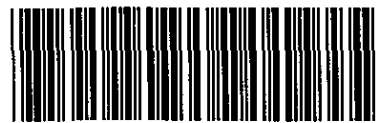


ROYAL PHILHARMONIC ORCHESTRA LIMITED

Company No. 00763836
Registered Charity No. 244533

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

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Royal Philharmonic Orchestra Limited

Company Information

Directors

A Sippings (Chairman)
A Wright (Vice Chairman)
I Maclay (Managing Director)
S Corbyn (resigned 26 April 2012)
B Cunningham
C Fairweather
R Gubbay CBE
J Hallett (appointed 13 November 2012)
W Heggart (appointed 13 November 2012)
H Kamminga (resigned 13 November 2012)
P Lumley (appointed 01 January 2013)
M Perry (resigned 13 November 2012)
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

Collyer Bristow LLP
4 Bedford Row
London WC1R 4DF

Registered Office

16 Clerkenwell Green
London EC1R 0QT

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2013

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 2013, 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, Lumley 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

Despite challenging economic conditions, the orchestra experienced another varied and exciting year in its artistic, learning and commercial activities. Against a background of financial uncertainty, we are pleased that the RPO has sustained its record audience levels and in some areas even seen an increase. This is especially gratifying in the regional areas of the UK where local authority grant cuts have made the deepest impact and where promoting responsibility has fallen on the RPO. We continue to build on the excellence of the orchestra's artistic programme across musical genres, geographical boundaries, differing age-groups, a broad range of social strata and diverse cultural backgrounds. Throughout this difficult economic period, the RPO continued successfully to balance investment in the orchestra's own promotion concerts and fee earning engagements, resulting in a total deficit of £33,331 during the year to 31 March 2013 (2012 - £27,704). The net surplus for the year of £23,804 in unrestricted funds included highly successful tours to China, Azerbaijan and Muscat as well as a variety of acclaimed concerts throughout the UK. A £57,135 deficit on restricted funds reflects expenditure of £306,042 on concerts, recording sessions and education activities funded by specific donations for education work in the community received in prior years and also in the current year. In addition, the RPO submitted a successful application to Arts Council England for the Catalyst capacity building programme and received £80,000 during the year to develop the orchestra's fundraising activities.

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2013

As a result of the Government's Comprehensive Spending Review, core funding received from Arts Council England was maintained at the prior year's level. 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 2012/13 was a financially challenging year for the RPO yet musically inspirational. The orchestra continues to be robust in championing its achievements whilst enhancing its reputation for enterprise without compromising its standards of excellence.

Achievement & Performance

Despite incurring a deficit of £33,331, 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 continue to attract top quality musicians.

Amongst the many landmark events in the year there was a Queen's Diamond Jubilee Tour which included London and several cities around the UK. This featured the cream of young British soloists like Alison Balsom, Nicola Benedetti and Natalie Clein. There was also a sold out UK tour with violinist Nigel Kennedy. There were several memorable overseas tours with Charles Dutoit including the Granada, Montreux and Shanghai Festivals plus a long residency at the Qabala Festival in Azerbaijan.

The RPO engages the premier conductors and soloists to appear with the orchestra. This enables the RPO to enhance its reputation and provide performances of the highest quality, on a national basis. Sufficient rehearsal time is allocated to ensure that stimulating and interesting programmes can be scheduled. The high level of repeat engagements and increased audience numbers indicate that we achieve what we set out to do and it is gratifying to receive positive feedback from venue managements and members of the public after the performances. Equally, the newspaper and online concert reviews provide us with objective appraisals of the orchestra's work.

The RPO is committed to providing opportunities for young British artists. This policy has borne particular fruit in 2012/13 with several conductors developing their relationships with the RPO and having the chance to conduct the orchestra in a series of concerts, including London, and a selection of our regional residencies. This is of enormous help with spreading rehearsal costs over several performances. It is anticipated that several of these conductors will develop outstanding careers.

To expand the number of people hearing orchestral music for the first time the RPO series at the Royal Albert Hall has been increased to twelve concerts a year and the average number of attendees broke the 4,000 barrier for the first time, with as many as 20% of the audience attending a concert for the first time.

The RPO continues to expand its reach, carefully developing a network of regional orchestral residencies. Two more residencies were added in 2012/13 bringing the number to thirteen. At this level of regional commitment, programming and travel is being co-ordinated to give best value for money.

