>2,022,311</b>	<b>11,596,625</b>	<b>(11,452,222)</b>	<b>(39,027)</b>	<b>2,127,687</b>
<b>Total funds</b>	<b>2,730,741</b>	<b>12,947,156</b>	<b>(12,989,197)</b>	<b>-</b>	<b>2,688,700</b>

# Philharmonia Limited (Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

### Philharmonia Projects Fund

Refers to sponsored activity in the following areas, Own Promotion, Engagements, Residencies Concerts, Education and Digital Projects and International Touring Concerts. A year end reconciliation identified a required adjustment to increase restricted funds, therefore a transfer was made from general fund to restricted funds.

### 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 from restricted funds to the MMSF general fund represents immaterial prior year costs which should have been allocated to this fund.

### Designated 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. The balance at 31 March 2020 represents the net book value of assets held.

## 21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2020:	Unrestricted	Restricted	Endowment	Total
	£	£	£	£
Tangible fixed asset	641,521	11,040	-	652,561
Current assets	2,411,843	244,815	184,484	2,841,142
Current liabilities	(1,468,335)	(1,590)	-	(1,469,925)
	<u>1,585,029</u>	<u>254,265</u>	<u>184,484</u>	<u>2,023,778</u>

2019:	Unrestricted	Restricted	Endowment	Total
	£	£	£	£
Tangible fixed asset	703,196	11,360	-	714,556
Current assets	3,514,157	358,259	194,484	4,066,889
Current liabilities	(2,089,666)	(3,090)	-	(2,092,756)
	<u>2,127,686</u>	<u>366,529</u>	<u>194,484</u>	<u>2,688,700</u>

## 22. EVENTS AFTER THE REPORTING PERIOD

Philharmonia Limited and Philharmonia Trust merged into one entity with one main board of eight player Trustees and seven non-player Trustees with effect from 1 April 2020. The main Board will be supported by sub-committees including Orchestral, Artistic, Finance, Development, Investments and Nominations. Crucially, the new structure will retain the Orchestra's self-governing status, whilst boosting the Orchestra's resilience, fundraising abilities and charitable governance.

**Philharmonia Limited (Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

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