

ROYAL PHILHARMONIC ORCHESTRA LIMITED

Company No. 00763836
Registered Charity No. 244533

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2011

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COMPANIES HOUSE

Royal Philharmonic Orchestra Limited

Company Information

Directors

A Sippings (Chairman)
A Wright (Vice Chairman)
I Maclay (Managing Director)
E Chapman
S Corbyn
C Fairweather
H Kamminga
M Perry
S Willison-Kawalec

Independent Auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Bankers

Bank of Scotland
Pentland House
8 Lochside Avenue
Edinburgh EH12 9DJ

National Westminster
Cavell House
2a Charing Cross Road
London WC2H 0NN

Solicitors

Charles Russell LLP
8-10 New Fetter Lane
London EC4A 1RS

Teacher Stern LLP
37-41 Bedford Row
London WC1R 4JH

Principal Address

16 Clerkenwell Green
London EC1R 0QT

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2011

The Directors who are also Trustees of The Royal Philharmonic Orchestra present their annual report and audited financial statements for the year ended 31 March 2011, which have been prepared under the Companies Act 2006 and the Charities Act 1993. The financial statements also comply with the Charities Statement of Recommended Practice 2005.

Administrative Details

The Royal Philharmonic Orchestra (also known as the RPO) is a registered charity (no 244533) and a company (no 763836) limited by shares. Reference information and details of Trustees are set out on page one.

Objects & Activities

The main objects of the Royal Philharmonic Orchestra are to provide, maintain and encourage the art of music, ensuring long term financial stability so it can develop its artistic aims to further its charitable purposes for the public benefit. The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charities Commission's general guidance on public benefit. The Royal Philharmonic Orchestra is dedicated to achieving world class musical performances, broadcasts and recordings of the highest quality alongside an imaginative education and community programme, on a national and international basis.

Structure, Governance and Management

Incorporated in 1963, the company is governed by its Memorandum of Association and Articles of Association. The Board of Trustees is responsible for the overall governance of the company. All full playing members of the Orchestra are required to hold 100 ordinary shares of £10 each and are appointed by votes of members at the annual general meeting. The Company's Articles of Association permit up to four non-Executive Directors who are non-playing members of the Orchestra for a period of up to three years, with an option to renew at the end of the term. All other Directors must be playing members. One third of the playing member Directors retire by rotation each year.

The Directors, who also act as Trustees of the charitable activities of the company are listed on page one of this report. With the exception of Messrs Corbyn, Fairweather and Maclay, each of the present Directors is a playing member of the Board. In accordance with the Articles of Association, they held one hundred fully paid up shares of £10 each in the company, at both the year-end and on appointment.

The administration of the Orchestra is delegated to four principal departments (Concerts Management, Education and Community, Marketing and Finance) all reporting to the Managing Director, who in turn reports to the Trustees. Although the RPO had one of its busiest and most diverse years yet, the management remains stable and all the heads of department have been managers in the company for some years. In governance terms, the Board and Trustees of the Orchestra maintain the same balance of musicians and business and community leaders.

As playing member Director vacancies arise, all eligible members of the Orchestra are invited to be nominated for election as a new Director. Guidance on Trustees responsibilities is circulated. Newly appointed Directors are briefed by the Chairman and other Directors and are also sent further information about the Organisation by the Company Secretary as required. There is an induction process and where training is found necessary for new and existing Directors, it is provided on a one-to-one basis. Non-playing Directors are appointed on the basis of their experience in finance and business. Potential candidates for non-playing vacancies on the Board are identified and appointed after consultation with key stakeholders such as the Arts Council.

The Remuneration Committee is responsible for making recommendations to the Board of Trustees on the remuneration policy of players and overall administration. The Audit Committee, which is chaired by a Non-Executive Director, meets regularly to monitor the Orchestra's financial internal controls, governance and risk management. External advisors are invited to attend the Audit Committee when additional expertise is required. The Orchestra continues to be prudent with its expenditure and approach to risk and finds it invaluable having Non-Executive Directors to give experienced advice on such matters.

