

# ROYAL PHILHARMONIC ORCHESTRA LIMITED

Company No. 00763836  
Registered Charity No. 244533

## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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# Royal Philharmonic Orchestra Limited

## Company Information

### Directors

A Sippings (Chairman)  
A Wright (Vice Chairman)  
I Maclay (Managing Director)  
E Chapman (resigned 01 November 2011)  
S Corbyn (resigned 26 April 2012)  
B Cunningham (appointed 01 November 2011)  
C Fairweather  
R Gubbay (appointed 01 November 2011)  
H Kamminga  
M Perry  
S Willison-Kawalec

### Company Secretary

M Johnson

### 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

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 31<sup>st</sup> March 2012

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 2012, which have been prepared under the Companies Act 2006 and the Charities Act 2011. 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 17 of the Charities Act 2011 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 Trustees 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, Gubbay 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 exciting yet challenging year, 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. Despite a difficult economic climate, the orchestra continued to successfully balance investment in the orchestra's own promotion concerts and fee earning engagements, generating a total deficit of £27,704 during the year to 31 March 2012 (2011 - £1,153,501 surplus). The net deficit for the year of £25,669 in unrestricted funds included a highly successful and extensive coast to coast tour around the United States of America and Canada, a prestigious tour around Europe with Maestro Dutoit, as well as acclaimed concerts throughout the UK. A £2,035 deficit on restricted funds reflects expenditure of £206,043 largely funded by a Sustain grant received from Arts Council England received in the previous year and also donations for education work in the community.

As a result of the Government's Comprehensive Spending Review, core funding received from Arts Council England was cut by 7%. However, the orchestra continued to receive in addition to its core funding, significant support from the Arts Council under

# Report of the Trustees of The Royal Philharmonic Orchestra Limited

## Year Ended 31<sup>st</sup> March 2012

their Sustain Programme £177,151 of the Sustain grant was used during the financial year to meet costs of extra rehearsals, concerts performed in the regions throughout the UK and invaluable community and education work with the young and vulnerable during these economic recessionary times

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 2011/12 was a financially challenging year for the RPO yet musically inspirational. 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

Despite incurring a deficit of £27,704, the RPO enjoyed an encouraging year and continues to invest funds into the orchestra to ensure that artistic plans for future years are sustainable. The continuing role of Charles Dutoit as Artistic Director and Principal Conductor ensured that the RPO's musical standards were in safe hands. Maestro Dutoit's influence over the programming and playing standards of the orchestra was immense and he also enabled the RPO to attract top quality musicians to fill any vacancies that occurred during the year.

Pinchas Zukerman continued to play a prominent part in the artistic life of the RPO and his work with the players, especially the strings, continued to pay dividends. The RPO continued to offer the very best young conductors an opportunity to perform in London and in the regions and this included debuts for Alexander Shelley, Rory MacDonald, Fabien Gabel and Nicholas Collon all of whom made a significant impact and should play important parts in the RPO's future.

The RPO also endeavours to offer young British soloists the chance to play with a major orchestra wherever possible. The orchestra's series at Cadogan Hall is an excellent example of this and these concerts were generally repeated throughout the regions with great success.

Although it has been a difficult year financially, it is pleasing to note that all the RPO Orchestral Residencies have been renewed and in some cases increased. The series in Lowestoft, Northampton, Crawley, Ipswich, Cambridge, Croydon, Dartford and Reading continue to flourish and have been added to by new relationships with Southend and Scunthorpe. The lack of local authority funding is a continuing problem which looks likely to deteriorate further and therefore additional income will need to be raised to ensure that these series can continue at their current level.

The governance and management of the orchestra was largely unchanged apart from additional staff being recruited to support the RESOUND programme and the extra marketing promotion required for the regional concerts. The appointment of a new Director of Development is also an indication of the orchestra's commitment to raising more funds from private and commercial sources.

