

Company Registration No. 6830751



LSO Live Limited

Report and Financial Statements

For year ended 31 July 2016

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LSO Live Limited

Report and financial statements 2016

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LSO Live Limited

Report and financial statements 2016

Officers and professional advisers

Chairman

Anthony Bloom

Directors

Matthew Gibson

Gareth Davies

Kathryn McDowell CBE

Company Secretary

Rikesh Shah

Company Number

6830751

Registered Office

The Barbican

Silk Street

London

EC2Y 8DS

Company Bankers

Lloyds TSB plc

34 Moorgate

London

EC2R 6PL

Company Solicitors

Baker & McKenzie

100 New Bridge Street

London

EC4V 6JA

Auditor

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

LSO Live Limited

Directors' Report

The Directors present their Annual Report and Financial Statements for the year ended 31 July 2016. The Financial Statements are set out on pages 6 to 14.

This report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption including the preparation of a Strategic Report.

Principal activities

The principal activities of the company are to operate the record label of the London Symphony Orchestra and to produce, market and distribute recordings of concert performances for sale through CDs and digital downloads. The company also markets and distributes recordings produced under other labels where appropriate.

Business review

LSO Live released 11 new recordings during the year including the third in Sir John Eliot Gardiner's award-winning Mendelssohn cycle, as well as several albums conducted by Valery Gergiev. To mark the end of Gergiev's tenure as LSO Principal Conductor, LSO Live released a special album of Stravinsky & Bartok.

In 2016, LSO Live's releases reflected the diversity present throughout the Orchestra's activities at home and on tour, confirming to the world that the LSO is a strong supporter of excellence in contemporary music.

As well as these acclaimed audio releases, in 15/16 LSO Live expanded into some exciting new audio visual projects. Sir Simon Rattle conducting The Seasons on Sky Arts marking the first time in nine years, outside of the BBC Proms, that the Orchestra has been broadcast on British TV.

Together with widespread marketing and social media activity, the LSO's work reaches millions of people worldwide each year. Plays of LSO recordings on streaming service Spotify exceeded 1.3 million listeners. In addition, videos on the LSO's YouTube channel topped 12.8 million views. There were over 554,000 visits to LSO Play, the LSO's innovative online platform which enables the viewer to be immersed in the orchestra by self-selecting a variety of camera angles from high definition footage of concerts at the Barbican to enjoy the very personal experience of following a conductor or zooming in on a single orchestral section.

The partnership with Digital Theatre and their website has been highly successful with eight full performances available across the globe for (paid) download bringing the full LSO concert experience into their living rooms at home through SmartTVs and the Digital Theatre app on the Apple App Store. Their educational platform now reaches 1 million students from over 340 schools in 25 countries.

Financial review

Turnover in the year was £646,806 (2015: £720,124) and was in line with expectations. Expenditure amounted to £646,875 (2015: £724,761) resulting in a profit of £nil (2015: £4,577 restated loss) for the year. The directors do not recommend the payment of a dividend in respect of the financial year (2015: £nil). This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. Therefore, the prior year's financial statements have been restated to reflect the new FRS 102.

Principal risks and uncertainties

The major risk facing the Company relates to achieving income targets. However, most operating costs are variable and the Company is expected to continue to generate positive cash flows in future.

LSO Live Limited

Directors' Report (continued)

Going concern

To manage cash flows effectively within the LSO group, the company participates in centralised treasury arrangements and benefits from short-term intercompany funding from its parent company as needed.

The Directors, having assessed the support provided by the parent company and the assurances regarding repayment of intercompany and loan balances, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of the parent company, the company's Directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Future developments

LSO Live will release further recordings in audio, audio-visual and other digital formats and establish new distribution channels to make the LSO's performances accessible to an even wider audience.

Directors

The persons who served as Directors of the Company during the financial year and at the date of signature of this report are listed on page 1 of this report.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

haysmacintyre have expressed their willingness to continue in office as auditor and a resolution to reappoint them and to authorise the board to approve their remuneration for the ensuing year will be proposed at the forthcoming Annual General Meeting.

