
Philharmonia

**Financial Statements
2020/21**



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Reference and administrative details

Charity Registration number: 250277

Company Registration number: 00799297

Registered office: 6 Chancel Street
London SE1 0UX

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

Bankers: Barclays Bank
1 Churchill Place
London E14 5HP

NatWest Bank
10 Marylebone High Street
London W1U 4BT

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

Stone King LLP
Boundary House
90 Charterhouse Street
London EC1M 6HR

Directors and Trustees

The directors of the charitable Company are its trustees for the purpose of charity law. Throughout this report they are collectively referred to as the Board of Trustees.

The Board members serving during the period and since the period end were as follows:

Chair

Lord Mervyn King (*appointed Chair 10 September 2020*)

Saul Nathan (*resigned 10 September 2020 but remains on the Board*)

Deputy Chair

Victoria Irish (*resigned 10 September 2020*)

Saul Nathan (*appointed 10 September 2020*)

President (player member)

Victoria Irish (*resigned 17 January 2021*)

Kira Doherty (*appointed 11 March 2021*)

Deputy President (player member)

Cheremie Hamilton-Miller

Managing Director

Michael Fuller

(*Interim, not a Trustee, resigned 31 August 2020*)

Chief Executive Officer

Alexander Van Ingen

(*not a Trustee, appointed 1 September 2020, resigned 28 January 2022*)

Interim Chief Executive Officer

Kate Collis (*appointed 28 January 2022*)

Other player members

Laurent Ben Slimane

Nuno Carapina

Byron Fulcher (*appointed 10 September 2020 resigned 10 December 2020*)

Michael Fuller (*appointed 10 September 2020*)

Carol Hultmark (*resigned 10 December 2020*)

Jan Regulski (*resigned 10 December 2020*)

Antoine Sigure (*appointed 10 September 2020*)

Heidi Krutzen (*appointed 10 December 2020*)

James Buckle (*appointed 9 February 2021*)

Lawrence Rolton (*appointed 10 December 2020*)

Kira Doherty (*appointed 10 December 2020*)

Other non-player members

Michael Brindle

Rupert Darbyshire (Chair of the Finance Committee)

Daniel Knottenbelt

Sir Peter Middleton

Lorenzo Modiano

Julia Zilberman

Secretary

Linda Barry (*resigned 28 October 2020*)

Kim Lassemillante (*appointed 28 October 2020, resigned 13 April 2021*)

Katherine Collis (*appointed 13 April 2021*)

Independent Finance Committee member

Nick Bishop

The Trustees present their report together with the financial statements of Philharmonia Limited ("the Company") for the seventeen month period ended 31 August 2021.

Report of the Trustees

Objectives and activities

The charitable objectives of the Company are as follows: the advancement of public education through the promotion and support of the art of music (including opera, music, drama, ballet and all art forms consisting in whole or in part of music), particularly by the promotion and encouragement of orchestral music; and the relief of poverty and distress amongst playing members of any symphony orchestra for the time being maintained by the Charity and the dependents of such persons. The Company achieves these objectives by maintaining a symphony orchestra of the highest quality.

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

The Company has a Mission to create thrilling experiences in music; and a Vision that the Philharmonia Orchestra, both live and digitally, will have a transformative impact on the widest possible audience, through its four key values: fearless, pioneering, open, and global. Its main objectives for the period were: the provision of "Own Promotion" concerts at the Southbank Centre; residencies in Bedford, Leicester, Basingstoke, Canterbury, at the Three Choirs Festival and Garsington Opera; engagements by third party promoters; both live and online learning and engagement programmes; recorded performances of the highest standard; outreach via the website and other digital media. These objectives adapted rapidly with the on-set of the Coronavirus pandemic during the period, and a renewed programme of activity primarily online sought to deliver significant impact for the same goals.

The strategies employed to achieve the Company's objectives are:

- To maintain, improve and secure the quality and status of the playing ensemble, through the quality of artistic opportunity and the quantity and quality of the Orchestra's schedule;
- To develop the Orchestra's role as an originator and producer of new work, through commissioning and collaboration across art forms;
- To develop, promote and market the Orchestra's live performing programme in London, its residencies, throughout the UK and internationally;
- To expand the Orchestra's role as a pioneer, leader and creative innovator in the use of digital technologies to reach the widest possible global audience;
- To nurture interest in, and knowledge of, orchestral music through education, work with local communities, audience development, digital activity and recordings;
- A commitment to being an inclusive and relevant organisation, working to ensure equality of opportunity; inclusion of diverse viewpoints and backgrounds; closer working with the communities the Orchestra serves; ensuring a diverse workforce and governance; and embedding the Creative Case for Diversity
- To commit to knowledge and experience sharing with other arts organisations at a strategic level, notably in the fields of digital development, philanthropy, marketing, environmental sustainability and programme-planning.

Public benefit

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

The Company's aims and objectives stated above are directed at the public at large: the Orchestra's concert-goers throughout the UK and abroad; visitors to its website; those who listen to its recordings; those in the local communities where the Orchestra works, and the wider communities the Orchestra serves; and those who participate in the Orchestra's various learning & engagement work.

The Orchestra's Own Promotion concerts at Southbank Centre are open to the public without restriction. Discounted tickets are available for disabled concert-goers, those on income support, students and under-18s. The Orchestra also offers an extensive programme of chamber concerts, contemporary music, talks and foyer events with free entry. The Orchestra performs throughout the UK in public venues that have similarly inclusive policies.

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



The Philharmonia Sessions © Luca Migliore

Strategic report: Achievements and performance



Inside Out © Southbank Centre / BBC / Mark Allan

The charitable objectives of the Company are as follows: 2020-2021 was not the year that anyone was expecting, and the Coronavirus pandemic – with ensuing public health and travel restrictions - had a significant impact on the Orchestra's activities and operations, completely derailing the Orchestra's planned activity from March 2020 onwards. For the majority of the period, concert halls and other public spaces were closed, and in the periods of time when some venues were open to the public there were significant reductions, due to social distancing requirements, in the possible sizes of both audiences and the Orchestra.

The Philharmonia responded quickly to the shutdown caused by the COVID-19 pandemic and was the first British symphony orchestra to launch a new programme of orchestral work online. The Orchestra is proud to have swiftly developed a robust and wide-reaching online alternative to its usual live concert format, providing free access to its exceptional first-class music-making to audiences internationally. Despite the pandemic, the Orchestra has continued to develop, with players, staff, audiences, supporters, participants, guest conductors and soloists alike coming together to show substantial creativity. Seeking to be accessible to both existing and new audiences, online concerts featured musicians, conductors, and other experts talking about their music making and the context of the music performed. These,

along with other activity, have given access to the Orchestra's music-making not just to extant audiences, but also to new audiences around the world.

The Orchestra launched the 'Keep the Philharmonia Playing' fundraising campaign at the end of March 2020 in response to the pandemic, seeking to connect players and donors and encouraging both donations and also a long-lasting relationship with the Orchestra. Fundraising messaging was embedded in all public activity to highlight the challenges faced and proved highly successful in securing support. Additional success was seen at the start of lockdown asking ticket purchasers to donate the value of their tickets to cancelled concerts, which many chose to do; along with an innovative corporate digital partnership with Citi.

Across the pandemic, concerts were cut in London and all regular residencies (Bedford, Leicester, Canterbury, Basingstoke), plus summer residences in 2020 (Garsington Opera, Three Choirs Festival). Coupled with all international touring being cancelled right across the period and similarly cancelled recording sessions, the Orchestra predicted a very significant loss of revenue.

Through the pandemic, the Orchestra was proactive in using government schemes, initially furloughing 30% of staff, and then operating flexible furlough across 72% of staff. Salary freezes, and cuts of up to 30%, were made by senior staff, and across most of the period, hiring was frozen. Guest artists, publishers and other third parties were asked to reduce their rates. The Orchestra's player members are freelance contractors, and many found themselves ineligible for government support. The Orchestra initially established a Player Loan Scheme to help those in immediate need, and then developed a Philharmonia Goodwill SEISS Top-Up Scheme to support members who were unable to claim fully through the government's SEISS Scheme. By the end of 2020, the Orchestra additionally introduced a temporary Member Support Scheme, which provided members with a guaranteed level of income across a defined period. Through these emergency support mechanisms, and gradually increasing volumes of performing work across 2021, the Orchestra was able to support players across this period. The Orchestra's Goodwill SEISS Top-Up and Member Support schemes have distributed £1,017,250 to members.

The Orchestra was able to adapt the way it conducts business to find new ways of making great art and exceptional musical experiences available, and as a result was able to find new routes to bring people together outside traditional activity. The Orchestra has already begun to adopt learnings from the pandemic in the latter parts of this period, and will continue to analyse, reflect, and learn from the experiences of the pandemic to inform future projects. The Philharmonia Orchestra maintained its reputation as a world-class symphony orchestra through its new online activity and then again in the concert hall and at Garsington Opera, Three Choirs Festival, the BBC Proms, and then the Bold Tendencies Festival in August 2021. The Orchestra presented a broad range of music from mainstream core repertoire to new commissions, and collaborated with an array of distinguished conductors and soloists, showcasing a more diverse season of music and guest artists than in previous years. The organisation has sought to safeguard the Orchestra, and ensure that it is in the strongest position for 2021-2022 where restrictions are likely to be fewer. Investment during this period had an immediate positive impact, and helped to put the Orchestra in a place to catalyse its recovery, supporting a future focus on Arts Council England's Let's Create objectives.

DCMS and ACE provided much needed financial security to the arts sector through the Cultural Recovery Fund. The Philharmonia is extremely grateful for the two substantial grants received during this period which allowed us to keep the 77 Philharmonia Orchestra members together and provide much needed work through our online concert series.

