

ROYAL PHILHARMONIC ORCHESTRA LIMITED

Company No. 00763836
Registered Charity No. 244533

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

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Royal Philharmonic Orchestra Limited

Company Information

Directors

A. Sippings (Chairman - resigned 07 November 2013)
A Wright (Chairman - appointed 07 November 2013)
A.Wright (Vice Chairman until 07 November 2013)
B.Cunningham (Vice Chairman - appointed 07 November 2013)
I. Maclay (Managing Director)
C. Fairweather
F Gordon (appointed 07 November 2013)
R.Gubbay CBE
J.Hallett
W. Heggart
P.Lumley
E Varlow (appointed 07 November 2013)
S. Willison-Kawalec (resigned 07 November 2013)

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 2014

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 2014, 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 continues to be totally committed to making music of the highest quality and reaching the widest possible audience on a national and international basis, enriching both in the concert hall and in the community.

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. 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 Royal Philharmonic Orchestra has enjoyed a stable management structure and personnel for a number of years and this has provided continuity and stability through which the Orchestra has been able to build a strong, committed and forward thinking management team. 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.

STRATEGIC REPORT

Financial Review

The orchestra experienced another exciting year despite challenging economic conditions and continues to enjoy an outstanding international reputation. Against a background of financial uncertainty, we are pleased that the RPO has sustained 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 surplus of £46,108 during the year to 31 March 2014 (2013 – deficit of £(33,331)). The net deficit for the year of £(61,130) in

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2014

unrestricted funds included major tours to Bahrain, China, the Far East, Gabon, Russia, Switzerland and the USA. In addition, the orchestra performed at a variety of acclaimed concerts throughout the UK. A £107,238 surplus on restricted funds reflects the highly successful and well supported Royal Gala at Windsor Castle, as well as other donations and sponsorship to finance expenditure of £391,312 for specific concerts, recording sessions and education and community activities. In addition, the RPO submitted a successful application to Arts Council England for the Catalyst capacity building programme and received £40,000 during the year to develop the orchestra's fundraising activities which made it possible to host the Royal Gala at Windsor Castle.

As a result of the continuing effects of the Government's Comprehensive Spending Review, core funding received from Arts Council England was maintained at more or less 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 2013/14 was another financially challenging year for the RPO, yet highly musically inspirational and appreciated by a wide and increasingly diverse audience base. The orchestra continues to be robust in championing its achievements whilst enhancing its reputation for enterprise without compromising its standards of excellence.

Achievement and Performance in the Year

The RPO continued to achieve musical excellence and artistic direction under the guidance of Music Director, Maestro Dutoit and played to great acclaim throughout the year with consistently good reviews, locally, nationally and internationally.

The RPO achieved very rewarding audience response throughout England with continued increase in the numbers attending RPO concerts. Especially satisfying was the increase in numbers of first time attenders and the under 25s. There has been greater involvement by the RPO in local communities than ever before and very positive feedback on every level. The quality of the RPO's performance and its marketability are evidenced by the number of repeat engagements that appear in the Orchestra's schedule. Additionally, regular press reviews, audience surveys, interviews with members of the concert going public, as well as social media are all used to measure reaction, opinion and comment from the RPO's multiple stakeholders.

A key part of the RPO's marketing is now digital and this is an area of huge potential. The RPO newsletter 'Ovation' is now emailed monthly with an ever growing distribution and although this is integral to reaching as wide an audience as possible it is not exclusively concerned with selling tickets as it provides an all-round, magazine style, presentation on and insight into the life of the RPO. Feedback has been very encouraging and we plan to increase 'Ovation' in size with additional features. Social media is now very important and via Twitter and Facebook the RPO reaches over a hundred thousand people a year and this figure is growing month by month.

The RPO has become an official Arts Award Supporter in recognition of the role the Orchestra is able to play in providing young people with access to professional musicians, artists and venues, open rehearsals, ticket deals, participatory music projects, musical resources and support.