Financial Review

The orchestra experienced an exceptional year in many ways, continuing successfully to bring a broad range of music to a wide range of audiences in the UK and abroad, whilst maintaining its excellent performance standards. The company continued to consolidate its financial position to enable it to meet short term commitments and make long term artistic plans with confidence. A successful balance of investment in the orchestra's own promotion concerts and fee earning engagements, generated a total surplus of £1,153,501 during the year to 31 March 2011 (2010 - £614,013). The net surplus for the year of £1,028,501 in unrestricted funds included groundbreaking tours to Azerbaijan, Armenia and Bodrum, return invitations to China, extensive tours around Europe and the USA, as well as acclaimed concerts throughout the UK. A £125,000 surplus on restricted funds reflects a £115,000 grant received from Arts Council England as a contribution towards the purchase of a new vehicle to transport the orchestra's musical instruments from venue to venue and a £10,000 donation from a benefactor for the orchestra's work with young people.

The Orchestra continued to receive in addition to its core funding, significant support from the Arts Council under their Sustain Programme. £471,849 of the Sustain grant was used during the financial year and £112,250 has been carried forward to meet costs during the economic recessionary period in the next financial year.

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2011

Expenditure for the year supported the company's main activity of performing first class music at the Orchestra's London and regional residencies, recordings, educational and community work and worldwide tours

Overall 2010/11 was a highly successful year for the RPO both musically and financially and the orchestra continues to be robust in championing its achievements, yet mindful of the need to be constantly seeking to enhance its reputation for diversity and enterprise without compromising its standards of excellence

Achievement & Performance

The RPO continued to build on its artistic strength by making major strides in achieving the artistic quality that is its goal. Other achievements were

- International recognition reaching new heights with Maestro Charles Dutoit, including residencies at the Montreux International Music Festival in Switzerland and the Qebala Festival in Azerbaijan
- The consolidation of Charles Dutoit's role as Artistic Director and Principal Conductor of the RPO. Internationally Maestro Dutoit enjoys an excellent reputation and his relationship with the Orchestra goes from strength to strength as his influence continues throughout the year, even during the periods when he is not with the Orchestra
- Maestro Pinchas Zukerman has also increased his invaluable involvement with the Orchestra and the intensity and superiority of his work especially with the strings continues to pay enormous dividends
- Whilst the RPO seeks to build its roster of top class conductors, emphasis is given to British talent and much importance is placed on nurturing British artists and giving them an opportunity to develop their careers. Several new and young conductors have been introduced to the RPO's roster, which is good news for the artistic future of the Orchestra
- Audiences were generally maintained at prior year levels which, given the current economic climate, is an encouraging result
- The RPO continues to expand its regional programme to more than 70 venues around the country, in 22 of which, the RPO is the only orchestral provider
- Up to 12 orchestral residencies are now established, with the concert series supplemented with an integrated education and community programme by RPO Resound
- The RPO has fulfilled most of its plans in the regional areas of England and in almost every case, the highly successful residencies in many towns and communities around the country have flourished despite the background of local authority funding cuts. Audiences have held up well, and all the residencies have been renewed and some new ones added. With a combination of the concert series and highly committed education work, the RPO now plays a key cultural role in many communities across the country
- Continuing work with London Boroughs in the lead-up to the Olympics in 2012
- The orchestra's education and community department, RPO Resound has had a highly successful year with the fulfillment of large projects in Northamptonshire and Hertfordshire both of which were awarded special funding by the Department of Education. Such was the scale of this work, more than 450 school aged participants performed. Investment will continue in these projects to ensure that their legacy is sustained for many years to come
- Much of the RPO's education and community work has been established for many years and partnerships continue to develop year on year. A good example is the talented and gifted project for disadvantaged children in Thurrock, which is now in its 6th year
- In addition to work outside London, RPO Resound has a considerable focus in the capital too. The ongoing relationship with the Ismaili community in London is a splendid example of how RPO musicians have made an impact with children from very different backgrounds and cultures
- The RPO is very committed to its work with hospices and the rewarding work with life-limited children. The demand for RPO musicians' involvement in these fields is growing year by year and has necessitated the recruitment of extra resource to manage the RPO Resound programme
- Internationally, the RPO Resound team has been working with underprivileged children in an orphanage in Azerbaijan and children in Dubai with special educational needs. This work was developed in conjunction with the British Council
- The RPO is constantly investigating methods of increasing income levels. The streaming of the Cadogan Hall series is one way forward and the significant increase in income from downloads is providing a handsome return on the investment in RPO Records
- There was no change to the overall structure of the management of the company during the year. Additionally, external trustees have been added to the RPO Trust to assist with governance

