

London Philharmonic Orchestra

Consolidated Report and Financial Statements

31 August 2022



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Executive Summary

The Orchestra was delighted to welcome back live audiences to its residencies in London, Brighton and Eastbourne following a season spent entirely behind closed doors due to COVID-19 measures. The collective experience of live performance is fundamental to the Orchestra's mission to bring wonder to the modern world through the power of orchestral music, and the reaction from both audiences and performers reminded us clearly why this is so important.

It was equally vital and rewarding to return to live workshops and events through the many community engagements and performances the Orchestra gives each year. The digital engagement we undertook through the 2020/21 season provided a genuine lifeline to many, and this season we could bring these young artists, disabled care home residents and those who have or are currently experiencing homelessness back into ensemble music-making, sharing their experiences and using music as a tool to support them as we evolved into the post-pandemic world. The Orchestra was pleased to expand some of its Rising Talent schemes, recognising the developmental gap for emerging artists that was created through the lockdown period.

2021/22 was an important year, as we welcomed Edward Gardner as the Orchestra's 11th Principal Conductor. Gardner chose Tippett's *The Midsummer Marriage* for his inaugural concert, with the performance – and subsequent CD release – receiving significant critical praise. The season also offered a chance to introduce audiences to Karina Canellakis, the Orchestra's new Principal Guest Conductor, and of course to welcome back Vladimir Jurowski as Conductor Emeritus.

The Orchestra was also delighted to return to touring, re-connecting with its audiences in Germany, Spain and

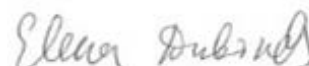
Romania, and being invited for prestigious dates opening the new Atatürk Cultural Center and CSO Ada Ankara in Turkey. It also continued to engage with international audiences and those in the UK with a significant digital offering, building on the lessons learnt and success achieved during the COVID period.

Financially, the Orchestra benefitted from a temporary increase in the Government's creative tax relief, and careful financial management, to end the year with a small surplus. However recent news regarding reduction in grants from Arts Council England, along with many of our peer London organisations, the end of the time-limited tax break, and high inflationary costs result in a much more challenging future.

These financial challenges will also impact critical partners – the Southbank Centre, Glyndebourne, our regional residencies and our international touring partners. These combined challenges over the next few years will require every ounce of organisational resilience and creativity demonstrated during the COVID period and more. We will draw on this, the high artistic standard the Orchestra achieves and the exceptional music we perform, to continue to inspire ourselves and those around us, both on the concert platform and in the communities we serve. We thank those that have supported the Orchestra and continue to do so, and together we will continue to thrive in these challenging times.



David Burke
Chief Executive



Elena Dubinets
Artistic Director

Edward Gardner conducts the LPO & LPC in Tippett's *The Midsummer Marriage* at the Royal Festival Hall, September 2021



Strategic Report – 31 August 2022

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity for the year ended 31 August 2022, which are also prepared to meet the requirements for a Directors' Report and accounts for Companies House purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Our Purpose and Activity

The primary purpose of the Orchestra is **to bring wonder to the modern world through the power of orchestral music.**

In doing so we aim to:

- provide a high-quality and diverse series of orchestral performances, engaging world-class conductors and soloists to perform with the Orchestra and sharing their work with the widest possible audience in London, nationally and internationally
- develop a repertoire, workforce and audience that truly reflect the modern world, challenging structural, social, historic and embedded inequalities that restrict access to the artform
- embed the Orchestra in the communities we serve through active dialogue, creative activity and formal and informal musical performance, providing a two-way dialogue ensuring and promoting the relevance of orchestral music, whilst providing opportunities for creative engagement with currently under-served groups in society
- explore digital, presentational and operational opportunities to continue to innovate and evolve following our commitment to undertake our work, effectively, responsibly and sustainably.

This is in accordance with our charitable objects as set out in our governing document, being:

- To promote, maintain, improve and advance education, particularly musical education, and to encourage the arts, including the arts of music, drama, mime, dance and singing, and to formulate, prepare and establish schemes therefore provided that the objects of the company shall be of a charitable nature only, and, as ancillary to the foregoing objects to hold and participate in concerts, and to perform orchestral and instrumental works, operas, ballets and entertainments of this kind and to form and maintain a symphonic orchestra of the highest possible standing to serve the needs of this and other musical institutions in Great Britain and abroad.