The RPO Community and Education programme enters its 20th anniversary with increased demand from all over the country. There has been much activity in the London boroughs, most notably Newham, as well as an extensive support programme in each of the regional residencies embracing projects with the elderly, the chronically ill as well as the numerous programmes of work with young people of all ages. In addition, RPO Resound undertakes its programme of community and education work in support of the public concert series and given that RPO Resound's level of activity has increased by 18% in the past year this provides a good indication of how successful this area of the orchestra's work has become. RPO Resound also uses the Royal Albert Hall for events reflecting the programmes and, in conjunction with the venue, stages projects that attract children from all over London, most of whom are having their first opportunity to hear an orchestra live.

Over 9000 children and young people took part in the orchestra's community and education programme RPO Resound during the year through a multitude of different projects and activities. From facilitated open rehearsal experiences, which provide first access to live orchestral performance, through to integrated creative projects working intensively with participants to devise and perform their own works alongside professional musicians from the orchestra. In a significant year for music education with the introduction of Hubs and the changing funding landscapes, the RPO has maintained its emphasis on building and maintaining strong partnerships with its music education sector colleagues across the country, specifically in the areas where the orchestra is resident and performing. The education strands of the RPO Resound programme saw the orchestra working with children and young people in both formal and informal settings across the UK, with particular successes including the delivery of First Time Live orchestral concerts specifically designed for, and more importantly by, Key Stage 2 & 3 children in culturally deprived areas around Hull and Scunthorpe. Another highlight of the year was a massed participatory concert filling the Royal Albert Hall with an orchestra of 250 young musicians from across three London boroughs performing alongside the RPO, with the support of a fully participatory audience of 3,400 primary schools choirs. The RPO Resound education programmes also saw pioneering international work with the Caribbean's first Music Education and String Orchestra tour, where RPO Resound devised and delivered a fully integrated tour to Jamaica working with children from some of the most challenging slum areas of Kingston.

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2013

We are pleased that concentrated resource in fundraising efforts, have doubled the orchestra's contributed income as a percentage of total income, from 4% in 2011/12 to 8% in 2012/13. There has been a co-ordinated focus on developing this strategic area. With the assistance of an ACE Catalyst Grant the RPO's fundraising department has been enhanced by the appointment of an experienced Development Director with a proven track record to spearhead the RPO's fundraising capability. This has led to the formation of the RPO Advisory Council and the RPO Development Board. Both these groups, co-ordinated by a newly appointed Development Director, comprise well-connected and influential business people with a diverse range of networks and skill sets and are dedicated to the long-term financial stability and future of the RPO. The RPO Advisory Council and RPO Development Board report to the RPO's main Board, via their respective Chairmen. Membership of both groups is on a voluntary basis and their efforts are already showing promising and significant results.

The orchestra has developed its digital communication channels with audiences whilst being sensitive to concert-goers who still also respond to traditional forms of marketing. A key area of digital investment has been the development of a monthly e-newsletter called Ovation, written by a known and well informed journalist (Hannah Nepil). Offering more than just concert information and sales messages, Ovation is designed to inform and offer an insight into the orchestra and associated artists. The quality has recently been enhanced by the introduction of short video clips which have proven to be very successful with above average open rates of 26.27%.

The RPO continues to be at the forefront of demonstrating equality and diversity in the orchestra's life, by appointing talented soloists and conductors in front line positions who are diverse role models. The RPO celebrated Alexandra Danescu's debut performance as Romania's first female soloist at the Royal Albert Hall & also concerts in Bexhill & Watford. The world premiere of a suite composed and orchestrated by Wael Binali was showcased at a concert entitled "A Celebration of Cultural Diversity" at Cadogan Hall which included a pre-concert discussion on cultural diversity. The orchestra achieved wide media coverage of a highly successful series of workshops with young partially sighted and blind school children, culminating in a multi-sensory audio performance with RPO musicians in the London Aquarium. In addition, the RPO has a strong commitment to promote equal opportunities throughout recruitment, selection, advertising, training and career development by continuing to ensure that all staff and musicians sign up to and live the orchestra's equal opportunities and diversity policy.

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.

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 (2012 -£45,500). At 5th April 2013, net assets in the unaudited accounts of the Royal Philharmonic Orchestra Trust were £490,190 (2012 -£490,190), which included cash of £8,605 (2012 - £8,605).

Reserves

The Trustees consider that the company's reserves should be maintained at least between one and two years Arts Council core funding (£945,502 for 2013/14) to enable the Orchestra to survive difficult and unpredictable market conditions. At 31 March 2013, free reserves had risen to £2,610,143 (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 continual scrutiny.

