

**Charity Registration No. 233700**

**The London Symphony Orchestra Endowment Trust**

**Report and Financial Statements**

**31 March 2017**

# **The London Symphony Orchestra Endowment Trust**

## **Report and financial statements 2017**

### **Contents**

### **Page**

Officers and professional advisers

1

Trustees' report

2

Statement of trustees' responsibilities

7

Independent auditors report

8

Statement of financial activities

10

Balance sheet

11

Notes to the financial statements

12

# **The London Symphony Orchestra Endowment Trust**

## **Report and financial statements 2017**

### **Officers and professional advisers**

#### **Trustees**

|                      |                              |
|----------------------|------------------------------|
| Charles Clark        | (Chairman)                   |
| Claire Anstee        |                              |
| Gareth Davies        | (appointed 28 June 2016)     |
| Jeremy Delmar-Morgan |                              |
| Hon Sir Rocco Forte  |                              |
| Lady Forte           |                              |
| Richard Hardie       | (appointed 30 November 2016) |
| Lennox Mackenzie     | (resigned 28 June 2016)      |
| Kathryn McDowell CBE |                              |
| Christopher Moran    | (resigned 30 November 2016)  |
| John Shakeshaft      |                              |

#### **Secretary**

Rikesh Shah

#### **Registered Office**

Barbican Centre  
Silk Street  
London  
EC2Y 8DS

#### **Investment managers**

|                  |                       |
|------------------|-----------------------|
| Saunderson House | UBS Wealth Management |
| 1 Long Lane      | 1 Finsbury Avenue     |
| London           | London                |
| EC1A 9HF         | EC2M 2AN              |

#### **Bankers**

Lloyds TSB Bank plc  
34 Moorgate  
London  
EC2R 6PL

#### **Solicitors**

Veale Wasbrough Vizards LLP  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

#### **Auditor**

haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

# **The London Symphony Orchestra Endowment Trust**

## **Trustees' report**

The Trustees present their annual report and the audited financial statements for the year ended 31 March 2017.

### **Structure, governance and management**

#### *Constitution*

The London Symphony Orchestra Endowment Trust ("the Trust") was originally established by a deed of settlement dated 12 September 1963 which has subsequently been amended by a trust deed dated 22 October 1991, a Deed of Variation dated 5 July 2006 and a Deed of Amendment dated 1 October 2010.

#### *Trustees and organisation*

The Trustees have the power to appoint further Trustees, subject to there being a minimum of 3 and a maximum of 10 Trustees of whom not more than 4 may be directors of London Symphony Orchestra Ltd ("the LSO"). Non-LSO Trustees must always constitute a majority of the Trustees.

Subject to these limits, new Trustees are recruited on the basis that by virtue of their knowledge, experience and qualifications they will be able to make a contribution to the pursuit of the objects or the management of the Trust. Induction and training is provided to Trustees as necessary.

Names of the Trustees who served during the year and in office at the date of this report are listed on page one. The Trustees meet twice a year and, in addition, an Investment Committee meets during the year with the fund managers to review the performance of the investment portfolio and to discuss the future investment approach.

#### *Connected charity*

The LSO (Charity Number 232391) is a connected charity of the Trust by virtue of the fact that the two charities have shared objectives and administration. The LSO's subsidiary companies, LSO Productions Ltd and LSO Live Ltd are considered to be related parties to the Trust.

#### *Objectives and activities*

The general purpose of the Trust is to support the objects of the LSO, namely to promote, maintain and advance education, particularly musical education and to encourage and advance the arts including music, drama, mime, dancing and singing.

The Trust's primary aim is to build an endowment fund which will generate income that can be used to support the LSO over the long-term as this is considered essential to being able to secure the LSO's future. The Trustees' principal focus is therefore to ensure continued growth in the value of the endowment through receipt and investment of donations as well as sound investment management which leads to capital growth.

In addition to the endowment fund, the Trust has received funds raised from the Lord Mayor's Appeals in both 2004 and 2010. During the year, the Trust was chosen by the current Lord Mayor to be one of the beneficiaries of The Lord Mayor's Appeal 2017. The campaign will be completed in November 2017 to coincide with the end of the Lord Mayor's term of office and at that stage, funds are expected to be donated to the Trust. In the meantime, the Trust has issued a loan to the Lord Mayor's Appeal 2017 as seed money solely for the purpose of the Lord Mayor's Appeal 2017 to be repaid to the Trust within 12 months of the date of issue of the loan. The capital and income from Lord Mayor Appeal funds are used to solely support the LSO's music education and community programme, LSO Discovery.

