

philharmonia orchestra

Philharmonia Limited
(Limited by Guarantee)

FINANCIAL STATEMENTS

For the year ended
31 March 2018

Philharmonia Limited (Limited by Guarantee)

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Report of the Council of Management, including Strategic Report

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Registration number: 250277

Company Registration number: 799297

Registered office: 6 Chancel Street
London
SE1 0UX

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

Bankers: Barclays Bank
1 Churchill Place
London
E14 5HP

NatWest Bank
125 Great Portland Street
London
W1A 1GA

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

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Directors and Trustees

The directors of the charitable company are its trustees for the purpose of charity law. Throughout this report they are collectively referred to as the Council of Management.

The Council of Management members serving during the year and since the year end were as follows:

Chairman (player member) Kira Doherty (resigned August 2018)
Michael Fuller (appointed August 2018)

Deputy Chairs (player members)
Michael Fuller (appointed March 2018 (appointed chairman August 2018)
Victoria Irish (appointed March 2018)
Robin O'Neill (resigned March 2018)

Managing Director (non-player) Helen Sprott (Not a Trustee)

Other player members Laurent Ben Slimane
Sarah Oates (resigned December 2017)
Christian Geldsetzer (resigned August 2018)
Heidi Krutzen
Carol Hultmark
Linda Kidwell (appointed August 2018)
Timothy Rundle (appointed September 2018)

Other non-player members Revd John Wates OBE
Rupert Darbyshire (chair of the Finance Committee)

Secretary Paul Townley (appointed July 2017; resigned August 2018)
John Whiterow (appointed August 2018)

Independent finance
committee member Nick Bishop (appointed May 2018)

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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 2018.

OBJECTIVES AND ACTIVITIES

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

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

Its main objectives for the year were: the provision of "Own Promotion" concerts at the Southbank Centre; residencies in Bedford, Leicester, Basingstoke, Canterbury and 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 quality and quantity of the Orchestra's schedule.
- To develop the Orchestra's role as an originator and producer of new work, through commissioning and collaboration across art forms.
- To develop, promote and market its live performing programme in London, its residencies, throughout the UK and internationally.
- To expand its role as a pioneer, leader and creative innovator in the use of digital technologies in reaching the widest possible international audiences.
- To nurture interest in, and knowledge of, orchestral music through education, audience development, digital activity and recordings.
- To commit to knowledge and experience sharing with other arts organisations at a strategic level, notably in the fields of digital development, philanthropy, marketing and programme-planning.

PUBLIC BENEFIT

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

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

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

The Orchestra aims to increase the numbers and diversity of its audiences and participants through sophisticated audience engagement strategies including its world leading digital programme, with apps and video content available free through its website. The Orchestra will also benefit future generations through its education programmes, through its recordings and online content and through its dedication to training the next generation of orchestral musicians.

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STRATEGIC REPORT

A ACHIEVEMENTS AND PERFORMANCE

Throughout this year, the Orchestra maintained its reputation as a world-class symphony orchestra, through its performances at the Southbank Centre (SC), its out of London residencies in Leicester, Bedford, Canterbury, Basingstoke, the Three Choirs Festival and in Europe and Asia. The Orchestra presented a broad range of music, from mainstream core repertory, to lesser known 19th and 20th century pieces; to new commissions. The Orchestra experimented with free performances on the floor of the Clore Ballroom at the Southbank Centre, extending our reach beyond the traditional concert hall. It collaborated with a broad range of distinguished conductors and soloists. In June-July 2017, the Orchestra launched a new residency at Garsington Opera with highly regarded performances of Debussy's *Pelléas et Mélisande*.

The Philharmonia Orchestra delivered the following:

66 concerts across our residencies in London, Leicester, Bedford, Canterbury, Basingstoke, Three Choirs Festival and Garsington Opera;

7 Music of Today concerts, including 5 UK or world premieres

18 non-residency concerts in England and Wales

5 performances by the Philharmonia Chamber Players

23 concerts overseas in Germany, France, Belgium, Italy, Spain, Romania, Japan and Taiwan.

We continued our adventurous and rewarding relationship with Esa-Pekka Salonen, Principal Conductor and Artistic Advisor. Highlights included Salonen's collaboration with pianist Pierre-Laurent Aimard in works by Bartók, Boulez and Debussy, and a cycle of Mahler Symphonies, with Salonen reprising Mahler 3, the work with which he launched his London career and inaugurated his relationship with the Philharmonia in 1983.

Salonen and the Philharmonia Orchestra also collaborated in Southbank Centre's festival, "Nordic Matters", with the UK premiere of Daniel Bjarne's Violin Concerto (soloist Pekka Kuusisto) and, supported by the Finnish Embassy, celebrated the centenary of Finnish Independence with a programme of music by Finland's national composer, Jean Sibelius.

Other highlights included: a screening of Sergei Eisenstein's *Battleship Potemkin*, with live performance of the Shostakovich score, as part of "Voices of Revolution", a series of concerts marking the centenary of the 1917 Russian Revolution, led by legendary pianist and conductor Vladimir Ashkenazy; Smetana's *Ma Vlast*, conducted by Principal Guest Conductor Jakub Hrůša; sell-out performances of Holst's *The Planets*, conducted by Principal Guest Conductor Santtu-Matias Rouvali; and the world premiere of Joseph Phibbs' Clarinet Concerto, composed for the Philharmonia Orchestra's Principal Clarinet, Mark van de Wiel.

The Philharmonia was delighted to host return visits by Karl-Heinz Steffens; Pablo Heras-Casado; Paavo Järvi; Juraj Valčuha; Herbert Blomstedt; Lahav Shani; Yuri Temirkanov; Edward Gardner and John Wilson, amongst others. The Orchestra initiated an exciting relationship with Elim Chan. We welcomed soloists including Hilary Hahn, Esther Yoo, Gautier Capuçon, Alban Gerhardt, Piotr Anderszewski, Denis Kozhukhin, George Li, Simon Trpčeski and Evgeni Bozhanov.

EMERGING ARTISTS

COMPOSERS' ACADEMY

Selected via a competitive adjudication process in partnership with the Royal Philharmonic Society, three composers - Freya Waley-Cohen, Austin Leung and Eugene Birman received expert guidance from Unsuk Chin to each write a 10 minute commission for a Philharmonia ensemble as part of the Orchestra's *Music of Today* series. In addition to this, their 10 month participation in the Academy included seminars with leading instrumentalists, composers and conductors, including Esa-Pekka Salonen. They engaged in a series of contemporary instrument exploration sessions with Philharmonia Principals and a "works in

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progress" workshop with Philharmonia players and conductor Anna Maria-Helsing, facilitated by the Head of Composition at the Royal Academy. After a successful pilot year in 2016/17, the Philharmonia and NMC Records renewed their partnership, enabling the composers to have their pieces recorded and released via online stores and streaming platforms.

INSTRUMENTAL FELLOWSHIPS

The Philharmonia MMSF Instrumental Fellowship Programme, replacing the 48 year old MMSF scheme, saw the scheme expand beyond strings in 2017/18 to include Fellowships in woodwind, brass, harp and piano, bringing the current cohort of young artists to 14. Fellows have engaged in a specially devised programme of masterclasses and seminars with support from one or two Philharmonia Mentor(s) from within their section, including career advice, orchestral repertoire coaching and audition preparation. A defined amount of paid work with the Orchestra was scheduled seeing Fellows play under the baton of many of the Philharmonia's regular and high-profile conductors, including Conductor Laureate Vladimir Ashkenazy as part of the *Voices of Revolution: Russia 1917* series, film work with Principal Guest Conductor Santtu-Matias Rouvali. In addition, Fellows performed at a range of recitals including across our Residencies as well as at the Foundling Museum and Cranleigh Arts Centre. Throughout their time on the programme, Fellows have participated in a wide range of education and outreach projects to receive training and develop their skills in this area.