Concerts & projects

The Orchestra presented eleven ticketed online-only concerts, distributed via various ticketing platforms. Featuring the Orchestra's Principal Conductor and Artistic Advisor, Esa-Pekka Salonen; Principal Conductor Designate Santtu-Matias Rouvali; and a superb array of guest soloists, conductors and repertoire, these concerts met with great acclaim for their artistry and for their high production values technically. Nearly half of viewers watched the concert more than once, and many more than three times. 90% of survey respondents rated the concerts as 5/5 (with the remaining 10% at 4/5); most watched each concert along with other people; and over a third of viewers hadn't previously been to a Philharmonia concert. A roughly even split amongst viewers of gender identity, along with sexual orientation was reported which



Esa-Pekka Salonen © Luca Migliore



Garsington Opera 2020

broadly mirrors the UK population as a whole; along with 10% of viewers identifying as having a disability; and reported ethnicity showing a greater non-white audience reach than the UK population as a whole. The Philharmonia would like to thank Esa-Pekka Salonen for his support of Salonen conducts Britten and Ravel, and the American Patrons of the Philharmonia Foundation for their support of the *American Dreams* concert.

In addition, the Orchestra recorded six free-to-air concerts, The Philharmonia Sessions, specially conceived and made for camera. Filmed in the Battersea Arts Centre rather than a traditional concert hall, the style of cinematography was designed to bring the viewer into the music more than is usually possible in a traditional filmed concert, and these concerts saw approaching 250,000 views over the period. These included schools and families concerts featuring women and BAME composers, conductors and presenters, and a BSL interpreter. The Philharmonia Sessions were generously supported by Goldman Sachs Gives, John and Carol Wates, The Wates Foundation and Lark Music. Support for the Philharmonia Sessions: Orchestra Unwrapped Family concert for schools and families was received from the Harpur Trust, with additional support from the Philharmonia Orchestra in Bedford Trust.

The Orchestra launched a new annual Artist-in-Residence programme, and appointed House of Absolute, a woman-led hip-hop dance and arts collective, following a large-scale public recruitment process. This successful collaboration has been extended across the 2021-2022 season to enable a greater range of joint in-person work to be delivered alongside the digital offering. Across their first year, HOA worked with 31 members of the Orchestra and MMSF fellows, offered six of those long patches of work that received incredibly good feedback about improving player wellbeing and engagement, performed live to a sold out audience in Streatham Space (a new venue for Philharmonia with a new and diverse audience), held two separate online events across the year reaching over 200 audience members, held an audio recording of new music by diverse composers (including diverse mentorship from new composer) with 15 musicians, and have a behind-the-scenes documentary ready to share when the final work is produced. Over the next year, they are working on the production of a dance film to go alongside the recording, and a live performance at Sadlers Wells. Recruitment for the 22/23 Artist in Residence will begin early in 2022.

Despite all the restrictions on the sector, across the period the Orchestra produced some 50 different projects, and over 70 different performances or recordings. Of these, 26 contemporary composers were featured (e.g. Jesper Nordin, Dobrinka Tabakova, Jessie Montgomery, Anna Clyne, Jonathan Dove, Gwyneth Walker, Richard Birchall, Bryan Tyler, Marten Jansson, Esa-Pekka Salonen); a further 26 composers who are a part of the core canon of classical works (from Bach to Stravinsky); plus nine composers who might be considered unfairly marginalised (e.g. Ruth Gipps, Samuel Coleridge-Taylor, Cecil Armstrong Gibbs, Grace Williams, Ethyl Smyth).

Fourteen female featured guest artists (conductors and soloists) made their first main appearance on-stage with the Philharmonia; as did fourteen male featured guest artists. Of over 100 works performed, a third of the composers were female. Significant artistic planning work was made to keep the whole of the Orchestra playing through the programming of varied repertoire; and to positively increase the representation on our virtual (and then physical) stages of composers and artists with protected characteristics, whilst maintaining the exceptional high level of quality for which the Orchestra is known. Guest artists included Julia Bullock, Nicola Benedetti, Sheku Kanneh-Mason,

Anna-Maria Helsing, Pekka Kuusisto, Sir John Eliot Gardiner, Elim Chan, Jordan de Souza, Ryan Bancroft, Benjamin Grosvenor, Rebecca Tong, Alice Coote, Zeb Soanes, Njabulo Madlala and many more.

Live performances returned to the sector more than once through the period, and the Philharmonia is proud to have been the first UK orchestra to return to live opera (*Fidelio*, together with Garsington, September 2020), to be the orchestra that re-opened the Southbank Centre to live performances in June 2021, and the first orchestra to return to non-distanced performances to full capacity venues (Three Choirs Festival, July 2021). In September 2021 the Orchestra opened the Southbank Centre's new classical season in a real statement concert: a new Principal Conductor on stage, a full-capacity hall for the audience, a concert filmed and streamed for those unable to attend in person, and with 136 performers on stage – a concert that reaches across the sector and showcases optimism for the future.

The Orchestra continued its drive to promote new classical music, and to develop the classical canon of tomorrow. New works were commissioned from Anna Clyne, Isobel Waller-Bridge, Bryce Dessner and Luke Styles (for performance in future seasons); and from Debbie Wiseman



Julia Bullock © Southbank Centre / BBC / Mark Allan

and Rebecca Dale (recorded in this period). A previously commissioned work by Jonathan Dove was also recorded in this period, and recordings also made of works by Richard Birchall (world premiere recordings of both his cello concerto, *Labyrinth*, and his clarinet concerto), John Adams, Samuel Barber, Christoph Schonberger, Laufey Lin, Paul Mealer, and Marten Jansson.

A special Christmas commission by Citi in November/December 2020 additionally saw new works from Roderick Williams and John Lenehan, premiere recordings of works by Ed Peak, and new 'COVID-forces' arrangements of traditional classics.

The Orchestra was a key partner in Dream, a multi-partner collaborative exploration of new digital technologies led by the Royal Shakespeare Company, and funded by UK Research & Innovation as part of their Audiences Of The Future Programme and Epic Games through Epic MegaGrants. Dream explored how audiences can experience and interact with live performance remotely, and was adapted for pandemic situation to still achieve a major piece of cutting-edge research and development. This pioneering collaboration explored how audiences can experience live performance in the future in addition to a regular visit to a performance venue, and saw 66,000 audience members accessing the shows online with a social media campaign reaching some 3.5m people. The majority of the audience watching the show were (58%) aged 18-44, with 21% from a global majority ethnicity, 58% based internationally, and one-in-four were new to all four of the lead producing partners.

The Philharmonia achieved a very strong series of media coverage across the year from interviews to reviews. Principal Conductor Designate Santtu-Matias Rouvali's recording of Prokofiev's Symphony No. 5 with the Orchestra was released to great critical acclaim, and this recording secured the Philharmonia a nomination for *Gramophone Magazine's* prestigious Orchestra of the Year Award – the only UK symphony orchestra to be so nominated. An ambitious rebrand and website project launched in February 2020, and bedded in during this period with the new, more modern, adaptable, and recognisable brand identity rolled out more widely. At the same time the Orchestra overhauled its leading digital asset, philharmonia.co.uk, and this has been well received by our audiences and stakeholder group. All aspects of the Philharmonia's programme are now bound together by this new visual identity, which will strengthen the Orchestra's position in the market.

Organisation

During the period the Orchestra adopted a new five-year strategic plan, which contains the following aims:

- to offer bolder, braver and broader programming, speaking to a greater audience
- to deliver significant impact through strong, season-long stories and associations
- to be well-connected and working in collaboration with the communities we serve
- to build our brand through high-quality content with notable impact
- to have a well-established 'Philharmonia family' donor-base
- to demonstrate clearly our inclusive nature as an organisation, relevant to all
- to be financially stable, increasingly able to re-invest in the Orchestra, in our communities and in our art-form

To better enable the Orchestra to deliver on its Vision and Mission through its five-year plan, the organisation underwent a notable restructure during the period. Successfully concluded by the end of the period, the restructure has consolidated departments leading to more efficient working and better internal communication and has reduced headcount and overall cost whilst focussing activity and outcomes more strongly.

In September 2020, Lord King of Lothbury joined the Board as Chair, and Alexander Van Ingen joined the Orchestra as Chief Executive Officer. The organisation thanks Saul Nathan and Mike Fuller for their service as interim Chair and interim Managing Director respectively, and in particular for their, and their colleagues', substantial and successful efforts to stabilise the organisation and underpin activity at the start of the pandemic. During the period, further senior appointments were made, with Ben Larpent joining as Director of Artistic Planning, Kate Collis joining in the newly re-shaped role of Director of Finance & Operations, and towards the end of the period Rebekah Holloway joining as Director of Marketing and Communications.

The Orchestra played a strong role as a sector representative, working closely with colleagues at the Association of British Orchestra, the MU, and in Government working groups both on COVID response (developing safe working practices and guidelines to allow the return of recordings and performances), and on work around the UK's exit from the European Union.

Audience development

All audience development work undertaken across the Marketing, Learning & Engagement, Concerts and Digital teams aims to increase and diversify our audiences, and to develop deeper relationships with existing audiences, whether live or online. Through this period, much of this work necessarily moved online, and success was had in developing stronger and more engaging online content as part of the Orchestra's core artistic offering.

Shortly before pandemic restrictions forced event cancellations, three family concerts took place across the Orchestra's residencies attracting audiences of over 1,800 in February and March 2020 in Leicester, Bedford and Canterbury. An extensive period of workshops with community groups preceded the concert performances, with vulnerable community groups offered free tickets to attend. During the period, the Orchestra continued to support research and community discussions around family concerts, relaxed concerts, and community ambassadors, with a view to swiftly putting many of the organisation's plans in to practice once restrictions lift sufficiently. The Orchestra plans to return to build on previous work with vulnerable audiences that may not ordinarily engage in orchestral music, including Bedford & District Cerebral Palsy Society and Querns Community Centre in Canterbury.

Core to all our audience development work is audience research, for which the Orchestra has developed practice across data insights, surveys and evaluation, and customer relationship management. Data insights research is centred on our ticketing system Tessitura, further complemented by use of the Audience Finder dashboard. The Orchestra's audience research now focuses on our wider residency audiences, rather than the London Own Promotion Season alone.

Learning and engagement

The Orchestra's Learning & Engagement Programme, (supported by the Garfield Weston Foundation and the Paul Hamlyn Foundation) reflects the diversity of the communities it serves, offering a high quality, relevant and compelling portfolio of participatory and educational projects that aim to inspire, excite, empower and engage a broad range of participants. Partnership working is embedded within the Orchestra's practice: projects are designed in collaboration with a wide range of organisations and stakeholders including residency venues, Music Education Hubs, schools, universities and conservatoires, community groups and Local Authorities. Inevitably, much of this activity had to adapt due to the pandemic.