The Trustees have considered the Charity Commission's guidance on public benefit in shaping our objectives for the year and planning our activities, including the guidance 'Public benefit: running a charity (PB2)'. Affordability and access to our programme are key considerations, with tickets available from £14 for all self-promoted concerts and a significant digital and broadcast presence. The Orchestra runs a major Education and Community programme, including initiatives for those who may not be able to experience the concert hall environment, and we endeavour to encourage all within our community to take part in activities or attend performances, or engage with the Orchestra digitally or through other media. All of the concerts filmed during 2021/22 were available for free for a limited time as part of the arrangement with Marquee TV, and several were broadcast for free on BBC Radio 3.

The Orchestra relies on grants and income from the fees and charges to cover its operating costs.

The strategies employed to achieve the charity's aims and objectives are:

- to present a varied and inventive programme that reflects the energy, ambition, excitement, enthusiasm, breadth and traditions of contemporary London and the South East
- to reach a broad audience through a wide range of concert and opera performances, Education and Community projects, broadcasts and recordings
- to attract, retain, develop and celebrate a diverse ensemble of world-class musicians
- to deliver a world-class experience to every audience with whom the LPO interacts
- to maintain the long-term sustainability of the Orchestra.

Congress Theatre, Eastbourne



Achievement & performance

1 Performances

The Orchestra is driven in its mission to provide world-class performance to the widest possible audience, sharing wonder through the power of orchestral music.

The Orchestra was delighted to return to live performance following the restrictions put in place in response to COVID-19. Edward Gardner's debut as Principal Conductor, which coincided with the Orchestra's first full public concert back at the Royal Festival Hall, was Tippett's *The Midsummer Marriage*. The performance received a strong critical and public response, with its subsequent release on the LPO record label achieving similar plaudits. The new triumvirate of titled conductors – Edward Gardner, Karina Canellakis and Vladimir Jurowski – rival any other orchestra on the international stage.

The Orchestra was equally delighted to be able to return to performing for families and schools through its BrightSparks and FUNharmonics series and to its longstanding residencies in Brighton, Eastbourne and Saffron Walden, and we all welcome the return of international touring and live performances overseas. The Orchestra gave a total of 140 live performances in total, including its London season; residencies at Brighton, Eastbourne, Saffron Walden and Glyndebourne; orchestral performances devised especially for families and schools; and internationally, despite the ongoing challenges that

COVID-19 presented, both to international touring and through late cancellations.

Highlights of the 2021/22 season included Tippett's *The Midsummer Marriage*; the UK premiere of James MacMillan's *Christmas Oratorio*; an artist residency with Julia Fischer involving performances of all the Mozart concerti and a chamber concert alongside LPO musicians; the opening of the Vaughan Williams 150th anniversary celebrations; and concerts celebrating the work of the late Oliver Knussen. The Orchestra appeared at the BBC Proms with performances of *The Dream of Gerontius* and Ethel Smyth's *The Wreckers*.

The Orchestra worked with a range of major international artists including Marin Alsop, Julia Fischer, Renée Fleming, Stephen Hough, Jan Lisiecki, Sheku Kanneh-Mason, Klaus Mäkelä, Enrique Mazzola, Bryn Terfel and Mitsuko Uchida.

The Orchestra gave eight world or UK premieres: James MacMillan's *Christmas Oratorio*, Jimmy López's Piano Concerto, Danny Elfman's Percussion Concerto, Missy Mazzoli's *River Rouge Transformation*, Rebecca Saunders's *to an utterance*, Mason Bates's *Liquid Interface*, George Walker's *Sinfonia No. 5 (Visions)* and Brett Dean's Cello Concerto. New composition was also featured in the annual Debut Sounds concert (see later).

Karina Canellakis conducting the LPO in concert at the Royal Festival Hall



Strategic Report – 31 August 2022 *cont.*

2 Communities

The Orchestra's work with the communities it serves, and the dialogues they produce, are an essential way of ensuring its long-term evolution and relevance, proactively engaging with communities new and old through performance, workshops, and a diverse range of creative-based opportunities.

The Orchestra's work off the concert platform is predominantly based around its residencies in London, Brighton, Eastbourne and Saffron Walden. Live performance and workshops have resumed in all of these areas.