5 of the 14 existing Fellows have already progressed onto the Orchestra's Extra list; one Fellow is an Associate Member for a year and one Fellow is currently on trial for a permanent position.

AUDIENCE DEVELOPMENT

All audience development work undertaken across the Marketing, Education and Digital teams aims to increase and diversify our audiences, and develop deeper relationships with existing audiences, whether live or online. A number of projects and schemes were initiated, soft-launched or completed across the period:

"THE VIRTUAL ORCHESTRA"

A significant portion of organisational resources during this period went into successfully fundraising, and preparing, for 'The Virtual Orchestra 2018-22' project, which will radically extend our audience development offer. £570,180 was raised, and includes £112,500 from the Paul Hamlyn Foundation being the first instalment of a £235,000 grant, that will enable us to deliver the most significant audience development project in the Orchestra's history, targeted exclusively on catalysing engagement from the most disadvantaged and culturally disengaged communities in four of our residencies: Bedford, Leicester, Canterbury and Basingstoke.

We undertook detailed analysis of the barriers to engagement in those areas, and have developed an engagement methodology designed to counter barriers of race (and language), disability, age, class and economic circumstances. In each location, the Philharmonia's digital experiences will be presented, for free, in city centre locations, around which we will deliver a programme of workshops, guided tours, performances and Fringe events, all delivered in partnership with a locally formed steering group.

RINGSIDE SEATS

2017/18 saw the soft-launch of our Ringside Seats scheme in London, which was aimed at lapsed and new audiences. The scheme offers quick purchases of £10 'secret seats' for selected concerts and was conceived with both convenience and value proposition for audiences. 1,370 Ringside Seats were sold in total (against an initial target of 1,000 seats), with over 25% of audiences to the scheme being completely new to the database. Feedback for the scheme was strong:

- "The ringside seats idea is excellent".
- "Would certainly encourage me to go to concerts that were otherwise of marginal interest to me.
- "While the pricing is generally good, the Ringside Seats are brilliant value for money, and provide a great incentive to visit."

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This success has meant the scheme will be developed further in London, alongside which we are looking for opportunities to use the same principle across our UK residency programme.

MAHLER 3: LIVE FROM LONDON

Our Live from London live stream project of Esa-Pekka Salonen conducting Mahler's Third Symphony, on 1 October 2017 (titled 'Mahler 3: Live from London') brought the Philharmonia to a global online audience of just under 50,000, with YouTube archive versions subsequently bringing tens of thousands of views. The largest age group in terms of our live Facebook audience was 25-34 and 15% of our surveyed audience was BAME, against benchmarks for our concert hall audiences of 65 or older and 3% respectively.

COMMUNITY AMBASSADOR SCHEME AND THE GUEST LIST

Launched in Bedford and Leicester in 2017/18 with plans to roll out to Basingstoke and Canterbury in the coming season, this is a new audience development initiative (jointly run by Education and Marketing) to alter proactively the demographics of our residency audiences. Specially recruited local Community Ambassadors with a relationship with the Philharmonia's Education department invited members of under-represented communities to selected concerts on a free ticket scheme called *The Guest List*. Participants get to experience a Philharmonia concert for free, twice, before moving onto a discounted ticket scheme. To date, 1% of our Guest List audience have been aged 65 and over compared to 60% of a standard Philharmonia audience; 24% of our Guest List audience is Black or Black British compared to 0% of a standard Philharmonia audience; and 41% of Guest List audience is white compared to 97% of Philharmonia audience. 70% reported that they had enjoyed the experience 'very much' with not a single negative response. This scheme is a key part of the strategy that underpins the planning for *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. A specific research project to segment, via the Culture Segments app, and define our London audience is nearing its conclusion, and which has already driven the development of our marketing strategies and allowed us to find greater efficiency within our marketing campaigns.

Our data insights research, which is centred on our ticketing system Tessitura, is further complemented by use of the Audience Finder dashboard. For the first time in 2017/18, we ran a season-long survey, via Audience Finder, that covered our complete residency programme. The valuable insights from this reinforced a development in our audience research, which now focuses on our much wider residency audiences, rather than just focusing on the London Season. This allows us to benchmark the performance of our UK residencies against each other.

EDUCATION AND OUTREACH

In 2017/18 the Education department engaged with just under 10,000 young people and community participants across its Residencies through a high quality, relevant and compelling portfolio of participatory and educational projects that aim to inspire, excite, empower and engage a broad range of participants. Our programme reflects the diversity of the communities we reside in and partnership working is embedded within our practice. As committed collaborators, we design our projects with a wide range of organisations and stakeholders including our residency venues, Music Education Hubs, schools, universities, conservatoires, other arts organisations, community groups and Local Authorities to develop belonging and ownership amongst participants. We continuously strive for excellence and innovation by working with world-class artists and education specialists, including over 85% of the Philharmonia membership.

Developing our work with Higher Education partnerships continues to be a strategic priority for the Orchestra in order to secure the long-term resilience of its residencies. Our Principal Partner for our Leicester residency, De Montfort University, renewed its partnership with the Philharmonia for a further

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year (2018/19) and increased its sponsorship. This partnership sees the Education department deliver a suite of programmes for the University encompassing support for music ensembles, careers and industry insights sessions and community outreach initiatives.

2017/18 also saw the department undertake significant research and planning for *The Virtual Orchestra*, a large-scale audience development and outreach project which will tour our residencies in 2018/19.

SCHOOLS AND YOUNG PEOPLE

Our Schools and Young People programme reached 6,306 participants. Projects included:

- *Orchestra Unwrapped schools' concerts and workshops*

Four *Orchestra Unwrapped* concerts in Leicester, Bedford and Basingstoke which were sold out, with several schools on the waiting list in each residency. The concerts reached over 4,500 children and their teachers from 60 schools, five of which were SEND schools. As well as delivering teacher INSET sessions and producing comprehensive teacher resource packs, for the first time we commissioned the audience participation piece in Makaton, a SEND language programme, using signs and symbols to help people to communicate. In addition, 12 schools in Bedford and Leicester took part in creative workshops led by John Webb and supported by Philharmonia players, exploring the concert repertoire and composing their own music, with the aim of deepening their understanding and learning of the repertoire in preparation for the concert experience.

- *Legend of the Sky, Leicester*

Leicestershire Schools Music Service commissioned the Philharmonia, with whom it has a partnership spanning more than 20 years, to write a new piece, *Legend of the Sky*, to celebrate their 70th anniversary in 2017/18 with workshops held in July 2017-February 2018. The piece was written and devised by Fraser Trainer along with librettist Hazel Gould. The world premiere took place at De Montfort Hall on Saturday 3 February 2018, with over 200 young people taking part from the Leicester-Shire Schools Symphony Orchestra; Marriott, Granby, Blaby Stokes and Church Langton Primary Schools; the Leicestershire Schools Music Service steel pan ensembles sitar groups and the Leicestershire Schools Music Service Show Choir. An edited version of this piece has been selected by the national music education charity, Music for Youth, to be performed at the annual Schools Prom concerts in November 2018 at the Royal Albert Hall.