Philharmonia Education Day 2020

Hear and Now is a flagship inter-generational community creative project based in the Queens Park area of Bedford. It is a longstanding, unique musical collaboration between: Tibbs Dementia Foundation's Music 4 Memory, a singing group for people living with dementia and their carers; Fusion Youth Singing, a teenage vocal and instrumental group; and members of the Philharmonia Orchestra. This multi-layered project is unique in its quality, creativity, diversity, scale, and age-span. Ten sessions ran online, bringing together young people and older people across residencies in both Bedford and Leicester, and culminated in the creation of a new work, recorded by the Orchestra in a studio in London alongside the project participants recorded in their homes via Zoom.

Creative workshops and get-together sessions were held for Looked After Children and their foster carers who connected with the Philharmonia through the Bullfrog Orchestra (supported by the J R Corah Foundation Fund, The Edith Murphy Foundation, The Maud Elkington Charitable Trust and the Rayne Foundation) programme in Leicester in the previous season; and a Soft Touch collaboration continued the work of Symphonize following a research and development project in March 2021.

The Orchestra released two family and schools-focussed online concerts across the period. The first, *Philharmonia Sessions: Family Concert*, was recorded in August 2020 and built on the success of the pre-covid family concert series, with a diverse programme of composers represented on stage. *Philharmonia Orchestra: Orchestra Unwrapped* schools' concert, recorded in February 2021 and supported by The Harpur Trust, was released later in the year to our residency centres' primary schools. This had another exceptionally diverse group of composers (majority women or BAME composers). This concert was later released to a wider audience on YouTube. Both were presented by Lucy Drever and BSL interpreted by Angie Newman. These online concerts were released free-to-view via YouTube, seeing well over 10,000 views.



Lucy Drever © Luca Migliore

Emerging artists

Artistic talent continued to be developed through our Composers' Academy and MMSF Instrumental Fellowship programmes.

Composers' Academy

The Composers Academy is an annual programme (presented in partnership with the Royal Philharmonic Society) which supports emerging composers to write an original chamber work for a Philharmonia ensemble and benefit from masterclasses, mentoring and industry insight sessions. A planned concert performance of the compositions had to be cancelled due to pandemic restrictions, but the works will be recorded next season, and released in partnership with NMC Records.

MMSF Instrumental Fellowship Programme

The MMSF Programme helps Conservatoire-level instrumentalists each season to develop their orchestral careers, each supported by a bursary, a mentor drawn from the relevant Section of the Orchestra, masterclasses, paid concert work as part of the Orchestra, recital platforms, and work experience on outreach projects. We are grateful to Help Musicians UK for their ongoing support for this programme. Across the period, the Orchestra made efforts to widen the recruiting pool for MMSF Fellows, particularly aiming to increase the diversity of applicants. The applications received were the most diverse, and the most numerous ever recorded.

Strategic report: Financial review

Review of the financial period

The seventeen-month period to 31 August 2021 saw a consolidated net surplus of £6,392,982 (2020: net deficit of £664,922). The standalone charity result for Philharmonia Limited alone was a surplus of £6,427,656 (2020: deficit of £618,564).

These results include the transfer of the assets of the Philharmonia Trust of £5,496,941 on 1 April 2020 and an increase of £1,224,568 in the value of the investment portfolio. Underlying net operating deficit was £328,527 (2020: deficit of £664,922) including the support payments to players during the Covid 19 pandemic of £1,017,250 (2020: £nil).

Support costs were £3,608,791 (2020: £2,672,625).

Philharmonia Trust transferred its assets to Philharmonia Limited at 1 April 2020, thus Philharmonia Trust's results are now consolidated into the group accounts. The Martin Musical Scholarship Fund, whose financial results are also consolidated in these financial statements, made a deficit of £34,676 (2020: deficit of £46,359). Rite Digital Limited, Philharmonia Limited's fully owned trading subsidiary Company, made an operating surplus of £21,553 (2020: surplus of £476); Rite Digital Limited paid this surplus to Philharmonia Limited under the terms of Gift Aid.

Financial management policy

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



Live from RFH – Annabelle Meare © Belinda Lawley

Reserves policy

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

Following the merger the Trustees have reviewed and refreshed their risk assessments and the Orchestra's reserve policy, particularly in light of the Covid 19 pandemic.

The Philharmonia Orchestra aims to have accessible free reserves to cover at least three months of overhead costs at any one time and no less than £750,000. This will be maintained through cash reserves and investments that can be readily converted to cash as required, any excess being used for designated projects and strategic investments and in the short term to be set aside to cover any deficits arising from Covid-19 over the following periods. An additional designated reserve will be maintained for the net book value of non-property fixed assets.

As at 31 August 2021 the total value of reserves was £8,416,760 (31 March 2020: £2,023,778). A breakdown of this is shown on the balance sheet and in the statement of funds note (note 22). Restricted and Endowment Funds are £6,128,436 of this amount (2020: £438,748) including £296,746 (2020: £331,421) of MMSF reserves.

Following the merger of the Philharmonia Trust and Philharmonia Ltd, the Chancel Street Property is now owned by Philharmonia Ltd and the previous designated property reserve of £412,363 has transferred into general funds and a new designated fixed asset reserve has been created of £440,705. Additional funds of £1,000,000 have been set aside to support the Orchestra to maintain its activities in light of the particularly challenging environment caused by the pandemic and to further invest in dynamic artistic special projects and innovation to grow future revenue and activity.

Free reserves in the general fund at 31 August 2021 were £847,618 (2020: £943,508).

Investment policy

The Orchestra has a policy of investing any surplus cash in investment vehicles that are low risk, are considered mainstream and allow for flexibility.

The Finance Committee reviews cash forecasts on a regular basis to identify in advance significant cash fluctuations and cash flow issues, and to ensure that reasonable returns are achieved, without risk to the capital, and to ensure that there is sufficient working capital for the organisation.



Philharmonia at the Anvil, Basingstoke © Belinda Lawley

Strategic report: Future plans



Santtu-Matias Rouvali © Kaupo Kikkas

The arrival of Santtu-Matias Rouvali as the sixth Principal Conductor in the Orchestra's history provides a catalyst for artistic and organisational development under the baton of an exciting and exceptional artistic talent. He will launch his tenure with the concert series *Human/Nature: Music for a Precious Planet*, with concerts in London and residencies. The *Human Nature* series will be supported by Kate and Andrew Davis and the Shelby Cullom Davis Charitable Fund, with additional support from the Human/Nature Syndicate.

The Philharmonia has ambitious plans across the next five years, and has adopted a new five-year strategic plan, noted above. A detailed response to evolving organisational change over the last six or more years, this new plan incorporates early learnings from the pandemic alongside a bold and ambitious vision for the Orchestra's future in the concert hall, in the classroom, and online.

The new strategy will see a well-supported, enthusiastic and engaged Orchestra work more closely with existing and new partners; work to be a more inclusive organisation which embraces the Creative Case for Diversity; and develop an enhanced concert experience making activity more relevant to both existing and new audiences.

The Orchestra will continue to broadcast widely, and plans an ongoing series of filmed and streamed concerts to maintain and develop a connection with audiences who cannot travel to a concert hall. A refreshed Learning and Engagement programme will relate closely to the main season of work, and provide persuasive routes in to the Orchestra's music-making.

The Orchestra's vitality of broad programming – from the baroque to contemporary and film score – will showcase something for everyone, and contain a programme running through each year exploring neglected and under-represented works. Giving opportunities to high-level artists from under-represented groups, the Orchestra will engage more closely with its audience to drive its vision, which reflects and responds to the needs and desires of audiences and communities extant and new.

The Philharmonia has a strong claim to be the UK's "national orchestra", with a widespread footprint serving local communities with in-depth musical experience. The Orchestra's programming will drive marketing strategy through media-worthy projects and content which increases visibility, in addition to forming a distinctive and strong musical identity through the bold and adventurous programming for which the Philharmonia has become known.

Strategic report:

Principal risks and uncertainties

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

As the COVID-19 pandemic took hold in the early part of 2020 there followed extreme uncertainty around the Orchestra's ability to achieve its objectives; raise additional funds through donations and grants; as well as maintain the returns expected on investments. Whilst the return to live performances in 2021 has been welcome, the pandemic continues to impact on touring, logistics and audience development and remains a key risk for the foreseeable future.

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

Methodology

The organisation takes a bottom-up approach to risk management with the senior management team responsible for regularly updating the Risk Register, scanning the environment for new risks and managing existing risk. Each risk is evaluated and assigned to a senior manager who will ensure that appropriate risk mitigation is put in place using the TARA method (Transfer, Avoid, Reduce, Accept).

The Risk Register is prepared on a traffic light system and those items deemed to have a residual risk, i.e. risk after mitigation, of medium to high are escalated to the Finance Committee for further action. The Finance Committee reviews the Risk Register on a quarterly basis in advance of presentation to the Board.

Key risks & uncertainties

The principal risk facing the Orchestra at this time is the impact of COVID-19 on our ability to perform and deliver our objectives both now and in the future. The risk related to our ability to maintain and increase income levels has heightened and will continue to impact us for some time to come. The Orchestra is very grateful to have received Covid Relief Funding from Arts Council England both during the period, and at the start of the new season but this is not expected to be ongoing.

The main source of voluntary income in 2021 remains Arts Council England NPO funding at 23% (2020 - 21%) of total income. This funding has been at a standstill level for a number of periods, meaning a decrease in real terms. There is a risk that this level of funding could reduce, through future changes in government policy or otherwise.

A significant proportion of the Orchestra's income is earned from international touring, in particular from tours to European countries. The current pandemic, and the exit of the UK from the EU, has raised a question as to what tours may be possible in the future. Different countries have different requirements for travelling musicians, and for travelling goods (musical instruments, etc.), and the EU's cabotage regulations make regular use of the Orchestra's truck difficult for European touring. The Orchestra has adopted a policy of remaining in touch with relevant Government bodies and industry representatives in order to ensure that we are as informed as possible, and best placed to take mitigating action at the appropriate time.