Related Parties

The Royal Philharmonic Orchestra Trust, is an independently controlled but connected charity. It was established on 9th November 1963 with the objective of the advancement of the musical education of mankind and in particular promoting, encouraging and supporting the practice and performance of orchestral music by the Royal Philharmonic Orchestra. The Royal Philharmonic Orchestra Trust has provided considerable support to the Orchestra over the years

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2011

The principal asset of the Royal Philharmonic Orchestra Trust is a freehold property which is occupied by the administrative offices of the Orchestra. Rent of £45,500 for the year was waived by the Trust (2010 -£44,800). At 5th April 2011, net assets in the unaudited accounts of the Royal Philharmonic Orchestra Trust were £490,702 (2010 -£490,702), which included cash of £8,117 (2010 - £12,117)

Reserves

The Trustees consider that the company's reserves should be maintained at least between one and two years Arts Council core funding (£940,917 for 2011/12) to enable the Orchestra to survive difficult and unpredictable market conditions. At 31 March 2011, free reserves had risen to £2,540,977 (excluding fixed assets, restricted reserves and share capital). It is expected that free reserves will be drawn down during the next few years, especially during these difficult recessionary times and uncertain worldwide economies.

Risk Management

The Trustees have considered the significant risks to which the company is exposed and have established appropriate procedures to mitigate the impact of those risks. The Audit Committee is tasked to review the risk profile of the orchestra and the means to minimise those risks where possible. Major areas of risk relate to external factors in terms of the impact of global economies on the activities of the orchestra and its effect on box office income, local authority funding and income from trusts, foundations, individuals and other sponsors. In addition, funding levels from Arts Council England is an area that is under continued focus.

Plans for the Future

2011/12 and the years beyond are likely to be challenging with real cuts to funding levels. With a combination of a reduction in Arts Council funding plus drastic cuts in local authority funds it will require ingenuity and enterprise to ensure that the RPO can meet and indeed continue to enhance its programme.

Virtually every town and venue around the country where the RPO performs has experienced a reduction in its subsidy and so an increasing emphasis has been placed on the RPO to market and promote the concerts which can be demanding and time consuming for a management team based in London. As the regional programme is integral to the RPO's annual concert schedule it will be necessary to commit more time and money to sustain the regional series and residencies whilst the venues come to terms with their new funding situations. It is also essential to have a strong London base so that the RPO can invite top quality artists to perform with the orchestra in the regions.

The RPO has traditionally relied on a certain amount of overseas touring to supplement the orchestra's income. Many of the countries that we have relied on in the past – Spain, Italy, Greece, even Germany have drastically reduced the number of concerts they are presenting or reduced the fees to a level that are uneconomic for a London orchestra to entertain. However, territories further afield like Russia, China, Korea and the former Soviet states are providing potential new partnerships. However, these are new concert connections and they require time to mature.

Greater emphasis will be placed on fundraising activities through sponsorship and private giving, but work will also be carried out to develop the RPO's catalogue of recordings to gain supplementary fees from existing material. Downloads have already increased significantly over the past 12 months and there is scope for further income in this area.

Although the relationship with Maestro Charles Dutoit and the RPO's other titled conductors is strong, it is essential that new young talent is identified and so we will be concentrating on giving good young British artists the opportunity of demonstrating their talent with the Orchestra.

The RPO is researching work in the digital arena, which may lead to a wonderful opportunity for the RPO to lead the way in this field. If the project develops as anticipated, it will enable people young and old to play with the RPO without leaving their homes or schools. Thus we hope will be a massive breakthrough as an enhancement of the work of the RPO's *resound* team and we are currently seeking sponsorship to make this exciting possibility a reality.

These are difficult times for the arts and it will be important for the RPO to be robust in championing its achievements but mindful of the need to be constantly seeking to enhance its reputation for diversity and enterprise without compromising its standards of excellence.

Acknowledgements

The RPO would like to express its deep appreciation to the great number of people and organisations that support the activities of the Orchestra. In particular, financial support from Arts Council England continues to play a vitally fundamental role in supporting the Royal Philharmonic Orchestra through its National Portfolio Programme & Sustain Programme. This funding continues to be critical to the delivery of a wide ranging and highly successful musical programme.