### Other achievements

- In spite of countrywide economic difficulties the RPO managed to maintain every single one of its regional residencies and has added a further two towns to its regional portfolio.
- As in the previous year, attendances for performances featuring the RPO topped half a million. This illustrates the wide variety of events the orchestra is involved in and the diversity of the public it attracts. This is across the orchestral spectrum from a large scale concert at the Royal Albert Hall with 5,000 in the audience to a concert in the RPO's series in the Marina Theatre Lowestoft with a full house of 750. The RPO will appear wherever there is a demand as its record of playing in more than 70 different towns and cities will testify.
- The RPO's education and outreach team – RESOUND – goes from strength to strength and had its busiest year yet with successful projects in most of the residency towns, but also extensive work in Hertfordshire and Essex. Relationships with several London boroughs have grown year on year and the expanding relationship with the London Borough of Newham is an outstanding example. RESOUND has continued its demanding work in hospices and prisons and one prison project in Hemel Hempstead was the subject of a BBC Radio 2 documentary.
- The RPO enjoyed splendid reviews of the hugely successful 24 concert coast to coast tour of the USA with major conductors Charles Dutoit and Pinchas Zukerman.
- Cadogan Hall series played to packed houses in London and was used as a springboard for the regional touring programme. Several young British conductors were identified and given the opportunity to work with the RPO in London and in the regions in concentrated programmes of work.

### Related Parties

The Royal Philharmonic Orchestra Trust, is an independently controlled but connected charity. It was established on 9<sup>th</sup> 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 31<sup>st</sup> March 2012

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 (2011 -£45,500). At 5<sup>th</sup> April 2012, net assets in the unaudited accounts of the Royal Philharmonic Orchestra Trust were £490,190 (2011 -£491,702), which included cash of £8,605 (2011 - £8,117).

### Reserves

The Trustees consider that the company's reserves should be maintained at least between one and two years Arts Council core funding (£969,145 for 2012/13) to enable the Orchestra to survive difficult and unpredictable market conditions. At 31 March 2012, free reserves had risen to £2,565,338 (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 scrutiny.

### Plans for the Future

With decreases in our core grant from Arts Council England and also local authority funding, this challenges the RPO to look to raise significant funds elsewhere. The fund raising division of the RPO has been enhanced and there is a programme of activity in place to improve the orchestra's fund raising capability. Targets have been set and will need to be achieved so that sufficient money is raised to support the RPO's regional programme in 2012/13 and beyond.

Other sources of income are being actively pursued and the improvement in income from downloads and streaming is an encouraging sign for the future which should make a valuable contribution for years to come.

Internationally, the RPO receives great acclaim and plays in 19 countries around the world. It continues the residency at the prestigious Montreux Music Festival in Switzerland. The RPO has always relied on income from foreign tours to subsidise its UK activity. With financial uncertainty hanging over much of Western Europe, the income from this area, especially in the south of the continent, has almost evaporated. We are making strenuous efforts to cultivate markets further afield, in Asia - principally China and South Korea, the former Soviet states like Azerbaijan as well as Russia itself and South America - most notably Brazil. In the long term it will be vitally important to make strong partnerships in these markets as they will provide a vital source of income for the RPO as we need to secure the commitment of our major conductors and to finance the search for exciting new, young artists who will be the future of the orchestra.

Excellent work continues with the London boroughs in the run up to the Olympics. This is highlighted by the expansion of the RESOUND programme in Newham. Year round work on a huge Olympic Event culminating in a concert at the Royal Albert Hall involving 3,500 children of all ages performing a five movement Olympic symphony is a prime example of the innovative, ground-breaking work of the RPO's education and outreach team - RESOUND.

### 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 programmes of National Portfolio, Sustain and Managed Funds. This funding continues to be critical to the delivery of a wide ranging and highly successful musical programme.

