

Charity Registration No. 233700

The London Symphony Orchestra Endowment Trust

Report and Financial Statements

31 March 2018

The London Symphony Orchestra Endowment Trust

Report and financial statements 2018

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Officers and professional advisers

Trustees

Charles Clark (Chairman)
Claire Anstee (resigned 08 November 2017)
Gareth Davies
Jeremy Delmar-Morgan (deceased 12 June 2018)
Hon Sir Rocco Forte
Lady Forte
Richard Hardie
Kathryn McDowell CBE
Lady Wendy Parmley (appointed 26 June 2018)
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, 10 Queen Street Place London, EC4R 1AG

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 2018.

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 2004, 2010 and in 2017. During the year, the Trust was chosen by the outgoing Lord Mayor to be one of the beneficiaries of The Lord Mayor's Appeal 2017. The campaign was completed in November 2017 to coincide with the end of the Lord Mayor's term of office and over £1,026,000 funds raised were donated to the Trust. The capital and income from Lord Mayor Appeal funds are used to solely support the LSO's music education and community programme, LSO Discovery.

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

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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 education 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 2016, the Trustees carried out a review of its investment management requirements as 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 1st April 2016. UBS continues to manage three remaining funds and as they become liquid are being transferred to Saunderson House to be managed with the rest of the investment portfolio,

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 £17,915,286 at the year-end due to reflecting changes in market values. Investment performance reflected market conditions and portfolios are appropriately

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positioned to meet agreed investment mandates. As at 31 May 2018 the investment portfolio was valued at £18,445,046.

Fundraising

The Trust conducted no fundraising campaigns during the financial year, nor did it engage the use of third party fundraisers. However, the Lord Mayor's Appeal 2017 was launched and the Trust was a major beneficiary during the year. The Trust is most grateful to Sir Andrew Parmley for choosing the Trust in his mayoral 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 LSO's Artistic Director Sir Simon Rattle and also 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 £294,000 (2017: £439,500) 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 £230,000 was made to LSO Ltd (2017: £52,500) and a grant of £143,000 (2017: £115,000) 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 (2017: £25,000).

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 £166,505 (2017: £95,726) were made to 11 players during the year. At the year-end, 25 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 £1,529,223 (2017: £249,663), the majority of which related to donations from the Lord Mayor's 2017 Appeal, general donations; legacies and income from investments. Other sources of income were interest on bank deposits and loans.

Expenditure of £812,792 (2017: £749,027) was in line with expectations and related primarily to grants (see above) and investment fund management fees.

Gains in the value of the investment portfolio were £238,264 (2017: £2,375,104). Following reinvestment of income and surplus cash, the value of the portfolio at the year-end was £17,915,286 (2017: £16,833,966).

Debtors balances have decreased overall in total from £231,317 to £208,255 reflecting repayment by the Lord Mayor's 2017 Appeal of the loan issued by the Trust, repayment of group balances and accrued income received after the year-end.

The Trust's total reserves increased from £17,788,161 to £18,742,856 at the year-end reflecting income and expenditure for the year and valuation movements on the investment portfolio.

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Trustees' report

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.

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 £749,466 (2017: £637,492). In addition, a further £172,646 (2017: £371,952) 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. The Lord Mayor's 2017 Appeal however ended in November 2017 and raised funds during 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:

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- 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 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 short horizontal line underneath.

Charles Clark
Chairman

28 June 2018

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

Opinion

We have audited the financial statements of The London Symphony Orchestra Endowment Trust for the year ended 31 March 2018 which comprise the statement of financial activities and the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of the charity net movement in funds 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.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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.

Use of our report

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's trustees as a body for our audit work, for this report, or for the opinions we have formed.



haysmacintyre
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

Date: 2 July 2018

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 2018

	Note	2018 Unrestricted funds £	2018 Restricted funds £	2018 Endowment funds £	2018 Total funds £	2017 Total funds £
Income and endowments from:						
Donations and legacies	4	191,768	1,026,464	-	1,218,232	43,705
Charitable activities	5	570	-	-	570	1,124
Other trading activities	6	-	-	-	-	-
Investment income	7	49,596	260,825	-	310,421	204,834
Total income		241,934	1,287,289	-	1,529,223	249,663
Expenditure						
Expenditure on:						
Raising funds	8	(23,601)	(19,687)	(71,361)	(114,649)	(112,747)
Charitable activities	9	(114,143)	(584,000)	-	(698,143)	(636,280)
Total expenditure		(137,744)	(603,687)	(71,361)	(812,792)	(749,027)
Net gains/(losses) on investments		59,684	47,739	130,841	238,264	2,375,104
Net (expenditure)/ income	10	163,874	731,341	59,480	954,694	1,875,740
Transfers between funds		(151,709)	151,709	-	-	-
Net movement in funds		12,165	883,050	59,480	954,694	1,875,740
Reconciliation of funds						
Total funds brought forward		4,749,405	2,783,424	10,255,332	17,788,161	15,912,421
Total funds carried forward		4,761,570	3,666,474	10,314,812	18,742,855	17,788,161

