

The Royal Philharmonic Society

Registered charity
Company limited by guarantee

Report and Financial Statements

Year Ended 31 August 2011

Charity number: 213693
Company number: 186522

The Royal
Philharmonic
Society

Creating a future for music

**The Royal Philharmonic Society
Report and Financial Statements
For the Year Ended 31 August 2011**

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**The Royal Philharmonic Society
Report and Financial Statements
For the Year Ended 31 August 2011**

Reference and Administrative Information

Founded 24 January 1813

Under the immediate patronage of Her Majesty The Queen

Governing documents:	Memorandum and Articles of Association
Charity number:	213693
Company number:	186522
Members of the Council:	John Gilhooly – Chairman Francis Bergin – Honorary Treasurer Ian Rosenblatt – Honorary Co-Treasurer David Long – Honorary Secretary (Appointed January 2011) Arthur Searle – Honorary Librarian Lincoln Abbotts Edward Blakeman Martyn Brabbins (Resigned January 2011) Iain Burnside Mary King Colin Lawson Colin Matthews Louise Mitchell Gillian Moore MBE Chi-Chi Nwanoku MBE Tom Service
Representing corporate members:	Nicholas Riddle – Peters Edition (Resigned January 2011) Laurie Watt – Charles Russell
Company secretary:	David Long (From January 2011)
Executive director:	Rosemary Johnson
Registered office:	10 Stratford Place London W1C 1BA
Principal bankers:	Santander UK Plc Bridle Road Bootle Merseyside L30 4GB
Investment managers:	Ruffer LLP 80 Victoria Street London SW1E 5JL
Auditors:	Clarity Chartered Accountants 2 Lancaster Close Stevenage Hertfordshire SG1 4RX
Honorary solicitor:	Laurie Watt (Appointed January 2011) C/O Charles Russell 8-10 New Fetter Lane London EC4A 1RS

The Royal Philharmonic Society Report of the Council For the Year Ended 31 August 2011

This is the annual report of the Council of The Royal Philharmonic Society together with the audited financial statements for the year ended 31 August 2011.

The reference and administrative information set out on page 1 forms part of this report.

The financial statements comply with current statutory requirements and the Statement of Recommended Practice – “Accounting and Reporting by Charities” (revised 2005).

Structure, Governance and Management

Governing Document

The Royal Philharmonic Society is a company limited by guarantee. It is governed by its Memorandum and Articles of Association dated 23 October 1922 and amended and up-dated on 29 July 1993, 23 January 2003, 28 January 2004 and on 29 January 2009. It is registered as a charity with the Charity Commission. Membership is open to all on payment of a subscription and there are currently 555 members, of whom around forty percent are defined as professional musicians. Seven organisations have corporate membership. In the event of winding up, individual members agree to contribute an amount not exceeding £1.

Appointment of Trustees

Members of the Council of the Royal Philharmonic Society are individually and collectively its directors for the purposes of company law and its trustees for the purpose of charity law. Nominees for membership of the Council are invited each year from members of the Society. They are drawn from professional musicians and non-professionals to give as wide a breadth of viewpoint and expertise as possible. At the moment, there are eleven professional musicians on the Council.

The officers are elected each year by the AGM, and the Chairman is elected each year by the Council from among its members at the first Council meeting following the AGM. All members of the Council serve without remuneration.

Trustee Induction and Training

All new trustees meet the Chairman and Executive Director to discuss their appointment and are provided with a detailed written briefing on the role of the Society and the responsibilities of charity trustees. They also receive copies of the Memorandum and Articles of Association, the Annual Accounts for the previous financial year and copies of recent Council Meeting Minutes. All trustees are asked to declare any possible conflict of interest resulting from their involvement in other arts organisations. A register of these interests is maintained at the Society's offices.

Organisation

The RPS has two full time employees responsible for the day-to-day conduct of the Society's activities: The Executive Director is Rosemary Johnson and Laura Emmett is Administrator. Tom Hutchinson is our free-lance Project Co-ordinator and Alison Pavier is freelance Head of Development. Ongoing management is delegated by the Council to an Executive committee consisting of the Chairman, Hon. Secretary, Hon. Treasurer, Hon. Co-Treasurer, Executive Director and not more than two members of the Council elected at the first meeting following the AGM. Minutes of Executive meetings are circulated to the Council as are the quarterly Management Accounts. There were 7 meetings of the Executive in the calendar year, and five meetings of the Council.

John Gilhooly and Francis Bergin served as Chairman and Honorary Treasurer respectively throughout the year. David Long was appointed Honorary Secretary at the Annual General Meeting.