# **The London Symphony Orchestra Endowment Trust**

## **Trustees' report**

In 2011, the Trust received a donation to build Anglo-Japanese cultural relations by supporting initiatives such as the LSO's touring activity in Japan and to provide support for Japanese music students to assist them in working with the LSO. This donation is held in a restricted fund with grants made to the LSO to support relevant activity.

In 2012, the Trust was successful in its application to Arts Council England's Catalyst Endowment Scheme. This was a matched funding initiative through which the Trust secured income of up to £6m and this in turn released funding from the Arts Council of a further £2.9m during the campaign which ended in July 2015. The funds from this campaign, which is known as Moving Music, are being invested as a restricted long-term endowment with the income generated used to capture audio and visual recordings of the LSO's concert performances and to disseminate them to a wider audience.

The Trust also currently provides financial support for the LSO's core activities as well as loans to the LSO and to LSO members to assist them in purchasing musical instruments.

The Trust does not use the services of volunteers and the minimal operational tasks of the Trust are undertaken by LSO staff.

### *Public benefit*

The Trust provides benefit to the public indirectly by providing funding to the LSO and thereby supporting a world class orchestra. The LSO's core activities encourage the enjoyment of, and participation in, music by the public at large. This is achieved through public concerts which have accessible ticket prices, some of which are broadcast on the radio, television and the internet and through audio recordings which are widely available at low cost. A significant proportion of the Trust's grants to the LSO also support the LSO's education and community activities, many of which involve no payment by participants.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit and they believe that the support provided to the LSO provides benefit to a wide section of the public.

## **Achievements and performance**

### *Investment portfolio*

The Trust is an endowment trust and as such invests its assets with a view to both capital appreciation and the generation of income to support its charitable activities. There are no restrictions on the Trust's power to invest.

During the prior year, the Trustees carried out a review of its investment management requirements reflecting the fact that UBS had been in post as investment managers for some nine years. Following a full tender process, the Trustees appointed Saunderson House as its new investment managers with effect from 1<sup>st</sup> April 2016. The Trustees wish to thank UBS for its work, advice and support.

The investment strategy is set by the Trustees in discussion with the investment manager and this strategy was reviewed in 2013 and again after the year-end in June 2016, following the appointment of Saunderson House. Within the overall strategy, the investment manager takes the decisions on selection, retention and realisation of investments.

The value of the investment portfolio grew to £16,833,966 at the year-end due to reflecting changes in market values. Investment performance reflected market conditions and portfolios are appropriately

# **The London Symphony Orchestra Endowment Trust**

## **Trustees' report**

positioned to meet agreed investment mandates. As at 31 August 2017 the investment portfolio was valued at £17,366,514.

### *Fundraising*

The Trust conducted no fundraising campaigns during the financial year. However, the Lord Mayor's Appeal 2017 was launched and the Trust will be a major beneficiary later on in the year.

Since completion of the Moving Music campaign in July 2015, the main focus of fundraising has been to promote legacy giving amongst the LSO's supporters and audiences. In addition, the Board is grateful to the members of the LSO who all chose to annually donate their fee from one concert to the Trust.

### *Grants*

During the year the Trust donated £439,500 (2016: £384,798) to LSO Productions Ltd which is a subsidiary of the LSO, this grant was a contribution towards LSO Discovery's education and community projects which are in line with the Trust's key objectives.

A donation of £52,500 was made to LSO Ltd (2016: £240,000) and a grant of £115,000 (2016: £175,000) made to LSO Live Ltd which is also a subsidiary of the LSO. A further grant of £25,000 was made in the year from the Anglo-Japanese fund to support the Japanese music students in their work with the LSO (2016: £150,000).

### *Loans to Players*

The Trust continued to provide loans to members of the LSO to assist them in the purchase of instruments. New loans of £95,726 (2016: £45,312) were made to 8 players during the year. At the year-end, 35 players had outstanding loans from the Trust; further details are shown in Note 14 to the Financial Statements.

### **Financial review**

Total income received in the year was £249,663 (2016: £2,646,414), the majority of which related to general donations; legacies and income from investments. Other sources of income were interest on bank deposits and loans.

Expenditure of £749,027 (2016: £1,082,217) was in line with expectations and related primarily to grants (see above) and fund management fees.

Gains in the value of the investment portfolio were £2,375,104 (2016: losses of £416,130). Following reinvestment of income and surplus cash, the value of the portfolio at the year-end was £16,833,966 (2016: £14,896,781).

Debtors balances have increased overall in total from £50,841 to £231,317 reflecting a £100,000 loan issued to the Lord Mayor's Appeal 2017 and accrued income received after the year-end.

The Trust's total reserves increased from £15,912,421 to £17,788,161 at the year-end reflecting income and expenditure for the year and valuation movements on the investment portfolio.