In London, specific projects included activities for teachers and young people in Vauxhall, working with the Lambeth communities in the vicinity of the LPO offices, and collaborating with the South London Music Education Hubs of Lewisham and Royal Greenwich to deliver a programme of holiday music courses and the Open Sound Ensemble for young disabled people and their parents and carers at the new Woolwich Works venue in south-east London.

The Orchestra runs OrchLab, one of the UK's largest orchestral music programmes with disabled adults, devised and developed with Drake Music (experts in music, technology and disability), to make music through workshops in care centres in London and beyond. At the heart of OrchLab are our LPO values of collaboration and inclusivity. This year the programme included developing accessible technology, bespoke web activities, a national online training session, and events including intensive series of workshops at four centres: Luton Road Look Ahead Centre in Newham, Athol House Leonard Cheshire Centre in Crystal Palace, Flying Angel, Look Ahead in Victoria Dock, and Chipstead Lake Leonard Cheshire Centre near Sevenoaks.

The Orchestra ran a series of workshops, Crisis Creates, which increased wellbeing through creativity and performance amongst people experiencing homelessness, and culminated with a performance on the Royal Festival Hall stage.

The Orchestra encourages its senior staff to sit on boards of other charities and schools, utilising our leadership position to offer expertise to others in the sector and beyond.

LPO OrchLab



Strategic Report – 31 August 2022 *cont.*

3 Equality, Diversity, Inclusion and Belonging

Our modern world must hear and sense itself in the music we perform; it must see itself in the artists that we are and the artists with whom we engage; if we are to embrace, understand and serve it, the modern world must be represented through the entirety of the Orchestra, its management and its leadership.

The Orchestra has a deep and longstanding commitment to increasing its diversity on and off the concert platform. During the year, the Orchestra developed a five-year Inclusivity and Relevance strategy, which is led and monitored by its Diversity and Inclusion Steering Committee.

The Orchestra performed 15 works by female composers and composers of colour, which we believe is the most yet in a single season. It also explored opportunities to invite new voices by commissioning works for future seasons from composers from a range of under-represented backgrounds.

The Orchestra is also committed to building a diverse workforce in a long-term sustainable way. LPO Junior Artists has been specifically developed to support musicians from under-represented backgrounds aged 15–19. Along with its feeder programme, Junior Artists Overture, 61 young people took part in these schemes during the year, whilst some activities also included LPO Junior Artists alumni. Work was undertaken during the year to develop a scheme for emerging conductors from backgrounds currently under-represented in the sector, with auditions to take place in January 2023.

Members of the Orchestra took part in conversations led by Black Lives in Music to explore the broader perspectives of the sector, and one outcome is a restructuring of the audition process, with the initial round being held by anonymous audio file, ensuring all applicants have an equal chance at this stage. Recruitment processes for administrative and Board roles were similarly evaluated and updated to limit opportunity for bias.

LPO Junior Artists



4 Rising Talent

The Orchestra believes that talent is indiscriminate, and is proactively using the expertise of its musicians to develop the next generation of artists through a series of industry-leading schemes.

The flagship Foyle Future Firsts scheme turned 18 during the season. Research shows that 88% of participants since it was launched have remained in the music profession, either as performers or teachers. An Associate programme was also created for the year, to maximise opportunities for these talented post-conservatoire musicians in the aftermath of COVID. This initiative, combined with the Orchestra's Young Composers scheme, in which five emerging composers worked with Composer-in-Residence Brett Dean to develop pieces that were performed at the annual Debut Sounds showcase concert at the Queen Elizabeth Hall, gave these young musicians a platform on which to present themselves to audiences and the industry.

Foyle Future Firsts



As discussed earlier, the LPO Junior Artists and Junior Artist Overture programmes restarted post-COVID, developing the pre-conservatoire area of the talent pipeline. We were delighted that several members and alumni were successful in applications to continue music at higher education and conservatoire level, and that two former Junior Artists applied post-conservatoire to the Foyle Future Firsts scheme, linking the pipeline schemes together for the first time.

The Orchestra offered debuts at Eastbourne and Brighton to new artists and conductors including Randall Goosby, Holly Mathieson, Martin James Bartlett, Catherine Larsen-Maguire, Jess Gillam and Finnegan Downie Dear.

5 Sustainability

Minimising our impact on the environment is a commitment that the LPO is passionate about pursuing. We seek ways to operate our orchestra, our programme and our company that limit our impact and can benefit the planet.