The Society's Annual General Meeting was held on 24 January 2011 at Chandos House, London W1. Lincoln Abbots, Chief Executive of Music for Youth; Chi-Chi Nwanoku double bass player and broadcaster and Tom Service broadcaster and writer were elected as members Representatives. The Chairman expressed warm appreciation for the work done by all the Council Members over the year. Afterwards Musical Director of the Philharmonia, Esa-Pekka Salonen, spoke to members about the differences between orchestras on the different sides of the Atlantic.

Related Parties

The Society continues a close relationship with the Susan Chilcott Scholarship, a charity which exists to assist the further study of singers over the age of 21. The Society administers the scholarships and is paid an annual fee for doing so. Three trustees of the scholarship also serve as trustees of the RPS.

The Royal Philharmonic Society

Report of the Council

For the Year Ended 31 August 2011

Risk Management

A fully comprehensive risk assessment was undertaken during the year. Bearing in mind the type of work carried out by the Society and the very small number of staff employed, it was felt that the principal risk faced is still the potential loss of the Society's investments caused by a sustained decline in the value of equities. This would severely constrain the Society's ability to continue its normal activities and might possibly cause it to cease operation completely. A sub-committee of the Council, the Investment Advisory Committee, meets the Society's investment advisers twice a year and a review of its activities appears later in this report.

Objectives and Activities

During the year under review, the Society has continued to develop projects and activities to achieve its objectives of understanding of music, encouraging creativity in music and giving recognition to excellence in music and musicians by implementing the following strategies:

- the support of young musicians and the creation of new music
- the maintenance of an active commissioning policy
- the recognition of musicianship and services to music
- the provision of financial assistance to help young performers e.g. with the purchase of instruments
- continuing support for the development of musical education and audience development
- the provision of opportunities for distinguished speakers from the arts and the promotion of debate about key issues facing music today
- the promotion of free and low price events, open to all, that further the appreciation of music
- the maintenance of membership

Achievements and Performance

The Council continued to be guided by the business plan drawn up in 2009 and to work towards the Society's Bicentenary in 2013.

The Society's support for young musicians was developed with awards made to 18 young players to purchase instruments appropriate for professional training and three performers given substantial grants for study abroad. Previous recipients of the Julius Isserlis Scholarship, the Benyounes Quartet, gave a free recital at the City of London Music Society which was financed by the Society.

The Philip Langridge Mentoring Scheme, which will pair exceptional young professional musicians at the start of their careers with the leading stars of the classical world, was launched in November with a public masterclass led by Dame Ann Murray DBE. The Society is extremely grateful to the Langridge Family for the gift of a Gagliano violin during the year which has been sold to raise funds for the mentoring scheme and to Raymond Gubbay who promoted a Gilbert and Sullivan Gala at Cadogan Hall in aid of the scheme.

Composers and commissioning played a vital part in the year. Anna Meredith continued as the third RPS/PRSF Composer in the House, working with East Midlands based orchestra Sinfonia ViVA. Her work *Nightshift*, which formed part of the residency, involved children from the three schools and Derby College who created new music to perform with ViVA during the evening. *Nightshift* was subsequently shortlisted for a British Composer Award. The RPS Elgar Bursary commission was Edwin Roxburgh's concerto for Orchestra which was premiered by the BBC Symphony Orchestra at the Barbican Centre.

The RPS Drummond Fund made awards to three new collaborations between composers and choreographers to create work in 2011, 2012 and 2013 and five young composers wrote works for the Philharmonia, the Park Lane Group and the Cheltenham Festival Academy players thanks to the RPS Composition Prize and the Susan Bradshaw Composers Fund.

Encore, our scheme to provide repeat performances of works by living composers, launched towards the end of the year with works at the Spitalfields and Cheltenham Festivals by Anthony Payne and Robert Saxton.

The Society provided funding to the Huddersfield Contemporary Music Festival in November to enable the cost of tickets for 17-25 year olds to be reduced for 1400 young people.

Engagement and discussion events included public sessions at the Institute of Ideas when the RPS session focussed on whether music should be a tool of social policy and a round table debate at the Annual Orchestras conference focussing on the artistic role of the composer.

The Royal Philharmonic Society

Report of the Council

For the Year Ended 31 August 2011

The Susan Chilcott Scholarship, which is administered by the Society, gave scholarships to seven talented young singers to enable them to continue their studies.

During the year 4 awards of Honorary Membership of the Society were presented: to Graham Johnson, pianist; composer/conductor George Benjamin; Tony Fell, Music Publisher and former Chairman of the Society and Dame Fanny Waterman, pianist, educator and founder of the Leeds Piano Competition.

The 22nd annual RPS Music Awards dinner which took place at the Dorchester in May in association with BBC Radio 3. The ceremony was hosted by Andrew McGregor and Katie Dereham and the awards were presented by pianist Imogen Cooper. The keynote speech was given by playwright Mark Ravenhill.