### **Reserves policy**

The Trust's liquid funds are considered to be its unrestricted net assets less fixed assets, and less any loans issued to the London Symphony Orchestra or to its members. Restricted and Endowment funds are not considered to be part of the Trust's free reserves because of the conditions regarding the use of those funds.

# **The London Symphony Orchestra Endowment Trust**

## **Trustees' report**

As the Trust has minimal administrative overheads and no on-going liabilities, the reserves policy is to maintain liquid funds at a low level of up to 5% of total unrestricted net assets. Any liquid funds above this level are transferred on a regular basis to the investment portfolio to be invested for the long-term.

At the year-end, liquid funds under the above definition amounted to £637,492 (2015: £438,476). In addition, a further £371,952 (2015: £70,581) of unrestricted assets within the investment portfolio were held as cash at the year-end and were available for draw down at short notice if needed.

### **Risk review**

The major risks to which the Trust is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks. The primary risks relate to protecting the value of the Trust's investment portfolio and other assets. Trustees delegate management of this risk to professional Investment Managers Saunderson House and the Investment Committee consisting of four of the Trustees regularly review investment performance of the portfolio. However, many factors affecting the achievement of the Trust's objectives relate to economic factors such as movement in share prices, interest rates, exchange rates and inflation are largely outside the Trust's control so can only be mitigated to a certain degree.

### **Plans for the future**

The Trustees continue to seek to secure further donations, to increase the value of the investment portfolio in order to increase over time the value of grants made to support its charitable objectives.

The Trust also continues to seek to increase the number of individuals who plan to donate a legacy to the Trust and the Trustees have been notified by a number of individuals of pledged legacies of varying sizes.

The Trust will continue close monitoring of the investment portfolio. The policy of making grants to the LSO, LSO Productions Ltd and LSO Live Ltd is expected to continue.

### **Going concern**

At the year-end the Trust has significant net assets and minimal liabilities and operating costs. Grants are only awarded if sufficient funds are available to fund the necessary payments. On this basis the Trustees believe that the Trust is a going concern and expect it to remain so for the foreseeable future.

### **Fundraising approach and performance**

During the year, no fundraising income was received however, the Lord Mayor's 2017 appeal was launched and is expected to raise funds later in the year. The charity usually undertakes fundraising activity with its supporters via direct mail, telephone, challenge events, fundraising events, sponsored events, gala dinners and email in line with the Code of Fundraising Practice set by Fundraising Regulator. In summary, we subscribe to the following fundraising best practice:

- We will commit to high standards
- We will be clear, honest and open
- We will be respectful
- We will be fair and reasonable
- We will be accountable and responsible

## **The London Symphony Orchestra Endowment Trust**

### **Trustees' report**

The charity is registered with the Fundraising Regulator and adheres to the standards of the Code of Fundraising Practice. No complaints were received about our fundraising practices in the current year.

Signed on behalf of the Trustees

A handwritten signature in dark ink, appearing to read 'Charles Clark', with a horizontal line underneath the name.

Charles Clark  
Chairman

27 June 2017



## **The London Symphony Orchestra Endowment Trust**

### **Trustees' responsibilities statement**

The Trustees are 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of The London Symphony Orchestra Endowment Trust**

We have audited the financial statements of The London Symphony Orchestra Endowment Trust for the year ended 30 March 2017 which comprise the statement of financial activities and the balance sheet and the related notes 1 to 17. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees 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 Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017, and of its incoming resources and application of resources, 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 Charities Act 2011.

## **Independent auditor's report to the members of The London Symphony Orchestra Endowment Trust**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



**haysmacintyre**  
Statutory Auditor

26 Red Lion Square  
London  
WC1R 4AG

Date: 27 June 2017

haysmacintyre is eligible to act as an auditor under the terms of section 1212 of the Companies Act.