Plans for the Future

Although there are sure to be many financial challenges ahead, the RPO is determined to maintain and indeed expand its regional commitments and add to the growing list of its orchestral residencies around the country.

In London, Charles Dutoit leads the major concert commitments with performances of French repertoire including Berlioz's *Damnation of Faust*. Major tours abroad include a three week tour of the Far East with Dutoit and Principal Guest Conductor Pinchas Zukerman leads the RPO on an American tour in January. There will be a Royal Gala Concert in Windsor Castle in November to celebrate RPO RESOUND's 20 anniversary.

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2013

Acknowledgements

The RPO would like to express its very deep appreciation to its kind and generous benefactors 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, Catalyst and Managed Funds. This funding continues to be critical to the delivery of a wide ranging and highly successful musical programme.

The Trustees are especially and deeply appreciative of the huge commitment of the orchestra's musicians, administration staff and volunteers in continuing to ensure that the RPO remains 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

8th October 2013

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 2013 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 2013 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.

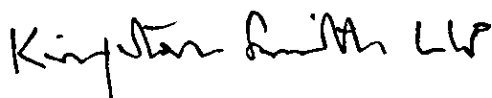
Opinion on other matters prescribed by the Companies Act

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 9 October 2013

Royal Philharmonic Orchestra Limited
Statement of Financial Activities
For the year ended 31st March 2013

	Note	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
INCOME AND EXPENDITURE					
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Voluntary income					
Grants from the Arts Council		940,917	133,873	1,074,790	1,120,195
Donations/Sponsorship		65,683	183,182	248,865	249,135
Investment income		69,659	-	69,659	60,779
<i>Incoming resources from charitable activities</i>					
Box office, orchestra hire and fees		6,400,456	-	6,400,456	7,616,901
Grants for educational projects		-	11,852	11,852	26,765
Other income		195,238	-	195,238	149,097
Total Incoming Resources		<u>7,671,953</u>	<u>328,907</u>	<u>8,000,860</u>	<u>9,222,872</u>
Charitable Expenditure					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	3	36,270	80,000	116,270	39,338
<i>Charitable activities</i>					
Performance related activities	2	7,481,236	306,042	7,787,278	9,085,390
Governance costs	3	130,643	-	130,643	125,848
Total Resources Expended		<u>7,648,149</u>	<u>386,042</u>	<u>8,034,191</u>	<u>9,250,576</u>
Net incoming/(outgoing) resources for the year	4	23,804	(57,135)	(33,331)	(27,704)
Total funds brought forward		<u>2,733,483</u>	<u>200,826</u>	<u>2,934,309</u>	<u>2,962,013</u>
Total funds carried forward		<u>2,757,287</u>	<u>143,691</u>	<u>2,900,978</u>	<u>2,934,309</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 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed Assets					
Tangible assets	8		147,142		168,143
Investments	9		<u>2</u>		<u>2</u>
			147,144		168,145
Current Assets					
Debtors	10	684,917		527,425	
Cash at bank and in hand		<u>3,404,467</u>		<u>3,958,829</u>	
		4,089,384		4,486,254	
Creditors: Amounts falling due within one year	11			<u>(1,649,090)</u>	
			<u>2,824,834</u>		<u>2,837,164</u>
Net Current Assets					<u>2,837,164</u>
Total Assets less Current Liabilities			2,971,978		3,005,309
Net Assets	12		<u><u>2,971,978</u></u>		<u><u>3,005,309</u></u>
Capital and Reserves					
Called up share capital	13		71,000		71,000
Unrestricted funds			2,757,287		2,733,483
Restricted funds	14		<u>143,691</u>		<u>200,826</u>
Total Capital and Reserves	15		<u><u>2,971,978</u></u>		<u><u>3,005,309</u></u>

Approved by the board and authorised for issue on 8th October 2013



Andrew Sippings
Chairman

Company no 00763836

Royal Philharmonic Orchestra Limited
Cash Flow Statement
For the year ended 31st March 2013

	Note	2013 £	2013 £	2012 £	2012 £
Net cash (outflow)/inflow from operating activities	a		(593,867)		68,993
Returns on investment and servicing of finance					
Interest received		69,659		60,779	
Dividends received		<u>-</u>	69,659	<u>-</u>	60,779
Capital expenditure and financial investment					
Payments made to acquire tangible assets			(30,154)		(3,207)
(Decrease)/Increase in cash	b		<u>(554,362)</u>		<u>126,565</u>