The Award winners were:

Audience Development	ENO: new audience initiatives
Chamber Music and Song donated by David W Bowerman CBE	Takács Quartet
Chamber-Scale Composition	Brian Ferneyhough: String Quartet No. 6
Concert Series and Festivals	Southbank Centre: Helmut Lachenmann Weekend
Conductor supported by BBC Music Magazine	Iván Fischer
Creative Communication supported by the Guardian	BBC4: Opera Italia
Education	Sing Up
Ensemble donated by the Yellow Car Charitable Trust	Aurora Orchestra
Instrumentalist supported by Musicians Benevolent Fund	Leon Fleisher
Large-Scale Composition donated anonymously	James Dillon: Nine Rivers
Opera and Music Theatre	The Royal Opera: Tannhäuser
Singer donated by Rosenblatt Recitals	Susan Bickley
Young Artists donated by Peter Bull	Aline Ibragimova

Public Benefit

The Council refers regularly to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular the trustees regularly consider how planned activities will contribute to the aims and objectives they have set. They believe that all their charitable activities contribute to public benefit essentially through education and promotion of music as an art.

Investment Policy

The Trustees have the power under the Memorandum of Association to invest monies in any way they think fit. The management of the Society's investment funds is delegated to professional Investment Managers who report directly to the Society's Investment Advisory Committee.

In the opinion of the Trustees the most significant risks to which the Society is exposed relate to its large investment portfolio as any substantial loss could severely constrain the Society's ability to continue its normal activities and a severe loss could possibly cause the Society to become operationally ineffective. The Investment Advisory Committee is very much aware of this fact and bears it in mind when making its investment decisions. Regular meetings are held throughout the year with the Society's Investment Managers and the Investment Managers report to the full Council bi-annually at one of its quarterly meetings.

Objective

The Society's written investment policy is: "To provide a total return approach comprising income and capital from a balance of pooled funds invested in fixed interest, UK and overseas equities, alternative assets and cash. The portfolio should maintain an overall relative low risk and diversified profile. The Trustees are averse to capital losses, particularly from fixed interest holdings but accept that, when seeking potential capital appreciation or high relative income, this may involve risk to capital".

Time Horizon: A period of at least five years.

Risk Profile: Classified as low to medium.

The Royal Philharmonic Society

Report of the Council

For the Year Ended 31 August 2011

Reserves Policy

The Society currently has reserves (including its Restricted Funds) of £2.65M. Our target Reserves Policy is to produce an income of approximately £80,000 per year. Our aim is to build up free reserves to the level where the resulting income will cover all our day to day operating costs on an annual basis. Without the income from our Reserves the Society simply could not continue to exist. Any diminution in the level of our existing reserves would seriously hamper the day to day functioning of the Society.

Review of Finances

In 2010 the Investment Advisory Committee reviewed the performance of our Investment Advisers and invited presentations from three different companies, including the incumbents, focusing on the future management/investment of our funds. The unanimous decision was taken by the Council to change Advisers to Ruffers LLP. In the year to 31st August, 2011, the market value of our holdings increased by approximately £103,000. Our investments are now held in one of the CF Ruffer Absolute Return Funds.

Despite extremely difficult market conditions over the past several months the value of our investments has increased by £170,000 since 1st September, 2009.

Our Foundation Fund (unrestricted funds) showed a deficit for the year of £156,852 for which the Society had budgeted and the figure was within 2% of the budget for the year. On the other hand our restricted funds showed a large increase from the previous year as a result of donations to the Philip Langridge Mentoring Scheme and to our Bicentenary Fund.

Through the careful management of our cash flow no shareholdings needed to be sold during the year to provide for our normal expenditure requirements and it is expected that this will apply until the 31st August, 2012.

Review of Trust Funds

The totals of income and expenditure for the linked charities and other trusts administered by the Society are shown in note 13 in these Accounts. A modest fee is charge to those trusts which are administered by the Society.

Our funds show an increase over the previous year, mainly because of donations to the Philip Langridge Mentoring Scheme. However, the calls on our Trust Funds increase each year and as they are concerned with the needs of young musicians the Council always welcomes donations to the Funds.

Statement of the Council's responsibilities

Company law requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Council should follow best practice and are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 charitable company will continue on that basis.

The Council is responsible for maintaining proper accounting records which 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. The Council is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the Council members at the time when the Report of the Council is approved:

- so far as they are aware, there is no relevant audit information (information needed by the charitable company's auditors in connection with preparing their report) of which the charitable company's auditors are unaware; and
- each member of Council has taken all the steps that he or she ought to have taken as a member of Council in order to make himself or herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**The Royal Philharmonic Society
Report of the Council
For the Year Ended 31 August 2011**

Auditors

A resolution re-appointing Clarity as the auditors to the charitable company will be proposed at the Annual General Meeting.