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 2018

		2018 Unrestricted funds £	2018 Restricted funds £	2018 Endowment funds £	2018 Total funds £	2017 Total funds £
	Note					
Fixed assets						
Tangible assets	12	390,000			390,000	390,000
Investments assets	13	3,464,512	4,135,962	10,314,812	17,915,286	16,833,966
Loans	14	183,971			183,971	126,447
Total fixed assets		4,038,483	4,135,962	10,314,812	18,489,257	17,350,413
Current assets						
Debtors: amounts falling due within one	15	6,791	201,464		208,255	231,317
Loans	14	80,340			80,340	76,177
Cash at bank		749,466	(665,454)		84,012	530,385
Total current assets		836,597	(463,990)	-	372,607	837,880
Current liabilities						
Creditors: amounts falling due within one year	16	(5,794)	(113,214)		(119,008)	(400,132)
Net current assets		830,803	(577,204)	-	253,599	437,748
Total net assets		4,869,286	3,558,758	10,314,812	18,742,856	17,788,161
Total funds of the charity	17					
Funds brought forward		4,749,405	2,783,424	10,255,332	17,788,161	15,912,421
(Shortfall)/excess of income over expenditure for the year		104,190	683,602	(71,361)	716,431	(499,364)
Realised and unrealised increase / (decrease) in the value of investment assets		59,684	47,739	130,841	238,264	2,375,104
Transfers between funds		(151,709)	151,709			
Funds carried forward		4,761,570	3,666,474	10,314,812	18,742,856	17,788,161

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

Approved by the trustees on: 28 June 2018

Signed on behalf of the Board of Trustees



Charles Clark
Chairman

The London Symphony Orchestra Endowment Trust

Statement of Cash Flows Year ended 31 March 2018

	Notes	2018 £	2017 £
Cash used in operating activities	A	(138,779)	(589,734)
Cash flows from investing activities			
Bank interest			345
Interest from investments		310,421	204,489
Cash proceeds from the sale of investments		413,659	695,000
Purchase of investments		(1,031,674)	(175,000)
Increase/(decrease) in cash and cash equivalents in the year		(446,373)	135,100
Cash and cash equivalents at the beginning of the year	B	530,385	395,285
Total cash and cash equivalents at the end of the year		84,012	530,385

A Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net movement in funds	954,695	1,875,740
Unrealised (gains)/losses on investments	(463,305)	(2,457,185)
Dividend and interest income from investments	(310,421)	(204,489)
Bank interest		(345)
Decrease/(increase) in loans	(61,687)	22,280
Decrease/(increase) in debtors	23,063	(180,477)
Increase/(decrease) in creditors	(281,124)	354,742
Net cash used in operating activities	(138,779)	(589,734)

B Analysis of net funds

	2018 £	2017 £
Cash at bank and in hand	84,012	530,385

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Year ended 31 March 2018

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 2018

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 2018

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	2017 Unrestricted funds £	2017 Restricted funds £	2017 Endowment funds £	2017 Total funds £
Income and endowments from:					
Donations and legacies	4	43,705	-	-	43,705
Charitable activities	5	1,124	-	-	1,124
Other trading activities	6	-	-	-	-
Investment income	7	30,885	173,949	-	204,834
Total income		75,714	173,949	-	249,663
Expenditure					
Expenditure on:					
Raising funds	8	(18,169)	(38,059)	(56,519)	(112,747)
Charitable activities	9	(109,280)	(527,000)	-	(636,280)
Total expenditure		(127,449)	(565,059)	(56,519)	(749,027)
Net gains on investments	10	567,079	327,780	1,480,245	2,375,104
Transfers between funds		(175,000)	175,000	-	-
Net movement in funds		340,344	111,670	1,423,726	1,875,740
Reconciliation of funds					
Total funds brought forward		4,409,061	2,671,754	8,831,606	15,912,421
Total funds carried forward		4,749,405	2,783,424	10,255,332	17,788,161

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Year ended 31 March 2018

	2018	2017
	£	£
4 Income from donations and legacies		
Donations	1,068,232	20,964
Legacies	150,000	22,741
Arts Council Catalyst grant	-	-
Total income from donations and legacies	1,218,232	43,705

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

	2018	2017
	£	£
5 Income from charitable activities		
Loan interest receivable from player loans	570	1,124
Total income from charitable activities	570	1,124

All income from charitable activities relates to unrestricted funds.

	2018	2017
	£	£
6 Income from other trading activities		
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 (2017: nil).