The RPO receives many invitations from abroad and in addition to the usual commitments to playing in the world's major concert halls, the RPO now plays a prominent role in supporting Britain's trade abroad. During the year, the RPO supplied a cultural role at British trade fairs in Bahrain and Shanghai and there are further trade visits planned to the Middle East, China and the former Russian republics. The Orchestra works closely with the British Council and this has led to the first ever concerts by a British orchestra in West Africa with further concerts are planned in Africa.

The RPO prides itself on its diversity and its ability to embrace all areas of society, not only through the ever expanding reach of its concert programme, but also through the many and varied projects of RPO RESOUND. The Orchestra continues to invest in areas of economic and social deprivation and many of the RPO residencies are in areas of high unemployment such as Hull, Scunthorpe and Lowestoft. Although, the RPO has a flourishing programme of work in London the Orchestra continues to place special emphasis on taking its very best programming out to the regions. From just a handful of residencies a few years ago the RPO now has an orchestral residency marketed as 'GREAT MUSIC ON YOUR DOORSTEP' in Hull, Scunthorpe, Lowestoft, Ipswich, Cambridge, Northampton, Reading, Crawley, Southend, High Wycombe, Aylesbury, Guildford and Croydon. The RPO gives regular performances in each of these locations, but it also plays an active part in the local community through grass-roots outreach programmes which are devised and delivered by RPO RESOUND (the Orchestra's ground-breaking community and education programme) in collaboration with local partners. In many of these locations the RPO is the sole provider of professional orchestral concerts. Our regional residencies are enormously successful and this is borne out by their longevity. We are very pleased to announce that Northampton, Lowestoft and Croydon, for example, have celebrated more than ten years in partnership with the RPO.

2013/14 was an exceptional year for RPO RESOUND, as we celebrated its 20th anniversary year with an increasing programme of projects and activities across the country. We also celebrated RPO RESOUND's winning of a British Composer Award for best 'Community or Educational Project' recognising the exceptional skills and achievements of the project staff, musicians and leaders. RPO RESOUND's active and multifaceted programme reaches thousands of children and young people year on year

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2014

through exciting and personalised opportunities, which aim to inspire a life-long engagement with culture and create enduring memories and skills through a wide variety of projects, interactive concerts, side-by-side performances, coaching sessions and creative workshops.

RPO RESOUND continued to develop and maintain its high profile strategic partnerships within the music and cultural education sector, in particular around the Orchestra's regional residency areas, supporting a large and diverse group of Music Education Hubs as they entered their second operational year. The quality and reputation of the Orchestra's outreach programme also helped to secure the confirmation of residencies in Cambridge, Southend, Newham and Hull this year, where strategic learning and engagement plans were put in place. RPO RESOUND's strong strategy in the regions with local partnerships and regional networks, provides overview, local knowledge, and collaborative capabilities so staff are able to devise bespoke projects that ensure a child-centred approach. In this way projects can address common barriers to participation such as financial circumstance, geographical isolation, disability, or social and cultural issues.

A major success of RPO RESOUND has been the Behind the Lines programme exploring the music and composers of the First World War, which engaged with primary and secondary schools, families, early years and adults. Further highlights included the second successful year of the First Time Live project bringing orchestral concerts and projects to schools in Grimsby and Doncaster; all part of the Orchestra's strategic commitment to bringing quality participatory and listening experiences to culturally underserved areas.

The support of the RPO Advisory Council and the RPO Development Board allowed the RPO to develop a diverse range of networks through which the orchestra was able to communicate its mission, create awareness of sponsorship opportunities and access potential benefactors culminating in the Royal Gala fundraiser at Windsor Castle. Many of the attendees at the Royal Gala fundraising event at Windsor Castle have already very kindly pledged future financial support for the RPO. The percentage of sponsorship and donations of overall income has increased thanks to the work of the RPO's Development Board and fundraising department.

The RPO Chair Partner Programme continues to establish strong engagement between the orchestra and corporate and private supporters, in some instances leading to corporate sponsorship. Exciting corporate partnerships are being developed which recognise that collaboration goes beyond simply raising money and media profile, but importantly creates rewarding participatory experiences for employees. In this way, programmes benefited participants and met social objectives, as well as partners' Corporate Social Responsibility agendas. We are finding that such collaboration indirectly leads to new audiences, as relationships are built with musicians, understanding of the Orchestra's work is deepened and employees consequently support concerts.