By order of the Council

John Gilhooly
Chairman

20 December 2011

Independent Auditors' Report to the Members of The Royal Philharmonic Society

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

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of the Council's responsibilities (set out on page 5), the trustees (who are also the directors of the charitable company for the purposes of the company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Christopher Bush ACA
Senior Statutory Auditor

For and on behalf of:

Clarity
Statutory Auditor, Chartered Accountants

Stevenage, Hertfordshire

20 December 2011

The Royal Philharmonic Society
Statement of Financial Activities (Incorporating an Income and Expenditure Account)
For the Year Ended 31 August 2011

	Note	Foundation Fund			Other Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
		Unrestricted Funds £	Restricted Funds £	Total Funds £			
Incoming resources							
Incoming resources from generated funds							
Voluntary income:							
Donations and legacies		7,657	-	7,657	-	7,657	13,578
Membership subscriptions		9,996	-	9,996	-	9,996	10,924
Investment income and interest	2	39,980	5,108	45,088	27,024	72,112	58,871
Incoming resources from charitable activities							
Event sponsorship and ticket sales:							
RPS Music Awards	3	-	75,559	75,559	-	75,559	80,666
Other RPS events		1,194	-	1,194	-	1,194	3,391
Grants and donations:							
Award making	4	-	40,900	40,900	15,715	56,615	39,647
Education, commissions and concert sponsorship		-	132,977	132,977	-	132,977	32,723
The Bicentenary Campaign		-	42,000	42,000	-	42,000	-
Administration fees and royalties		5,666	-	5,666	3,516	9,182	7,829
Total incoming resources		64,493	296,544	361,037	46,255	407,292	247,629
Resources expended							
Costs of generating funds:							
Investment management costs		27,500	-	27,500	-	27,500	10,615
Project planning and fundraising		63,244	-	63,244	-	63,244	54,736
Charitable activities:							
RPS Music Awards	3	21,012	75,559	96,571	-	96,571	99,220
Other RPS events		27,501	-	27,501	-	27,501	25,754
Award making	5	-	50,490	50,490	56,767	107,257	123,184
Education, commissions and concert sponsorship		52,087	29,528	81,615	-	81,615	86,346
Governance costs		30,001	-	30,001	-	30,001	28,029
Total resources expended	6	221,345	155,577	376,922	56,767	433,689	427,884
Net incoming / (outgoing) resources before transfers		(156,852)	140,967	(15,885)	(10,512)	(26,397)	(180,255)
Gross transfers between funds	13	-	-	-	-	-	-
Net incoming / (outgoing) resources before other recognised gains and losses		(156,852)	140,967	(15,885)	(10,512)	(26,397)	(180,255)
Other recognised gains and losses							
Unrealised gains / (losses) on investment assets	10	55,920	6,973	62,893	40,773	103,666	(15,752)
Realised gains / (losses) on investment assets	10	(535)	(67)	(602)	(391)	(993)	103,078
Net movement in funds for the year		(101,467)	147,873	46,406	29,870	76,276	(92,929)
Reconciliation of funds							
Total funds brought forward	13	1,295,754	306,864	1,602,618	967,684	2,570,302	2,663,231
Total funds carried forward	13	1,194,287	454,737	1,649,024	997,554	2,646,578	2,570,302

The statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing operations.
The deficit for the year for Companies Act purposes comprises the net incoming / (outgoing) resources for the year plus realised gains / (losses) on investment assets which was £27,390 (2010: £77,177).

The accompanying notes are an integral part of this statement of financial activities.

The Royal Philharmonic Society
Balance Sheet
As at 31 August 2011

	Note	2011		2010	
		£	£	£	£
Fixed assets					
Tangible assets	9		108		535
Investments	10		2,378,660		2,300,259
			<u>2,378,768</u>		<u>2,300,794</u>
Current assets					
Stocks		564		564	
Debtors	11	49,140		22,020	
Cash at bank and in hand		277,288		333,172	
		<u>326,992</u>		<u>355,756</u>	
Creditors: amounts falling due					
within one year	12	(59,182)		(86,248)	
				<u>267,810</u>	
Net current assets					269,508
			<u>2,646,578</u>		<u>2,570,302</u>
Net assets					
Unrestricted funds	13				
<i>Foundation Fund:</i>					
General Funds:					
Free reserves of the Society, represented by net current assets / (liabilities)		83,783		73,381	
Tangible fixed assets and investments, held for income generation to fund the day to day activities of the Society		<u>814,729</u>		<u>946,290</u>	
			898,512		1,019,671
Designated Funds:					
Funds set aside for specific future purposes and projects:					
Commissioning Fund		261,061		243,680	
The RPS Composition Prize Fund		<u>34,714</u>		<u>32,403</u>	
			295,775		276,083
Restricted funds	13				
Funds restricted to specific purposes:					
<i>Foundation Fund:</i>					
Bicentenary Campaign		42,000		-	
Drummond Fund		167,293		161,585	
Encore 2 Project		14,142		25,328	
New Generation Commissions Fund		2,073		2,250	
Philip Langridge Mentoring Scheme		127,748		-	
RVW Memorial Fund		6,982		19,851	
Salomon Prize Fund		860		-	
Susan Bradshaw Fund		<u>93,639</u>		<u>97,850</u>	
			454,737		306,864
<i>Linked Charities:</i>	13				
Emily Anderson Prize Fund		76,339		71,723	
Julius Isserlis Scholarship Fund		572,540		553,052	
The RPS Composition Prize Fund		55,883		55,087	
Sir John Barbirolli Memorial Foundation		<u>268,461</u>		<u>264,917</u>	
<i>Other Restricted Funds:</i>	13				
Elgar Bursary Fund		<u>24,331</u>		<u>22,905</u>	
			997,554		967,684
Total funds			<u>2,646,578</u>		<u>2,570,302</u>