- *Symphonize Leicester*

Symphonize, our pioneering creative project with Soft Touch Arts, culminated at the Sue Townsend Theatre on Friday 26 January 2018, following a week's intensive project at Soft Touch's city centre base on New Walk. Led by Jason Rowland and supported by Philharmonia musicians and Soft Touch Arts urban artists, 32 participants from The Lancaster Academy, Winstanley School, Ellesmere College and the Highfields Centre worked alongside producers from Soft Touch Arts and players from the Philharmonia to create, compose, produce, and perform their own tracks, inspired by Béla Bartók's Concerto for Orchestra. As a development for this year, VJ artist Pete Wallace worked with participants to produce an interdisciplinary visual performance, learning how to manipulate visual content inspired by the work of the musicians and the themes for the project. This marked the first time that the Education and Digital departments have collaborated creatively on a project.

Our COMMUNITIES AND FAMILY programme reached 466 participants
Projects included:

- *Hear and Now (Bedford)*

Hear and Now, the Philharmonia's flagship intergenerational creative project in the Queens Park area of Bedford culminated at All Saints Church, Bedford on 14 October 2017, in a

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performance entitled *Cautionary Tales* led by Tim Steiner alongside Philharmonia musicians. 119 participants took part from Music 4 Memory (adults living with dementia and their carers), Fusion Youth Singing, North Bedfordshire Youth Chamber Orchestra and Da Capo String Ensemble (an adult string group for beginners/rusty returners).

- *Hear and Now* (Leicester)

Through our partnership with De Montfort University, *Hear and Now* has also expanded to Leicester following an initial pilot project in February 2017. Participants included 10 couples from The Alzheimer's Society's 'Singing for the Brain' group, 30 young brass players from Hazel Primary School and 5 students from De Montfort University. This year's project took place in February 2018, and included a dementia awareness session led by the Alzheimer's Society and training on Leicester City Council's memory boxes scheme run by the museums team. After 4 days of creative music workshops with Tim Steiner and Philharmonia musicians, the project ended with a performance at Newarke Houses Museum.

Our INSIGHTS programme reached 1,970 people. Projects included:

In the 2017/18 financial year, we delivered 13 Insights talks as part of our concert seasons in London, Leicester, Basingstoke and Canterbury, several of which were part of the *Voices of Revolution: Russia 1917* series. In partnership with the Southbank Centre, we also collaborated on an event to mark the 100th anniversary of Finnish Independence by presenting a *What You Need to Know* study afternoon on Sibelius. Four rehearsals in our season were offered as Open Rehearsal opportunities reaching 152 people. And through our partnership with De Montfort University, we delivered a series of Industry Insight sessions and lectures, reaching 64 students.

THE ORCHESTRAL EXPERIENCE reached 1,401 participants

Our programme to support our formal education partners to promote and champion excellence in orchestral instrumental learning and performance included the following projects:

- Conservatoire sit-in scheme with Royal College of Music and Royal Academy of Music woodwind and brass students playing in 6 rehearsals alongside PO musicians;
- A side by side project with Trinity Laban's Symphony Orchestra, involving coaching from Philharmonia musicians in intensive rehearsals for their concert;
- The University of Leicester Scholarship Programme involving Philharmonia players teaching 10 students across the year;
- Coaching projects for 4 University of Leicester ensembles as well as a 'Coffee Concert' at De Montfort Hall with the University of Leicester Orchestra;
- Sectional rehearsal support for De Montfort University Orchestra's summer 2017 concert;
- A recital, masterclass and Q&A session at Canterbury Christ Church University with Philharmonia Principal Woodwind players;
- A string coaching project for Leicester-Shire Music Hub for 45 gifted and talented string players. 8 young players then played with the full orchestra in our KS2 concert *Orchestra Unwrapped*;
- A coaching project for Cambridgeshire County Youth Orchestra, young conductors and soloists;
- A chamber music project with the South West Music School, a Centre for Advanced Training, to deliver coaching and masterclass sessions to develop their playing and musicianship.

B FINANCIAL REVIEW

Review of the financial year

The financial year 2017/18 saw a consolidated net surplus of £1,129,117 (2017: net surplus of £342,157). The underlying unconsolidated result for Philharmonia Limited alone was a surplus of £1,110,933 (2017: surplus of £350,132). The main reason for this increase was the receipt of Orchestral Tax Relief of £1,052,886 which includes £547,886 in respect of FY 2016/17. Both income and expenditure are lower

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than in 2016/17. This is due to the timing of concerts in the Spring relative to March 2017. This, coupled

with continued pressure on public funding, which has affected both our grant from Arts Council England and also support from local authorities, has meant that it is challenging to maintain the London and Residency concert series each year in terms that are not artistically diluted. The intention going forward is to continue to promote an average of 32 concerts per financial year at the Royal Festival Hall, although this will vary from year to year, dependent on the distribution of concerts through the Orchestra's Season. This level of concert-promoting is at the heart of the Orchestra's overall schedule and will ensure the Orchestra maintains its high profile. Support costs were maintained at marginally below prior year at £2.3m.

The Martin Musical Scholarship Fund, whose financial results are consolidated in these financial statements, made a surplus of £21,766 (2017: deficit of £7,975). Rite Digital Limited, Philharmonia Limited's fully owned trading subsidiary company, made an operating surplus of £18,184 (2017: £16,865); Rite Digital paid this surplus to Philharmonia Limited under the terms of Gift Aid.

Financial management policy

The 'Orchestra' budgets two to three years in advance, balancing the cost of orchestral concerts and other core work with grants and sponsorship income, as well as income directly generated by the work itself. If further activity is taken on once the budget has been set for the year ahead, it is only accepted if the work can be funded or if there is any remaining subsidy to be used. Regular communication with Arts Council England is also key to this advance budgeting.

The 'Orchestra' acknowledges the support of Arts Council England which, through its core grant, provides approximately 20% of the income of the Orchestra. This funding primarily supports the Southbank Centre Residency and the Residencies in Bedford, Leicester, Basingstoke and Canterbury, and at the Three Choirs Festival. The 'Orchestra' is also grateful to a large number of individual sponsors for their extreme generosity in supporting the work of the Orchestra.

Reserves policy

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

The Philharmonia Orchestra aims to hold a minimum of £400,000 of free reserves. Any excess will be used for long-term strategic investments and to cover any short-term deficits. The Orchestra works closely with the Trust to ensure that reserves are maintained at this level.

As at the 31 March 2018 the total value of reserves was £2.7 million (2017: £1.60 million). A breakdown of this is shown on the balance sheet and in the statement of funds note (note 19). Of these reserves £543,764 is invested in the refurbishment of the Chancel Street property (shown as a designated fund), a further £367,940 is reserved in MMSF restricted and endowment funds. Actual free reserves (defined as unrestricted reserves less fixed assets) as at 31 March 2018 were £1,243,267 (2017: of £338,755).

Investment policy

The 'Orchestra' has 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.

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C FUTURE PLANS

Artistic Programming

We will continue our ambitious approach to artistic programming with themed series that naturally inspire partnerships with cultural and other organisations. This will enable the Philharmonia Orchestra to draw in a broader and more diverse audience as well as pushing the boundaries of our own creative practice. Our Weimar series "Weimar Berlin: Bittersweet Metropolis" spans two seasons, 2018/19 and 2019/20, and constitutes 5 ambitious concerts, including a screening of Fritz Lang's *Metropolis* accompanied by a live performance of the original Huppertz score. We are extending our presence at Southbank Centre with a smaller scale spoken-word-and-music Weimar event at the Queen Elizabeth Hall; we are planning late night post-concert events on the 'free stage' on the floor of Southbank Centre's Clore Ballroom.