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 Brentwood Essex, Cambridge, St Alban's and Stevenage
- The Music Services of Hertfordshire and Northampton
- The Mayor's Greater London Authority's Music Education Fund
- Orchestras Live
- John Lyon's Charity
- Individual benefactors

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

# Report of the Trustees of The Royal Philharmonic Orchestra Limited

## Year Ended 31<sup>st</sup> March 2012

### 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

19<sup>th</sup> October 2012

# 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 2012 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 2012 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 22 October 2012

**Royal Philharmonic Orchestra Limited**  
**Statement of Financial Activities**  
**For the year ended 31st March 2012**

	Note	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
<b>INCOME AND EXPENDITURE</b>					
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income					
Grants from the Arts Council		940,917	179,278	1,120,195	1,482,501
Donations		249,135	-	249,135	80,349
Investment income		60,779	-	60,779	44,883
<i>Incoming resources from charitable activities</i>					
Box office, orchestra hire and fees		7,616,901	-	7,616,901	8,218,992
Grants for educational projects		-	26,765	26,765	27,000
Other income		149,097	-	149,097	195,602
<b>Total Incoming Resources</b>		<u>9,016,829</u>	<u>206,043</u>	<u>9,222,872</u>	<u>10,049,327</u>
<b>Charitable Expenditure</b>					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	3	39,338	-	39,338	37,582
<i>Charitable activities</i>					
Performance related activities	2	8,879,347	206,043	9,085,390	8,735,443
Governance costs	3	125,848	-	125,848	122,801
<b>Total Resources Expended</b>		<u>9,044,533</u>	<u>206,043</u>	<u>9,250,576</u>	<u>8,895,826</u>
<b>Net (outgoing)/incoming resources for the year</b>	4	(27,704)	0	(27,704)	1,153,501
Transfer From Restricted to Unrestricted Funds	14	2,035	(2,035)	0	-
Net movement in funds		(25,669)	(2,035)	(27,704)	1,153,501
Total funds brought forward		<u>2,759,152</u>	<u>202,861</u>	<u>2,962,013</u>	<u>1,808,512</u>
<b>Total funds carried forward</b>		<u>2,733,483</u>	<u>200,826</u>	<u>2,934,309</u>	<u>2,962,013</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 2012**

	Note	2012 £	2012 £	2011 £	2011 £
<b>Fixed Assets</b>					
Tangible assets	8		168,143		218,173
Investments	9		<u>2</u>		<u>2</u>
			168,145		218,175
<b>Current Assets</b>					
Debtors	10	527,425		589,923	
Cash at bank and in hand		<u>3,958,829</u>		<u>3,832,264</u>	
		4,486,254		4,422,187	
<b>Creditors: Amounts falling due within one year</b>	11				
		<u>(1,649,090)</u>		<u>(1,607,349)</u>	
<b>Net Current Assets</b>			<u>2,837,164</u>		<u>2,814,838</u>
<b>Total Assets less Current Liabilities</b>			3,005,309		3,033,013
<b>Net Assets</b>	12		<u><u>3,005,309</u></u>		<u><u>3,033,013</u></u>
<b>Capital and Reserves</b>					
Called up share capital	13		71,000		71,000
Unrestricted funds			2,733,483		2,759,152
Restricted funds	14		<u>200,826</u>		<u>202,861</u>
<b>Total Capital and Reserves</b>	15		<u><u>3,005,309</u></u>		<u><u>3,033,013</u></u>

Approved by the board and authorised for issue on 19 October 2012



**Andrew Sippings**  
Chairman

Company no 00763836

**Royal Philharmonic Orchestra Limited**  
**Cash Flow Statement**  
**For the year ended 31st March 2012**

	Note	2012 £	2012 £	2011 £	2011 £
<b>Net cash inflow from operating activities</b>	a		68,993		1,124,365
<b>Returns on investment and servicing of finance</b>					
Interest received		60,779		44,883	
Dividends received		-		-	
			60,779		44,883
<b>Capital expenditure and financial investment</b>					
Payments made to acquire tangible assets			(3,207)		(165,466)
<b>Increase in cash</b>	b		<u>126,565</u>		<u>1,003,782</u>