# The London Symphony Orchestra Endowment Trust

## Statement of financial activities

Year ended 31 March 2017

|                                    | Note | 2017<br>Unrestricted<br>funds<br>£ | 2017<br>Restricted<br>funds<br>£ | 2017<br>Endowment<br>funds<br>£ | 2017<br>Total<br>funds<br>£ | 2016<br>Total<br>funds<br>£ |
|------------------------------------|------|------------------------------------|----------------------------------|---------------------------------|-----------------------------|-----------------------------|
| <b>Income and endowments from:</b> |      |                                    |                                  |                                 |                             |                             |
| Donations and legacies             | 4    | 43,705                             | -                                | -                               | 43,705                      | 2,172,092                   |
| Charitable activities              | 5    | 1,124                              | -                                | -                               | 1,124                       | 1,258                       |
| Other trading activities           | 6    | -                                  | -                                | -                               | -                           | -                           |
| Investment income                  | 7    | 30,885                             | 173,949                          | -                               | 204,834                     | 473,064                     |
| <b>Total income</b>                |      | <b>75,714</b>                      | <b>173,949</b>                   | <b>-</b>                        | <b>249,663</b>              | <b>2,646,414</b>            |
| <b>Expenditure</b>                 |      |                                    |                                  |                                 |                             |                             |
| Expenditure on:                    |      |                                    |                                  |                                 |                             |                             |
| Raising funds                      | 8    | (18,169)                           | (38,059)                         | (56,519)                        | (112,747)                   | (125,639)                   |
| Charitable activities              | 9    | (109,280)                          | (527,000)                        | -                               | (636,280)                   | (956,578)                   |
| <b>Total expenditure</b>           |      | <b>(127,449)</b>                   | <b>(565,059)</b>                 | <b>(56,519)</b>                 | <b>(749,027)</b>            | <b>(1,082,217)</b>          |
| Net gains/(losses) on investments  |      | 567,079                            | 327,780                          | 1,480,245                       | 2,375,104                   | (416,130)                   |
| <b>Net (expenditure)/ income</b>   | 10   | <b>515,344</b>                     | <b>(63,330)</b>                  | <b>1,423,726</b>                | <b>1,875,740</b>            | <b>1,148,067</b>            |
| Transfers between funds            |      | (175,000)                          | 175,000                          | -                               | -                           | -                           |
| <b>Net movement in funds</b>       |      | <b>340,344</b>                     | <b>111,670</b>                   | <b>1,423,726</b>                | <b>1,875,740</b>            | <b>1,148,067</b>            |
| <b>Reconciliation of funds</b>     |      |                                    |                                  |                                 |                             |                             |
| Total funds brought forward        |      | 4,409,061                          | 2,671,754                        | 8,831,606                       | 15,912,421                  | 14,764,354                  |
| <b>Total funds carried forward</b> |      | <b>4,749,405</b>                   | <b>2,783,424</b>                 | <b>10,255,332</b>               | <b>17,788,161</b>           | <b>15,912,421</b>           |

There were no recognised gains or losses other than the net incoming resources for the year. All income and expenditure derive from continuing activities.

See note 3 for comparative Statement of Financial Activities analysed by funds

# The London Symphony Orchestra Endowment Trust

## Balance Sheet

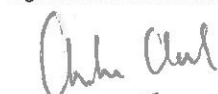
As at 31 March 2017

|   |      | 2017             | 2017             | 2017              | 2017              | 2016              |
|---|------|------------------|------------------|-------------------|-------------------|-------------------|
|   |      | Unrestricted     | Restricted       | Endowment         | Total             | Total             |
|   | Note | funds            | funds            | funds             | funds             | funds             |
|   |      | £                | £                | £                 | £                 | £                 |
| <b>Fixed assets</b>   |      |                  |                  |                   |                   |                   |
| Tangible assets   | 12   | 390,000          |                  |                   | 390,000           | 390,000           |
| Investments assets  | 13   | 3,419,289        | 3,159,345        | 10,255,332        | 16,833,966        | 14,896,781        |
| Loans   | 14   | 126,447          |                  |                   | 126,447           | 126,044           |
| <b>Total fixed assets</b>   |      | <b>3,935,736</b> | <b>3,159,345</b> | <b>10,255,332</b> | <b>17,350,413</b> | <b>15,412,825</b> |
| <b>Current assets</b>   |      |                  |                  |                   |                   |                   |
| Debtors: amounts falling due within one   | 15   | 102,086          | 129,231          |                   | 231,317           | 50,841            |
| Loans   | 15   | 76,177           |                  |                   | 76,177            | 98,860            |
| Cash at bank  |      | 640,428          | (110,043)        |                   | 530,385           | 395,285           |
| <b>Total current assets</b>   |      | <b>818,691</b>   | <b>19,189</b>    | <b>0</b>          | <b>837,880</b>    | <b>544,986</b>    |
| <b>Current liabilities</b>  |      |                  |                  |                   |                   |                   |
| Creditors: amounts falling due within one year                                  | 16   | (5,022)          | (395,110)        |                   | (400,132)         | (45,390)          |
| <b>Net current assets</b>   |      | <b>813,669</b>   | <b>(375,921)</b> |                   | <b>437,748</b>    | <b>499,596</b>    |
| <b>Total net assets</b>   |      | <b>4,749,405</b> | <b>2,783,424</b> | <b>10,255,332</b> | <b>17,788,161</b> | <b>15,912,421</b> |
| <b>Total funds of the charity</b>   |      |                  |                  |                   |                   |                   |
| Funds brought forward   | 17   | 4,409,061        | 2,671,754        | 8,831,606         | 15,912,421        | 14,764,354        |
| (Shortfall)/excess of income over expenditure for the year                      |      | (51,735)         | (391,110)        | (56,519)          | (499,364)         | 1,564,197         |
| Realised and unrealised increase / (decrease) in the value of investment assets |      | 567,079          | 327,780          | 1,480,245         | 2,375,104         | (416,130)         |
| Transfers between funds   |      | (175,000)        | 175,000          |                   |                   |                   |
| <b>Funds carried forward</b>  |      | <b>4,749,405</b> | <b>2,783,424</b> | <b>10,255,332</b> | <b>17,788,161</b> | <b>15,912,421</b> |

The notes on pages 12 to 20 form part of these accounts.