We will take a similarly inclusive and lateral approach in our celebration of Beethoven's 250th anniversary in 2020, which coincides with the Orchestra's 75th anniversary. We will celebrate this significant milestone with a series of high profile events and programmes that hark back to our early years, and to iconic recordings under the baton of legendary conductors: Furtwängler, Karajan and Klemperer, among others.

2020 also sees the first year of our expanded partnership with Garsington Opera: from this year onwards the Philharmonia Orchestra will perform 2 and 3 operas per season, increased from one opera per season.

During the 2019/20 Season the Philharmonia Orchestra will welcome the first Negaunee Conductor Fellows, a new initiative to identify and foster outstanding conducting talent that we are delivering in partnership with the Colburn School in Los Angeles and Principal Conductor and Artistic Advisor, Esa-Pekka Salonen.

There are ambitious plans to tour the Orchestra across Europe and to the USA, Asia and Latin America.

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

In addition, we will present new works in our Royal Festival Hall Own Promotion series, including a new Bass Clarinet Concerto, "Prometheus", by composer Geoffrey Gordon, commissioned by the Orchestra for our Principal Bass Clarinetist, Laurent Ben Slimane; and the UK premiere of Peter Eotvos's *Multiversum*. Esa-Pekka Salonen also conducts his own Cello Concerto, completed in 2017.

During our US tour in spring 2019 we will present the world premiere of a new choral work, *Dreamers*, by Peruvian composer Jimmy Lopez (in partnership with Cal Performances, Stanford University and University of Michigan).

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

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

Education and Outreach

We will continue to sustain and develop our current education and outreach offer across our residencies in collaboration with our partners. In addition, particular areas of focus for 2018/19 will be:

- Delivery of major audience development and outreach project, *The Virtual Orchestra*, in Bedford, Leicester and Canterbury as well as planning for Basingstoke in 2019/20. 2018/19 will also

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-
- involve legacy planning as the project will see us connect with new audiences, new schools and new community groups with whom we want to have an ongoing relationship with.
- *Orchestra Unwrapped* will be presented at the Royal Festival Hall for the first time in 2018/19 and provides us with an invaluable opportunity to engage with primary schools in our target outer west London boroughs.
- Connected to *Orchestra Unwrapped*, we plan to launch delivery of a new programme of work for SEN schools.
- Through our strategic partnership with De Montfort University, we will be working with them and the Arts Council on the 25 Year Creative Development Plan. Planning is underway for how the Philharmonia could contribute to this ambitious research project and it is likely to centre around family and Early Years work.
- In 2018/19 we will start new areas of work including a project with Looked After Children in partnership with Leicester based organisation, Bullfrog Arts, and a project with Leicester Prison in partnership with De Montfort University.
- Conversations are underway with the University of Kent about ways in which we could work together, including collaborating with their newly launched Centre for Music and Audio Technology.

Emerging Artists

We will continue to sustain and develop our offer for emerging artists connected to our established Composers' Academy and MMSF Instrumental Fellowship programme. In addition, particular areas of focus for 2018/19 will be:

- Adding a Percussion and Timpani Fellow to the MMSF Instrumental Fellowship programme. This will conclude the process of redevelopment of the MMSF programme.
- Launching the pilot Salonen Conducting Fellows with the Colburn School, in conjunction with Esa-Pekka Salonen.

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

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

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

D PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Methodology

The organisation takes a bottom-up approach to risk management with the senior management team 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 Council of Management and Philharmonia Trust.

Key Risks & Uncertainties

Principal areas of risk identified in the current register are:

Arts Council funding: the main source of voluntary income (20% of total turnover) remains the Arts Council NPO funding. This funding has been at a standstill level for a number of years meaning a 4.5% decrease in real-terms. The Orchestra has been notified that its application for funding was successful and that funding for the period 2018-22 will be maintained at existing levels. There is a risk that changes in government policy could reduce the level of funding.

Artistic risk: there is a risk that the Orchestra is over reliant on our Principal Conductor, putting artistic planning at risk and putting at risk touring prospects long term. There is also a risk that the Orchestra cannot recruit and retain top quality players, to ensure that artistic quality is preserved.

The Orchestra appointed two new titled conductors, in order to reduce the risk of over-reliance upon the Principal Conductor – this has paid dividends in terms of growing public recognition for their work, and wider touring prospects. The Orchestra is investing in the future generation of musicians with schemes such as the Composers Academy, Music of Today and the Martin Musical Scholarship Fund. See also our new Negaunee Conductor Fellowships, which we are delivering in partnership with Colburn School in Los Angeles

An over dependence on major donors / sponsors: voluntary income represents 20% of total turnover.

The Orchestra continues to diversify sources of income to mitigate against this in a number of ways. The existing membership schemes such as the Friends of the PO, Conductors Circle and Chair Endowments continue to grow. We will develop a new International Patrons Programme in 2018/19 to capitalise on the network of supporters engaged with our work overseas. Our aim is for this to become a steady income stream within a year.

The Orchestra will also strengthen its stakeholder support for Fundraising with a new Development Board and working groups, as well as refreshing and strengthening its US fundraising bodies: the Philharmonia Foundation and the American Friends of the Philharmonia Orchestra. The Future 75 Campaign will be rolled out over the period following the successful launch at an event hosted by HRH The Prince of Wales in May 2018.

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

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

E GOING CONCERN

The Orchestra relies substantially on funding by grants from Arts Council England for its current and future commitments. This funding is primarily via 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 the period 2018-22 would be maintained at existing levels.

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

The Philharmonia Trust have also provided general assurances of ongoing support. With this in mind, 'going concern' status of Philharmonia Limited is considered an appropriate assumption for the preparation of these financial statements.

F EQUALITY ACTION PLAN

The Orchestra has adopted an Equality Action Plan, building in measurable actions and time-specific deadlines that will lead to the following outcomes, many of which speak to the priorities Arts Council England identify in the Creative Case for Diversity:

- A more representative artist and conductor roster;
- The Orchestra's work is embedded in the fabric of contemporary society, we make connections between different constituencies;
- Our talent programmes are inclusive of under-represented groups;
- Audiences are diverse and representative of contemporary society;
- Our work is valued by the diverse communities where we are resident;
- Our programmes enable all children and young people (CYP) to access and enjoy music;
- Our Players, Staff, our Senior Management Team and our Board are broadly representative of contemporary society.

G EQUAL OPPORTUNITIES

Our Equality 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 identified the following outcomes for our workforce and governance:

- Staff recruitment, selection and staff progression policies have been equality proofed;
- Board and governance arrangements are reviewed and monitored.

We have identified the following objectives:

- Review recruitment approach to improve accessibility and reach.
- Introduce Equality and Diversity Training for Staff, Players and Trustees.
- Create an Equality and Diversity Action Plan Working Group, with representation from across the organisation, supported by specialist external Members.
- Review and monitor board and governance arrangements and put in place measures to address findings.

In 2017/18 our new apprenticeships programme began with the appointment of a new Digital and Education Projects Apprentice, and a Marketing and Fundraising Apprentice.

The Philharmonia continues to provide equality of opportunity to current staff, applicants for administrative posts, Orchestra Members, extras, conductors, soloists and guest artists, outreach and engagement

participants and concert attendees, as stated in our Equal Opportunities Policy.

H ENVIRONMENTAL ACTION PLAN

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

- We have changed utility suppliers in order to analyse our usage and adapt accordingly;
- A new virtualised IT infrastructure reduces energy use and ensures data security and integrity. Virtualisation and cloud integration ensures that our IT, web and phone infrastructure is available 99.9% of the time, with continuing reductions in overhead costs.