**Notes to the Cash Flow Statement**

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

	2012 £	2011 £
Net (loss)/income before other gains and losses	(27,704)	1,153,501
Depreciation charge	53,237	31,119
Interest received	(60,779)	(44,883)
Decrease/(Increase) in debtors	62,498	1,180,525
(Decrease)/Increase in creditors	41,741	(1,195,897)
Net cash inflow from continuing operating activities	<u>68,993</u>	<u>1,124,365</u>

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

	2012 £	2011 £
Increase in cash in the period	<u>126,565</u>	<u>1,003,782</u>
Movement in net cash in the year	126,565	1,003,782
Net cash at 1st April	<u>3,832,264</u>	<u>2,828,482</u>
Net cash at 31st March	<u>3,958,829</u>	<u>3,832,264</u>

**c) Analysis of changes in Net Cash**

	2012 £	2011 £
<b>Cash at bank and in hand</b>		
At 1st April	3,832,264	2,828,482
Cash flows	126,565	1,003,782
At 31st March	<u>3,958,829</u>	<u>3,832,264</u>

# Royal Philharmonic Orchestra Limited

## Notes to the Financial Statements

### For the year ended 31st March 2012

#### 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 2012 (Continued)**

2 Performance Related Activities	2012	2011
	£	£
Musicians' fees and associated costs	5,055,793	5,576,715
Venue costs	271,672	249,159
Transport and other costs	2,224,920	1,494,263
Event related advertising and marketing costs	306,150	249,847
Support costs (See note 3)	1,226,855	1,165,459
	<u>9,085,390</u>	<u>8,735,443</u>

**3 Support costs**

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

	Cost of generating funds	Performance	Governance	Total 2012	Total 2011
	£	£	£	£	£
Human resources	39,338	925,292	112,067	1,076,697	1,058,529
General office costs	-	163,430	3,408	166,838	151,428
Legal, professional and marketing costs	-	66,582	-	66,582	48,055
Finance and depreciation charges	-	71,551	-	71,551	56,977
Audit	-	-	10,373	10,373	10,853
	<u>39,338</u>	<u>1,226,855</u>	<u>125,848</u>	<u>1,392,041</u>	<u>1,325,842</u>

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

4 Net incoming resources	2012	2011
	£	£
Net incoming resources are stated after charging:		
Auditor's remuneration - audit services	10,373	10,853
Operating lease rentals	32,436	32,234
Depreciation of owned assets	53,237	31,119
	<u>96,046</u>	<u>74,206</u>

**5 Staff Costs (including directors' emoluments)**

	2012	2011
	£	£
Salaries	904,911	896,407
Social security costs	107,736	101,317
Contributions to personal pension schemes	32,064	29,613
	<u>1,044,711</u>	<u>1,027,337</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

	2012	2011
	Number	Number
Performance related activities and marketing	17	16
Support	3	3
Governance	2	2
	<u>22</u>	<u>21</u>

**Royal Philharmonic Orchestra Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2012 (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

	2012	2011
	£	£
Aggregate emoluments	211,022	205,362
Contributions to personal pension arrangements	11,220	11,910
	222,242	217,272

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 £13,943 (2011 £11,638) 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	Resigned	2012	2011
			£	£
E Chapman		01-Nov-11	18,919	35,121
B Cunningham	01-Nov-11		17,105	-
H Kammunga			37,385	37,187
M Perry			48,136	48,357
A Sippings			36,822	37,949
S Willison-Kawalec			36,009	39,711
A Wright			45,840	45,478

On 01 November 2011 Mr Raymond Gubbay was appointed a non-playing director. Mr Gubbay received no fees for his directorship of the Royal Philharmonic Orchestra. Mr Gubbay is Chairman and a director of Raymond Gubbay Limited which is a customer of the Royal Philharmonic Orchestra. During the year, the orchestra received £786,537 income on normal commercial terms from Raymond Gubbay Limited for concert performance fees and CD sales. At the end of the financial year, Raymond Gubbay Limited owed the orchestra £139,944 all of which has been paid in full after 31 March 2012.

The company hired music, on normal commercial terms, from Lisa Maclay, Ian Maclay's wife, amounting to £800 (2011 £610). 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 1,100 shares (2011 1,300 shares).