Prudent management of financial reserves has ensured the long-term resilience and sustainability of the RPO and enabled the Orchestra to achieve its principal goals and artistic objectives. Steps have been taken to increase income year on year by building a professional fundraising team with assistance from the Arts Council England's Catalyst Grant and the development of the very versatile Royal Philharmonic Concert Orchestra, which now provides significant commercial income to support the main Orchestra's artistic programme.

There is no doubt that the Royal Philharmonic Orchestra plays a unique role in this country's orchestral life, with an extensive audience reach. This is currently achieved on an Arts Council England grant which is less than half that of any other symphony orchestra in England and is testament to the imagination and flair, as well as the commitment and determination of the RPO's musicians and staff.

Certainly, given Arts Council England's declared objective of "Great Arts for Everyone", we believe that no orchestra fulfils this pledge more enthusiastically or comprehensively than the Royal Philharmonic Orchestra.

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 (2013 -£45,500). At 5th April 2014, net assets in the unaudited accounts of the Royal Philharmonic Orchestra Trust were £490,190 (2013 -£490,190), which included cash of £9,605 (2013 - £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 (£946,394 for 2014/15) to enable the Orchestra to survive difficult and unpredictable market conditions. At 31 March 2014, free reserves stood at £2,587,881 (excluding fixed assets, restricted reserves and share capital). It is expected that free reserves will be drawn down in future years, during these difficult recessionary times and uncertain worldwide economies.

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2014

Assessment of Major Risks

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.

Future Plans

The Royal Philharmonic Orchestra has greatly benefitted from the very special and loyal commitment of Maestro Dutoit as Music Director and Maestro Zukerman as Principal Guest Conductor, providing artistic continuity through which the RPO has been able to deliver first class performances of continuing excellence. The RPO is also committed to providing young British and international talent with the opportunity to develop their skills and they are featured in the RPO's future planning at flagship venues in the UK and on the international stage. Many of these younger artists who made their debuts with the RPO, now enjoy international careers as a result of the Orchestra providing them with a platform on which to showcase their talent.

Development of the RPO's regional programme continues to expand, most notably in Hull and the surrounding area. Recently the RPO played an integral role in Hull's bid to be the UK's City of Culture in 2017. With Hull's success has come an exciting five year residency for the RPO running until 2018, in which the RPO will not only perform the major part of the orchestral series, but also plan, coordinate and promote the series on behalf of the City of Hull, adding an advisory capacity for the City of Culture. There is also a comprehensive RPO RESOUND programme in Hull to supplement the orchestral series and several projects with the University of Hull.

The RPO's community and education work continues to flourish through RPO RESOUND. The orchestra's specially trained musicians are committed to this area of their work and the demand for RPO RESOUND's experience and resources continues to grow and extend through many London boroughs, regional residencies and abroad. Recent projects undertaken in Newham (with Jamaican composer Shirley Thompson) led to an invitation for the RESOUND team to travel to Jamaica to work with the El Sistema modelled National Youth Orchestra of Jamaica, running creative and inspirational experiences for young people from some of the most disadvantaged communities in Kingston. The Jamaican government were so impressed with the outcome that the RPO has been invited back to continue its work.

Although there may be financial challenges ahead, the RPO is determined to maintain and indeed expand its regional and international commitments and add to the growing list of its orchestral residencies around the country as well as enhancing its position as a world-class orchestra of continuing excellence.

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.

Report of the Trustees of The Royal Philharmonic Orchestra Limited

Year Ended 31st March 2014

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.

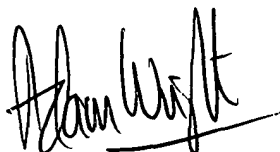
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

The Trustees' Annual Report is approved by the Trustees of the charity. The Strategic Report, which forms part of the Annual Report, is approved by the Trustees in their capacity as Directors in company law of the Charity.