Income from sponsorship, donations and from Trusts and Foundations is key to every area of the Orchestra's activities, from concert planning to digital, education and outreach work. We have taken steps proactively to strengthen our fundraising function, including the creation of a Development Board, and the re-shaping of the Development team. The merger between Philharmonia Limited and Philharmonia Trust Limited, which completed at midnight on 31 March 2020 and has been more concretely bedded-in during the period, has already shown to be a great benefit as we face the challenges brought by the pandemic.

The war in Ukraine and related events take place at a time of significant global economic uncertainty and the effects are likely to interact with current market conditions. The investment managers for Philharmonia Limited confirmed their actions on any Russian based investments which included a reduction in exposure to Russia last year and to date. There will not be any significant write downs required to Philharmonia Limited's investments post year end. The Board has reviewed its exposure to Russia within the sanctions regime and consider there to be no material exposure.

Strategic report: Going concern

The Orchestra relies substantially on funding by grants from Arts Council England (ACE) for its current and future commitments. This funding is primarily via National Portfolio Organisations (NPO) annual revenue funding, and also via other ACE funding programmes.

In response to an application for NPO funding for 2018-22, the Orchestra received notification that NPO funding for this period would be maintained at existing levels, that its application for ACE's NPO funding extension year of April 2022 to March 2023 has been successful, and believes its plans to be robust, appealing, and deserving of funding.

Despite the uncertainty brought about by COVID-19 pandemic, the merger between Philharmonia Limited and Philharmonia Trust Limited has boosted the Orchestra's financial resilience, fundraising abilities and charitable governance. The total reserves held by Philharmonia Trust at 31 March 2020 were £5.9m. The merger increased the fixed assets held by Philharmonia Limited with the transfer of the property at Chancel Street to Philharmonia Limited's balance sheet. It also provides access to draw upon the 2005 Endowment Fund (£2.8m at 31 March 2021), an endowment previously held within the investment portfolio of Philharmonia Trust. Although not desirable to take from this fund at such a time, it is reassuring to know that the investment fund is available to us.



Philharmonia brass © Luca Migliore

In addition, DCMS / Arts Council England have given their permission to draw down funds from the Catalyst endowment fund should this be necessary to improve cashflow and enable appropriate investment in the organisation in response to the difficulties faced during, and after, the pandemic. This requires the approval of the Charities Commission (an application has been made), and a commitment to repay to the Catalyst fund, over a future period, any amount drawn down. At 31st December 2021, the company held cash of £1,267,247. Investments had a collective market value of £5,201,362, with the Catalyst fund valued at £2,816,776 and the Endowment fund valued at £2,384,586.

A detailed budgeting process takes place every period. Across the pandemic, and in the current time, particular scrutiny has been and is being given to budgeting and financial management. Having considered all the above matters the Trustees consider that the 'going concern' status of Philharmonia Limited is an appropriate assumption for the preparation of these financial statements.

Strategic report: Inclusivity & relevance action plan

During the period the Orchestra, led by its Board alongside the Equalities Group, developed a new Inclusivity & Relevance Action Plan in response to Arts Council England's Inclusivity & Relevance Investment Pillar. ACE provided feedback on this plan in summer 2021, and a revised Inclusivity & Relevance Action Plan is submitted to ACE shortly after the period of this report. The Action Plan sets out the Orchestra's priorities and approaches, building in measurable actions and time-specific deadlines that will lead to positive outcomes. Many of these speak directly to the priorities identified by Arts Council England as being germane to the Creative Case for Diversity and the 'Let's Create' strategy, as well as helping the Orchestra create a more sustainable and relevant business model:

Workforce, Governance and Membership: Philharmonia commits to achieving a more diverse workforce, Board of Trustees, and Membership of the Orchestra, ensuring we are representative of the UK's diversity. We must create and maintain an inclusive environment to ensure everyone is safe and comfortable in their workplace, can work to the best of their abilities, and can utilise this diversity to co-create a sustainable, relevant, and forward-thinking organisation.

Artists, Programme & Partnerships: Philharmonia will programme performances, artistic series, artists and form partnerships that are relevant to and representative of our diverse residency communities.

Audience & Participants: Audiences, participants and those engaging with Philharmonia, both digitally and live, will be representative of the diversity of the communities we serve.



Symphonize © Joe Crofton

Strategic report: Equal opportunities

Our Inclusivity & Relevance Action Plan is targeted towards growing the numbers of people and participants from protected characteristics groups who access our work, and on developing our workforce and Boards. Our focus is on age, disability, gender, ethnicity, class and socio-economic status.

We have developed our Equalities Group, with junior to senior representation across all departments in the administration, and with representatives from the player group and Board. The Group's priorities are driven by Inclusivity & Relevance Action Plan, and initiatives are prioritised accordingly.

The Philharmonia continues to provide equality of opportunity to current staff, applicants for administrative posts, Orchestra Members, extras, conductors, soloists and guest artists, outreach and engagement participants and concert attendees, and is actively engaged, through its Inclusivity & Relevance Action Plan, in improving ways the Orchestra interacts with, and encourages applications and participation from, those with underrepresented, protected characteristics.



Symphonize © Beth Walsh

Strategic report: Sustainability

The Orchestra is committed to reducing the negative environmental impact of our activities, in particular those relating to office waste and energy consumption, business travel, staff commuting and business services. As a touring orchestra, much of our environmental impact relates to concerts touring nationally and internationally, including Orchestra and artist travel, instrument transport (including freight) and the impact of the venues where we rehearse and perform.

The Orchestra is committed to improving our environmental performance and to engaging players, staff and external stakeholders in the following areas:

Reducing energy usage and building emissions, in particular with regard to our office building at 6 Chancel Street; reducing the environmental impact of travel, for example by encouraging the use of conference calls and low-carbon travel modes such as walking, cycling, public transport and lift sharing. The Orchestra offers hybrid working to our staff, seeks to reduce waste to landfill and increasing re-use and recycling, and we champion the green procurement of suppliers and services.

The Orchestra has committed to a 5-year arrangement giving us exclusive use of a highly emissions-efficient, ULEZ-compliant truck for the transportation of instruments with effect from autumn 2019, which gives the Philharmonia one of the most low-impact trucks for instrument transport of any UK symphony orchestra.

The Orchestra's flagship project for the 2021-22 Season (Santtu-Matias Rouvali's first as Principal Conductor), *Human/Nature: Music for a Precious Planet*, focuses on nature and the environment, placing environmental issues at the heart of our artistic programming and core activity. This season of concerts – developed across the period – will allow the Orchestra to showcase great works of art inspired by the environment alongside music with a harder-hitting environmental message, bringing nature and our lives, and the interaction between mankind and the natural world, to the forefront of audience's minds during the season. The Human/Nature Series will be supported by Kate and Andrew Davis and the Shelby Cullom Davis Charitable Fund.



Human/Nature © Andrew Lyons

Strategic report: Fundraising statement

As the 20/21 financial period started, we found ourselves in week three of a national lockdown. All of our programming and fundraising plans had been cancelled for the foreseeable future and the Philharmonia faced grave financial uncertainty along with the entire cultural sector. Quite quickly however, it became apparent that the key impacts of the lockdown that both musicians and our supporters was isolation and the need for connection. From this environment the Keep the Philharmonia Playing emergency appeal was created with the dual purpose of providing financial stability for the Orchestra as well as forging human connections between players and supporters during this difficult period.

The emergency appeal was multi-faceted. We launched a highly successful campaign to encourage ticket purchasers to donate the value of their tickets. Esa-Pekka Salonen and key musicians spearheaded the campaign and enabled our audience to understand the value and impact of their donation. Over 48% of ticket purchasers of the 20/21 season chose to donate either the full or partial value of their tickets. This was further helped by 95% of those ticket purchasers allowing us to claim Gift Aid on their donations.

We re-purposed our Chair Endowment scheme and encouraged supporters to support musicians in the Orchestra whilst connecting them digitally. 27 players and one orchestral section were supported through this campaign. This provided purpose and contact for both supporters and musicians whose relationships have prospered through email and music exchange during the long months of isolation.

Our general appeal utilised our newly upgraded online giving platform and by placing fundraising messaging at the heart of all our activity during lockdown, whether that be on our website, through our newsletters, or in our online concerts and recordings, we experienced a 3,448% increase in general online donations from the previous year.

With all our venues closed and social distancing still in place, planning performances to live audiences was still impossible. However, with key learnings from the archive streams we shared at the start of Lockdown, the Orchestra created a series of free digital concerts broadcast on

YouTube. The Philharmonia Sessions online concert series was offered free to enable the Philharmonia to reach the widest audience possible. It allowed us to play a small part in offering respite and solace to many during this period and introducing them to the joys of classical music.

Music can help at a time like this – individually, to find a sense of perspective, and collectively, to connect with one another. Orchestras are uniquely able to make this happen – Esa-Pekka Salonen

We were delighted with the passionate support that this series received with generous grants and donations received from Goldman Sachs Gives, John and Carol Wates, The Wates Foundation and Lark Music. Support for the Philharmonia Sessions: Orchestra Unwrapped concert for schools and families was received from The Harpur Trust, with additional support from the Philharmonia Orchestra in Bedford Trust.

Particular thanks should be given to the Laurence Modiano Charitable Trust whose generous support during the pandemic provided a vital lifeline to the players. In addition, we give our thanks to The David and Elaine Potter Foundation and the 29th May 1961 Charitable Trust for their support of the organisation.

Corporate support of the arts was significantly affected during this period. However, the Philharmonia forged an innovative digital partnership with Citi who released excerpts of Philharmonia performances both pre-recorded and newly commissioned to their clients on a regular basis through lockdown. This not only gave the Orchestra much needed income but also the opportunity to reach a completely new audience and build profile globally.

Keeping connected to our Philharmonia family was a focus throughout lockdown. We staged regular live Digital Soirees and Green Room events through the period including musical performances, interviews with soloists and Q&As with players. We were delighted to welcome HRH The Prince of Wales, our Royal Patron, to a very special Royal Soiree in January 2021 and with an audience of over 500 of our

Philharmonia family we were able to share a wonderful performance of Schubert's Octet filmed just before the third lockdown struck.