Approved by the trustees on: 27 June 2017

Signed on behalf of the Board of Trustees



Charles Clark  
Chairman

# The London Symphony Orchestra Endowment Trust

## Notes to the financial statements

Year ended 31 March 2017

### 1 Accounting policies

#### a) Basis of preparation

The financial statements have been prepared under the historic cost convention, as modified by the inclusion of fixed asset investments at market value, and in accordance with the Charities SORP 2015 (FRS 102) and the Companies Act 2006.

The Trust meets the definition of a Public Benefit Entity under FRS 102.

#### b) Preparation of accounts on a going concern basis

The financial statements have been prepared on the basis that the Trust is and will remain a going concern for the foreseeable future, as more fully explained in the Trustees' Report.

#### c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations, are recognised when the Trust has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity. Investment income and interest receivable are recognised on an accruals basis.

#### d) Funds

The General Fund is a general unrestricted fund and represents funds which are expendable at the discretion of Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes. Such funds represent investments, loans and working capital balances.

Restricted funds are funds subject to specific restrictions imposed by the donors. These funds are not available for the Trustees to apply at their discretion. The purpose and use of the restricted funds is set out in the notes to the financial statements.

Endowment funds are funds which the Trustees are legally required to invest for a period of at least 25 years for the Charity's purposes.

Further details of the restricted and endowment funds are given in note 17.

# The London Symphony Orchestra Endowment Trust

## Notes to the financial statements

Year ended 31 March 2017

### 1 Accounting policies (continued)

#### e) Expenditure

Expenditure is recognised on an accruals basis.

#### f) Allocation of support and governance costs

General support costs relating to the operation of the charity, which are minimal, are borne by the London Symphony Orchestra and are not recognised in these financial statements. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees. Governance costs are related to charitable activities and have therefore been included under this heading.

#### g) Tangible fixed assets

Tangible fixed assets are stated at cost and represent two high quality string instruments. These instruments have not been depreciated because the Trustees are of the opinion that the net residual value is at least equal to the original cost.

#### h) Investments

Investments are stated at the market value as indicated by the Report of the Investment Managers to the Trustees as at the Balance Sheet date. Any resulting unrealised gain or loss is taken to the fund to which it relates within the Statement of Financial Activities.

#### i) Financial instruments and concessionary loans

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. 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 discounts due. 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 are recognised where the charity has a present obligation resulting from a past event that will probably result in the 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 discounts due.

Concessionary loans made to members of the LSO to assist them in the purchase of instruments are initially recognised at the amount paid with the carrying amount in subsequent periods adjusted to reflect interest, repayments and any impairment.

#### j) Taxation

The London Symphony Orchestra Endowment Trust is a registered charity and is thus exempt from tax on income and gains falling within Part 10 of the Income Tax Act 2007 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Trust.