The financial statements were approved by the Council on 20 December 2011 and signed on its behalf by:

John Gilhooly
Chairman

Francis Bergin
Honorary Treasurer

Registered Company Number: 186522

The accompanying notes are an integral part of this balance sheet.

The Royal Philharmonic Society

Notes Forming Part of the Financial Statements

For the Year Ended 31 August 2011

1 Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, in accordance with the Companies Act and applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), published in March 2005.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Council in furtherance of the charitable objectives of the charitable company.

Designated funds comprise funds set aside by the Council out of unrestricted funds for specific future purposes or projects.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by the donor or through the terms of an appeal.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charitable company is legally entitled to the income, it is certain that the income will be received and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations, legacies and membership subscriptions and is included in full in the Statement of Financial Activities.

Incoming resources from charitable activities are received by way of event, awards, education sponsorship and ticket sales and are included in full in the Statement of Financial Activities. Incoming resources where entitlement is not conditional on the delivery of a specific performance by the charitable company, are recognised when the charitable company becomes unconditionally entitled to the income.

Investment income and bank interest receivable are fully accrued at the balance sheet date.

Resources expended

Resources expended are recognised on an accruals basis when a liability is incurred, as soon as there is a legal or constructive obligation committing the charitable company to the expenditure. Expenditure includes any VAT, which cannot be recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Awards payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such awards being recognised as expenditure when the conditions attaching to the awards are fulfilled. Awards offered subject to conditions that have not been met at the year end are noted as a commitment, but not accrued as expenditure. Award related support costs comprise staff and office costs.

The costs of generating funds consist of investment management fees.

The Royal Philharmonic Society
Notes Forming Part of the Financial Statements
For the Year Ended 31 August 2011

Resources expended (continued)

Governance costs include those costs primarily associated with meeting the constitutional and statutory requirements of the charitable company and include the auditors' remuneration and legal fees and costs linked to the charitable company's compliance with regulation and good practice.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on the basis of estimates of the proportion of time spent by staff on those activities.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Tangible fixed assets are depreciated at rates calculated to write off the cost of each asset over its estimated useful life as follows:

Fixtures, fittings and equipment	20%	Straight line basis
----------------------------------	-----	---------------------

As explained in note 9, heritage assets have not been capitalised or depreciated in the financial statements.

Fixed asset investments

Investments are included on the balance sheet at mid market value at the balance sheet date. Realised and unrealised gains and losses on investments are included in the Statement of Financial Activities in the year in which they arise.

Stock

The Society's stock of gold medals is stated at cost.

Cash flow

The financial statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

The Royal Philharmonic Society
Notes Forming Part of the Financial Statements
For the Year Ended 31 August 2011

	2011	2010
	£	£
2 Investment income and interest		
Investment income receivable from securities with investment managers	70,011	57,546
Bank interest receivable	2,101	1,325
	<u>72,112</u>	<u>58,871</u>
3 RPS Music Awards - incoming resources		
Sponsorship:		
British Broadcasting Corporation - Radio 3	16,667	15,000
The Yellow Car Charitable Trust	10,000	10,000
Peter Bull	10,000	5,000
The Boltini Trust	8,500	-
Bowerman Charitable Trust	7,500	5,000
Rosenblatt Solicitors	5,000	5,000
Musicians Benevolent Fund	5,000	-
The Vernon Ellis Foundation	-	8,200
Anthony Bolton	-	5,000
Global Radio Services Limited - Classic FM	-	5,000
Other	3,500	11,221
Ticket sales	9,392	11,245
	<u>75,559</u>	<u>80,666</u>
RPS Music Awards - resources expended		
Costs of organising the event	62,205	63,823
Attributable staff costs	22,906	22,752
Publicity and public relations	3,047	2,964
Other support costs	8,413	9,681
	<u>96,571</u>	<u>99,220</u>
RPS Music Awards - Deficit funded by the unrestricted Foundation Fund	<u>(21,012)</u>	<u>(18,554)</u>