DCMS and ACE provided much needed financial security to the arts sector through the Cultural Recovery Fund. The Philharmonia is extremely grateful for the two substantial grants received during this period which allowed us to keep the 77 Philharmonia Orchestra members together and provide much needed work through our online concert series. The online and then socially distanced concerts created during the pandemic allowed us to also retain and grow our audience. This was vital to ensure that we would still have a loyal audience when we fully returned to the concert halls. The grants also ensured that our vital Learning and Engagement work could continue with online projects supporting those most affected by the lockdown.

Finally, out of adversity came Philharmonia Gin. What better way to enjoy one of our online concerts than with a Philharmonia Gin and tonic for which a donation was made from all bottles purchased.

All voluntary fundraising at the Philharmonia is carried out by an internally-managed Development department. The Philharmonia is a member of the Fundraising Regulator, the independent regulator of charitable fundraising. This was established to strengthen the system of charity regulation and restore public trust in fundraising and upholds a Code of Fundraising Practice for the UK. The Philharmonia works to its standards for charitable fundraising, which aim to ensure that fundraising is respectful, open, honest and accountable to the public.



Sheku Kanneh-Mason © Camilla Greenwell

Strategic report: Structure, governance and management

Governing document

Philharmonia Limited is a charitable Company limited by guarantee, governed by its Memorandum of Association as amended most recently by Special Resolutions on 1 April 2020 and 26 May 2020 and its Articles of Association as amended most recently by Special Resolutions on 19 March 2020, 1 April 2020 and 26 May 2020. It is a charity registered with the Charity Commission. At 31 August 2021, there were 73 members (31 March 2020: 78).

Appointment of the Board of Trustees

The merger of Philharmonia Limited with Philharmonia Trust Limited saw a change in the governance structure, and the Council of Management has been replaced by a Board of Trustees. The Board comprises nine playing members of the Orchestra, plus eight non-playing members.

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

Induction and training of the Board of Trustees

New members of the Board of Trustees receive a formal induction session from the Chair, the CEO, key employees and other members of the Board.

Organisation

The Board is supported by five sub-committees: the Orchestra Committee, the Finance Committee, the Artistic Committee, the Nominations Committee, and the Development Board. The Orchestra Committee consists of the player members of the Board (currently nine) chaired by the President of the Board. The Orchestra Committee meets approximately every two weeks and is responsible for day-to-day Orchestra matters. It reports to the Board on the management of orchestral and musical issues generally. It deals with Orchestra issues arising in accordance with policy guidelines provided by the Board.

The Finance Committee consists of five non-player members, four of whom are also members of the Board, plus the President and Deputy President of the Board. It is chaired by a non-player. It meets four times a year prior to the meetings of the Board. Reporting to the Board, it proposes financial budgets, reviews financial performance against budgets and deals with financial issues arising in accordance with policy guidelines provided by the Board. It proposes guidelines for players' fees increases.

The Artistic Committee consists of 5 players elected by the members of the Charity at an AGM, one non-player, and one further player appointed by the Orchestra Committee from amongst its members. The Committee meets a minimum of 3 times per Season, with the Director of Artistic Planning and/or CEO (or delegate) in attendance. The Committee is advisory to the Board with key responsibility to identify and collate Orchestra members' artistic views in relation to Philharmonia Limited's business plan and long-term strategy.

The Development Board consists of up to 18 members. These include a non-playing member of the main Board who also acts as Chair of the Development Board; two playing members of the Orchestra, of whom at least one shall be a main Board member; the Development Director; the CEO; and other personnel invited to join. It meets twice a period and reports to the Board of Trustees. Its role is to support the Development Department in achieving budgeted fundraising targets. The Development Board helps to raise funds for the Orchestra's programme of activity in the UK and overseas.

Senior staff

Day to day operating decisions are delegated to the Senior Management team which comprises the CEO, Director of Artistic Planning (from June 2020), Director of Finance & Operations (from March 2021), Director of Development, Director of Marketing & Communications and Learning & Engagement Director. Pay for senior staff is benchmarked against industry norms and overseen by the Nominations Committee; that for the Chief Executive Officer is approved by the Board of Trustees.

Related parties

The Company has previously had a related party relationship with Philharmonia Trust Limited, which shared some of the Trustees of Philharmonia Limited. These two entities merged on 1 April 2020. Both entities continued to exist during the period.

Merger

Philharmonia Ltd and Philharmonia Trust Ltd merged with effect from 1 April 2020. The new governance model merged Philharmonia Ltd and Philharmonia Trust Limited into one entity with one main Board of nine player Trustees and eight non-player Trustees. The Chair is now a non-player Trustee (a position previously held by a player Trustee of the Council of Management, the Board of Philharmonia Ltd). The main Board is supported by sub-committees including Orchestral, Artistic, Finance, Development, and Nominations. The new structure retains the Orchestra's self-governing status, whilst boosting the Orchestra's resilience, fundraising abilities and charitable governance – a “self-governing plus” model.



Santtu-Matias Rouvali © Belinda Lawley

Statement of Trustees' responsibilities

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

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

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

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

Charity governance code

Philharmonia Limited recognises that good governance in a charity is fundamental to its success. Philharmonia Limited and its Board are continually working towards achieving the highest standards of governance, by reference to the principles and recommended practice of the charity governance code. The merger between Philharmonia Ltd and Philharmonia Trust Ltd, referred to on page 15, will improve the governance structure to make the organisation more sustainable in the long term.

Statement as to disclosure of information to auditor

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

Auditor

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

This report, including the Strategic Report, was approved by the Board of Trustees on 4 April 2022.



Lord King of Lothbury
Chair of the Board of Trustees of Philharmonia Limited

Independent auditor's report to members of Philharmonia Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 August 2021 and of the Group's incoming resources and application of resources for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Philharmonia Limited ("the Parent Charitable Company") and its subsidiaries ("the Group") for the 17 month period ended 31 August 2021 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and Parent Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Report of the Board of Trustees, including the Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material

misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. No irregularities, including fraud were identified during the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

We:

- Discussed with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud meetings of those charged with governance, reviewing correspondence with HMRC and the Charities Commission to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility
- Reviewed items included in the fraud register
- Challenged assumptions made by management in their significant accounting estimates
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Clark (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Date: 10 May 2022

DocuSigned by:

Paul Clark

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Consolidated statement of financial activities

Incorporating the income and expenditure account
for the 17 month period ended 31 august 2021

(Comparatives are stated for the year ended 31 March 2020)

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £
Operating Income from:									
Donations and legacies	1	5,350,386	722,308	–	6,072,694	3,021,848	772,212	–	3,794,060
Charitable activities	2	1,036,174	(1,003)	–	1,035,171	4,787,231	63,448	–	4,850,679
Other trading activities		59,456	–	–	59,456	300,877	–	–	300,877
Investment income	7	335	71,918	53,766	126,019	601	521	–	1,122
Other income	1a	141,946	–	–	141,946	784,532	–	–	784,532
Asset transfer									
– Philharmonia Trust	8	973,143	2,338,039	2,185,759	5,496,941	–	–	–	–
Total operating income		7,561,440	3,131,262	2,239,525	12,932,227	8,895,089	836,181	–	9,731,270
Operating Expenditure on:									
Raising funds	3	657,732	41,195	–	698,927	734,326	53,327	–	787,653
Charitable activities	4	6,223,692	818,508	22,686	7,064,886	8,643,862	964,677	–	9,608,539
Total operating expenditure		6,881,424	859,703	22,686	7,763,813	9,378,188	1,018,004	–	10,396,192
Net gains on investments	13	–	642,652	581,916	1,224,568	–	–	–	–
Net income/(expenditure)	6	680,016	2,914,211	2,798,755	6,392,982	(483,099)	(181,823)	–	(664,922)
Transfers between funds	22	23,277	(23,277)	–	–	(59,558)	69,558	(10,000)	–
Net movement in funds		703,293	2,890,934	2,798,755	6,392,982	(542,657)	(112,265)	(10,000)	(664,922)
Total funds brought forward	23	1,585,030	254,264	184,484	2,023,778	2,127,687	366,529	194,484	2,688,700
Total funds carried forward		2,288,323	3,145,198	2,983,239	8,416,760	1,585,030	254,264	184,484	2,023,778

All of the above results are derived on continuing activities. All gains and losses recognised in the period are included above.
The notes from pages 35 to 50 form an integral part of these financial statements.

Balance sheets

As at 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

		Group			Charity
		2021	2020	2021	2020
	Note	£	£	£	(As restated) £
Fixed assets					
Tangible assets	11	3,916,239	572,561	3,905,653	561,521
Intangible assets	11	57,333	80,000	57,333	80,000
Investments	13	5,070,573	-	5,070,673	100
Total fixed assets		9,044,145	652,561	9,033,659	641,621
Current assets					
Debtors	14	920,720	1,505,501	997,928	1,509,963
Cash at bank and in hand		1,497,128	1,335,641	1,094,697	975,268
Total current assets		2,417,848	2,841,142	2,092,625	2,485,230
Creditors falling due <1 year	15	(1,468,556)	(1,469,925)	(1,429,593)	(1,434,496)
Net current assets		949,292	1,371,217	663,032	1,050,734
Total assets less current liabilities		9,993,437	2,023,778	9,696,691	1,692,356
Creditors falling due > 1 year	15	(1,576,677)	-	(1,576,677)	-
Net assets		8,416,760	2,023,778	8,120,014	1,692,356
The funds of the Charity:	24				
Restricted funds					
Restricted funds		-	107,327	-	107,327
MMSF Restricted funds		112,262	146,937	-	-
Instrument Loans Fund		117,338	-	117,338	-
Catalyst Investment Fund		2,915,597	-	2,915,597	-
		3,145,197	254,264	3,032,935	107,327
Endowment funds					
MMSF Endowment funds		184,484	184,484	-	-
Trust Endowment funds		2,798,755	-	2,798,755	-
		2,983,239	184,484	2,798,755	-
Unrestricted funds					
Designated funds		1,440,705	466,461	1,440,705	466,461
General funds		847,619	1,118,569	847,619	1,118,569
Total unrestricted funds		2,288,324	1,585,030	2,288,324	1,585,030
Total funds		8,416,760	2,023,778	8,120,014	1,692,356

The financial statements for the company (Company Registration No. 00799297 and Charity Registration No. 250277) were approved by the Board of Trustees and authorised for issue on and signed on its behalf by: **4th April 2022**



Lord King of Lothbury

The notes from pages 35 to 50 form an integral part of these financial statements.