LSO Live Limited

Directors' Report (continued)

Statement of Directors Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the Board of Directors and signed on behalf of the Board:



Kathryn McDowell CBE

Managing Director

14 December 2016

LSO Live Limited

Independent auditor's report to the members of LSO Live Limited

We have audited the financial statements of LSO Live Limited for the year ended 31 July 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Richard Weaver (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

28 February 2017

26 Red Lion Square
London WC1R 4AG

LSO Live Limited

Profit and loss account For the year ended 31 July 2016

	Notes	2016 £	Restated 2015 £
Turnover	3	646,806	720,124
Cost of Sales		(416,132)	(622,660)
Gross Profit		<u>230,674</u>	<u>97,464</u>
Administrative Expenses		(116,182)	(101,789)
Operating (loss)/profit	4	<u>114,492</u>	<u>(4,325)</u>
Interest Payable		-	-
Interest Receivable		69	60
Profit for the year before tax		<u>114,561</u>	<u>(4,265)</u>
Taxation		-	-
Profit for the year after tax		<u>114,561</u>	<u>(4,265)</u>
Donation to parent charity		(114,561)	(312)
Retained profit for the year		<u><u>-</u></u>	<u><u>(4,577)</u></u>

All income and expenditure relates to continuing operations. The notes on pages 9 to 15 form part of these financial statements

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

See note 16 for details of restatement.

LSO Live Limited

Company Registration Number: 6830751

Balance Sheet**As at 31 July 2016**

		2016	Restated
	Notes	£	2015
			£
Current assets			
Stocks	6	514,043	387,046
Debtors: amounts falling due within one year	7	130,394	127,793
Cash at Bank and in hand		31,875	56,611
Total current assets		676,312	571,450
Current liabilities			
Creditors: amounts falling due within one year	8	(664,656)	(559,794)
Net current assets		11,656	11,656
Total net assets		11,656	11,656
Capital and reserves			
Share Capital	10	1	1
Profit and loss account	11	11,655	11,655
Shareholders' funds	12	11,656	11,656

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime and the Company has opted not to file the statement of comprehensive income in accordance with these same provisions.

These financial statements were approved by the Board of Directors on 14th December 2016.

Signed on behalf of the Board of Directors



Kathryn McDowell CBE
Director

LSO Live Limited

Statement of Cash Flows For the year ended 31 July 2016

	Notes	2016 £	Restated 2015 £
Cash flows from operating activities	A	(24,806)	46,764
Cash flows from investing activities			
Bank Interest		69	60
Increase/(decrease) in cash and cash equivalents in the year		(24,737)	46,824
Cash and cash equivalents at the beginning of the year	B	56,611	9,787
Total cash and cash equivalents at the end of the year		<u>31,874</u>	<u>56,611</u>

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

	2016 £	2015 £
Operating profit/(loss) for the year	114,492	(4,325)
Decrease/(increase) in stock	(126,997)	97,376
Decrease/(increase) in debtors	(2,601)	35,411
Increase/(decrease) in creditors	104,861	(81,385)
Gift Aid payment to parent charity	(114,561)	(312)
Net cash used in operating activities	<u>(24,806)</u>	<u>46,764</u>

B Analysis of net funds

	2016 £	2015 £
Cash at bank and in hand	31,875	56,611

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2016

1 Accounting policies

Accounting convention

The financial statements have been prepared under United Kingdom accounting standards; the historic cost convention and in accordance with Financial Reporting Standard 102 section 1A and the Companies Act 2006. The principal accounting policies that the Directors have adopted within that convention are as stated below. They have all been applied consistently throughout the year and the preceding year.

In preparing these financial statements, the Directors have considered whether any restatement of comparatives was required to comply with FRS 102. Restatements were required in relation to holiday pay accruals, the effect on the total expenditure for the current and prior year is detailed in note 16 on page 14.

Going concern

As set out on page 2 of the Directors' Report, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents income from sales of music recordings and ancillary services. Those items on which Value Added Tax is charged have been stated net of that tax. Revenue is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment.

Foreign Currencies

Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Foreign currency gains and losses are recognised in the profit and loss.

Agency commissions

The company provides services relating to the distribution and marketing of recordings for external parties on a commercial basis. When providing such services, the company acts as agent for its client rather than as principal. Accordingly, no transactions or balances relating to this activity are included in the financial statements other than the commission earned by the company in its capacity as agent.

Stocks and work-in-progress

Stocks of CDs are held at the lower of cost and net realisable value; being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell and the impairment loss is recognised immediately.