The Royal Philharmonic Society
Notes Forming Part of the Financial Statements
For the Year Ended 31 August 2011

	2011	2010
4 Grants and donations receivable	£	£
Award making, education, commissions and concert sponsorship:		
Peter Moores Foundation	39,600	25,032
RVW Trust	7,500	7,500
Delius Trust	3,500	3,500
Marks Family Foundation	1,000	-
Classic FM - Global Radio Services Limited	-	25,000
PRS Foundation	-	7,500
Wigmore Hall	-	2,000
Other donations and Gift Aid	5,015	1,838
Philip Langridge Mentoring Scheme:		
Proceeds from the sale of a Gagliano violin gifted to the Society	83,000	-
Donated proceeds from a concert held at the Cadogan Hall	31,899	-
The Fenton Arts Trust	2,500	-
The Leche Trust	2,500	-
Peter Bull	1,000	-
Sundry donations	12,078	-
Bicentenary Campaign:		
Colin Clark	32,000	-
Gift Aid	8,000	-
Penny Steer	2,000	-
	<u>231,592</u>	<u>72,370</u>
5 Award making		
Awards payable in the year comprise scholarship bursaries, grants and prizes awarded to 30 individual musicians (2010: 37):		
Foundation Fund - Restricted:		
Peter Moores Foundation Fund	39,600	25,032
Drummond Fund	4,250	12,750
Susan Bradshaw Fund	4,500	5,500
Linked Charities:		
Julius Isserlis Scholarship Fund	12,500	28,750
Sir John Barbirolli Memorial Foundation	13,250	19,750
The RPS Composition Prize Fund	13,500	12,000
	<u>87,600</u>	<u>103,782</u>
Award direct and related support costs	19,657	19,402
A list of awards payable is maintained at the registered office.	<u>107,257</u>	<u>123,184</u>

The Royal Philharmonic Society
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For the Year Ended 31 August 2011

5 Award making (continued)

Award commitments

Awards offered subject to conditions which have not been met at the year end are as follows:

Julius Isserlis Scholarship Fund	22,500	-
Sir John Barbirolli Memorial Foundation	20,100	14,750
Drummond Fund	20,000	-
Elgar Bursary Fund	12,000	-
RPS Composition Prize Fund	10,500	20,000
Susan Bradshaw Fund	2,500	-
Composer in the House	-	10,000
	<u>87,600</u>	<u>44,750</u>

6 Total resources expended	Events, awards & commissions	Other direct costs	Support costs		Total costs
	£	£	Staff costs	Office costs and PR	
	£	£	£	£	£
Investment management	-	27,500	-	-	27,500
Project planning and fundraising	-	37,788	16,967	8,489	63,244
RPS Music Awards	62,205	-	22,906	11,460	96,571
Other RPS events	8,410	-	12,725	6,366	27,501
Award making	87,600	12,250	-	7,407	107,257
Education, commissions					
concert sponsorship	35,622	16,719	19,512	9,762	81,615
Governance costs	-	10,909	12,725	6,367	30,001
	<u>193,837</u>	<u>105,166</u>	<u>84,835</u>	<u>49,851</u>	<u>433,689</u>

Total costs include:	2011	2010
	£	£
Auditors remuneration	5,310	5,070
Depreciation	427	548

Support costs are allocated on the basis of estimates of the proportion of time spent by staff on those activities.

Cost allocation includes an element of judgement and the Society has had to consider the cost benefit of detailed calculations and record keeping. Therefore the support costs shown above are a best estimate of the costs that have been so allocated.

7 Remuneration and reimbursement of expenses to members of the Council

No members of the Council received or waived any emoluments for their services during the year (2010: £nil). The Society reimbursed out of pocket travel expenses to members of the Council during the year of £nil (2010: £nil).

The Royal Philharmonic Society
Notes Forming Part of the Financial Statements
For the Year Ended 31 August 2011

8 Staff costs	2011 £	2010 £
Salaries and wages	76,608	90,607
Social security costs	8,227	9,656
	<u>84,835</u>	<u>100,263</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was nil (2010: nil).