Consolidated statement of cash flows

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

	Note	2021 £	2020 £
Cashflows from operating activities			
Net cash provided by operating activities		344,610	84,438
Cash flows from investing activities			
Dividends, interest and rent from investments		335	1,122
Mortgage interest		(42,780)	-
Proceeds from sale of fixed assets		-	9,999
Purchase of tangible fixed assets		(140,679)	(6,496)
Purchase of intangible fixed assets		-	(80,000)
Net cash (used in) investing activities		(183,124)	(75,375)
Cash flows from financing activities:			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the reporting period		161,486	9,063
Cash and cash equivalents at the beginning of the reporting period		1,335,641	1,326,578
Cash and cash equivalents at the end of the reporting period	17	1,497,127	1,335,641
		2021	2020
		£	£
Net operating income/(expenditure) for the reporting period			
(as per the statement of financial activities)		6,392,980	(664,923)
Adjustments for:			
Gift from Philharmonia Limited		(5,496,941)	-
Net gains/(losses) on investments		(1,224,568)	-
Depreciation		145,740	129,607
Amortisation		22,667	-
Loss on disposal of fixed assets		4,560	-
(Gain)/Loss on the revaluation of fixed assets		-	8,885
Mortgage loan interest		42,780	-
Interest on cash deposits		(335)	(1,122)
Investment income		(125,684)	-
Decrease in debtors		584,781	1,234,821
(Decrease) in creditors		(1,370)	(622,830)
Net cash (used in)/provided by operating activities		344,610	84,438

Accounting policies

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

A summary of the principal accounting policies for the 17 month period ended 31 August 2021, all of which have been applied consistently throughout the period and the preceding period is set out below.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historic cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102 (effective 1 January 2015 (Charities SORP FRS 102) the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared under a 17 month period to 31st August 2021, with the comparatives stated for the year ended 31st March 2020, the rationale of the change being that this brings the company's financial year end in line with the concert season.

Going concern

For the 17 month period ended 31 August 2021 the Orchestra relied substantially on funding by grants from Arts Council England (ACE) for its current and future commitments. This funding is primarily via National Portfolio Organisations (NPO) annual revenue funding, but also via other ACE funding programmes.

In response to an application for NPO funding for 2018-22, the Orchestra received notification that NPO funding for this period would be maintained at existing levels. ACE have also rolled over the current NPO funding period for a further year in response to the impact that COVID-19 is having on the Arts, therefore our current funding period will now extend to March 2023. Applications will be made in Spring 2022 for the next round of NPO funding for the years following March 2023.

Despite the uncertainty brought about by COVID-19 pandemic, the merger between Philharmonia Limited and Philharmonia Trust Limited has boosted the Orchestra's resilience, fundraising abilities and charitable governance. The total reserves held by Philharmonia Trust Limited at 31 March 2020 were \$5.9m. The Philharmonia Limited's fixed assets increased with the transfer of the property at Chancel Street to the balance sheet. It also provides access to draw upon the 2005 Fund (\$2.3m as at 31 August 2021), an endowment previously held within the investment portfolio of Philharmonia Trust Limited. Although not desirable to take from this fund at such a time, it is reassuring to know that the investment fund is available to us. The ongoing strength of the net asset position with further investment growth during the period provides additional assurance to the Trustees to consider that the 'going concern' status of Philharmonia Limited is an appropriate assumption for the preparation of these financial statements. At 31st December 2021, the company held cash of £1,267,247 and investments had a collective market value of \$5,201,362.

A detailed budgeting process takes place every period, however with the onset of the pandemic, a COVID-19 rework of the budget took place in the early part of 2021 to ensure the uncertainties were reflected in an updated budget with ongoing budgets and forecasts updated quarterly thereafter. On the basis of the above the directors consider that the financial statements should be prepared on a going concern basis.

Consolidation

The consolidated financial statements include the results of Philharmonia Limited and its subsidiary undertakings Rite Digital Limited, The Martin Musical Scholarship Fund and Philharmonia Trust Limited, which are all controlled by Philharmonia Limited. All financial statements for subsidiaries are made up to 31 August 2021. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Prior year adjustment

The charity only balance sheet in 2020 has been restated to reflect an error in respect of the accounting for The Martin Musical Scholarship Fund ("MMSF"). MMSF continues to be included in the consolidated financial statements, but previously was treated as a branch of Philharmonia Ltd with the assets and liabilities of MMSF included in the Philharmonia individual charity balance sheet. For 2021 and going forward MMSF will be treated as a separate charity under the control of Philharmonia, with its assets and liabilities excluded from the individual charity balance sheet of Philharmonia Limited but included in the consolidation. The prior year adjustment reduces the comparative balances, for the charity only balance sheet of fixed assets (£11,040), debtors (£3,150), cash (£318,822) and creditors (£1,590), with reserves reduced by £331,422. There was no adjustment to the consolidated balances.

Key areas of significant judgements and estimation uncertainty

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors which are considered relevant. Actual results may differ from these estimates.

The only significant judgement was to maintain the value of the music library at its existing net book value on transfer from the Philharmonia Trust Limited. The Directors decided not to increase the value, due to the uncertainty of the valuation.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects the current and future periods. The directors consider that no significant judgements or estimates were made in the preparation of these financial statements.

Income

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

Other categories of income are recognised on an accruals basis, (excluding value added tax), with income relating to advanced ticket sales being held as deferred income and released only when the concert takes place. Rite Digital transfers its surplus to Philharmonia Limited under the terms of Gift Aid at period end.

Expenditure

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

Leases

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

Tangible fixed assets and depreciation

Fixed assets include musical instruments which have been valued at deemed cost at the transition date of FRS102. Other fixed assets are stated at cost less provision for depreciation. As a general rule, purchases less than 1,000 are not considered for capitalisation unless for security reasons they need to be recorded in the fixed asset register (e.g. laptop computers).

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

Fixtures and fittings	5 years
Musical Instruments	10 years
Computer equipment	3 years
Property improvements	20 years
Property	50 years
Music library	50 years

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

Intangible assets

Intangible assets are capitalised where it is probable that the expected economic gains that are attributable to the asset will flow to the entity. Website development costs will therefore fall into this category and have been included on the balance sheet at cost.

Website development costs 5 years

Financial instruments

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

Investments

Investments held as fixed assets are revalued at open market value at the balance sheet date and the gain or loss is taken to the Statement of Financial Activities.

Debtors

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

Bank

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

Creditors and provisions

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

Funds

Unrestricted funds are donations or income receivable or generated for the objectives of the charity without a required purpose and are available as general funds. Designated funds are unrestricted funds designated by the Trustees for particular purposes. Restricted funds are to be used for required purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs. The endowment fund represents those assets held permanently by the charity. Income arising on the endowment fund is to be used to provide grants through the grant fund. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

Foreign exchange transactions

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

Pension contributions

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

Connected charities

American Friends of the Philharmonia Orchestra, Inc and the Philharmonia Foundation are based in the United States and are connected to Philharmonia Limited as some of the Trustees of Philharmonia Limited are also on the Board of the US entities. The Philharmonia Orchestra in Bedford Trust (registered charity number 1170495) is connected to Philharmonia Limited but has no Trustees in common. The Philharmonia Benevolent Fund (registered charity number 280370) is connected to Philharmonia Limited but also has no Trustees in common.

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

1. Income from donations and legacies

	Unrestricted	Restricted	2021 Total	2020 Total
	£	£	£	£
Arts Council - core grant	2,968,301	-	2,968,301	2,042,222
Arts Council - cultural recovery fund	1,408,099	-	1,408,099	-
Grant income -other	400	199,888	200,288	192,449
Donations from charitable foundations	-	77,979	77,979	270,049
Donations from Philharmonia Trust	-	-	-	300,000
Other donations and legacies	973,586	-	973,586	666,947
Sponsorship donations	-	444,440	444,440	322,393
	5,350,386	722,307	6,072,693	3,794,060

1a. Other income

	Unrestricted	Restricted	2021 Total	2020 Total
	£	£	£	£
Orchestral Tax Relief	-	-	-	784,532
Furlough Income	141,946	-	141,946	-
	141,946	-	141,946	784,532

2. Income from charitable activities

	Unrestricted	Restricted	2021 Total	2020 Total
	£	£	£	£
Own promotion concerts	19,398	7,049	26,447	1,112,416
Recordings & Film	280,617	-	280,617	356,674
Engagements	80,875	-	80,875	584,413
Co Promotions	579,894	(15,000)	564,894	788,187
Tours	-	-	-	1,865,195
Education & Digital projects	73,492	6,948	80,440	136,824
Other activities	1,898	-	1,898	6,970
	1,036,174	(1,003)	1,035,171	4,850,679

3. Expenditure on raising funds

	Unrestricted	Restricted	2021 Total	2020 Total
	£	£	£	£
Allocation of support costs (see note 5)	656,441	41,195	697,636	596,026
Direct expenditure	1,291	-	1,291	191,627
	657,732	41,195	698,927	787,653

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

4. Expenditure on charitable activities

	Unrestricted	Restricted	Endowment	2021 Total	2020 Total
	£	£	£	£	£
Concert, relay fees and player support	2,466,435	237,901	-	2,704,336	5,059,371
Travel and transport of instruments	87,934	72,436	-	160,370	951,533
Music and instrument hire	60,012	11,804	-	71,816	181,506
Hall hire and box office commission	7,191	194,208	-	201,399	498,097
Programme expenditure	25,461	600	-	26,061	204,578
Grants payable	-	49,931	-	49,931	119,176
Allocation of support costs (see note 5)	2,911,155	-	-	2,911,155	2,076,599
Other expenditure	622,724	232,210	-	854,934	517,680
Interest payable on mortgage loan	42,780	-	-	42,780	-
Investment management fees	-	19,418	22,686	42,104	-
	6,223,692	818,508	22,686	7,064,886	9,608,540