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2011

The Royal Philharmonic Orchestra also extends its gratitude in particular to the following for funding contributions towards the RPO's Educational and Community *resound* programme

- Local authorities of Crawley, Hertfordshire, Northamptonshire, Reading, and Westminster
- The Boshier Hinton Foundation, John Lyon's Charity, Orchestras Live, the Regional Arts Board and the Simon Gibson Charitable Trust

The Trustees are especially and deeply appreciative of the enormous commitment of the musicians, administration staff and volunteers in continuing to ensure that the RPO a world-class orchestra

Auditors

A resolution to re-appoint Kingston Smith LLP as auditors will be proposed at the Annual General Meeting and are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of the Royal Philharmonic Orchestra Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

- Select suitable accounting policies and then apply them consistently,
- Observe the methods and principles in the Charities SORP,
- 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,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

In so far as the Trustees are aware

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

By order of the Trustees



Andrew Sippings
Chairman

5th October 2011

Independent Auditors' Report to the Shareholders of the Royal Philharmonic Orchestra Limited

We have audited the financial statements of Royal Philharmonic Orchestra Limited for the year ended 31st March 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006

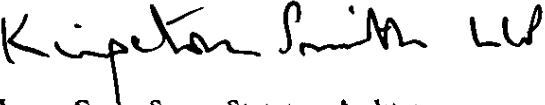
Opinion on other matters prescribed by the Companies Act

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


James Cross, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD
Date 10 October 2011

Royal Philharmonic Orchestra Limited
Statement of Financial Activities
For the year ended 31st March 2011

	Note	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
INCOME AND EXPENDITURE					
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Voluntary income					
Grants from the Arts Council		1,010,652	471,849	1,482,501	1,019,173
Donations		70,349	10,000	80,349	129,582
Investment income		44,883	-	44,883	4,585
<i>Incoming resources from charitable activities</i>					
Box office, orchestra hire and fees		8,218,992	-	8,218,992	6,915,655
Grants for educational projects		-	27,000	27,000	22,371
Other income		195,602	-	195,602	165,110
Total Incoming Resources Before Exceptional Item		<u>9,540,478</u>	<u>508,849</u>	<u>10,049,327</u>	<u>8,256,476</u>
Exceptional Item	17	-	-	-	489,211
Total Incoming Resources After Exceptional Item		<u>9,540,478</u>	<u>508,849</u>	<u>10,049,327</u>	<u>8,745,687</u>
Charitable Expenditure					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	3	37,582	-	37,582	33,942
<i>Charitable activities</i>					
Performance related activities	2	8,351,594	383,849	8,735,443	7,983,920
Governance costs	3	122,801	-	122,801	113,812
Total Resources Expended		<u>8,511,977</u>	<u>383,849</u>	<u>8,895,826</u>	<u>8,131,674</u>
Net incoming resources for the year	4	1,028,501	125,000	1,153,501	614,013
Transfer From Restricted to Unrestricted Funds	14	115,000	(115,000)	-	-
Net movement in funds		1,143,501	10,000	1,153,501	614,013
Total funds brought forward		<u>1,615,651</u>	<u>192,861</u>	<u>1,808,512</u>	<u>1,194,499</u>
Total funds carried forward		<u>2,759,152</u>	<u>202,861</u>	<u>2,962,013</u>	<u>1,808,512</u>

There were no recognised gains and losses during the year other than those dealt with in the Statement of Financial Activities
All income and expenditure relates to continuing activities

Royal Philharmonic Orchestra Limited
Balance Sheet at 31st March 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed Assets					
Tangible assets	8		218,173		83,828
Investments	9		<u>2</u>		<u>2</u>
			218,175		83,830
Current Assets					
Debtors	10	589,923		1,770,447	
Cash at bank and in hand		<u>3,832,264</u>		<u>2,828,482</u>	
		4,422,187		4,598,929	
Creditors: Amounts falling due within one year	11			<u>(2,803,247)</u>	
				(2,803,247)	
Net Current Assets			<u>2,814,838</u>		<u>1,795,682</u>
Total Assets less Current Liabilities			3,033,013		1,879,512
Net Assets	12		<u><u>3,033,013</u></u>		<u><u>1,879,512</u></u>
Capital and Reserves					
Called up share capital	13		71,000		71,000
Unrestricted funds			2,759,152		1,615,651
Restricted funds	14		<u>202,861</u>		<u>192,861</u>
Total Capital and Reserves	15		<u><u>3,033,013</u></u>		<u><u>1,879,512</u></u>