During the year the Orchestra established a Sustainability working group, led by Board member Deborah Dolce and including a range of stakeholders across the organisation including senior management, staff and musicians. As such we have identified four key areas for our Sustainability Plan where we believe we have a role to play:

- As individuals
- Through our organisational operations
- Within our partnerships
- In collaboration with our audiences.

The Orchestra then drilled down into each of these areas to develop individual priority areas, and key tactics and plans to action in the coming months.

Strategic Report – 31 August 2022 *cont.*

6 Digital

Technology enables the Orchestra to reach significant audiences, including many for whom it would not be possible to hear the Orchestra live, or who may have their first experience through this format. The LPO is committed to exploring new technologies and the opportunities they present to develop the artform, presentation and reach.

The LPO is the world's most streamed orchestra online, and during the 2021/22 season received c.140,000,000 streams/downloads across the major platforms, as well as developing long-form streaming to audiences that do not have opportunity to see the Orchestra live on a regular basis. Central to this strategy was the partnership with Marquee TV – presenting full-length concerts to a global audience. The Orchestra signed a two-year agreement with the platform, effectively the world's first 'online digital residency agreement', and the partnership was nominated for a Digital Culture Award. Following the return of live audiences, the Orchestra continued to work with Intersection to create a lighting and filming style that could be captured in a full hall.

LPO social media saw dramatic growth over the year, building to over 850,000 followers across all social media channels (22% increase). Of particular success was the Orchestra's new TikTok channel, established to reach out to the younger demographic that is a hallmark of the platform, and by the year end the Orchestra became the most followed orchestra worldwide, with over 70,000 followers from a standing start.

Series 3 and 4 of the LPO Offstage podcast with Yolanda Brown continued to give behind-the-scenes insights into the modern orchestra. The series was nominated for a British Podcast Award in the Arts & Culture Category, and has been syndicated across several airlines.

Digital technology also helped in the Orchestra's community programmes, for example Zoom has increased the reach of some of the teaching and mentoring programmes and allowed us to run a nationally-available online training day for care centres wishing to use resources developed for OrchLab. The continued development of tech-led accessible instruments has benefitted both the OrchLab and Open Sound projects, with the OrchLab website sharing a range of accessible music resources for disabled people at no cost.

More traditional formats continue to play a key part in reaching audiences. The LPO's CD label had strong success with a release of Vladimir Jurowski conducting Stravinsky and an archive recording of Strauss with Jessye Norman. Towards the end of the year it released Edward Gardner's live performance of Tippett's *The Midsummer Marriage* in Spatial Audio with Dolby Atmos to great acclaim. Several concerts continue to be selected for broadcast on BBC Radio 3, and other stations offer opportunities for reach via interviews and recording excerpts.

LPO Offstage podcast recording with LPO double bassist Tom Walley, host Yolanda Brown and jazz saxophonist Joe Lovano



Strategic Report – 31 August 2022 *cont.*

7 International Touring

The LPO was in the vanguard of British orchestras returning to international touring and to flying the flag for British talent and musicianship abroad.

The LPO had to overcome both COVID and Brexit headwinds to return to the international touring market, but performed strongly in its first season back on the road. Dates included the Enescu Festival in Budapest with Edward Gardner, and opening two new concert halls in Turkey with Robin Ticciati. The Orchestra returned to Western European markets, where an eight-date tour of Germany established Edward Gardner as the Orchestra's new Principal Conductor in these important territories, with a series of acclaimed concerts and a tour to Madrid and Barcelona.

The planning timeframe for long-haul tours prevented their return this season, but we were delighted to work with Hong Kong City Hall to perform concerts marking the 60th anniversary of the opening of the Hall (by the LPO). While live performance was not possible due to ongoing COVID restrictions, the Orchestra filmed two concerts in London that were streamed into City Hall to a live audience in high-definition – a new first for the Orchestra.

Screening at Hong Kong City Hall



Sala Palatului, Bucharest



Strategic Report – 31 August 2022 *cont.*

Financial

A return to more regular activity, with the exception of long-haul touring, helped boost income, with turnover for the year of £10.6m, compared to £7.3m in the prior year. Of the increase, £1.2m came from ticket sales and c.£2m from engagements including Glyndebourne and international touring, although both were down slightly on pre-pandemic levels. The temporary increase of Orchestra Tax Relief generated an additional £608k and helped offset some of these shortfalls as consumer confidence was re-established. Expenditure increased proportionally to cover the costs of the additional activity.