5. Allocation of support costs

2021	Expenditure on raising funds	Expenditure on charitable activities	Total
	£	£	£
Employment costs	543,670	1,887,933	2,431,603
Travel, subsistence and entertaining	162	274,606	274,768
Occupation and office costs	76,356	298,520	374,876
Bank interest and charges	3,308	12,688	15,997
Orchestral overheads	-	95,755	95,755
Governance cost	-	73,435	73,435
Other costs	74,140	268,218	342,359
	697,636	2,911,155	3,608,791

2020	Expenditure on raising funds	Expenditure on charitable activities	Total
	£	£	£
Employment costs	417,843	1,409,800	1,827,643
Travel, subsistence and entertaining	17,940	196,814	214,754
Occupation and office costs	86,423	228,650	315,073
Bank interest and charges	7,044	18,581	25,625
Orchestral overheads	-	109,945	109,945
Governance cost	-	56,396	56,396
Other costs	66,776	56,413	123,189
	596,026	2,076,599	2,672,625

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

6. Net income/(expenditure) for the period is stated after charging:

	2021	2020
	£	£
Auditor's remuneration - audit fee	44,000	34,000
Auditor's remuneration - other fees	17,166	8,742
Operating Lease - Land and buildings	5,023	53,326
Operating Lease - Plant and machinery	17,107	11,211
Depreciation	168,405	141,330

7. Investment income and interest receivable

	2021	2020
	£	£
Investment income	125,684	-
Interest on deposits	335	1,122
	<u>126,019</u>	<u>1,122</u>

8. Asset transfer – Philharmonia Trust 1 April 2020

The assets and liabilities transferred from Philharmonia Trust Limited to Philharmonia Limited on 1st April 2020 were:

	1 April 2020
	£
Music library	219,500
Buildings – cost less leasehold improvements carrying value	3,133,539
Cash	25,446
Investment Cash	188,614
Portfolio Investments	3,574,393
Sundry Debtors	61,376
Creditors brought forward	(24,112)
Mortgage liability due to Philharmonia Trust Limited	(1,681,815)
	<u>5,496,941</u>

The building was carried in Philharmonia Trust Limited at 3.6m and was subject to a fair value adjustment of £466,461, reflecting the carrying value of building improvements already held in Philharmonia Limited.

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

9. Employees

	17 months ending 31 August 2021	12 months ending 31 March 2020
	£	£
Staff costs were as follows:		
Wages and salaries	1,904,791	1,417,702
Social security costs	185,884	141,051
Pension costs	99,608	82,676
Temporary staff	290,431	308,183
	<u>2,480,714</u>	<u>1,949,612</u>

The key management personnel of the charity during the period comprise the managing director, deputy managing director, development director, residencies and regional programmes director, education director, finance director, marketing director, digital director and the head of innovation and partnerships. Aggregate remuneration for the 17 month period was £754,532 (2020 - £569,910).

	17 months ending 31 August 2021 no.	12 months ending 31 March 2020 no.
The number of employees whose salaries exceeded £60,000 are as follows:		
£60,001 - £70,000	3	-
£70,001 - £80,000	1	-
£80,001 - £90,000	-	2
£90,001 - £100,000	1	1
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-

	17 months ending 31 August 2021	12 months ending 31 March 2020
The average number of employees, by headcount, during the period is as follows:		
Library	2	2
Finance	3	0
Marketing	6	7
Education	4	5
Concerts	7	12
New Media	5	5
Development	7	7
Management	2	5
	<u>36</u>	<u>43</u>

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

10. Board of Trustees

Emoluments to any Player Member serving on the Board of Trustees (formerly Council of Management) is authorised in the Articles of Association.

No emoluments were paid for services as Trustees. The Board of Trustees emoluments (including pension contributions) in the period were as follows:

	Salary	Pension	2021 Total £	2020 Total £
Honoraria for services as Chair of the Orchestra				
Mike Fuller (resigned June 2019)	-	-	-	2,160
Victoria Irish (appointed June 2019)	-	-	-	10,721
Honoraria for services as Deputy Chair of the Orchestra				
Victoria Irish (resigned 17 January 2021)	9,440	566	10,006	1,040
Remuneration for services as Managing Director:				
Mike Fuller (resigned 1 September 2020)	43,462	2,100	45,562	95,904
Honoraria for services as President:				
Kira Doherty (appointed 11 March 2021)	5,905	187	6,092	-
Honoraria for services as Deputy President:				
Cheremie Hamilton-Miller (appointed 1 April 2020)	8,858	531	9,389	5,019

None of the Trustees received any reimbursed expenses during the period (2020 – £nil).

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

11. Tangible and intangible fixed assets

	Long Leashold Property	Buildings refurbishment	Musical instruments	Music Library	Computer equipment	Fixtures and Fittings	Assets under Construction	Total Tangible Assets	Intangible Asset
	£	£	£	£	£	£	£	£	£
Cost at 1 April 2020	-	685,902	455,602	-	394,440	78,834	-	1,614,778	80,000
Transfer from									
Philharmonia Trust	3,133,539	-	-	219,500	-	-	-	3,353,039	-
Additions	-	-	59,166	-	16,464	-	65,049	140,679	-
Disposals	-	-	(23,802)	-	(271,646)	-	-	(295,448)	-
Transfer	685,902	(685,902)	-	-	-	-	-	-	-
as at 31 August 2021	3,819,441	-	490,966	219,500	139,258	78,834	65,049	4,813,048	80,000

Depreciation

As at 1 April 2020	-	(219,441)	(370,538)	-	(376,874)	(75,363)	-	(1,042,216)	-
Charge in year	(67,133)	-	(39,654)	(19,795)	(17,651)	(1,505)	-	(145,738)	(22,667)
Disposals	-	-	20,000	-	271,145	-	-	291,145	-
Transfer	(219,441)	219,441	-	-	-	-	-	-	-
As at 31 August 2021	(286,574)	-	(390,192)	(19,795)	(123,380)	(76,868)	-	(896,809)	(22,667)

Net book value

31 August 2021	3,532,867	-	100,774	199,705	15,878	1,966	65,049	3,916,239	57,333
31 March 2020	-	466,461	85,064	-	17,567	3,469	-	572,561	80,000

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

Tangible and intangible fixed assets (continued)

Charity only	Long Leashold Property £	Buildings refurbishment £	Musical instruments £	Music Library £	Computer equipment £	Fixtures and Fittings £	Assets under Construction £	Total Tangible Assets £	Intangible Asset £
Cost at 1 April 2020	-	685,902	439,603	-	388,004	78,833	-	1,592,342	80,000
Transfer from Philharmonia Trust	3,133,538	-	-	219,500	-	-	-	3,353,038	-
Additions	-	-	59,166	-	16,464	-	65,049	140,679	-
Disposals	-	-	(23,802)	-	(271,646)	-	-	(295,448)	-
Transfer	685,902	(685,902)	-	-	-	-	-	-	-
at 31 August 2021	3,819,440	-	474,967	219,500	132,822	78,833	65,049	4,790,611	80,000
Depreciation									
As at 1 April 2020	-	(219,441)	(365,579)	-	(370,437)	(75,364)	-	(1,030,821)	-
Charge in year	(67,133)	-	(39,201)	(19,795)	(17,648)	(1,505)	-	(145,282)	(22,667)
Disposals	-	-	20,000	271,145	-	291,145	-	-	-
Transfer	(219,441)	219,441	-	-	-	-	-	-	-
As at 31 August 2021	(286,574)	-	(384,780)	(19,795)	(116,940)	(76,869)	-	(884,958)	(22,667)
Net book value									
31 August 2021	3,532,866	-	90,187	199,705	15,882	1,964	65,049	3,905,653	57,333
31 March 2020	-	466,461	74,024	-	17,567	3,469	-	561,521	80,000

The long leasehold property is secured by debenture in respect of the mortgage held by Philharmonia Trust Limited and held on a 999 year lease commencing 28 January 2005. Long leasehold property is made up of 1,450,000 land element, where no depreciation is charged.

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

12. Fixed asset investment

	31 August 2021	31 March 2020
	£	£
Rite Digital Limited	100	100
Philharmonia Trust Limited	-	-
	<u>100</u>	<u>100</u>

The charity wholly owns the entire share capital (100 shares of 1 each) of Rite Digital Limited which is incorporated in England and Wales Company number 07565292 and Philharmonia Trust Limited Company number 913665.

13. Investments

The movement in investments during the year was as follows:

	2021
At 1 April 2020	3,574,393
Addition of investment cash opening balance	188,614
Additions to investments at cost	239,995
Disposal of investments at valuation	(137,564)
Net gain on revaluation (based on open market valuation at year end)	1,122,137
Income from investment	125,429
Management fees	(42,104)
Exchange differences	(327)
At 31 August 2021	<u><u>5,070,573</u></u>

The net gain on revaluation is based on open market valuation at period end. The 2021 valuation is comprised of the following:

	2021
Cash	161,794
Corporate bonds	460,632
UK equity	1,310,776
Global equity	2,198,729
Emerging Markets	451,254
Property	487,388
	<u><u>5,070,573</u></u>

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

14. Debtors

	Group		Charity	
Due within one year:	31 August 2021	31 March 2020	31 August 2021	31 March 2020
	£	£	£	£
Trade debtors	513,554	389,778	475,607	265,840
Other debtors	136,056	142,281	136,056	142,281
Amounts owed by Philharmonia Foundation	78,617	59,806	78,617	59,806
Amounts owed by RDL	-	-	109,108	128,400
Amounts owed by MMSF	-	-	6,045	-
Tax recoverable	-	784,912	-	784,912
Prepayments and accrued income	192,493	128,724	192,495	128,724
	920,720	1,505,501	997,928	1,509,963

15. Creditors

	Group		Charity	
Amounts falling due within one year	31 August 2021	31 March 2020	31 August 2021	31 March 2020
	£	£	£	£
Trade creditors	341,712	669,249	338,712	650,063
Other creditors	35,279	67,862	26,086	50,059
Mortgage loan	70,955	-	70,955	-
Owed to MMSF	-	-	-	1,560
Other taxation and social security costs	39,662	71,989	39,662	71,989
Accruals	239,657	290,986	212,887	290,986
Deferred income	741,291	369,839	741,291	369,839
	1,468,556	1,469,925	1,429,593	1,434,496

Amounts falling due after more than one year	2021	2020	2021	2020
	£	£	£	£
Creditors greater than 1 year				
Amounts repayable in 1 to 2 years	72,722	-	72,722	-
Amounts repayable in 2 to 5 years	229,212	-	229,212	-
Amounts repayable in < than 5 years	1,274,743	-	1,274,743	-
	1,576,677	-	1,576,677	-

The amounts repayable relate to a mortgage loan from Barclays Bank on the property at 6 Chancel Street. At the period-end the outstanding balance was 1,647,632. The loan rate is 2.49% per annum (fixed) repayable over the loan term of 23 years.