# The London Symphony Orchestra Endowment Trust

## Notes to the financial statements

Year ended 31 March 2017

### 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

### 3 Comparative Statement of Financial Activities

|                                    | Note | 2016<br>Unrestricted<br>funds<br>£ | 2016<br>Restricted<br>funds<br>£ | 2016<br>Endowment<br>funds<br>£ | 2016<br>Total<br>funds<br>£ |
|------------------------------------|------|------------------------------------|----------------------------------|---------------------------------|-----------------------------|
| <b>Income and endowments from:</b> |      |                                    |                                  |                                 |                             |
| Donations and legacies             | 4    | 99,382                             | -                                | 2,072,710                       | 2,172,092                   |
| Charitable activities              | 5    | 1,258                              | -                                | -                               | 1,258                       |
| Other trading activities           | 6    | -                                  | -                                | -                               | -                           |
| Investment income                  | 7    | 150,453                            | 322,611                          | -                               | 473,064                     |
| <b>Total income</b>                |      | <b>251,093</b>                     | <b>322,611</b>                   | <b>2,072,710</b>                | <b>2,646,414</b>            |
| <b>Expenditure</b>                 |      |                                    |                                  |                                 |                             |
| Expenditure on:                    |      |                                    |                                  |                                 |                             |
| Raising funds                      | 8    | (34,534)                           | (18,412)                         | (72,693)                        | (125,639)                   |
| Charitable activities              | 9    | (316,780)                          | (639,798)                        | -                               | (956,578)                   |
| <b>Total expenditure</b>           |      | <b>(351,314)</b>                   | <b>(658,210)</b>                 | <b>(72,693)</b>                 | <b>(1,082,217)</b>          |
| Net gains on investments           | 10   | (95,337)                           | (81,761)                         | (239,032)                       | (416,130)                   |
| Transfers between funds            |      |                                    | 144,199                          | (144,199)                       |                             |
| <b>Net movement in funds</b>       |      | <b>(195,558)</b>                   | <b>(273,161)</b>                 | <b>1,616,786</b>                | <b>1,148,067</b>            |
| <b>Reconciliation of funds</b>     |      |                                    |                                  |                                 |                             |
| Total funds brought forward        |      | 4,604,619                          | 2,944,915                        | 7,214,820                       | 14,764,354                  |
| <b>Total funds carried forward</b> |      | <b>4,409,061</b>                   | <b>2,671,754</b>                 | <b>8,831,606</b>                | <b>15,912,421</b>           |



# The London Symphony Orchestra Endowment Trust

## Notes to the financial statements

Year ended 31 March 2017

|   | 2017          | 2016             |
|---|---------------|------------------|
|   | £             | £                |
| <b>4 Income from donations and legacies</b>     |               |                  |
| Donations                                       | 20,964        | 1,191,070        |
| Legacies  | 22,741        | 123,000          |
| Arts Council Catalyst grant                     |               | 858,022          |
| <b>Total income from donations and legacies</b> | <b>43,705</b> | <b>2,172,092</b> |

No donations were received from Trustees during the year. (2016: £30,000).

|  | 2017         | 2016         |
|--|--------------|--------------|
|  | £            | £            |
| <b>5 Income from charitable activities</b>     |              |              |
| Loan interest receivable from player loans     | 1,124        | 1,258        |
| <b>Total income from charitable activities</b> | <b>1,124</b> | <b>1,258</b> |

All income from charitable activities relates to unrestricted funds.

|   | 2017 | 2016 |
|---|------|------|
|   | £    | £    |
| <b>6 Income from other trading activities</b> |      |      |
| Income from fundraising events                |      |      |
|   |      |      |

There were no trading activities as there were no fundraising events for the long-term endowment fund during

Income from fundraising events received from the Trustees during the year was nil (2016: nil).

**Notes to the financial statements**  
**Year ended 31 March 2017**

|   | 2017           | 2016           |
|---|----------------|----------------|
|   | £              | £              |
| <b>7 Investment income</b>              |                |                |
| Dividends and interest from investments | 204,489        | 472,184        |
| Bank interest received                  | 345            | 880            |
| <b>Total investment income</b>          | <u>204,834</u> | <u>473,065</u> |

|   | 2017           | 2016           |
|---|----------------|----------------|
|   | £              | £              |
| <b>8 Expenditure on raising funds</b>     |                |                |
| Investment management costs               | 93,256         | 125,639        |
| Fundraising event costs                   | 19,491         |                |
| <b>Total expenditure on raising funds</b> | <u>112,747</u> | <u>125,639</u> |

|   | 2017           | 2016           |
|---|----------------|----------------|
|   | £              | £              |
| <b>9 Expenditure on charitable activities</b>     |                |                |
| Grants to LSO Group                               | 632,000        | 949,798        |
| Governance costs                                  | 4,280          | 6,750          |
| Bank charges                                      |                | 30             |
| <b>Total expenditure on charitable activities</b> | <u>636,280</u> | <u>956,578</u> |

|  | 2017  | 2016  |
|--|-------|-------|
|  | £     | £     |
| <b>10 Net income/(expenditure) is stated after charging:</b> |       |       |
| Auditors' remuneration - audit fees                          | 4,250 | 6,000 |

The Trustees did not receive any remuneration for their services to the Trust nor were they reimbursed for any expenses in either year.