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

It has also inspired the following progress:

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

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

I FUNDRAISING STATEMENT

As a registered charity, the Philharmonia relies upon the generosity and support of a wide range of individuals, companies and grant-making bodies. However, the Philharmonia's ticket sales, government funding, and commercial projects cannot support us on their own. Our loyal audience members and supporters, are at the heart of the Philharmonia Orchestra. Every donation we receive, regardless of how big or small, makes a difference in supporting our vision.

The Philharmonia is a paid-up registered member of the Fundraising Regulator and subscribe to the fundraising codes of practice. We have received no complaints in the financial year and have not used any third parties.

We will continue to sustain and develop our current streams of fundraising income across all areas of our work. Particular areas of focus for 2018/19 will be as follows:

- Roll-out of the Future 75 Fundraising Campaign – a joint initiative between Philharmonia Ltd and Philharmonia Trust to raise £10 million by 2022
- In line with the Governance Review, create a new Development Board to lead on supporting the Development Department in increasing income raised through fundraising
- Refresh and redevelop the boards of the Philharmonia Foundation and American Friends of the Philharmonia.
- Launch an International Patrons programme
- Roll out the China Development Board to support the Orchestra's activities in China and UK
- Finalise a new partnership with Xueersi Online School in China to deliver a comprehensive programme of online education to children aged between 6 and 18
- Deliver benefits for sponsors and comprehensive cultivation programme on the Orchestra's tours to China and South Korea in October 2018 and to the US in March 2019

J STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Philharmonia Limited is a charitable company limited by guarantee, governed by its Memorandum of Association as amended by Special Resolutions on 8 February 1989, and 12 December 2007 and its

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

Articles of Association as amended by Special Resolutions on 10 April 1964, 12 December 2007 and 18 December 2016. It is a charity registered with the Charity Commission. At 31 March 2018, there were 78 members (2017: 79).

Appointment of the Council of Management

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

The members of the Council of Management are appointed by the members of the Company. A vote is conducted at each Annual General Meeting to elect nominated members to fill vacancies created by the retirement of existing members of the Council. Exceptionally, a member may be elected at an Extraordinary General Meeting. The non-playing members of the Council of Management are co-opted at each Annual General Meeting. The Council of Management sets and reviews orchestral policy, financial policy and strategy. It reviews agreements with Arts Council England and other major funders. The Council of Management makes major decisions, including the appointment of titled conductors, the Managing Director and orchestral members. The Council of Management approves the financial budgets and accounts and appoints the auditor. It receives and monitors reports from the Orchestra Committee and Finance Committee, and regularly reviews the skills available on the Finance Committee. To facilitate effective operations, the Managing Director has delegated authority, within terms of delegation approved by the Council of Management, for operational matters including finance, employment and artistic performance-related activity.

Induction and training of the Council of Management

New members of the Council of Management receive a formal induction session from the Chairman, the Managing Director, key employees and other members of the Council, within the terms defined by the governance review of 2001/02.

Organisation

The Council of Management is supported by two sub-committees, the Orchestra Committee and the Finance Committee. The Orchestra Committee consists of eight player members and the Managing Director and is chaired by the Chairman of the Council of Management. The Orchestra Committee meets approximately every two weeks and is responsible for day-to-day orchestra matters and Orchestra personnel matters in particular. It reports to the Council of Management on the management of orchestral and musical issues generally. It deals with Orchestra issues arising in accordance with policy guidelines provided by the Council of Management.

The Finance Committee consists of three non-player members, one of which is a newly appointed independent member of the Committee, the Chairman and Deputy Chair of the Council of Management. It is chaired by a non-player. It meets four times a year prior to the Council of Management. Reporting to the Council of Management, it proposes financial budgets, reviews financial performance against budgets and deals with financial issues arising in accordance with policy guidelines provided by the Council of Management. It sets guidelines for players' fees increases.

Senior staff

Day to day operating decisions are delegated to the Heads of Department (HoD) team which comprises the Managing Director, Deputy Managing Director, Residencies and Regional Programmes Director, Development Director, Education Director, Finance Director, Marketing Director and Digital Director. Pay for senior staff is benchmarked against industry norms. Pay for the Managing Director is approved by the Council of Management.

Related parties

The Company has a related party relationship with Philharmonia Trust Limited, which shares some of the Trustees of Philharmonia Limited. During the financial year donations were received from non-playing

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

Trustees. Payments were made to all playing Trustees in respect of the work they have done with the Orchestra; including the Chairman and Deputy Chairman for their roles as Chairs of the Orchestra. No payments were made to non-playing members of either the Finance Committee or Council of Management

Philharmonia Limited (Limited by Guarantee)

Report of the Council of Management, including Strategic Report

COUNCIL OF MANAGEMENT'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Council of Management (who are also the directors of the charity for the purposes of company law) is responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of its incoming resources and application of resources, including the income and expenditure of the charitable group, for that period. In preparing these financial statements, the Council of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Council of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHARITY GOVERNANCE CODE

Philharmonia Limited recognises that good governance in a charity is fundamental to its success. Philharmonia Limited and its Council of Management are continually working towards achieving the highest standards of governance, by reference to the principles and recommended practice of the charity governance code.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR


The members of the Council of Management who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members have confirmed that they have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR


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

This report, including the Strategic Report, was approved by the Council of Management on 5 November 2018.

MICHAEL FULLER



VICTORIA IRISH



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} Members of Council Management

Philharmonia Limited (Limited by Guarantee)

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHILHARMONIA LIMITED

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 2018 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 2018 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 Council of Management' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council of Management 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 Council of Management, including the Strategic Report. The Council of Management 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.

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

Philharmonia Limited (Limited by Guarantee)

Independent Auditor's Report (continued)

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 Council of Management' 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 Council of Management' 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 Council of Management

As explained more fully in the Council of Management responsibilities statement, the Council of Management (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 Council of Management 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 Council of Management 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 Council of Management 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.

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

Philharmonia Limited (Limited by Guarantee)

Independent Auditor's Report (continued)

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: *9 November 2018*

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 2018)

	Note	2018				2017			
		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2017
		£	£	£	£	£	£	£	£
Income and Endowments from:									
1	Donations and legacies	3,022,284	1,047,956	-	4,070,240	3,524,081	461,817	-	3,985,898
2	Charitable activities	4,631,261	147,173	-	4,778,434	6,588,123	145,736	-	6,733,859
	Other trading activities	137,854	-	-	137,854	232,008	-	-	232,008
8	Investments	2,071	-	-	2,071	2,025	-	-	2,025
1a	Other income	1,052,886	-	-	1,052,886	400,000	-	-	400,000
	Total income and endowments	8,846,356	1,195,129	-	10,041,485	10,746,237	607,553	-	11,353,790
Expenditure on:									
3	Raising funds	628,987	117,997	-	746,984	715,422	72,019	-	787,441
4	Charitable activities	7,392,137	773,247	-	8,165,384	9,758,323	465,869	-	10,224,192
	Total expenditure	8,021,124	891,244	-	8,912,368	10,473,745	537,888	-	11,011,633
7	Net income/(expenditure)	825,232	303,885	-	1,129,117	272,492	69,665	-	342,157
19	Transfers between funds	21,614	(21,614)	-	-	7,655	(7,655)	-	-
	Net movement in funds	846,846	282,271	-	1,129,117	280,147	62,010	-	342,157
	Total funds brought forward	1,175,465	231,675	194,484	1,601,624	895,318	169,665	194,484	1,259,467
	Total funds carried forward	2,022,311	513,946	194,484	2,730,741	1,175,465	231,675	194,484	1,601,624

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 28 to 38 form an integral part of these financial statements.

