

Charity Registration No. 233700

The London Symphony Orchestra Endowment Trust

Report and Financial Statements

31 March 2019

The London Symphony Orchestra Endowment Trust

Report and financial statements 2019

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
Statement of cash flows	12
Notes to the financial statements	13

The London Symphony Orchestra Endowment Trust

Report and financial statements 2019

Officers and professional advisers

Trustees

Charles Clark	(Chairman)
Gareth Davies	(resigned 08 March 2019)
Clare Duckworth	(appointed 25 June 2019)
Hon Sir Rocco Forte	
Lady Aliai Forte	
Richard Hardie	
James Lennox Mackenzie OBE	(appointed 13 November 2018)
Kathryn McDowell CBE	
Lady Wendy Parmley	(appointed 28 June 2018)
Daniel Ross	(appointed 13 November 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 LLP, 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 2019.

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.

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 London Symphony Orchestra Endowment Trust

Trustees' report

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.

Saunderson House was appointed as the Trust's investment managers on 1st April 2016. However, 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 fell to £17,439,025 at the year-end reflecting disposals of £796,000 and unrealised gains of £319,739. Investment performance reflected market conditions and portfolios are appropriately positioned to meet agreed investment mandates. As at 31 May 2019 the investment portfolio was valued at £17,539,493.

Fundraising

The Trust conducted no fundraising campaigns during the financial year, nor did it engage the use of third party fundraisers.

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.

The London Symphony Orchestra Endowment Trust

Trustees' report

Grants

During the year the Trust donated £158,000 (2018: £294,000) 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.

Donations of £471,000 were made to LSO Ltd (2018: £230,000) and a grant of £167,000 (2018: £143,000) made to LSO Live Ltd which is also a subsidiary of the LSO. No grants were made in the year from the Anglo-Japanese fund to support the Japanese music students in their work with the LSO (2018: £25,000) as none were required.

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 £55,716 (2018: £166,505) were made to 3 players during the year. At the year-end, 22 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 £561,208 (2018: £1,529,223), the majority of which related to general donations, donations from the Lord Mayor's 2017 Appeal, legacies, gift aid and income from investments. Other sources of income were interest on bank deposits and loans.

Expenditure of £919,433 (2018: £812,792) was in line with expectations and related primarily to grants (see above) and investment fund management fees.

Losses in the value of the investment portfolio were £11,918 (2018: Gains of £238,264). Following reinvestment of income and surplus cash, the value of the portfolio at the year-end was £17,439,025 (2018: £17,915,286).

Debtors balances have decreased overall in total from £208,255 to £7,897 reflecting accrued income from the Lord Mayor's Appeal 2017 and gift aid received after the previous year-end.

The Trust's total reserves decreased from £18,742,855 to £18,372,712 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.

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 £687,804 (2018: £749,466). In addition, a further £236,012 (2018: £172,646) 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.

The Trustees review levels of reserves on an annual basis and plans for utilising free reserves to support the objects of the LSO as outlined on page 2 of this report.

The London Symphony Orchestra Endowment Trust

Trustees' report

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 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:

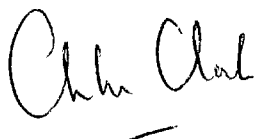
- We will commit to high standards
- We will be clear, honest and open
- We will be respectful
- We will be fair and reasonable
- We will be accountable and responsible

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 black ink, appearing to read 'Chh Clark', with a short horizontal line underneath.

Charles Clark
Chairman

25 June 2019

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 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 2019 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 LLP

Haysmacintyre LLP

Statutory Auditor

10 Queen Street Place

London

EC4R 1AG

Date: *2 October 2019*

Haysmacintyre LLP 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

Period ended 31 March 2019

	Note	2019 Unrestricted funds £	2019 Restricted funds £	2019 Endowment funds £	2019 Total funds £	2018 Total funds £
Income and endowments from:						
Donations and legacies	4	70,553	40,000	-	110,553	1,218,232
Charitable activities	5	1,101	-	-	1,101	570
Other trading activities	6	-	-	-	-	-
Investment income	7	69,308	380,246	-	449,554	310,421
Total income		140,962	420,246	-	561,208	1,529,223
Expenditure						
Expenditure on:						
Raising funds	8	(21,579)	(24,215)	(72,173)	(117,967)	(114,649)
Charitable activities	9	(83,466)	(718,000)	-	(801,466)	(698,143)
Total expenditure		(105,045)	(742,215)	(72,173)	(919,433)	(812,792)
Net gains/(losses) on investments		49,114	(5,375)	(55,657)	(11,918)	238,264
Net (expenditure)/ income	10	85,031	(327,344)	(127,830)	(370,143)	954,694
Transfers between funds		(25,028)	25,028	-	-	-
Net movement in funds		60,003	(302,316)	(127,830)	(370,143)	954,694
Reconciliation of funds						
Total funds brought forward		4,761,569	3,666,474	10,314,812	18,742,855	17,788,161
Total funds carried forward		4,821,572	3,364,158	10,186,982	18,372,712	18,742,855