By order of the Trustees



Adam Wright
Chairman

14th October 2014

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

We have audited the financial statements of Royal Philharmonic Orchestra Limited for the year ended 31st March 2014 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 (APB'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 Strategic Report and Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 2006

In our opinion the information given in the Strategic Report and 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 Gross, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 28 October 2014

Royal Philharmonic Orchestra Limited
Statement of Financial Activities
For the year ended 31st March 2014

	Unrestricted Funds 2014	Restricted Funds 2014	Total Funds 2014	Total Funds 2013
Note	£	£	£	£
INCOME AND EXPENDITURE				
Incoming Resources				
<i>Incoming resources from generated funds</i>				
Voluntary income				
Grants from the Arts Council	945,502	40,000	985,502	1,074,790
Donations/Sponsorship	50,897	437,419	488,316	248,865
Investment income	36,623	-	36,623	69,659
<i>Incoming resources from charitable activities</i>				
Box office, orchestra hire and fees	7,278,845	-	7,278,845	6,400,456
Grants for educational projects	-	61,131	61,131	11,852
Other income	162,113	-	162,113	195,238
Total Incoming Resources	<u>8,473,980</u>	<u>538,550</u>	<u>9,012,530</u>	<u>8,000,860</u>
Charitable Expenditure				
<i>Costs of generating funds</i>				
Costs of generating voluntary income	3 92,678	40,000	132,678	116,270
<i>Charitable activities</i>				
Performance related activities	2 8,307,060	391,312	8,698,372	7,787,278
Governance costs	3 135,372	-	135,372	130,643
Total Resources Expended	<u>8,535,110</u>	<u>431,312</u>	<u>8,966,422</u>	<u>8,034,191</u>
Net incoming/(outgoing) resources for the year	4 (61,130)	107,238	46,108	(33,331)
Total funds brought forward	<u>2,757,287</u>	<u>143,691</u>	<u>2,900,978</u>	<u>2,934,309</u>
Total funds carried forward	<u>2,696,157</u>	<u>250,929</u>	<u>2,947,086</u>	<u>2,900,978</u>

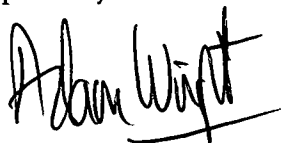
There were no recognised gains and losses during the year other than those dealt with in the Statement of Financial Activities.
All income and expenditure relates to continuing activities.

Royal Philharmonic Orchestra Limited

Balance Sheet at 31st March 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed Assets					
Tangible assets	8		108,274		147,142
Investments	9		<u>2</u>		<u>2</u>
			108,276		147,144
Current Assets					
Debtors	10	923,928		684,917	
Cash at bank and in hand		<u>3,767,368</u>		<u>3,404,467</u>	
		4,691,296		4,089,384	
Creditors: Amounts falling due within one year	11	<u>(1,781,486)</u>		<u>(1,264,550)</u>	
Net Current Assets			<u>2,909,810</u>		<u>2,824,834</u>
Total Assets less Current Liabilities			3,018,086		2,971,978
Net Assets	12		<u><u>3,018,086</u></u>		<u><u>2,971,978</u></u>
Capital and Reserves					
Called up share capital	13		71,000		71,000
Unrestricted funds			2,696,157		2,757,287
Restricted funds	14		<u>250,929</u>		<u>143,691</u>
Total Capital and Reserves	15		<u><u>3,018,086</u></u>		<u><u>2,971,978</u></u>

Approved by the board and authorised for issue on 14th October 2014



Adam Wright
Chairman

Company no: 00763836

Royal Philharmonic Orchestra Limited
Cash Flow Statement
For the year ended 31st March 2014

	Note	2014 £	2013 £
Net cash inflow/(outflow) from operating activities	a	337,872	(593,867)
Returns on investment and servicing of finance			
Interest received		36,623	69,659
Capital expenditure and financial investment			
Payments made to acquire tangible assets		(11,594)	(30,154)
Increase/(Decrease) in cash	b	<u>362,901</u>	<u>(554,362)</u>