The Orchestra made a surplus this year before investment losses of £430,000, of which £80,000 is restricted to the capital campaign. Investments had a challenging year across the board, resulting in paper losses on the endowment investment portfolio of £249,000 (-8.9%), bringing the total surplus for the year to £180,000.

The Orchestra received donations of £152k towards continuing feasibility costs around a new capital project. Feasibility costs incurred during the year were £72k, with the balance in restricted funds in respect of capital standing at £982k at year end. It was a particularly challenging environment for London Philharmonic Orchestra Trading Ltd – for non-charitable trading – which incurred a nominal profit of £2,651, offsetting the prior year's loss. The trading company will continue to seek out corporate opportunities as commercial conditions hopefully improve in 2022/23.

In the year, £158,000 was expended from the COVID Appeal funds, including £38,000 relating to cancelled concerts, allowing us to continue to support our membership, extras and artists; £12k for COVID testing; and £98k to mitigate against lower levels of ticket sales compared to pre-COVID levels. A further £100,000 was designated to the fund in year.

The Orchestra has established an Innovation Fund, which stands at £500,000, in order to trial new models across all of the Arts Council England Investment Principles. This offers a defined budget specifically ring-fenced for some of the special new initiatives outlined in the 2022/23 Business Plan. The fund will in future be promoted to appropriate donors and provide opportunities for people with special interest in these areas to support the Orchestra to reach new audiences and trial new approaches.

This resulted in a surplus of £72,000 in the general (risk) reserve, which brings this fund to £1.114m, just slightly above the level of £1.1m set in the reserves policy, given uncertainties around funding levels from Arts Council England and inflationary costs.

The Orchestra received 20% of its operating income in public funding via Arts Council England (including £2.08m from its National Portfolio Agreement and £49,000 from the Culture Recovery Fund), one of the lowest levels of public funding of any of the UK's full-time symphony

orchestras. It has been informed that, along with several other London orchestras, it will receive a reduction of 12% from April 2023 as part of Arts Council England's policy of redistributing funding outside of London.

Every effort is being made to diversify income from a balance of sources to protect the Orchestra's future. The establishment of the Sound Futures endowment through the Catalyst programme is one of several strategies to support the Orchestra's longer-term ambition. The endowment has been invested in a broad range of conservative investment options, with Rathbones appointed to help manage the funds alongside a highly experienced Investment Committee. The Special Projects and Innovation funds exist to enable mid-term planning to continue appropriately (see below) in this delicate environment, alongside giving confidence and financial means to trial new models and build on experiences of reaching audiences learned as a result of adaptations the Orchestra has had to make as a result of COVID-19.

Going Concern

The Orchestra has demonstrated its ability to adapt its activities to enable continued operations through a very turbulent few years for the economy and the sector. The reduction in funding from Arts Council England, combined with high inflation and the removal of the temporary increase in tax relief, presents significant challenges. The Orchestra considers there to be a reasonable expectation that a proportionate element of fundraising will continue, based on existing pledges, ongoing conversations and cautious expectations. In the event that projected fundraising income is not received, the Orchestra is still confident it could cover its costs, but this would be likely to impact planned activities. On this basis of ongoing receipt of Arts Council Grant, current reserve levels that can be appropriately utilised if required and ongoing activities (including an element of fundraising), the Trustees are confident that the company is a going concern.

Investment Policy

The establishment of the Sound Futures endowment is one of several strategies to support the Orchestra's longer-term ambition. The £2.9m endowment has been invested in a broad range of conservative investment options, with Rathbones appointed to help manage the funds alongside a highly experienced Investment Committee consisting of Trustees David Burke and Martin Höhmann, as well as Jamie Korner (charity investment specialist), and Bruno De Kegel (private wealth specialist). The investment objective of the portfolio was so designed as to produce annual income in the range of £60–£80k on a long-term basis, and preserving the real value of the capital over the longer term is also of great importance. This year it produced income of £60,000 in what was a challenging year, with markets impacted globally by the COVID-19 pandemic. The valuation of the portfolio decreased by £249,000, with an additional £120,000 invested.

Strategic Report – 31 August 2022 *cont.*

Development Income

As a registered charity, the London Philharmonic Orchestra is grateful to all those individuals and organisations that offer financial support to enable and enhance its activities. We are grateful to all of the many corporate, trust and individual supporters that contribute to our work.