# The London Symphony Orchestra Endowment Trust

## Notes to the financial statements

Year ended 31 March 2017

|  | Grants to institutions |                |
|--|------------------------|----------------|
|  | 2017                   | 2016           |
|  | £                      | £              |
| <b>11 Analysis of grants payable and related party transactions</b>                |                        |                |
| Lord Mayor's Appeal 2004 grant to LSO Productions Ltd for LSO Discovery activities | 55,000                 | 50,000         |
| Lord Mayor's Appeal 2010 grant to LSO Productions Ltd for LSO On Track activities  | 145,000                | 145,000        |
| Lord Mayor's Appeal 2017 grant to LSO Ltd for Lord Mayor's activities              | 27,000                 |                |
| Unrestricted fund grant to LSO Productions Ltd for LSO Discovery                   | 105,000                | 110,000        |
| Unrestricted fund grant to LSO Ltd's general funds                                 |                        | 200,000        |
| Anglo-Japanese grant for LSO's work in Japan                                       | 25,000                 | 150,000        |
| Endowment fund grant to LSO Productions Ltd for Moving Music digital projects      | 107,500                | 79,798         |
| Endowment fund grant to LSO Live Ltd for Moving Music digital projects             | 115,000                | 175,000        |
| Endowment fund grant to LSO Ltd for Moving Music digital projects                  | 52,500                 | 40,000         |
| <b>Total grants to LSO Group</b>   | <b>632,000</b>         | <b>949,798</b> |

As explained in the Trustees' report, London Symphony Orchestra Ltd (registered charity number 232391) is a connected charity. Grants made to the LSO and its subsidiaries, LSO Productions Ltd and LSO Live Ltd during the year are shown above.

## 12 Tangible fixed assets

| Cost                    | Musical Instruments |
|-------------------------|---------------------|
|                         | £                   |
| At 1 April 2016         | 390,000             |
| Additions               |                     |
| <b>At 31 March 2017</b> | <b>390,000</b>      |
| <b>Net book value</b>   |                     |
| At 31 March 2017        | 390,000             |
| At 1 April 2016         | 390,000             |

# The London Symphony Orchestra Endowment Trust

## Notes to the financial statements

Year ended 31 March 2017

|  | 2017<br>£                | 2016<br>£                |
|--|--------------------------|--------------------------|
| <b>13 Investment assets</b>                    |                          |                          |
| <b>Investment portfolio</b>                    |                          |                          |
| Market value brought forward at 1 April 2016   | 14,896,781               | 13,413,719               |
| Additions                                      | 175,000                  | 11,728,823               |
| Disposals                                      | (695,000)                | (10,299,757)             |
|  | <u>14,376,781</u>        | <u>14,842,785</u>        |
| Unrealised increase/(decrease) in market value | 2,457,185                | 53,996                   |
| <b>Total investment assets</b>                 | <u><b>16,833,966</b></u> | <u><b>14,896,781</b></u> |

An analysis of the market value of investments at the year end is provided below:

|                                      | 2017<br>£                | 2016<br>£                |
|--------------------------------------|--------------------------|--------------------------|
| Cash                                 | 859,745                  | 6,163,511                |
| Liquid Short Term Deposits           | 905,699                  | 0                        |
| Fixed income/bonds                   | 5,817,223                | 1,980,629                |
| UK equities                          | 2,756,482                | 5,663,476                |
| Overseas equities                    | 4,713,641                | 755,803                  |
| Hedge funds and private equity funds | 494,171                  | 314,165                  |
| Property funds                       | 1,287,005                | 19,197                   |
| <b>Total</b>                         | <u><b>16,833,966</b></u> | <u><b>14,896,781</b></u> |

None of the direct equity investments held in the portfolio are unlisted, and there are no individual investments in excess of 10% of the total portfolio. The value of the investment portfolio at 30 April 2017 was £16,930,396.

# The London Symphony Orchestra Endowment Trust

## Notes to the financial statements

Year ended 31 March 2017

|                             | 2017           | 2016           |
|-----------------------------|----------------|----------------|
|                             | £              | £              |
| <b>14 Loans</b>             |                |                |
| Amounts owed by LSO players |                |                |
| Due within one year         | 76,177         | 98,860         |
| Due after one year          | 126,447        | 126,044        |
|                             | <u>202,624</u> | <u>224,904</u> |

The LSO players to whom concessionary loans have been made are shareholders of London Symphony Orchestra Ltd. The amounts owed by the LSO players are repayable over varying periods not exceeding 5 years. All loans bear interest at a variable rate equating to the Bank of England base rate for that period. There were no loans to players that had been committed to but not taken up as at the 31 March 2017.

|  | 2017           | 2016          |
|--|----------------|---------------|
|  | £              | £             |
| <b>15 Debtors: amounts falling due within one year</b> |                |               |
| Amounts due from LSO Group Companies                   | 82,683         | 50,841        |
| Accrued income   | 48,634         |               |
| Other debtors  | 100,000        |               |
|  | <u>231,317</u> | <u>50,841</u> |

|  | 2017           | 2016          |
|--|----------------|---------------|
|  | £              | £             |
| <b>16 Creditors: amounts falling due within one year</b> |                |               |
| Amounts due to LSO Group Companies                       | 60,610         | 38,618        |
| Other creditors  | 772            | 772           |
| Accruals   | 338,750        | 6,000         |
|  | <u>400,132</u> | <u>45,390</u> |