Notes to the Cash Flow Statement

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

	2014 £	2013 £
Net income/(loss) before other gains and losses	46,108	(33,331)
Depreciation charge	50,462	51,155
Interest received	(36,623)	(69,659)
(Increase) in debtors	(239,011)	(157,492)
Increase/(Decrease) in creditors	516,936	(384,540)
Net cash inflow/(outflow) from continuing operating activities	<u>337,872</u>	<u>(593,867)</u>

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

	2014 £	2013 £
Increase/(Decrease) in cash in the period	362,901	(554,362)
Movement in net cash in the year	<u>362,901</u>	<u>(554,362)</u>
Net cash at 1st April	3,404,467	3,958,829
Net cash at 31st March	<u>3,767,368</u>	<u>3,404,467</u>

c) Analysis of changes in Net Cash

	2014 £	2013 £
Cash at bank and in hand:		
At 1st April	3,404,467	3,958,829
Cash flows	362,901	(554,362)
At 31st March	<u>3,767,368</u>	<u>3,404,467</u>

Royal Philharmonic Orchestra Limited

Notes to the Financial Statements

For the year ended 31st March 2014

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 2014 (Continued)

2 Performance Related Activities	2014	2013
	£	£
Musicians' fees and associated costs	5,097,866	4,661,285
Venue costs	306,252	276,002
Transport and other costs	1,704,104	1,350,370
Event related advertising and marketing costs	259,357	264,124
Support costs (See note 3)	1,330,793	1,235,497
	<u>8,698,372</u>	<u>7,787,278</u>

3 Support costs

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

	Cost of generating funds	Performance	Governance	Total 2014	Total 2013
	£	£	£	£	£
Human resources	123,270	987,878	120,411	1,231,559	1,193,733
General office costs	-	174,697	3,996	178,693	153,780
Legal, professional and marketing costs	9,408	75,124	-	84,532	80,943
Finance and depreciation charges	-	93,094	-	93,094	43,254
Audit	-	-	10,965	10,965	10,700
	<u>132,678</u>	<u>1,330,793</u>	<u>135,372</u>	<u>1,598,843</u>	<u>1,482,410</u>

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

4 Net incoming resources	2014	2013
	£	£
Net incoming resources are stated after charging:		
Auditor's remuneration - audit services	10,965	10,700
Operating lease rentals	33,482	22,580
Depreciation of owned assets	50,462	51,155
	<u>94,909</u>	<u>84,435</u>

5 Staff Costs (including directors' emoluments)	2014	2013
	£	£
Salaries	1,045,546	1,007,553
Social security costs	123,078	118,005
Contributions to personal pension schemes	24,554	32,668
	<u>1,193,178</u>	<u>1,158,226</u>

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

	2014	2013
	Number	Number
£60,000 to £70,000	3	3
£80,000 to £90,000	1	1

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

	2014	2013
	Number	Number
Performance related activities and marketing	18	17
Support	4	4
Governance	2	2
	<u>24</u>	<u>23</u>

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2014 (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.

	2014	2013
	£	£
Aggregate emoluments	264,275	247,043
Contributions to personal pension arrangements	1,900	11,460
	266,175	258,503

The emoluments of one of the directors fell within the range £250,000-£260,000.

The company contributed to the personal pension arrangements of one director.

Expenses reimbursed to one director totalled £10,920 (2013: £16,640) 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	2014	2013
			£	£
B.Cunningham			36,659	32,138
F Gordon	07-Nov-13		12,474	-
J. Hallett	13-Nov-12		39,115	17,788
W.Heggart	13-Nov-12		39,112	16,011
A. Sippings		07-Nov-13	24,286	37,182
E Varlow	07-Nov-13		14,840	-
S.Willison-Kawalec		07-Nov-13	22,158	36,911
A. Wright			50,290	47,060

The company loaned Fraser Gordon £9,000 for the purchase of a contrabassoon. This loan was paid in full in September 2014.

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 £739,726 (2013: £682,768) 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 £205,236 (2013: £132,087) all of which has been paid in full after 31 March 2014.