The average number of employees calculated on a full-time equivalent basis, analysed by function was:

	2011 Number	2010 Number
Charitable activities	<u>2</u>	<u>3</u>

9 Tangible fixed assets	Fixtures & Equipment £	Total £
Cost		
At 1 September 2010	16,561	16,561
Additions	-	-
At 31 August 2011	<u>16,561</u>	<u>16,561</u>
Depreciation		
At 1 September 2010	16,026	16,026
Charge for year	427	427
At 31 August 2011	<u>16,453</u>	<u>16,453</u>
Net book value		
At 31 August 2011	<u>108</u>	<u>108</u>
At 31 August 2010	<u>535</u>	<u>535</u>

In addition to the capitalised fixed assets held for the Society's own use, the charity also owns certain items of musical and historical interest. These irreplaceable originals have not been included in the balance sheet because, in the opinion of the Council, the cost of professionally valuing these assets to include a value in the financial statements would outweigh the benefits to the users of the financial statements.

The Royal Philharmonic Society
Notes Forming Part of the Financial Statements
For the Year Ended 31 August 2011

10 Fixed asset investments	2011	2010
	£	£
Market value at 1 September 2010	2,294,800	2,165,455
Additions	102,018	2,312,255
Disposal proceeds	(120,831)	(2,270,236)
Unrealised gains / (losses)	103,666	(15,752)
Realised gains / (losses)	(993)	103,078
	<u>2,378,660</u>	<u>2,294,800</u>
Interest bearing cash held by investment managers for investment	-	5,459
Market value at 31 August 2011	<u><u>2,378,660</u></u>	<u><u>2,300,259</u></u>
Historical cost at 31 August 2011	<u><u>2,319,940</u></u>	<u><u>2,311,843</u></u>
Investments at market value are represented by:		
Alternative assets	<u><u>2,378,660</u></u>	<u><u>2,294,800</u></u>

The following represent more than 5% of the total market value of investments:

C F Ruffer Absolute Return Fund C Income Units 100%

The income from unrestricted investments is used exclusively to provide "core" funding for the ongoing running of the Society.

11 Debtors

Accrued income and prepayments	41,591	22,020
VAT	7,549	-
	<u>49,140</u>	<u>22,020</u>

12 Creditors: amounts falling due within one year

Income received in advance	34,714	51,250
Accrued expenditure	24,468	29,070
VAT	-	3,688
Other taxation and social security	-	2,240
	<u>59,182</u>	<u>86,248</u>

The Royal Philharmonic Society
Notes Forming Part of the Financial Statements
For the Year Ended 31 August 2011

13 Statement of funds

	2010 £	Incoming resources £	Resources expended £	Investment gains / (losses) £	Transfers between funds £	2011 £
Unrestricted funds						
<i>Foundation fund:</i>						
General	1,019,671	56,602	(221,345)	43,584	-	898,512
Designated Funds:						
Commissioning	243,680	6,965	-	10,416	-	261,061
RPS Composition Prize	32,403	926	-	1,385	-	34,714
	<u>1,295,754</u>	<u>64,493</u>	<u>(221,345)</u>	<u>55,385</u>	<u>-</u>	<u>1,194,287</u>
Restricted funds						
<i>Foundation Fund:</i>						
Bicentenary						
Campaign	-	42,000	-	-	-	42,000
Drummond	161,585	4,619	(5,817)	6,906	-	167,293
Encore 2	25,328	-	(11,186)	-	-	14,142
New Generation						
Commissions	2,250	-	(177)	-	-	2,073
Peter Moores						
Foundation	-	39,600	(39,600)	-	-	-
Philip Langridge						
Mentoring Scheme	-	132,977	(5,229)	-	-	127,748
RPS Music Awards	-	75,559	(75,559)	-	-	-
RVW Memorial	19,851	-	(12,869)	-	-	6,982
Salomon Prize	-	1,000	(140)	-	-	860
Susan Bradshaw	97,850	789	(5,000)	-	-	93,639
<i>Linked charities:</i>						
Emily Anderson						
Prize	71,723	2,050	(500)	3,066	-	76,339
Julius Isserlis						
Scholarship	553,052	16,339	(20,489)	23,638	-	572,540
RPS Composition						
Prize	55,087	16,408	(17,967)	2,355	-	55,883
Sir John Barbirolli						
Memorial	264,917	9,287	(17,066)	11,323	-	268,461
<i>Other funds:</i>						
Elgar Bursary	22,905	2,171	(745)	-	-	24,331
	<u>1,274,548</u>	<u>342,799</u>	<u>(212,344)</u>	<u>47,288</u>	<u>-</u>	<u>1,452,291</u>
Total funds	<u><u>2,570,302</u></u>	<u><u>407,292</u></u>	<u><u>(433,689)</u></u>	<u><u>102,673</u></u>	<u><u>-</u></u>	<u><u>2,646,578</u></u>

The Royal Philharmonic Society
Notes Forming Part of the Financial Statements
For the Year Ended 31 August 2011

13 Statement of funds (continued)

Commissioning Fund

The Commissioning Fund represents the balance of £200,000 originally earmarked by the Council from the proceeds derived from the sale of the Archive to fund commissions for new compositions.