Approved by the board and authorised for issue on 5th October 2011


Andrew Sippings
 Chairman

Company no 00763836

Royal Philharmonic Orchestra Limited
Cash Flow Statement
For the year ended 31st March 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	a		1,124,365		874,289
Returns on investment and servicing of finance					
Interest received		44,883		4,585	
Dividends received					
			44,883		4,585
Capital expenditure and financial investment					
Payments made to acquire tangible assets			(165,466)		(27,628)
Increase in cash	b		<u>1,003,782</u>		<u>851,246</u>

Notes to the Cash Flow Statement

a) Reconciliation of Net Income before Other Gains and Losses to Net Cash Inflow from Operating Activities

	2011 £	2010 £
Net income before other gains and losses	1,153,501	614,013
Depreciation charge	31,119	18,508
Interest received	(44,883)	(4,585)
Decrease/(Increase) in debtors	1,180,525	(1,330,790)
(Decrease)/Increase in creditors	<u>(1,195,897)</u>	<u>1,577,143</u>
Net cash inflow from continuing operating activities	<u>1,124,365</u>	<u>874,289</u>

b) Reconciliation of Net Cash Flow to movement in Net Cash

	2011 £	2010 £
Increase in cash in the period	<u>1,003,782</u>	<u>851,246</u>
Movement in net cash in the year	1,003,782	851,246
Net cash at 1st April	<u>2,828,482</u>	<u>1,977,236</u>
Net cash at 31st March	<u>3,832,264</u>	<u>2,828,482</u>

c) Analysis of changes in Net Cash

	2011 £	2010 £
Cash at bank and in hand:		
At 1st April	2,828,482	1,977,236
Cash flows	1,003,782	851,246
At 31st March	<u>3,832,264</u>	<u>2,828,482</u>

Royal Philharmonic Orchestra Limited

Notes to the Financial Statements

For the year ended 31st March 2011

1 Accounting Policies

Accounting Convention

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005)

Statement of Financial Activities

As the company is a registered charity it has adapted the Companies Act formats to reflect the special nature of the Charity's activities

Incoming Resources

Incoming resources comprise total income from box office and hire of the Orchestra in respect of concerts, recordings, engagements and tours, including Arts Council grants, sponsorship fees and advertising, excluding VAT. The income and result for the year are wholly attributable to the principal activities of the company

Grants and Donations

Grants and donations are accounted for on a receivable basis and are credited to the Statement of Financial Activities when the conditions for receipt are met. Where grants are received for expenditure in future accounting periods these are treated as deferred income. Grants for capital expenditure are shown as restricted funds as referred to in the accounting policy below

Resources Expended

Performance related costs consist of performers' fees, venue and other costs, including marketing, which are specific to arranging performances. Governance costs include those costs incurred in the governance of the charity and are primarily associated with compliance with constitutional and statutory requirements. These include indirect costs that have been apportioned on the basis of time estimated to have been spent by management in governing the charity. Support costs have been allocated to activity cost categories on a basis consistent with the use of resources

Leases

Rentals under operating leases are charged to the Statement of Financial Activities in the period to which they relate

Depreciation and Capitalisation

The cost of fixed assets is written off on a straight line basis over the expected useful lives of the assets concerned except in the case of the library which is not depreciated because the cost of replacement of deteriorated items is charged wholly against income. The expected useful lives of the depreciated assets are as follows

Concert equipment	4 years
Office fittings and equipment	5 years
Motor vehicles	4 years
Computer equipment	3 years

Fixed assets of £500 or more are capitalised and depreciated over their expected useful lives on a straight line basis

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities

Restricted Funds

Restricted Funds are only used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by a donor or when funds are raised for particular restricted purposes. Purchases of fixed assets with restricted funds are deemed to be satisfied once the purchase has taken place. Therefore these restricted funds are released to unrestricted general funds unless the restriction is deemed to be on a permanent basis

Pensions

The company does not operate a pension scheme but contributes to employees' and musicians' personal pension arrangements. Contributions are charged to the Statement of Financial Activities on an accruals basis

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2011 (Continued)

2 Performance Related Activities	2011	2010
	£	£
Musicians' fees and associated costs	5,576,715	5,099,142
Venue costs	249,159	221,985
Transport and other costs	1,494,263	1,341,439
Event related advertising and marketing costs	249,847	227,833
Support costs (See note 3)	1,165,459	1,093,521
	<u>8,735,443</u>	<u>7,983,920</u>