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

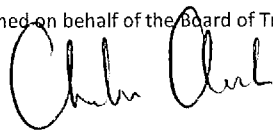
As at 31 March 2019

		2019	2019	2019	2019	2018
		Unrestricted	Restricted	Endowment	Total	Total
		funds	funds	funds	funds	funds
Note		£	£	£	£	£
Fixed assets						
Tangible assets	12	390,000	-	-	390,000	390,000
Investments assets	13	3,522,474	3,729,569	10,186,982	17,439,025	17,915,286
Loans	14	157,027	-	-	157,027	183,971
Total fixed assets		4,069,501	3,729,569	10,186,982	17,986,052	18,489,257
Current assets						
Debtors: amounts falling due within one	15	7,897	-	-	7,897	208,255
Loans	14	61,835	-	-	61,835	80,340
Cash at bank		687,804	(365,411)	-	322,393	84,012
Total current assets		757,536	(365,411)	-	392,125	372,607
Current liabilities						
Creditors: amounts falling due within one year	16	(5,465)	-	-	(5,465)	(119,009)
Net current assets		752,071	(365,411)	-	386,660	253,598
Total net assets		4,821,572	3,364,158	10,186,982	18,372,712	18,742,855
Total funds of the charity						
Funds brought forward	17	4,761,569	3,666,474	10,314,812	18,742,855	17,788,161
(Shortfall)/excess of income over expenditure for the year		35,917	(321,969)	(72,173)	(358,225)	716,430
Realised and unrealised increase / (decrease) in the value of investment assets		49,114	(5,375)	(55,657)	(11,918)	238,264
Transfers between funds		(25,028)	25,028	-	-	-
Funds carried forward		4,821,572	3,364,158	10,186,982	18,372,712	18,742,855

The notes on pages 13 to 23 form part of these accounts.

Approved by the trustees on: 25 June 2019

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 2019

	Notes	2019 £	2018 £
Cash used in operating activities	A	(1,007,173)	(138,779)
Cash flows from investing activities			
Bank interest		-	-
Interest from investments		449,554	310,421
Cash proceeds from the sale of investments		796,000	413,659
Purchase of investments		-	(1,031,674)
Increase/(decrease) in cash and cash equivalents in the year		238,381	(446,373)
Cash and cash equivalents at the beginning of the year	B	84,012	530,385
Total cash and cash equivalents at the end of the year		322,393	84,012

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

	2019 £	2018 £
Net movement in funds	(370,143)	954,694
Unrealised (gains)/losses on investments	(319,739)	(463,305)
Dividend and interest income from investments	(449,554)	(310,421)
Bank interest	-	-
Decrease/(increase) in loans	45,449	(61,687)
Decrease/(increase) in debtors	200,359	23,063
Increase/(decrease) in creditors	(113,544)	(281,123)
Net cash used in operating activities	(1,007,173)	(138,779)

B Analysis of net funds

	2019 £	2018 £
Cash at bank and in hand	322,393	84,012

The London Symphony Orchestra Endowment Trust

Notes to the financial statements Year ended 31 March 2019

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015. The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn. The financial statements are drawn up under the historical cost convention except that investments are carried at fair value.

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 2019

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 2019

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 and Balance Sheet

Comparative Statement of Financial Activities

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

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Year ended 31 March 2019

3 Comparative Statement of Financial Activities and Balance Sheet (continued)

Comparative Balance Sheet

	Note	2018 Unrestricted funds £	2018 Restricted funds £	2018 Endowment funds £	2018 Total funds £
Fixed assets					
Tangible assets	12	390,000	-	-	390,000
Investments assets	13	3,464,512	4,135,962	10,314,812	17,915,286
Loans	14	183,971	-	-	183,971
Total fixed assets		4,038,483	4,135,962	10,314,812	18,489,257
Current assets					
Debtors: amounts falling due within one	15	6,791	201,464	-	208,255
Loans	14	80,340	-	-	80,340
Cash at bank		749,466	(665,454)	-	84,012
Total current assets		836,597	(463,990)	-	372,607
Current liabilities					
Creditors: amounts falling due within one	16	(5,794)	(113,214)	-	(119,009)
Net current assets		830,803	(577,204)	-	253,598
Total net assets		4,869,286	3,558,758	10,314,812	18,742,855
Total funds of the charity	17				
Funds brought forward		4,749,405	2,783,424	10,255,332	17,788,161
(Shortfall)/excess of income over expenditure for		104,190	683,602	(71,361)	716,430
Realised and unrealised increase / (decrease) in		59,684	47,739	130,841	238,264
Transfers between funds		(151,709)	151,709	-	-
Funds carried forward		4,761,570	3,666,474	10,314,812	18,742,855

The London Symphony Orchestra Endowment Trust

Notes to the financial statements Period ended 31 March 2019

	2019 £	2018 £
4 Income from donations and legacies		
Donations	78,246	1,068,232
Legacies	32,307	150,000
Arts Council Catalyst grant	-	-
Total income from donations and legacies	110,553	1,218,232

£40,000 of donations were received from Trustees during the year (2018: £nil).