Notes to the financial statements
Year ended 31 March 2018

	2018	2017
	£	£
7 Investment income		
Dividends and interest from investments	310,421	204,489
Bank interest received	-	345
Total investment income	310,421	204,834

	2018	2017
	£	£
8 Expenditure on raising funds		
Investment management costs	114,649	93,256
Fundraising event costs	-	19,491
Total expenditure on raising funds	114,649	112,747

	2018	2017
	£	£
9 Expenditure on charitable activities		
Grants to LSO Group	692,000	632,000
Governance costs	6,143	4,280
Bank charges	-	-
Total expenditure on charitable activities	698,143	636,280

	2018	2017
	£	£
10 Net income/(expenditure) is stated after charging:		
Auditors' remuneration - audit fees	4,375	4,250

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 2018

	Grants to institutions	
	2018	2017
	£	£
11 Analysis of grants payable and related party transactions		
Unrestricted fund grant to LSO Ltd's general funds	80,000	-
Unrestricted fund grant to LSO Productions Ltd for LSO Discovery	28,000	105,000
Lord Mayor's Appeal 2004 grant to LSO Productions Ltd for LSO Discovery activities	60,000	55,000
Lord Mayor's Appeal 2010 grant to LSO Productions Ltd for LSO On Track activities	187,000	145,000
Lord Mayor's Appeal 2017 grant to LSO Ltd for Lord Mayor's activities	-	27,000
Anglo-Japanese grant for LSO's work in Japan	25,000	25,000
Endowment fund grant to LSO Ltd for Moving Music digital projects	150,000	52,500
Endowment fund grant to LSO Productions Ltd for Moving Music digital projects	19,000	107,500
Endowment fund grant to LSO Live Ltd for Moving Music digital projects	143,000	115,000
Total grants to LSO Group	692,000	632,000

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

	Musical Instruments
Cost	£
At 1 April 2017	390,000
Additions	-
At 31 March 2018	390,000
Net book value	
At 31 March 2018	390,000
At 1 April 2017	390,000

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Year ended 31 March 2018

	2018 £	2017 £
13 Investment assets		
Investment portfolio		
Market value brought forward at 1 April 2016	16,833,966	14,896,781
Additions	1,031,674	175,000
Disposals	(413,659)	(695,000)
	<u>17,451,981</u>	<u>14,376,781</u>
Unrealised increase/(decrease) in market value	463,305	2,457,185
Total investment assets	<u>17,915,286</u>	<u>16,833,966</u>

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

	2018 £	2017 £
Cash	963,123	859,745
Liquid Short Term Deposits	268,542	905,699
Fixed income/bonds	6,294,738	5,817,223
UK equities	2,980,446	2,756,482
Overseas equities	5,561,440	4,713,641
Hedge funds and private equity funds	264,619	494,171
Property funds	1,582,378	1,287,005
Total	<u>17,915,286</u>	<u>16,833,966</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 31 May 2018 was £18,445,046.

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Year ended 31 March 2018

	2018	2017
	£	£
14 Loans		
Amounts owed by LSO players		
Due within one year	80,340	76,177
Due after one year	183,971	126,447
	<u>264,311</u>	<u>202,624</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 7 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 2018.

	2018	2017
	£	£
15 Debtors: amounts falling due within one year		
Amounts due from LSO Group Companies	-	82,683
Accrued income	208,255	48,634
Other debtors	-	100,000
	<u>208,255</u>	<u>231,317</u>

	2018	2017
	£	£
16 Creditors: amounts falling due within one year		
Amounts due to LSO Group Companies	113,259	60,610
Other creditors	499	772
Accruals	5,250	338,750
	<u>119,008</u>	<u>400,132</u>

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Year ended 31 March 2018

17 Statement of funds	Balance 1 April 2017 £	Income £	Expenditure £	Gains and losses £	Transfers £	Balance 31 March 2018 £
Unrestricted funds:						
General reserve	4,749,405	241,934	(137,744)	59,684	(151,709)	4,761,569
Total unrestricted funds	4,749,405	241,934	(137,744)	59,684	(151,709)	4,761,569
Restricted funds:						
Lord Mayor's Appeal 2004	2,118,948	35,729	(74,751)	47,228	4,944	2,132,098
Lord Mayor's Appeal 2010	146,586	1,206	(187,899)	1,058	39,049	-
Lord Mayor's Appeal 2017	126,009	1,027,790	(1,165)	(725)	-	1,151,909
Anglo-Japanese Fund	406,720	3,442	(27,872)	178	-	382,466
Moving Music Income Fund	(14,838)	219,122	(312,000)	-	107,716	-
Total restricted funds	2,783,424	1,287,289	(603,688)	47,740	151,709	3,666,474
Endowments funds:						
Moving Music Capital Fund	10,255,332	-	(71,361)	130,841	-	10,314,812
Total endowment funds	10,255,332	-	(71,361)	130,841	-	10,314,812
Total funds	17,788,161	1,529,223	(812,792)	238,265	-	18,742,855

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 was 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. A transfer of £107,716 was made from the Unrestricted Funds to the Restricted Moving Music Fund. The accumulated investment income, less grants made, stood at £zero as at 31 March 2018 (2017: £(14,838)). Grants are awarded based on anticipated income levels. The existing investment policy is under review by Trustees to address this situation. 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 2017, which are available on the Charity Commission website charitycommission.gov.uk