3 Support costs

Support costs have been allocated to activities based on estimates of staff time

	Cost of generating funds	Performance	Governance	Total 2011	Total 2010
	£	£	£	£	£
Human resources	37,582	912,524	108,423	1,058,529	1,015,902
General office costs	-	147,903	3,525	151,428	143,034
Legal, professional and marketing costs	-	48,055	-	48,055	42,273
Finance and depreciation charges	-	56,977	-	56,977	29,653
Audit	-	-	10,853	10,853	10,413
	<u>37,582</u>	<u>1,165,459</u>	<u>122,801</u>	<u>1,325,842</u>	<u>1,241,275</u>

Human resources expenditure includes other staff costs such as training and recruitment

4 Net incoming resources	2011	2010
	£	£
Net incoming resources are stated after charging:		
Auditor's remuneration - audit services	10,853	10,413
Operating lease rentals	32,234	29,338
Depreciation of owned assets	31,119	18,508
	<u>74,206</u>	<u>58,259</u>

5 Staff Costs (including directors' emoluments)	2011	2010
	£	£
Salaries	896,407	859,264
Social security costs	101,317	98,760
Contributions to personal pension schemes	29,613	28,796
	<u>1,027,337</u>	<u>986,820</u>

Excluding Directors, one employee received remuneration in the range of £70,000 - £80,000 during the year

The average monthly number of persons employed by the company during the year was as follows

	2011	2010
	Number	Number
Performance related activities and marketing	16	17
Support	3	3
Governance	2	2
	<u>21</u>	<u>22</u>

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2011 (Continued)

6 Directors' Emoluments

The only members of the Board who receive payment for their administrative services as directors of the company are the Chairman and Managing Director

	2011	2010
	£	£
Aggregate emoluments	205,362	199,042
Contributions to personal pension arrangements	11,910	10,383
	217,272	209,425

The emoluments of one of the directors fell within the range £180,000-£190,000

The company contributed to the personal pension arrangements of one director

Expenses reimbursed to one director totalled £11,638 (2010 £13,765) in respect of travelling and subsistence costs

7 Transactions involving Directors and Related Parties

The directors who are playing members of the Orchestra receive performance fees on the same scale as those paid to other playing members. The amounts paid during the period in which they were directors are as follows

	Appointed	2011	2010
		£	£
E Chapman		35,121	37,874
H Kamminga		37,187	38,011
M Perry		48,357	39,328
A Sippings		37,949	36,604
S Willison-Kawalec	25-Nov-09	39,711	15,733
A Wright		45,478	41,573

The company hired music, on normal commercial terms, from Lisa Maclay, Ian Maclay's wife, amounting to £610 (2010 £600). Ian Maclay is engaged on a consultancy basis to provide artistic advice to Cadogan Hall, a venue where the orchestra often performs. The Royal Philharmonic Orchestra Trust held a minority shareholding in the Royal Philharmonic Orchestra Ltd at the end of the financial year of 1,300 shares (2010 800 shares)

8 Tangible Fixed Assets

	Computer Equipment	Motor Vehicles	Library	Concert Equipment	Office Fittings and Equipment	Total
Cost	£	£	£	£	£	£
At 31st March 2010	108,404	124,171	46,889	193,857	98,792	572,113
Additions	-	139,741	-	17,974	7,751	165,466
Disposals	-	(57,981)	-	-	-	(57,981)
At 31st March 2011	108,404	205,931	46,889	211,831	106,543	679,598
Depreciation						
At 31st March 2010	97,951	124,171	-	174,054	92,109	488,285
Provided during the year	4,973	13,312	-	8,847	3,987	31,119
Disposals	-	(57,979)	-	-	-	(57,979)
At 31st March 2011	102,924	79,504	-	182,901	96,096	461,425
Net Book Value						
At 31st March 2011	5,480	126,427	46,889	28,930	10,447	218,173
At 31st March 2010	10,453	-	46,889	19,803	6,683	83,828

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9	Investments	2011	2010
		£	£
	Shares in group company at cost	<u>2</u>	<u>2</u>

The company has a wholly owned subsidiary, RPO Licensing Limited, registered in England and Wales. This company did not trade during the year and accordingly consolidated accounts have not been prepared. These financial statements present information about the company only and not the group as a whole. The aggregate capital and reserves of RPO Licensing Limited amounted to £2 at 31 March 2010 and 2011.