**8 Tangible Fixed Assets**

	Computer Equipment	Motor Vehicles	Library	Concert Equipment	Office Fittings and Equipment	Total
Cost	£	£	£	£	£	£
At 31st March 2011	108,404	205,931	46,889	211,831	106,543	679,598
Additions	600	-	-	2,082	525	3,207
Disposals	-	-	-	-	-	-
At 31st March 2012	109,004	205,931	46,889	213,913	107,068	682,805
<b>Depreciation</b>						
At 31st March 2011	102,924	79,504	-	182,901	96,096	461,425
Provided during the year	4,493	34,933	-	11,085	2,726	53,237
Disposals	-	-	-	-	-	-
At 31st March 2012	107,417	114,437	-	193,986	98,822	514,662
<b>Net Book Value</b>						
At 31st March 2012	1,587	91,494	46,889	19,927	8,246	168,143
At 31st March 2011	5,480	126,427	46,889	28,930	10,447	218,173

**Royal Philharmonic Orchestra Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2012 (Continued)**

<b>9</b>	<b>Investments</b>	<b>2012</b>	<b>2011</b>
		£	£
	Shares in group company at cost	2	2

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 2011 and 2012.

<b>10</b>	<b>Debtors</b>	<b>2012</b>	<b>2011</b>
		£	£
	Trade debtors	254,522	316,120
	Other debtors	24,105	16,737
	Prepayments and accrued income	248,798	257,066
		527,425	589,923

<b>11</b>	<b>Creditors: Amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
		£	£
	Trade creditors	162,577	202,791
	Musicians' fees	487,279	427,114
	Social security and other taxes	164,896	151,367
	Other creditors	2,461	4,730
	Accruals and billings in advance	801,952	592,720
	Deferred grant income (see below)	29,925	228,627
		1,649,090	1,607,349

	Arts Council Sustain Programme £	Other Grants £	Total £
<b>Movement of deferred grant income</b>			
Brought forward at 1 April 2011	112,251	116,376	228,627
Received during the year	64,900	1,000	65,900
Transferred to Statement of Financial Activities	(177,151)	(87,451)	(264,602)
Balance at 31 March 2012	-	29,925	29,925

**Royal Philharmonic Orchestra Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2012 (Continued)**

**12 Analysis of Net Assets between Funds**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	168,145	-	168,145
Current assets	4,285,428	200,826	4,486,254
Current liabilities	(1,649,090)	-	(1,649,090)
	<u>2,804,483</u>	<u>200,826</u>	<u>3,005,309</u>

**13 Called Up Share Capital**

	2012 £	Authorised 2011 £	2012 £	Allotted and Fully Paid 2011 £
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 2011	176,597	26,264	-	202,861
Grants received during the year				
Trusts, Foundations & Local Authorities	-	26,765	-	26,765
Donations	-	-	-	-
Arts Council England	-	2,127	177,151	179,278
Expenditure during the year	-	(28,892)	(177,151)	(206,043)
Transfer to unrestricted reserves	-	(2,035)	-	(2,035)
Balance at 31st March 2012	<u>176,597</u>	<u>24,229</u>	<u>-</u>	<u>200,826</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, extra rehearsals with selected conductors sustaining concerts in regional geographical areas of England, outside of London and the preservation of the Education and Community Programme.

The transfer to unrestricted funds of £2,035 represents a contribution towards an education project in the community funded by a donation received during 2010.

**Royal Philharmonic Orchestra Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2012**  
**(Continued)**

<b>15 Reconciliation of Movement in Reserves</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Net incoming resources for the year		
Unrestricted	(25,669)	1,143,501
Restricted	(2,035)	10,000
	<u>(27,704)</u>	<u>1,153,501</u>
Total reserves at 1st April	3,033,013	1,879,512
Total reserves at 31st March	<u><u>3,005,309</u></u>	<u><u>3,033,013</u></u>

**16 Operating Lease**

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

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating lease which expires		
In less than one year	5,902	19,476
	<u>5,902</u>	<u>19,476</u>