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

16. Deferred income

Deferred income relates to ticket sales in advance and various sponsorship agreements where the project or concert has not yet been delivered.

	Group		Charity	
	31 August 2021	31 March 2020	31 August 2021	31 March 2020
	£	£	£	£
Balance brought forward at 1 April 2020	369,839	359,348	369,839	359,348
Deferred income released in year	(378,442)	(962,592)	(378,442)	(962,592)
Income deferred in year	749,894	973,083	749,894	973,083
	<u>741,291</u>	<u>369,839</u>	<u>741,291</u>	<u>369,839</u>

17. Reconciliation of net cashflow to movement in net debt

	1 April 2020	Cash flows	Non-cash changes	31 August 2021
	£	£	£	£
Cash at bank and in hand	1,335,641	161,486	-	1,497,127
Cash equivalents	-	-	34,184	-
Cash and cash equivalents	<u>1,335,641</u>	<u>161,486</u>	<u>34,184</u>	<u>1,497,127</u>
Debt due within one year	-	(70,955)	(70,955)	(70,955)
Debt due after one year	-	(1,576,676)	(1,610,860)	(1,576,676)
Total Borrowings	<u>-</u>	<u>(1,647,631)</u>	<u>(1,681,815)</u>	<u>(1,647,631)</u>
Total movement in net debt	<u>1,335,641</u>	<u>(1,486,145)</u>	<u>(1,647,631)</u>	<u>(150,504)</u>

The non-cash changes arose from the transfer of assets from Philharmonia Trust Limited.

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

18. Liability of members

All members have a liability not exceeding 1 per member. There were 73 members at 31 August 2021 (2020 - 78).

19. Commitments

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

	Office equipment	Building	31 August 2021 Total	31 March 2020 Total
	£	£	£	£
Less than one year	10,608	-	10,608	14,022
Between two and five years	28,053	-	28,053	42,081
later than five years	-	-	-	1,930
	38,661	-	38,661	58,034

The value of lease payments recognised as expense in the year were:

	Office equipment	Building	31 August 2021 Total	31 March 2020 Total
	£	£	£	£
Lease expense payments in the year	17,107	5,023	22,130	64,537

20. Contingent liability

During the year the company received notification of a claim from a third party. The value of the claim is uncertain at present, however the company will defend it rigorously and has taken initial legal advice on the matter. No provision has been made in respect of this claim.

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

21. Related party transactions

Payments were made to all playing members of the Board (formerly the Council of Management), including the Chair and Deputy Chair, in respect of the work they have carried out with the Orchestra. During the period, playing members of the Board were paid no additional income for duties, however payments were made under the SEISS and MSS initiatives resulting from being members of the Board.

Prior to the merger of the activities of Philharmonia Trust Ltd on 1 April 2020, the company had a related party relationship with Philharmonia Trust Ltd by virtue of its trustees. During the year ended 31 March 2020 grants of £300,000 were awarded by, and office rentals of £35,000 paid to, Philharmonia Trust Limited.

Rite Digital Limited gifts its profits to the charity making a nil gain nil loss each year. At the period end Rite Digital owed Philharmonia Limited £109,108 (2020 – £128,400).

The Company had a related party relationship with MMSF by virtue of its trustees. During the period MMSF owed Philharmonia Limited £6,045 (2020 – creditor of £3,150).

The Company has a related party relationship with the American Friends of the Philharmonia Orchestra, inc (AFPO), registered in the US by virtue of having a Trustee in common. AFPO was dissolved 30 March 2021.

The Company has a related party relationship with the Philharmonia Foundation, registered in the US by virtue of having a Trustee in common. During the period Philharmonia Foundation made payments totalling £nil (2020 – £63,544) in respect of expenses repaid to Philharmonia Limited. At the period end Philharmonia Foundation owed Philharmonia Limited £78,617 (2020 – £59,806)

The following trustees had related party transactions with the Charity during the period:

Trustee	Donations £
Lord King	3,431
Saul Nathan	30,000
Julia Zilberman	2,060
Michael Brindle	10,232
Daan Knottenbelt	27,500
Laurence Modiano	277,492
External member of the Finance Committee	
Nick Bishop	5,000

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

22. Movement in funds for the 17 month period ended 31 August 2021

	At 1 April 2020	Income	Expenditure	Philharmonia Trust Limited asset transfer	Transfers	At 31 August 2021
	£	£	£	£	£	
Restricted funds						
Philharmonia Projects Fund	107,327	516,416	(600,466)	-	(23,277)	-
Martin Musical Scholarship Grant Fund	48,108	15,000	(49,375)	-	320	14,053
MMSF General Fund	87,149	255	(102)	-	320	87,622
MMSF Donated Assets	11,680	-	(453)	-	(640)	10,587
Rite Digital	-	189,888	(189,888)	-	-	-
Instrument Loans Fund	-	-	-	117,338	-	117,338
Catalyst Investment Fund	-	714,315	(19,418)	2,220,701	-	2,915,598
Total restricted	254,264	1,435,874	(859,702)	2,338,039	(23,277)	3,145,198
Endowment Funds						
Martin Musical Scholarship Fund	184,484	-	-	-	-	184,484
Endowment 2005 Fund	-	635,682	(22,686)	2,185,759	-	2,798,755
Total endowment	184,484	635,682	(22,686)	2,185,759	-	2,983,239
Unrestricted funds						
Designated Fund – Fixed Assets	-	-	-	-	440,705	440,705
Designated Fund – Special Projects and Covid Risk	-	-	-	-	1,000,000	1,000,000
Designated Fund – Property	412,363	-	-	-	(412,363)	-
Revaluation reserve	75,046	-	-	-	(75,046)	-
Philharmonia General Fund	1,097,621	6,588,297	(6,881,424)	973,143	(930,019)	847,618
Total unrestricted	1,585,030	6,588,297	(6,881,424)	973,143	23,277	2,288,323
Total funds	2,023,778	8,659,853	(7,763,812)	5,496,941	-	8,416,760

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

23. Movement in funds for the year ended 31 March 2020

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 August 2021 £
Restricted funds					
Philharmonia Projects Fund	183,232	669,715	(805,178)	59,558	107,327
Martin Musical Scholarship Grant Fund	119,593	69,395	(110,180)	(30,700)	48,108
MMSF General Fund	52,024	3,421	(8,996)	40,700	87,149
MMSF Donated Assets	11,680	-	-	-	11,680
Rite Digital	-	93,650	(93,650)	-	-
Total restricted	366,529	836,181	(1,018,004)	69,558	254,264
Endowment Funds					
Martin Musical Instrumental Fellowships Fund	194,484	-	-	(10,000)	184,484
Total endowment	194,484	-	-	(10,000)	184,484
Unrestricted funds					
Philharmonia General Fund	1,555,398	8,895,089	(9,378,188)	25,322	1,097,621
Designated Fund - Property	497,243	-	-	(84,880)	412,363
Revaluation reserve	75,046	-	-	-	75,046
Total unrestricted	2,127,687	8,895,089	(9,378,188)	(59,558)	1,585,030
Total funds	2,688,700	9,731,270	(10,396,192)	-	2,023,778

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

Restricted Funds:

Philharmonia Projects Fund:

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

Martin Musical Scholarship Fund and MMSF General Fund

Martin Musical Scholarship Fund (MMSF) is a subsidiary charity of Philharmonia Ltd, which supports young musicians. Funds are split between restricted and endowment funds according to their nature.

MMSF Donated Assets

Relates to a piano.

Rite Digital

Innovate grant income and expenditure.

Instrument Loans Fund

Transferred from Philharmonia Trust, instrument loans

Catalyst Investment Fund

Transferred from Philharmonia Trust

Unrestricted Funds:

Designated Fund – Property

The property reserve related to funds for the fit out of 6 Chancel Street, which have now been written down as they are included within the fair value of the property transfer (see note 8).

Designated Fund – Fixed Assets

The fixed asset reserve comprises the net book value of all fixed assets excluding property

Designated Fund – Special Projects and Covid Risk

These funds have been set aside to support the Orchestra to maintain its activities in light of the particularly challenging environment caused by the pandemic and to further invest in dynamic artistic special projects and innovation to grow future revenue and activity.

Notes to the financial statements

For the 17 month period ended 31 August 2021

(Comparatives are stated for the year ended 31 March 2020)

24. Analysis of net assets between funds

	Unrestricted £	Restricted £	Endowment £	Total £
As at 31 August 2021				
Tangible fixed asset	9,033,561	10,587	-	9,044,148
Current assets	(3,732,819)	3,167,425	2,983,239	2,417,845
Current liabilities	(1,435,741)	(32,815)	-	(1,468,556)
Long term liabilities	(1,576,677)	-	-	(1,576,677)
	2,288,324	3,145,197	2,983,239	8,416,760

	Unrestricted £	Restricted £	Endowment £	Total £
At 31 March 2020				
Tangible fixed asset	641,521	11,040	-	652,561
Current assets	2,411,843	244,815	184,484	2,841,142
Current liabilities	(1,468,334)	(1,591)	-	(1,469,925)
	1,585,030	254,264	184,484	2,023,778