

Company Registration No. 6830751



LSO Live Limited

Report and Financial Statements

For year ended 31 July 2017

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LSO Live Limited

Report and financial statements 2017

Contents	Page
Officers and professional advisers	1
Directors' report	2
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the accounts	10-15

LSO Live Limited

Report and financial statements 2017

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
25 Gresham Street
London
EC2V 7HN

Company Solicitors

Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Auditor

Haysmacintyre
10 Queen Street Place
London
EC4R 1AG

LSO Live Limited

Directors' Report

The Directors present their Annual Report and Financial Statements for the year ended 31 July 2017. The Financial Statements are set out on pages 7 to 15.

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

The Company's digital recordings and broadcasts continue to offer an exceptional opportunity to broaden access to the LSO's performances. LSO Live continued its successful programme of own label audio recordings including producing 11 new releases, such as Sir John Eliot Gardiner's highly regarded Mendelssohn cycle, obtaining great digital placements and reviews including BBC Music album of the month and Classic FM album of the week, resulting in very strong sales from launch. The label also released the Adès *Trilogy* achieving an excellent profile and reaching the Top 20 album list - a first for a contemporary classical album.

LSO Live produced a wide range of digital material, following social trends and the evolution of technology, recording and streaming performances, and actively creating video content to support digital promotional work. The LSO remains the 'world's most streamed orchestra' on Spotify, with reach of over 1 million listeners each month. Two concerts were filmed and broadcast live across Europe on the Mezzo TV channel and also on Medici, the online platform. The four virtual reality concerts at the Barbican, co-produced by LSO Live, resulted in 700 stores in Germany showcasing the app. This created much interest in the digital technology industry as it constituted part of the first ever launch dedicated to a virtual reality music platform where the LSO's open-air Trafalgar Square concert was shown.

A major first for the LSO was the live streaming of Verdi's *Requiem* conducted by Gianandrea Noseda in the opening concert of the season on YouTube, with a pre-show event presented live on Facebook. This initiative was produced entirely by the LSO's in-house digital team. Within a few days the Facebook film was viewed over 9,000 times, and reached 54,000 subscriber accounts with an average age group of 25-34, whilst the Youtube film was viewed 7,000 times with viewers from 138 countries. This provided the catalyst for a further new broadcast partnership using an online streaming platform hosting Verdi's *Requiem* viewed by 40,000 different subscribers worldwide. This initiative was heavily supported by YouTube with placements on their live events pages and the model has been further developed since.

The Game Over Family concert encouraged direct interaction via social networks with the audience tweeting photos and comments throughout the event which were projected live into the hall. Over a million impressions were recorded on tweets containing the #lsogameover hashtag.

Financial review

Income in the year was £814,823 (2016: £646,875) and was in line with expectations. Expenditure amounted to £719,568 (2016: £532,315) resulting in a profit of £95,255 (2016: £114,561) for the year. Included in expenditure were royalties and profit share paid to musicians of £226,844 (2016: £169,072). The Company donated the remaining £95,255 profit to its parent charity (2016: £114,561). The Directors do not recommend the payment of a dividend in respect of the financial year (2016: £nil).

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

13 December 2017

LSO Live Limited

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

Opinion

We have audited the financial statements of LSO Live Limited (the 'company') for the year ended 31/07/2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, 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 company's affairs as at 31/07/2017 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.

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.

Basis for opinion

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 company 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.

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:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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.



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

19 December 2017

10 Queen Street Place
London EC4R 1AG

LSO Live Limited

Profit and loss account

For the year ended 31 July 2017

	Notes	2017 £	2016 £
Turnover	3	814,818	646,806
Cost of Sales		(579,586)	(416,132)
Gross Profit		<u>235,232</u>	<u>230,674</u>
Administrative Expenses		(139,982)	(116,182)
Operating (loss)/profit	4	<u>95,250</u>	<u>114,492</u>
Interest Payable		-	-
Interest Receivable		5	69
Profit for the year before tax		<u>95,255</u>	<u>114,561</u>
Taxation		-	-
Profit for the year after tax		<u>95,255</u>	<u>114,561</u>
Donation to parent charity		(95,255)	(114,561)
Retained profit for the year		<u><u>-</u></u>	<u><u>-</u></u>

All income and expenditure relates to continuing operations. The notes on pages 9 to 14 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.

LSO Live Limited

Company Registration Number: 6830751

Balance Sheet**As at 31 July 2017**

	Notes	2017 £	2016 £
Current assets			
Stocks	6	547,626	514,043
Debtors: amounts falling due within one year	7	99,124	130,394
Cash at Bank and in hand		46,415	31,875
Total current assets		<u>693,165</u>	<u>676,312</u>
Current liabilities			
Creditors: amounts falling due within one year	8	(681,509)	(664,656)
Net current assets		<u>11,656</u>	<u>11,656</u>
Total net assets		<u><u>11,656</u></u>	<u><u>11,656</u></u>
Capital and reserves			
Share Capital	10	1	1
Profit and loss account	11	11,655	11,655
Shareholders' funds	12	<u><u>11,656</u></u>	<u><u>11,656</u></u>

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 13 December 2017.