In particular for this financial year we would like to thank the following for their generous support: The American Friends of the London Philharmonic Orchestra, Arts Council England, Steven M. Berzin, The Candide Trust, Dunard Fund, Mrs Aline Foriel-Destezet, The Foyle Foundation, Aud Jebsen, the International Board of Governors, JTI, Mr & Mrs Philip Kan, The London Community Foundation and Cockayne – Grants for the Arts, The Adam Mickiewicz Institute, Sir Simon and Lady Robey, Rothschild Foundation, Neil Westreich, William and Alex de Winton, and The Victoria Wood Foundation. The LPO would also like to thank all those who made donations to support the Orchestra during its 2021/22 season.

This year's Annual Gala, 'Connect, Reflect, Renew', was held in person at the Royal Horticultural Society's Lindley Hall, and returned to its larger-scale format with

200 guests coming together to celebrate and support the LPO. Sir Bryn Terfel joined Edward Gardner for the performances during the evening. The event raised £257k to support the core work of the LPO. The American Friends of the London Philharmonic Orchestra held a hybrid digital and live fundraising event in 2022, raising over \$150k.

Development income for the year was £2.1m, alongside £0.12m from legacies that have been put into the endowment and £2.1m from Arts Council England (£49k restricted). £152k of development income was restricted towards feasibility work on a new capital campaign. A further £862k of unrestricted income was received and £1.1m restricted. Included in the restricted funds were £344k towards Education and Community work and £680k towards the London concert season.

The comparative figure for the prior year was £2.1m in development income, alongside £0.02m legacies and £3.105m from Arts Council England (£1.026m restricted). Other restricted income included £334k, £594k, £97k for Education, London concerts and capital respectively).

2022 LPO Annual Gala



© Lia Vittone

Strategic Report – 31 August 2022 *cont.*

Fundraising

The London Philharmonic Orchestra's fundraising department solicits sponsorship, donations and membership from individuals, business, Government bodies and charitable foundations. The team is committed to best practice in ethical fundraising process and abides by the Funding Regulator's Code of Fundraising Practice, which includes specific guidance to ensure the charity does not put undue pressure on any individual to make a contribution or pledge. The Orchestra has a formal Gift Acceptance policy and does not use third-party fundraisers to make asks of members of the public. No complaints were received during the year.

We are registered with the Fundraising Regulator and are compliant with the Code of Fundraising Practice. We continue to comply with the European Union's General Data Protection Regulation (GDPR) which has strengthened our supporters' control of their relationships with us, and will keep abreast of any required changes in legislation as a result of the UK leaving the European Union.

Reserves Policy

The London Philharmonic Orchestra requires reserves in order to provide for contingencies as they may arise. The nature of the London Philharmonic Orchestra's operations requires reliance on significant levels of income from sponsorship and donations that can show substantial variation due to changes in the economic climate or exceptional events after the Company's artistic plans are formulated. The Company aims to retain general (risk) reserves at a level the Trustees anticipate will be sufficient to provide security from such unexpected variations and other risks highlighted below. This has been set at £1.1m, following detailed analysis of the risks faced. The current value is £1.114m (2021: £1.041m), just marginally above the level set. The designated COVID-19 Fund established in 2019/20 has been an important factor in enabling the organisation to budget to carry out a range of activity in 2021/22, and will continue to be so in 2022/23.

The Company has designated and revaluation reserves of £4.060m (2021: £3.89m) that have been set aside out of unrestricted funds by the Board. £348,946 of this, along with the revaluation reserve of £346,000, represents the value of the fixed assets. The revaluation reserve of £346,000 consists predominantly of the increased value (since acquisition) of the Sanctus Seraphin violin, but also a historic revaluation of the music library. This value can also only be realised by disposing of tangible fixed assets.

A further £100k received in the year has been designated to the COVID Appeal fund, with £158k expended including £38k related to cancelled concerts, allowing us to continue to support our membership, extras and artists; £12k for COVID testing; and £98k to mitigate against lower levels of tickets sales compared to pre-COVID

levels. At year end the fund stood at £765k, which gives confidence to underpin future plans, especially regarding ongoing challenges related to foreign touring and greater uncertainty than usual over levels of ticket sales.