Philharmonia Limited (Limited by Guarantee)

BALANCE SHEETS

as at 31 March 2018

Company Registration No. 799297

Charity Registration No. 250277

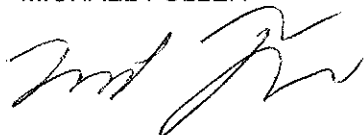
	Note	Group		Charity	
		2018	2017	2018	2017
		£	£	£	£
Fixed assets					
Tangible assets	11	790,724	848,710	790,724	848,710
Investments	12	-	-	100	100
Total fixed assets		<u>790,724</u>	<u>848,710</u>	<u>790,824</u>	<u>848,810</u>
Current assets					
Debtors	13	2,127,553	1,541,807	2,145,007	1,484,695
Cash at bank and in hand		<u>1,344,812</u>	<u>1,007,949</u>	<u>1,306,435</u>	<u>960,647</u>
Total current assets		<u>3,472,365</u>	<u>2,549,756</u>	<u>3,451,442</u>	<u>2,445,342</u>
Creditors falling due in less than one year	14	<u>(1,532,348)</u>	<u>(1,796,842)</u>	<u>(1,511,525)</u>	<u>(1,692,528)</u>
Net current assets		<u>1,940,017</u>	<u>752,914</u>	<u>1,939,917</u>	<u>752,814</u>
Net assets		<u><u>2,730,741</u></u>	<u><u>1,601,624</u></u>	<u><u>2,730,741</u></u>	<u><u>1,601,624</u></u>
The funds of the Charity:					
Restricted funds	19	513,946	231,675	513,946	231,675
Endowment funds	19	194,484	194,484	194,484	194,484
Unrestricted funds					
Designated funds	19	543,764	539,545	543,764	539,545
General funds	19	<u>1,478,547</u>	<u>635,720</u>	<u>1,478,547</u>	<u>635,720</u>
Total unrestricted funds		<u>2,022,311</u>	<u>1,175,265</u>	<u>2,022,311</u>	<u>1,175,265</u>
Total funds		<u><u>2,730,741</u></u>	<u><u>1,601,424</u></u>	<u><u>2,730,741</u></u>	<u><u>1,601,424</u></u>

The parent charity's net surplus for the year was £1,110,933 (2017: £350,132)

Total income for the year of Philharmonia Limited, the parent charity, was £9,937,737 (2017: £11,238,011); and total expenditure £8,826,804 (2017: £10,887,879)

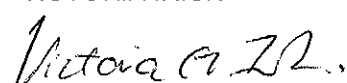
The financial statements were approved by the Council of Management and authorised for issue on 5 November 2018 and signed on its behalf by:

MICHAEL FULLER



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} Members of
} Council of
} Management

VICTORIA IRISH



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The notes on pages 28 to 38 form an integral part of these financial statements

Philharmonia Limited (Limited by Guarantee)

STATEMENT OF CASHFLOWS (including branches)

for the year ended 31 March 2018

		2018	2017
		£	£
Cashflows from operating activities:			
Net cash provided by operating activities	18a	388,947	134,168
Cash flows from investing activities:			
Dividends, interest and rent from investments		2,071	2,025
Purchase of property, plant and equipment		(54,155)	(43,105)
Net cash (used in) investing activities		(52,084)	(41,080)
		<u>336,863</u>	<u>93,088</u>
Change in cash and cash equivalents in the reporting year		336,863	93,088
Cash and cash equivalents at the beginning of the reporting year		1,007,949	914,861
Cash and cash equivalents at the end of the reporting year	18b	<u>1,344,812</u>	<u>1,007,949</u>

The notes on pages 28 to 38 form an integral part of these financial statements.

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

for the year ended 31 March 2018

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

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis under the historic cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102 (effective 1 January 2015 (Charities SORP FRS 102) the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and the Companies Act 2006.

The Orchestra relies substantially on funding by grants from Arts Council England (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.

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

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

CONSOLIDATION

The consolidated financial statements include the results of Philharmonia Limited and its subsidiary undertaking Rite Digital Limited, together with its branch, The Martin Musical Scholarship Fund. All financial statements for subsidiaries and branch 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. A claim on the Orchestral Tax Credit for the 2017/18 period has yet to be made, but an estimate of the amount involved has been included within these accounts.

INCOME

Voluntary income, including donations, gifts and legacies, as well as grants that provide core funding or are of a general nature are recognised where there is entitlement, receipt is probable, and the amount can be measured with sufficient reliability. Such income is only deferred if the donor has requested the amount to be allocated to specific concerts, engagements or projects, in which case it is allocated to the financial year in which the work takes place, or the donor has imposed conditions which must be met before the Charity has unconditional entitlement.

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

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

for the year ended 31 March 2018

EXPENDITURE

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

LEASES

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

Fixed assets include musical instruments which have been valued at deemed cost. Other fixed assets are stated at cost less provision for depreciation. As a general rule, purchases less than £1,000 are not considered for capitalisation unless for security reasons they need to be recorded in the fixed asset register (e.g. laptop computers).

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

Office furniture and fittings	20%
Musical instruments and cases	10%
Computers and office equipment	33.33%
Motor vehicles	10 - 20%
Property improvements	5%

The carrying values of tangible fixed assets are reviewed for impairment should events or changes in circumstances indicate the carrying value may not be recoverable.

FINANCIAL INSTRUMENTS

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

DEBTORS

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

BANK

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

CREDITORS AND PROVISIONS

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

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.

Philharmonia Limited (Limited by Guarantee)

ACCOUNTING POLICIES

for the year ended 31 March 2018

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

The endowment fund represents those assets held permanently by the charity. Income arising on the endowment fund is to be used to provide grants through the grant fund. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currencies are translated at the actual rate at the time of the transaction. Assets and liabilities held on the balance sheet in foreign currencies are translated at the closing rate at the balance sheet date. All differences are taken to the Statement of Financial Activities.

PENSION CONTRIBUTIONS

The charitable company operates a defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

CONNECTED CHARITIES

Philharmonia Trust Limited (registered charity number 254191) is a connected charity as some of the Trustees of Philharmonia Trust Limited are also Trustees of Philharmonia Limited.

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

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted	Restricted	2018 Total	2017 Total
	£	£	£	£
Arts Council England core grant	2,042,222	-	2,042,222	2,042,222
Grant income -other	59,400	-	59,400	69,300
Donations from charitable foundations	-	647,450	647,450	129,906
Donations from Philharmonia Trust	505,000	-	505,000	800,000
Other donations and legacies	415,662	65,000	480,662	627,859
Sponsorship	-	335,506	335,506	316,611
	<u>3,022,284</u>	<u>1,047,956</u>	<u>4,070,240</u>	<u>3,985,898</u>

Included within Donations from charitable foundations is £112,500 (2017:Nil) from the Paul Hamlyn Foundation which is restricted to 'The Virtual Orchestra'.

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

1a. OTHER INCOME

	Unrestricted	Restricted	2018 Total	2017 Total
	£	£	£	£
Other income	<u>1,052,886</u>	<u>-</u>	<u>1,052,886</u>	<u>400,000</u>

Other income is in respect of a claim for Orchestral Tax Relief of which £505,000 is in respect of FY 2017/18 and £547,886 FY 2016/17.

2. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	2018 Total	2017 Total
	£	£	£	£
Own promotion concerts	1,135,661	22,389	1,158,050	2,080,041
Recordings & Film	830,750	-	830,750	988,130
Engagements	982,310	8,766	991,076	1,327,736
Co Promotions	154,842	20,000	174,842	197,243
Tours	1,415,559	96,018	1,511,577	1,940,955
Education & Digital projects	110,013	-	110,013	186,034
Other activities	2,126	-	2,126	13,720
	<u>4,631,261</u>	<u>147,173</u>	<u>4,778,434</u>	<u>6,733,859</u>

3. COSTS OF RAISING FUNDS

	Unrestricted	Restricted	2018	2017
	£	£	£	£
Allocation of support costs (see note 5)	551,713	53,034	604,747	618,591
Other expenditure	77,274	64,963	142,237	168,850
	<u>628,987</u>	<u>117,997</u>	<u>746,984</u>	<u>787,441</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

4. COSTS OF CHARITABLE ACTIVITIES

	Unrestricted	Restricted	2018	2017
	£	£	£	£
Concert and relay fees	4,167,017	448,768	4,615,785	5,679,028
Travel, subsistence and transport of instruments	309,699	97,079	406,776	516,969
Music and instrument hire	115,625	18,952	134,577	133,620
Hall hire and box office commission	434,407	21,403	455,810	555,192
Subscriptions and programme expenditure	199,055	15,907	214,962	279,770
Grants payable	18,136	14,320	32,456	37,129
Allocation of support costs	1,708,398	-	1,708,398	1,722,142
Other expenditure on charitable activities	439,800	156,818	596,618	1,300,343
	<u>7,392,137</u>	<u>773,247</u>	<u>8,165,384</u>	<u>10,224,192</u>

5. ALLOCATION OF SUPPORT COSTS

2018

	Cost of raising funds	Cost of charitable activities	Total
	£	£	£
Employment costs	408,226	1,063,046	1,471,272
Travel, subsistence and entertaining	11,722	154,104	165,825
Occupation and office costs	88,489	212,167	300,656
Bank interest and charges	4,426	10,523	14,949
Orchestral overheads	-	59,171	59,171
Governance cost	-	54,750	54,750
Other costs	91,884	154,637	246,521
	<u>604,747</u>	<u>1,708,398</u>	<u>2,313,144</u>

2017

	Cost of raising funds	Cost of charitable activities	Total
	£	£	£
Employment costs	363,302	1,090,180	1,453,482
Travel, subsistence and entertaining	21,462	99,823	121,285
Occupation and office costs	114,185	248,774	362,959
Bank interest and charges	5,551	14,827	20,379
Orchestral overheads	-	75,267	75,267
Governance cost	-	60,422	60,422
Other costs	114,092	132,849	246,940
	<u>618,591</u>	<u>1,722,142</u>	<u>2,340,732</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

6. GRANTS PAYABLE

A total of 14 (2017: 25) grants were awarded to individuals during the financial year. The recipients received grants of up to £1,000 each. The policy of the Council of the Martin Musical Scholarship Fund is to make grants to young musicians in order to assist their musical training and development. Outstanding young musicians are selected by means of auditions before a panel of Orchestra members and other professional musicians. Grants are awarded with reference to individual abilities and needs.

7. NET INCOME FOR THE YEAR

Net income for the year is stated after charging:

	2018	2017
	£	£
Auditor's remuneration - current year audit fee	34,360	52,200
- other services	58,309	2,112
Operating lease rentals:		
Land and buildings	65,543	53,900
Plant and machinery	13,237	12,135
Depreciation	112,141	124,429

8. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2018	2017
	£	£
Interest on deposits	2,071	2,025
	<u>2,071</u>	<u>2,025</u>

9. EMPLOYEES

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	1,295,590	1,250,485
Social security costs	130,621	108,887
Pension costs	72,783	79,604
	<u>1,498,994</u>	<u>1,438,976</u>

There were no redundancies in the year (2017 – Nil)

The key management personnel of the charity comprise the Managing Director, Deputy Managing Director, Development Director, Residencies and Regional Programmes Director, Education Director, Finance Director, Marketing Director and Digital Director. Aggregate remuneration for the financial year was £548,089 (2017: £491,070)

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

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

	2018 no.	2017 no.
£70,000 - £80,000	1	2
£120,000 - £130,000	<u>1</u>	<u>-</u>

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

	2018	2017
Library	2	2
Marketing	6	5
Education	5	5
Concerts	9	7
New Media	6	6
Development	9	9
Management	6	6
Transport	<u>2</u>	<u>2</u>
	<u>45</u>	<u>42</u>

10. COUNCIL OF MANAGEMENT EMOLUMENTS

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

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

	Salary £	Pension £	2018 Total £	2017 Total £
Honoraria for services as Chair of the Orchestra:				
Alistair Mackie (resigned 31/8/16)	-	-	-	5,279
Kira Doherty (From 1/9/16)	12,131	728	12,859	7,454
Honoraria for services as Deputy Chair of the Orchestra:				
Kira Doherty (to 31/8/16)	-	-	-	1,708
Robin O'Neill (resigned 14/12/17)	2,767	166	2,933	4,119
Remuneration for services as Managing Director:				
David Whelton	-	-	-	91,362
Alistair Mackie	-	-	-	45,107
Helen Sprott	130,000	7,800	137,800	7,950

None of the Council aside from the former Managing Director received any reimbursed expenses during the year (2017: £nil). All such payments were made for services as Managing Director.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

11. TANGIBLE FIXED ASSETS

Consolidated

	Office Furniture & Fittings £	Leasehold improvements £	Musical Instruments, cases & recordings £	Computers & Office Equipment £	Motor Vehicles £	Total £
Cost or valuation						
at 1 April 2017	89,737	685,902	395,879	399,268	114,852	1,685,638
Additions	-	-	46,938	7,217	-	54,155
as at 31 March 2018	89,737	685,902	442,817	406,485	114,852	1,739,793
Depreciation						
at 1 April 2017	82,238	91,017	256,267	321,886	85,520	836,928
Charged in year	2,913	51,121	13,222	29,857	15,029	112,141
as at 31 March 2018	85,151	142,138	269,489	351,743	100,549	949,069
Net Book Value						
31 March 2018	4,586	543,764	173,328	54,742	14,303	790,724
31 March 2017	7,499	594,885	139,612	77,382	29,332	848,710

Charity

	Office Furniture & Fittings £	Leasehold improvements £	Musical Instruments, cases & recordings £	Computers & Office Equipment £	Motor Vehicles £	Total £
Cost or valuation						
at 1 April 2017	89,737	685,902	395,879	392,832	114,852	1,679,202
Additions	-	-	46,938	7,217	-	54,155
as at 31 March 2018	89,737	685,902	442,817	400,049	114,852	1,733,357
Depreciation						
at 1 April 2017	82,238	91,017	256,267	315,450	85,520	830,492
Charged in year	2,913	51,121	13,222	29,857	15,029	112,141
as at 31 March 2018	85,151	142,138	269,489	345,307	100,549	942,633
Net Book Value						
31 March 2018	4,586	543,764	173,328	54,742	14,303	790,724
31 March 2017	7,499	594,885	139,612	77,382	29,332	848,710

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

12. FIXED ASSET INVESTMENT

	2018	2017
	£	£
Charity		
Investment in subsidiary - Rite Digital Limited	100	100
	<u>100</u>	<u>100</u>

The charity wholly owns the entire share capital (100 shares of £1 each) of Rite Digital Limited which is incorporated in England and Wales: company no 07565292. The trading results of this subsidiary are as follows:

	2018	2017
	£	£
Profit and loss account		
Turnover	59,525	74,839
Expenditure	(41,341)	(69,760)
Foreign Exchange gain / (loss)	-	11,786
Surplus gift aided to the Charity	(18,184)	(16,865)
	<u>-</u>	<u>-</u>
Retained in subsidiary	-	-
Assets and liabilities		
Current assets	50,758	104,414
Current liabilities	(50,658)	(104,314)
	<u>100</u>	<u>100</u>
Net assets	100	100
	<u>100</u>	<u>100</u>
Share capital	100	100
	<u>100</u>	<u>100</u>

13. DEBTORS

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Due within one year:				
Trade debtors	307,433	491,408	296,067	434,296
Other debtors	75,026	69,555	73,969	69,555
Philharmonia Trust Limited	-	329,411	-	329,411
Amounts owed by group company	-	13,293	29,836	13,293
Tax recoverable	1,452,886	400,000	1,452,886	400,000
Prepayments and accrued income	292,208	238,140	292,249	238,140
	<u>2,127,553</u>	<u>1,541,807</u>	<u>2,145,007</u>	<u>1,484,695</u>

Tax recoverable relates to Orchestral Tax Relief of which £505,000 is in respect of FY 2017/18 and £947,886 for FY 2016/17. The prior year debtor of £400,000 was a prudent best estimate based on information at the time.

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

14 CREDITORS: Amounts falling due within one year

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	572,906	883,952	567,349	779,637
Other creditors	19,675	56,680	19,675	56,680
Philharmonia Trust Ltd	27,987	-	27,987	-
Other taxation and social security costs	47,282	126,029	46,766	126,029
Accruals	624,703	273,252	609,953	273,253
Deferred income	239,795	456,929	239,795	456,929
	<u>1,532,348</u>	<u>1,796,842</u>	<u>1,511,525</u>	<u>1,692,528</u>

15. LIABILITY OF MEMBERS

All members have a liability not exceeding £1 per member. There were 78 members at 31 March 2018 (2017: 79).

16. COMMITMENTS

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

			2018	2017
	Office equipment	Building	Total	Total
	£	£	£	£
Operating leases which expire:				
later than one year and not later than five years	27,577	152,717	180,294	50,125
later than five years	-	227,500	227,500	286,004
	<u>27,577</u>	<u>380,217</u>	<u>407,794</u>	<u>336,129</u>

	Office equipment	Building	2018 Total	2017 Total
	£	£	£	£
The value of lease payments recognised as an expense in the year were:	13,237	65,543	78,780	66,125

17. RELATED PARTY TRANSACTIONS

The Orchestra has a related party relationship with Philharmonia Trust Limited, with one of the Trustees of Philharmonia Limited. Grants of £505,000 were awarded by Philharmonia Trust Limited to Philharmonia Limited in the year (2017: £805,000). Costs totalling £22,410 (2017 - £16,505) were borne, by Philharmonia Limited on behalf of, and recharged to, Philharmonia Trust Limited. Sums transferred from Philharmonia Trust Limited to Philharmonia Limited in the year totalled £300,000 (2017: £205,333). Philharmonia Limited received £79,808 (2017: £Nil) on behalf of Philharmonia Trust Limited in respect of the Gala Dinner. The balance due to Philharmonia Trust Limited from Philharmonia Limited at the year-end was £27,987 (2017: Philharmonia Trust Limited owed Philharmonia Limited £329,411).

In April 2017 Philharmonia Limited also issued a guarantee, supported by a debenture, to its principal

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

bankers, Barclays, in respect of a mortgage totalling £1,800,000 issued to Philharmonia Trust Limited, secured on its property at 6 Chancel Street London.

Payments were made to all playing members of the Council of Management in respect of the work they have done with the Orchestra, to the Chairman and Deputy Chairman for their roles as Chairs of the Orchestra, and a salary was paid to the Managing Director, who was also a Trustee, in respect of his employment with the Orchestra. During the year, playing members of the Council of Management were paid no additional income for the additional duties resulting from being members of the Council of Management.

18a. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income for the reporting period (per the statement of financial activities)	1,129,117	342,157
Adjustments for:		
Depreciation charges	112,141	124,429
Interest on bank deposits	(2,071)	(2,025)
Gain on the sale of fixed assets	-	70,852
(Increase) in debtors	(585,746)	(630,247)
Increase/(Decrease) in creditors	(264,494)	229,001
Net cash provided by operating activities	<u>388,947</u>	<u>134,168</u>

18b. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,344,812	1,007,949
Total cash and cash equivalents	<u>1,344,812</u>	<u>1,007,949</u>

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

19. FUNDS - MARCH 2018

	At 1 April 2017	Income in year	Expenditure in year	Transfers	At 31 March 2018
Restricted Funds					
Philharmonia Projects Fund	69,985	1,147,429	(876,924)	-	340,490
Martin Musical Scholarship Grant Fund	41,202	47,700	(14,000)	-	74,902
MMSF General Fund	108,488	-	-	(21,614)	86,874
MMSF Donated Assets	12,000	-	(320)	-	11,680
Total restricted	231,675	1,195,129	(891,244)	(21,614)	513,946
Endowment Funds					
Martin Musical Instrumental Fellowships Fund	194,484	-	-	-	194,484
Total endowment	194,484	-	-	-	194,484
Unrestricted funds					
MMSF General Fund	-	(3,478)	(18,136)	21,614	-
Philharmonia General Fund	560,874	8,849,834	(8,002,988)	(4,219)	1,403,501
Designated Fund - Property	539,545	-	-	4,219	543,764
Revaluation reserve	75,046	-	-	-	75,046
Total unrestricted	1,175,465	8,846,356	(8,021,124)	21,614	2,022,311
Total funds	1,601,624	10,041,485	(8,912,368)	-	2,730,741

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

19. FUNDS - MARCH 2017 Comparative

	At 1 April 2016	Income in year	Expenditure in year	Transfers	At 31 March 2017
Restricted Funds					
Philharmonia Projects Fund	-	582,553	(512,568)	-	69,985
Martin Musical Scholarship Grant Fund	41,202	20,000	(25,000)	5,000	41,202
MMSF General Fund	116,143	5,000	-	(12,655)	108,488
MMSF Donated Assets	12,320	-	(320)	-	12,000
Total restricted	169,665	607,553	(537,888)	(7,655)	231,675
Endowment Funds					
Martin Musical Scholarship Fund	194,484	-	-	-	194,484
Total endowment	194,484	-	-	-	194,484
Unrestricted funds					
MMSF General Fund	-	4,154	(11,809)	7,655	-
Philharmonia General Fund	81,218	10,742,083	(10,053,677)	(208,750)	560,874
Designated Fund - Principal Conductor	108,492	-	(317,242)	208,750	-
Designated Fund – Property	630,562	-	(91,017)	-	539,545
Revaluation reserve	75,046	-	-	-	75,046
Total unrestricted	895,318	10,746,237	(10,473,745)	7,655	1,175,465
Total funds	1,259,467	11,353,790	(11,011,633)	-	1,601,624

Philharmonia Limited (Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

Philharmonia Projects Fund

Refers to sponsored activity in the following areas, Own Promotion, Engagements, Residencies Concerts, Education and Digital Projects and International Touring Concerts.

Martin Musical Scholarship Fund

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

Property

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2018

	Unrestricted	Restricted	Endowment	Total
	£	£	£	£
Tangible fixed assets	779,044	11,680	-	790,724
Current assets	2,772,615	505,266	194,484	3,472,365
Current liabilities	(1,529,348)	(3,000)	-	(1,532,348)
	2,022,311	513,946	194,484	2,730,741

2017

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

Philharmonia Limited (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

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