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 2017

	Notes	2017 £	2016 £
Cash flows from operating activities	A	14,535	(24,806)
Cash flows from investing activities			
Bank Interest		5	69
Increase/(decrease) in cash and cash equivalents in the year		14,540	(24,737)
Cash and cash equivalents at the beginning of the year	B	31,875	56,611
Total cash and cash equivalents at the end of the year		46,415	31,874

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

	2017 £	2016 £
Operating profit/(loss) for the year	95,250	114,492
Decrease/(increase) in stock	(33,583)	(126,997)
Decrease/(increase) in debtors	31,270	(2,601)
Increase/(decrease) in creditors	16,853	104,861
Gift Aid payment to parent charity	(95,255)	(114,561)
Net cash used in operating activities	14,535	(24,806)

B Analysis of net funds

	2017 £	2016 £
Cash at bank and in hand	46,415	31,875

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2017

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.

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 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 2017

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 is 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 that there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2017

3 Turnover

Turnover attributable to each geographical market is as follows:

	2017	2016
	£	£
United Kingdom	364,074	223,736
Rest of Europe	118,953	197,959
USA	259,177	141,758
Rest of World	72,614	83,353
Total Company Turnover	<u>814,818</u>	<u>646,806</u>

4 Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Auditors' remuneration		
- for audit services	6,150	5,064
	<u>6,150</u>	<u>5,064</u>

5 Staff costs

Staff costs incurred were as follows:

	2017	2016
	£	£
Wages and salaries	104,677	104,957
Social Security costs	11,710	11,061
Pension contributions	5,197	5,355
	<u>121,584</u>	<u>121,373</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:

	2017	2016
	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 2017

6 Stocks of CDs and related development costs

	2017	2016
	£	£
Stocks of own-label recorded CDs	130,832	113,439
Development cost of own-label CDs not yet released	416,794	400,604
	<u>547,626</u>	<u>514,043</u>

7 Debtors

	2017	2016
	£	£
Trade debtors	97,542	106,147
Other debtors	-	7,370
Prepayments and accrued income	1,444	9,169
Amounts owed by Group companies		
- repayable in less than one year	138	7,708
	<u>99,124</u>	<u>130,394</u>

8 Creditors: amounts falling due in less than one year

	2017	2016
	£	£
Trade creditors	24,234	91,569
Other creditors	394,433	302,217
Accruals	8,749	14,361
Deferred Income	-	64,196
Amounts owed to LSO Endowment Trust	1,530	-
Amounts owed to Group companies	252,563	192,313
	<u>681,509</u>	<u>664,656</u>

9 Deferred Income

	2017	2016
	£	£
Brought forward	64,196	28,654
Released in the year	(64,196)	(20,458)
Deferred in the year	-	56,000
	<u>-</u>	<u>64,196</u>

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2017

10 Share capital

	2017	2016
	£	£
Authorised		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, issued and fully paid		
	1	1
	<u>1</u>	<u>1</u>

11 Reserves

	2017	2016
	£	£
Profit and loss account		
Balance at 1 August 2016	11,655	11,655
Result for the year	-	-
	<u>11,655</u>	<u>11,655</u>
Balance at 31 July 2017	<u>11,655</u>	<u>11,655</u>

12 Shareholders' funds

	2017	2016
	£	£
Balance at 1 August 2016	11,656	11,656
Result for the year	-	-
	<u>11,656</u>	<u>11,656</u>
Balance at 31 July 2017	<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.

The registered charity LSO Endowment Trust (registration number 233700) has engaged with LSO Live Limited in respect of its funding of video recordings of key concert performances by the LSO and the distribution of these worldwide, including to young people and new audiences, and these transactions are disclosed below. Independent trustees separately control the LSO Endowment Trust.

The transactions to report are:

	2017	2016
	£	£
Grants made to LSO Live Ltd	126,000	114,000
	<u>126,000</u>	<u>114,000</u>

LSO Live Limited

Notes to the Accounts

For the year ended 31 July 2017

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.

15 Taxation

	2017 £	2016 £
Profit on ordinary activities before taxation	95,255	114,561
Distribution to parent charity	(95,255)	(114,561)
Tax on ordinary activities at standard corporation tax rate of 20% (2016: 20%)	<u>-</u>	<u>-</u>
Current tax credit / (charge)	<u>-</u>	<u>-</u>