# The London Symphony Orchestra Endowment Trust

## Notes to the financial statements

Year ended 31 March 2017

| 17 Statement of funds           | Balance<br>1 April<br>2016<br>£ | Income<br>£    | Expenditure<br>£ | Gains and<br>losses<br>£ | Transfers<br>£   | Balance<br>31 March<br>2017<br>£ |
|---------------------------------|---------------------------------|----------------|------------------|--------------------------|------------------|----------------------------------|
| Unrestricted funds:             |                                 |                |                  |                          |                  |                                  |
| General reserve                 | 4,409,061                       | 75,714         | (127,449)        | 567,079                  | (175,000)        | 4,749,405                        |
| <b>Total unrestricted funds</b> | <b>4,409,061</b>                | <b>75,714</b>  | <b>(127,449)</b> | <b>567,079</b>           | <b>(175,000)</b> | <b>4,749,405</b>                 |
| Restricted funds:               |                                 |                |                  |                          |                  |                                  |
| Lord Mayor's Appeal 2004        | 1,861,723                       | 19,700         | (67,140)         | 304,666                  | -                | 2,118,949                        |
| Lord Mayor's Appeal 2010        | 284,828                         | 982            | (146,359)        | 7,135                    | -                | 146,586                          |
| Lord Mayor's Appeal 2017        | -                               | -              | (48,991)         | -                        | 175,000          | 126,009                          |
| Anglo-Japanese Fund             | 416,221                         | 2,088          | (27,568)         | 15,979                   | -                | 406,720                          |
| Moving Music Income Fund        | 108,983                         | 151,179        | (275,000)        | -                        | -                | (14,838)                         |
| <b>Total restricted funds</b>   | <b>2,671,754</b>                | <b>173,949</b> | <b>(565,058)</b> | <b>327,780</b>           | <b>175,000</b>   | <b>2,783,425</b>                 |
| Endowments funds:               |                                 |                |                  |                          |                  |                                  |
| Moving Music Capital Fund       | 8,831,606                       | -              | (56,519)         | 1,480,245                | -                | 10,255,332                       |
| <b>Total endowment funds</b>    | <b>8,831,606</b>                | <b>-</b>       | <b>(56,519)</b>  | <b>1,480,245</b>         | <b>-</b>         | <b>10,255,332</b>                |
| <b>Total funds</b>              | <b>15,912,421</b>               | <b>249,663</b> | <b>(749,027)</b> | <b>2,375,104</b>         | <b>-</b>         | <b>17,788,161</b>                |

Details of the Restricted and Endowment funds are set out below:

### Lord Mayor's Appeal 2004

From November 2003 to November 2004 the Endowment Trust was the major beneficiary of the Lord Mayor's Appeal. A wide variety of fund-raising events were held including gala concerts. The funds raised from these events have been set aside in a restricted fund for the benefit of LSO Discovery.

### Lord Mayor's Appeal 2010

The LSO was also a joint beneficiary of the 2010 Lord Mayor's Appeal. The net proceeds received by the Trust from fundraising events between December 2009 and November 2011 and by way of grants from the LSO are restricted to support the LSO's education work with young musicians in London through the LSO On Track programme.

### Lord Mayor's Appeal 2017

From November 2016 to November 2017 the Endowment Trust has been selected by the current Lord Mayor to be a major beneficiary of the Lord Mayor's Appeal. A wide variety of fund-raising events are to be held including gala concerts. The funds raised from these events are to be set aside in a restricted fund for the benefit of LSO Discovery.

### Anglo-Japanese Fund

The purpose of this fund is to build Anglo-Japanese cultural relations by supporting the LSO's work in Japan and to provide scholarships to Japanese music students to assist them in studying at the Guildhall School of Music and Drama.

### Moving Music Fund

The fund was established in 2012 to receive funds from the fundraising campaign of the same name. The campaign ended in July 2015, and a total of £8,783,563 was raised overall. All funds have been invested in an endowment fund for a period of at least 25 years. On completion of the campaign the accumulated net income of £144,199 was transferred to a separate restricted fund, and all subsequent investment income is also being treated in the same way. This reflects the fact that the income can be spent, whereas the base investments form an endowment and cannot be expended. The accumulated investment income, less grants made, stood at £(14,838) as at 31 March 2017 (2016: £108,983). The income from the investment portfolio will be used to fund audio visual recordings of key concert performances by the LSO and the distribution of these worldwide, including to young people and new audiences.

Comparative movements in funds for the prior year are shown in the accounts for the year to 31 March 2016, which are available on the Charity Commission website [charitycommission.gov.uk](http://charitycommission.gov.uk)