Notes to the Cash Flow Statement

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

	2013 £	2012 £
Net (loss)/income before other gains and losses	(33,331)	(27,704)
Depreciation charge	51,155	53,237
Interest received	(69,659)	(60,779)
Decrease/(Increase) in debtors	(157,492)	62,498
(Decrease)/Increase in creditors	<u>(384,540)</u>	<u>41,741</u>
Net cash (outflow)/inflow from continuing operating activities	<u>(593,867)</u>	<u>68,993</u>

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

	2013 £	2012 £
(Decrease)/Increase in cash in the period	<u>(554,362)</u>	<u>126,565</u>
Movement in net cash in the year	(554,362)	126,565
Net cash at 1st April	<u>3,958,829</u>	<u>3,832,264</u>
Net cash at 31st March	<u><u>3,404,467</u></u>	<u><u>3,958,829</u></u>

c) Analysis of changes in Net Cash

	2013 £	2012 £
Cash at bank and in hand		
At 1st April	3,958,829	3,832,264
Cash flows	(554,362)	126,565
At 31st March	<u><u>3,404,467</u></u>	<u><u>3,958,829</u></u>

Royal Philharmonic Orchestra Limited

Notes to the Financial Statements

For the year ended 31st March 2013

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
Warehouse fittings and equipment	10 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 2013 (Continued)

2	Performance Related Activities	2013	2012
		£	£
	Musicians' fees and associated costs	4,661,285	5,055,793
	Venue costs	276,002	271,672
	Transport and other costs	1,350,370	2,224,920
	Event related advertising and marketing costs	264,124	306,150
	Support costs (See note 3)	1,235,497	1,226,855
		<u>7,787,278</u>	<u>9,085,390</u>

3 Support costs

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

	Cost of generating funds	Performance	Governance	Total 2013	Total 2012
	£	£	£	£	£
Human resources	113,219	964,176	116,338	1,193,733	1,076,697
General office costs	-	150,175	3,605	153,780	166,838
Legal, professional and marketing costs	3,051	77,892	-	80,943	66,582
Finance and depreciation charges	-	43,254	-	43,254	71,551
Audit	-	-	10,700	10,700	10,373
	<u>116,270</u>	<u>1,235,497</u>	<u>130,643</u>	<u>1,482,410</u>	<u>1,392,041</u>

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

4	Net incoming resources	2013	2012
		£	£
	Net incoming resources are stated after charging		
	Auditor's remuneration - audit services	10,700	10,373
	Operating lease rentals	22,580	32,436
	Depreciation of owned assets	51,155	53,237
		<u>84,435</u>	<u>96,046</u>

5 Staff Costs (including directors' emoluments)

		2013	2012
		£	£
	Salaries	1,007,553	904,911
	Social security costs	118,005	107,736
	Contributions to personal pension schemes	32,668	32,064
		<u>1,158,226</u>	<u>1,044,711</u>

Excluding Directors, the number of employees receiving remuneration in excess of £60,000 were

		2013	2012
		Number	Number
	£60,000 to £70,000	3	-
	£80,000 to £90,000	1	1

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

		2013	2012
		Number	Number
	Performance related activities and marketing	17	17
	Support	4	3
	Governance	2	2
		<u>23</u>	<u>22</u>

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2013 (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, as permitted under the company's Articles of Association

	2013	2012
	£	£
Aggregate emoluments	247,043	211,022
Contributions to personal pension arrangements	11,460	11,220
	258,503	222,242

The emoluments of one of the directors fall within the range £220,000-£230,000

The company contributed to the personal pension arrangements of one director

Expenses reimbursed to one director totalled £16,640 (2012 £13,943) 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, as permitted under the company's Articles of Association. The amounts paid during the period in which they were directors are as follows

	Appointed	Resigned	2013	2012
			£	£
B Cunningham			32,138	17,105
J Hallett	13-Nov-12		17,788	-
W Heggart	13-Nov-12		16,011	-
H Kammaing		13-Nov-12	19,336	37,385
M Perry		13-Nov-12	29,375	48,136
A Sippings			37,182	36,822
S Willison-Kawalec			36,911	36,009
A Wright			47,060	45,840

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 £682,768 (2012 £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 £132,087 (2012 £139,944) all of which has been paid in full after 31 March 2013.

The company hired music, on normal commercial terms, from Lisa Maclay, Ian Maclay's wife, amounting to £1,600 (2012 £800). At the end of the financial year, £320 was due to Mrs Maclay which was paid in full in April 2013. 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 (2012 1,100 shares).