Bicentenary Campaign Fund

This fund represents donations made to the Society in response to a campaign to celebrate the Society's bicentenary in 2015.

The Drummond Fund

The Drummond Fund has been set up with donations given in memory of the writer, broadcaster and impresario Sir John Drummond to provide funds to support the commissioning of music for dance.

Encore 2 Project Fund

The Encore Project seeks to rediscover works by living composers which have been neglected since their first performances. The fund represents monies received to support the administration, education and audience development activities of Encore. Encore 2 is the second wave of the project and will concentrate on the performance of chamber music scores.

New Generation Commissions Fund

This fund represents donations for a series of commissions for the "New Generation", a series of programmes presented by the BBC featuring young musicians.

Peter Moores Foundation Fund

This fund represents monies received from the Peter Moores Foundation to be paid out for the assistance of young singers.

Philip Langridge Mentoring Scheme Fund

Donations received in memory of Philip Langridge to the mentoring of young musicians.

RPS Music Awards Fund

This fund represents the sponsorship received to fund the RPS Music Awards in May 2011.

RVW Memorial Fund

This fund represents monies donated by Peter Bull for the specific purpose of erecting a statue of the composer Ralph Vaughan Williams in Chelsea Embankment Gardens.

The Salomon Prize Fund

Monies raised to support the award of a new prize to an outstanding orchestral musician.

Susan Bradshaw Composers' Fund

This fund comprises donations from friends and family given in memory of the pianist Susan Bradshaw. The Fund will be used to support composers and young musicians wishing to perform works by living composers.

Julius Isserlis Scholarship Fund, Sir John Barbirolli Memorial Foundation, Emily Anderson Prize Fund and The RPS Composition Prize Fund

These funds represent the restricted funds of four linked charities which are administered by the Society. These funds make scholarship bursaries, grants and prizes to young musicians.

Elgar Bursary Fund

This represents a trust fund established to receive royalties derived from Anthony Payne's elaboration of Elgar's sketches for his symphony number III, which provides a bursary.

The Royal Philharmonic Society
Notes Forming Part of the Financial Statements
For the Year Ended 31 August 2011

	Foundation Fund			Other Restricted Funds	Total
	Unrestricted General Fund	Unrestricted Designated Funds	Restricted Funds		
14 Analysis of net assets between funds	£	£	£	£	£
Fund balances at 31 August 2011 are represented by:					
Tangible fixed assets	108	-	-	-	108
Fixed asset investments	814,621	295,775	295,041	973,223	2,378,660
Net current assets	83,783	-	159,696	24,331	267,810
	<u>898,512</u>	<u>295,775</u>	<u>454,737</u>	<u>997,554</u>	<u>2,646,578</u>

15 Financial commitments

At 31 August 2011 the charity had annual commitments under non-cancellable leases as follows:

	Land and buildings	
	2011	2010
	£	£
Expiry date:		
Less than one year	<u>2,750</u>	<u>2,750</u>

16 Taxation

The Royal Philharmonic Society is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

17 Liability of members

The Society is constituted as company limited by guarantee and has no share capital. The liability of the members in the event of the company being wound up is limited to a sum not exceeding £1 each.

**The Royal Philharmonic Society
Summary Income and Expenditure Accounts
For the Year Ended 31 August 2011**

The following page does not form part of the statutory financial statements.

The Royal Philharmonic Society
Summary Income and Expenditure Accounts
For the Year Ended 31 August 2011

	Emily Anderson Prize Fund £	Julius Isserlis Scholarship Fund £	RPS Composition Prize Fund £	Sir John Barbirolli Memorial Foundation £	Elgar Bursary Fund £
Income					
Grants and donations	-	-	14,000	1,715	-
Investment income and interest	2,050	15,808	1,575	7,572	19
Royalties	-	-	-	-	2,152
Entry fees	-	531	833	-	-
	<u>2,050</u>	<u>16,339</u>	<u>16,408</u>	<u>9,287</u>	<u>2,171</u>
Expenditure					
Grants and prizes	-	12,500	13,500	13,250	-
Administration charge	500	4,000	1,500	3,750	500
Support costs	-	3,989	2,967	66	245
	<u>500</u>	<u>20,489</u>	<u>17,967</u>	<u>17,066</u>	<u>745</u>
Net income / (expenditure)	1,550	(4,150)	(1,559)	(7,779)	1,426
Gains / (losses) on investments	3,066	23,638	2,355	11,323	-
Net movement in funds	<u>4,616</u>	<u>19,488</u>	<u>796</u>	<u>3,544</u>	<u>1,426</u>
Funds brought forward	71,723	553,052	55,087	264,917	22,905
Funds carried forward	<u><u>76,339</u></u>	<u><u>572,540</u></u>	<u><u>55,883</u></u>	<u><u>268,461</u></u>	<u><u>24,331</u></u>