	2019 £	2018 £
5 Income from charitable activities		
Loan interest receivable from player loans	1,101	570
Total income from charitable activities	1,101	570

All income from charitable activities relates to unrestricted funds.

	2019 £	2018 £
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 (2018: £nil).

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Period ended 31 March 2019

	2019	2018
	£	£
7 Investment income		
Dividends and interest from investments	449,554	310,421
Bank interest received	-	-
Total investment income	<u>449,554</u>	<u>310,421</u>
8 Expenditure on raising funds		
Investment management costs	117,967	114,649
Total expenditure on raising funds	<u>117,967</u>	<u>114,649</u>
9 Expenditure on charitable activities		
Grants to LSO Group	796,000	692,000
Governance costs	5,466	6,143
Total expenditure on charitable activities	<u>801,466</u>	<u>698,143</u>
10 Net income/(expenditure) is stated after charging:		
Auditors' remuneration - audit fees	4,525	4,375

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 2019

	Grants to institutions	
	2019	2018
	£	£
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	78,000	28,000
Lord Mayor's Appeal 2004 grant to LSO Productions Ltd for LSO Discovery activities	63,000	60,000
Lord Mayor's Appeal 2010 grant to LSO Productions Ltd for LSO On Track activities	-	187,000
Lord Mayor's Appeal 2017 grant to LSO Ltd for Lord Mayor's activities	321,000	-
Anglo-Japanese grant for LSO's work in Japan	-	25,000
Endowment fund grant to LSO Ltd for Moving Music digital projects	150,000	150,000
Endowment fund grant to LSO Productions Ltd for Moving Music digital projects	17,000	19,000
Endowment fund grant to LSO Live Ltd for Moving Music digital projects	167,000	143,000
Total grants to LSO Group	796,000	692,000

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 2018	390,000
Additions	-
At 31 March 2019	390,000
Net book value	
At 31 March 2019	390,000
At 1 April 2018	390,000

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Year ended 31 March 2019

	2019 £	2018 £
13 Investment assets		
Investment portfolio		
Market value brought forward at 1 April 2018	17,915,286	16,833,966
Additions	-	1,031,674
Disposals	(796,000)	(413,659)
	<u>17,119,286</u>	<u>17,451,981</u>
Unrealised increase/(decrease) in market value	319,739	463,305
Total investment assets	<u>17,439,025</u>	<u>17,915,286</u>

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

	2019 £	2018 £
Cash	1,306,792	963,123
Liquid Short Term Deposits	258,977	268,542
Fixed income/bonds	6,848,575	6,294,738
UK equities	2,818,613	2,980,446
Overseas equities	4,745,514	5,561,440
Hedge funds and private equity funds	316,904	264,619
Property funds	1,143,650	1,582,378
Total	<u>17,439,025</u>	<u>17,915,286</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 2019 was £17,539,493.

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Year ended 31 March 2019

	2019 £	2018 £
14 Loans		
Amounts owed by LSO players		
Due within one year	61,835	80,340
Due after one year	157,027	183,971
	<u>218,862</u>	<u>264,311</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 2019.

	2019 £	2018 £
15 Debtors: amounts falling due within one year		
Accrued income	7,897	208,255
	<u>7,897</u>	<u>208,255</u>

	2019 £	2018 £
16 Creditors: amounts falling due within one year		
Amounts due to LSO Group Companies	-	113,259
Other creditors	-	499
Accruals	5,465	5,250
	<u>5,465</u>	<u>119,008</u>

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Period ended 31 March 2019

17 Statement of funds	Balance 1 April 2018 £	Income £	Expenditure £	Gains and losses £	Transfers £	Balance 31 March 2019 £
Unrestricted funds:						
General reserve	4,761,569	140,962	(105,045)	49,114	(25,028)	4,821,572
Total unrestricted funds	4,761,569	140,962	(105,045)	49,114	(25,028)	4,821,572
Restricted funds:						
Lord Mayor's Appeal 2004	2,132,098	48,791	(77,841)	(4,338)	-	2,098,710
Lord Mayor's Appeal 2010	-	-	-	-	-	-
Lord Mayor's Appeal 2017	1,151,910	57,163	(327,521)	(823)	-	880,729
Anglo-Japanese Fund	382,466	5,320	(2,853)	(214)	-	384,719
Moving Music Income Fund	-	308,972	(334,000)	-	25,028	-
Total restricted funds	3,666,474	420,246	(742,215)	(5,375)	25,028	3,364,158
Endowments funds:						
Moving Music Capital Fund	10,314,812	-	(72,173)	(55,657)	-	10,186,982
Total endowment funds	10,314,812	-	(72,173)	(55,657)	-	10,186,982
Total funds	18,742,855	561,208	(919,433)	(11,918)	-	18,372,712

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 £25,028 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 2019 (2018: £zero). 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 2018, which are available on the Charity Commission website charitycommission.gov.uk

The London Symphony Orchestra Endowment Trust

Notes to the financial statements

Period ended 31 March 2019

18 Comparative 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)	-	1,151,910
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