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2016

1 Accounting policies (continued)

Stocks and work-in-progress (continued)

Development costs, representing the costs of recordings which are underway or have been completed but have not yet been released for sale, are held in the balance sheet and the costs charged to the Profit and loss account in line with expected revenues for the recording.

Pensions

The company makes employer contributions to the LSO Group Personal Pension Plan underwritten by Aegon. These are individual money purchase arrangements owned by the employees. The pension cost charge represents contributions payable to the scheme. The Company's liability is limited to the amount of the contribution.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors 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 Directors do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

The valuation of stock and development costs are a significant judgement.

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2016

3 Turnover

Turnover attributable to each geographical market is as follows:

	2016	2015
	£	£
United Kingdom	223,736	335,216
Rest of Europe	197,959	70,926
USA	141,758	265,544
Rest of World	83,353	48,436
Total Company Turnover	<u>646,806</u>	<u>720,123</u>

4 Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Auditors' remuneration - for audit services	5,064	6,028
	<u>5,064</u>	<u>6,028</u>

5 Staff costs

Staff costs incurred were as follows:

	2016	2015
	£	£
Wages and salaries	104,957	89,079
Social Security costs	11,061	9,709
Pension contributions	5,355	4,742
	<u>121,373</u>	<u>103,531</u>

No remuneration was paid to any Director for their services as a Director of the Company.

The average monthly number and full-time equivalent number of employees during the year was as follows:

	2016	2015
	No.	No.
Music Recording and Distribution	<u>4</u>	<u>4</u>

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2016

6 Stocks of CDs and related development costs

	2016	2015
	£	£
Stocks of own-label recorded CDs	113,439	130,132
Development cost of own-label CDs not yet released	400,604	256,914
	<u>514,043</u>	<u>387,046</u>

7 Debtors

	2016	2015
	£	£
Trade debtors	106,146	101,206
Other debtors	7,370	708
Prepayments and accrued income	9,169	2,559
Amount owed by Endowment Trust	-	15,000
Amounts owed by Group companies		
- repayable in less than one year	7,708	8,320
	<u>130,394</u>	<u>127,793</u>

8 Creditors: amounts falling due in less than one year

	2016	2015
	£	£
Trade creditors	91,569	48,819
Other creditors	302,217	236,253
Accruals	14,361	16,647
Deferred Income	64,196	28,654
Amounts owed to Group companies	192,313	229,421
	<u>664,656</u>	<u>559,794</u>

9 Deferred Income

	2016	2015
	£	£
Brought forward	28,654	-
Released in the year	(20,458)	(9,807)
Deferred in the year	56,000	38,461
	<u>64,196</u>	<u>28,654</u>

LSO Live Limited

Notes to the Accounts For the year ended 31 July 2016

10 Share capital

	2016 £	2015 £
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid	<u>1</u>	<u>1</u>

11 Reserves

	2016 £	2015 £
Profit and loss account		
Balance at 1 August 2015	11,655	11,655
Result for the year	-	-
Balance at 31 July 2016	<u>11,655</u>	<u>11,655</u>

12 Shareholders' funds

	2016 £	2015 £
Balance at 1 August 2015	11,656	11,656
Result for the year	-	-
Balance at 31 July 2016	<u>11,656</u>	<u>11,656</u>

13 Related party transactions

The company is taking advantage of the exemption granted by paragraph 33.1A of Financial Reporting Standard 102 in relation to "Related Party Disclosures" not to disclose transactions entered into by a subsidiary between group companies where the subsidiary is a wholly owned related party.

14 Ultimate parent company

LSO Live Limited is a wholly owned subsidiary of London Symphony Orchestra Limited. The largest and smallest group of which the Company is a member and for which consolidated financial statements are drawn up is London Symphony Orchestra Ltd. These accounts are available from LSO Ltd, Barbican Centre, Silk Street, London, EC2Y 8DS.

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2016

15 Taxation

	2016 £	2015 £
Profit on ordinary activities before taxation	-	-
rate of 20% (2015: 20%)	-	-
Current tax charge	-	-

16 Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition: The last financial statements under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 was therefore 1 August 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Holiday pay: FRS102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received, previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. A liability is now recognised for paid annual leave which was due, but not taken at the balance sheet date. The impact of the restatement is an initial increase of £4,577 in the Company's employee costs in the 2014/15 financial year. A liability of £4,577 is recognised at 31 July 2015 which decreased to £4,561 at 31 July 2016.