10	Debtors	2011	2010
		£	£
	Trade debtors	316,120	578,137
	Other debtors	16,737	10,439
	Prepayments and accrued income	<u>257,066</u>	<u>1,181,871</u>
		<u>589,923</u>	<u>1,770,447</u>

11	Creditors: Amounts falling due within one year	2011	2010
		£	£
	Trade creditors	202,791	320,059
	Musicians' fees	427,114	622,718
	Social security and other taxes	151,367	81,902
	Other creditors	4,730	12,636
	Accruals and billings in advance	592,720	1,353,156
	Deferred grant income (see below)	<u>228,627</u>	<u>412,776</u>
		<u>1,607,349</u>	<u>2,803,247</u>

	Arts Council Sustain Programme	Other Grants	Total
	£	£	£
Movement of deferred grant income			
Brought forward at 1 April 2010	324,500	88,276	412,776
Received during the year	259,600	40,300	299,900
Transferred to Statement of Financial Activities	<u>(471,849)</u>	<u>(12,200)</u>	<u>(484,049)</u>
Balance at 31 March 2011	<u>112,251</u>	<u>116,376</u>	<u>228,627</u>

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For the year ended 31st March 2011 (Continued)

12 Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	218,175	-	218,175
Current assets	4,219,326	202,861	4,422,187
Current liabilities	(1,607,349)	-	(1,607,349)
	<u>2,830,152</u>	<u>202,861</u>	<u>3,033,013</u>

13 Called Up Share Capital

	Authorised		Allotted and Fully Paid	
	2011 £	2010 £	2011 £	2010 £
Ordinary shares of £10 each	<u>100,000</u>	<u>100,000</u>	<u>71,000</u>	<u>71,000</u>

The company's Memorandum of Association prohibits the payment of dividends, return of capital or distribution of surplus funds to the shareholders in the event of the winding up of the company. All ordinary shares carry full voting rights.

14 Restricted Funds

	Fundraising Project £	Educational Projects £	Sustain Projects £	Total £
Balance at 1st April 2010	176,597	16,264	-	192,861
Grants received during the year:				
Trusts, Foundations & Local Authorities	-	27,000	-	27,000
Donations	-	10,000	-	10,000
Arts Council England	-	-	471,849	471,849
Expenditure during the year	-	(27,000)	(356,849)	(383,849)
Transfer to unrestricted reserves	-	-	(115,000)	(115,000)
Balance at 31st March 2011	<u>176,597</u>	<u>26,264</u>	<u>-</u>	<u>202,861</u>

The Fundraising Project, represents the proceeds from a fundraising event which took place in October 2006 at Buckingham Palace to celebrate the orchestra's 60th anniversary and its continuing artistic work in developing the Community and Education Programme.

Educational projects cover a range of participative activities in the Community with young homeless people, youth clubs, elderly peoples homes, the probation service, schools and families.

Sustain projects during the year were funded by grants from Arts Council England to ensure continuity of best class artistic activities during recessionary times. These projects include, the purchase of a replacement vehicle to transport musical instruments between venues, extra rehearsals with selected conductors, sustaining concerts in regional geographical areas of England, outside of London and preservation of the Education and Community Programme.

The transfer to unrestricted funds of £115,000 represents a contribution towards the purchase of a new vehicle which has been capitalised. Purchases of fixed assets with restricted funds are deemed to be satisfied once the purchase has taken place. Therefore these restricted funds are released to unrestricted general funds unless the restriction is deemed to be on a permanent basis.

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(Continued)

15 Reconciliation of Movement in Reserves	2011	2010
	£	£
Net incoming resources for the year		
Unrestricted	1,143,501	620,013
Restricted	10,000	(6,000)
	<u>1,153,501</u>	<u>614,013</u>
Total reserves at 1st April	1,879,512	1,265,499
Total reserves at 31st March	<u><u>3,033,013</u></u>	<u><u>1,879,512</u></u>

16 Operating Lease

The company has annual commitments under a non-cancellable operating lease as follows

	2011	2010
	£	£
Operating lease which expires		
In less than one year	19,476	19,568
	<u>19,476</u>	<u>19,568</u>

17 Exceptional Item

There were no exceptional items during the financial year. However, during the previous financial year, Her Majesty's Revenue and Customs agreed settlement of a long standing VAT claim relating to the years 1990 to 1996. This resulted in a VAT refund, including interest of £654,138. Consultancy costs of £164,927 were necessarily incurred in order to successfully secure this refund. Both the refund of £654,138 and the consultancy costs of £164,927 were treated as exceptional items.