8 Tangible Fixed Assets

	Computer Equipment	Motor Vehicles	Library	Concert Equipment	Office & Warehouse Fittings and Equipment	Total
	£	£	£	£	£	£
At 31st March 2012	109,004	205,931	46,889	213,913	107,068	682,805
Additions	1,025	-	-	1,500	27,629	30,154
Disposals	-	-	-	-	-	-
	110,029	205,931	46,889	215,413	134,697	712,959
Depreciation						
At 31st March 2012	107,417	114,437	-	193,986	98,822	514,662
Provided during the year	1,428	34,935	-	9,780	5,012	51,155
Disposals	-	-	-	-	-	-
	108,845	149,372	-	203,766	103,834	565,817
Net Book Value						
At 31st March 2013	1,184	56,559	46,889	11,647	30,863	147,142
At 31st March 2012	1,587	91,494	46,889	19,927	8,246	168,143

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2013 (Continued)

9 Investments	2013 £	2012 £
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 2012 and 2013.

10 Debtors	2013 £	2012 £
Trade debtors	370,377	254,522
Other debtors	22,773	24,105
Prepayments and accrued income	291,767	248,798
	684,917	527,425

11 Creditors: Amounts falling due within one year	2013 £	2012 £
Trade creditors	167,894	162,577
Musicians' fees	509,403	487,279
Social security and other taxes	182,361	164,896
Other creditors	5,299	2,461
Accruals and billings in advance	399,593	801,952
Deferred grant income (see below)	-	29,925
	1,264,550	1,649,090

**Education
Grants**

	2013 £
Movement of deferred grant income	
Brought forward at 1 April 2012	29,925
Received during the year	25,000
Transferred to restricted income	(54,925)
Balance at 31 March 2013	-

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2013 (Continued)

12 Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	147,144	-	147,144
Current assets	3,945,693	143,691	4,089,384
Current liabilities	(1,264,550)	-	(1,264,550)
	<u>2,828,287</u>	<u>143,691</u>	<u>2,971,978</u>

13 Called Up Share Capital

	Authorised		Allotted and Fully Paid	
	2013	2012	2013	2012
	£	£	£	£
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 £	Other Projects £	Total £
Balance at 1st April 2012	176,597	24,229	-	200,826
Grants received during the year				
Trusts, Foundations & Local Authorities	-	11,852	-	11,852
Donations/Sponsorship	-	2,050	181,132	183,182
Arts Council England		53,873	80,000	133,873
Expenditure during the year	(90,000)	(34,910)	(261,132)	(386,042)
Balance at 31st March 2013	<u>86,597</u>	<u>57,094</u>	<u>-</u>	<u>143,691</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.

Other projects during the year included own promotion concerts at Cadogan Hall and recording sessions which were funded by donations. Also, a successful application was made to Arts Council England for the Catalyst Arts three year capacity building programme resulting in a grant of £80,000 received during the financial year.

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2013
(Continued)

15	Reconciliation of Movement in Reserves	2013	2012
		£	£
	Net incoming resources for the year		
	Unrestricted	23,804	(25,669)
	Restricted	(57,135)	(2,035)
		<u>(33,331)</u>	<u>(27,704)</u>
	Total reserves at 1st April	3,005,309	3,033,013
	Total reserves at 31st March	<u><u>2,971,978</u></u>	<u><u>3,005,309</u></u>

16 Operating Lease

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

	2013	2012
	£	£
	Land and Buildings	Land and Buildings
Operating lease which expires		
In less than one year	-	5,902
Two to five years	-	-
Over five years	43,302	-
	<u>43,302</u>	<u>5,902</u>

The lease is for a term of ten years with a tenant's option to break, at the end of year five

17 Contingent Liability

The directors are aware of a legal case (which does not involve the RPO) which may lead to a possible change in interpretation of legislation and may require Class 1 National Insurance Contributions (NICs) to be paid in relation to musicians' earnings by the RPO and the players themselves. This issue was discussed at length by Her Majesty's Revenue and Customs (HMRC) in 2005 and 2006 and an agreement reached at that time which confirmed that NICs were not payable in relation to the freelance musicians engaged by the RPO.

At the time of approval of this report and the financial statements, the legal case was subject to formal Appeal. The Directors are of the view that it is unlikely that any liabilities for NICs actually exist in relation to the year ended 31 March 2013. In addition, even if such liabilities were to exist, the amount that would be payable cannot be estimated reliably at present as the extent of any backdating is unclear. Taking all of the above factors into account, the Directors have not made any provision in the accounts for any backdated NICs that might become payable.