The company hired music, on normal commercial terms, from Lisa Maclay, Ian Maclay's wife, amounting to £480 (2013 : £1,600). At the end of the financial year, there were no amounts owed to Mrs Maclay. 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 1,400 shares (2013 : 1,100 shares).

8 Tangible Fixed Assets

	Computer Equipment	Motor Vehicles	Library	Concert Equipment	Office & Warehouse Fittings and Equipment	Total
Cost	£	£	£	£	£	£
At 31st March 2013	110,029	205,931	46,889	215,412	134,698	712,959
Additions	5,674	-	-	-	5,920	11,594
Disposals	(19,989)	-	-	-	-	(19,989)
At 31st March 2014	95,714	205,931	46,889	215,412	140,618	704,564
Depreciation						
At 31st March 2013	108,845	149,372	-	203,766	103,834	565,817
Provided during the year	1,032	34,935	-	7,208	7,287	50,462
Disposals	(19,989)	-	-	-	-	(19,989)
At 31st March 2014	89,888	184,307	-	210,974	111,121	596,290
Net Book Value						
At 31st March 2014	5,826	21,624	46,889	4,438	29,497	108,274
At 31st March 2013	1,184	56,559	46,889	11,646	30,864	147,142

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2014 (Continued)

9	Investments	2014	2013
		£	£
	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 2013 and 2014.

10	Debtors	2014	2013
		£	£
	Trade debtors	483,366	370,377
	Other debtors	31,800	22,773
	Prepayments and accrued income	<u>408,762</u>	<u>291,767</u>
		<u>923,928</u>	<u>684,917</u>

11	Creditors: Amounts falling due within one year	2014	2013
		£	£
	Trade creditors	266,942	167,894
	Musicians' fees	578,648	509,403
	Social security and other taxes	201,574	182,361
	Other creditors	5,120	5,299
	Accruals and billings in advance	<u>729,202</u>	<u>399,593</u>
		<u>1,781,486</u>	<u>1,264,550</u>

12	Analysis of Net Assets between Funds	Unrestricted	Restricted	Total
		Funds	Funds	Funds
		£	£	£
	Fixed assets	108,276	-	108,276
	Current assets	4,440,367	250,929	4,691,296
	Current liabilities	<u>(1,781,486)</u>	<u>-</u>	<u>(1,781,486)</u>
		<u>2,767,157</u>	<u>250,929</u>	<u>3,018,086</u>

13	Called Up Share Capital			Allotted and Fully Paid
		Authorised		
		2014	2013	2014
		£	£	£
	Ordinary shares of £10 each	<u>100,000</u>	<u>100,000</u>	<u>71,000</u>
		<u>100,000</u>	<u>100,000</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.

Royal Philharmonic Orchestra Limited
Notes to the Financial Statements
For the year ended 31st March 2014 (Continued)

14 Restricted Funds	Fundraising Projects £	Educational Projects £	Other Projects £	Total £
Balance at 1st April 2013	86,597	57,094	-	143,691
Grants received during the year:				
Trusts, Foundations & Local Authorities	-	61,131	-	61,131
Donations/Sponsorship	265,353	-	172,066	437,419
Arts Council England	-	-	40,000	40,000
Expenditure during the year	(150,060)	(69,186)	(212,066)	(431,312)
Balance at 31st March 2014	<u>201,890</u>	<u>49,039</u>	<u>-</u>	<u>250,929</u>

Fundraising Projects, represents the proceeds from two fundraising events. The first 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. During the financial year, a fundraising Gala event took place in November 2013 to celebrate the 20th anniversary of RPO Resound work in the community.

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 £40,000 received during the financial year.

15 Reconciliation of Movement in Reserves	2014 £	2013 £
Net outgoing/incoming resources for the year:		
Unrestricted	(61,130)	23,804
Restricted	107,238	(57,135)
	<u>46,108</u>	<u>(33,331)</u>
Total reserves at 1st April	2,971,978	3,005,309
Total reserves at 31st March	<u>3,018,086</u>	<u>2,971,978</u>

16 Operating Lease

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

	2014 £	2013 £
Operating lease which expires:		
Over five years	43,292	43,302
	<u>43,292</u>	<u>43,302</u>

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