£2m has been set aside to a Special Projects Fund to enable special programmes at the Royal Festival Hall, such as the conclusion of the Wagner *Ring* Cycle with Vladimir Jurowski. The fund will also be used to enable strategically important tours and advanced commissions to be upheld in these uncertain times. It is anticipated that this fund will be spent out over the next 3–4 years.

The Orchestra built on the Innovation Fund established in 2020/21, which stands at £500k at year end. This fund enables the organisation to trial new models across all of the Arts Council England Investment Principles. This will be to offer a defined budget specifically ring-fenced for some of the special new initiatives outlined in the 2022/23 Business Plan. The fund will in future be promoted to appropriate donors and provide opportunities for people with special interest in these areas to support the Orchestra to reach new audiences and trial new approaches.

The Orchestra has established an endowment to allow deeper collaboration with the Southbank Centre and other venues on a long-term basis. When originally established, the endowment benefited from £1m match funding from Arts Council England. The value of the endowment at 31 August 2022 was £2,872k (2021: £3,007k), which is considered sufficient to meet the investment targets set. For clarity, the Orchestra has taken the decision to keep this endowment within the main charity rather than in a separate trust. Interest from the endowment is considered restricted for use towards strategic collaborations with key venues. The long-term aim is to maintain the capital value, whilst being able to draw down £60–£80k on an annual basis.

The Company is the sole Trustee of the London Philharmonic Trust. As is common with the arts community, the Trust was established many years ago as an independent charity to support the work of the Orchestra. However, by linking the two, the Orchestra offers greater clarity on the assets available to support its work. The Trust's assets of £112k remain separate, but are shown as part of these accounts as a linked charity.

The Orchestra continues with preliminary steps towards an exciting capital project, receiving a further £151,989 in the year towards feasibility costs, of which it spent £71,909.

The Orchestra's trading subsidiary, London Philharmonic Orchestra Trading Ltd, generated a nominal profit of £2,652, offsetting the prior year loss. The Orchestra's total reserves are therefore £9.269m, which is made up of designated reserves (£3.714m), revaluation reserves (£346k), restricted reserves (£1.222m, of which £982k relates to the capital campaign), the Orchestra's

Strategic Report – 31 August 2022 *cont.*

endowment (£2.871m), and general (risk) reserves of £1.114m. Prior Year respective figures were total reserves £9.089m, made up of designated reserves (£3.547m), revaluation reserves (£346k), restricted reserves (£1.150m with £902k relating to capital), the Orchestra's endowment (£3.007m), and general (risk) reserves of £1.042m.

Risk Management

The Trustees have overall responsibility for ensuring that the organisation operates an appropriate system of controls, financial and otherwise, to provide reasonable assurance that:

- the charity is operating efficiently and effectively
- proper records are maintained and financial information, used within the charity or for publication, is reliable
- the charity complies with relevant laws and regulations.

A detailed risk register is maintained, grading all identified risks and any actions taken to manage them. This is monitored on an ongoing basis by management and reported to the Audit Committee on an annual basis. The key risks that have been identified to the successful delivery of LPO's strategy and artistic programme are:

- The impact of the current economic environment on voluntary income, ticket and recording sales and other earned income, most notably international touring. The Orchestra prepares detailed budgets including sensitivity analysis and continues to seek to diversify income streams where possible.
- The impact of the economic environment on partner organisations with which the organisation has close working relationships – the Orchestra continues to work collaboratively with partner organisations to address these challenges.
- The impact of Brexit, particularly in relation to international touring in respect of increased transport and work visa/permit costs. The organisation is working closely with promoters, the ABO and relevant Government departments to address this.
- The continuing impact of COVID-19, in particular on long-haul touring which continues to bring a greater than usual uncertainty to future plans regarding performances, touring, and availability of guest artists, musicians and venues.
- In addition, the Trustees are aware of issues regarding National Insurance payments for freelance musicians that have potential implications for the Orchestra. See note 18 for further details.

Plans for future periods

2022/23 marks the Orchestra's 90th birthday, and the first full season with Artistic Director Elena Dubinets, for which it has presented an ambitious programme entitled 'A place to call home.' Reflecting the narratives of our time, particularly the war in Ukraine, the recurring theme of the season is our connection to the issues of belonging and displacement. It explores the meaning of home to people who have experienced exile, displacement, homelessness or despair. The season also celebrates the 150th birthday of Vaughan Williams, and will include 14 premieres – the most the Orchestra has given in a single season.

Beyond the season, the Orchestra will build on its long and historic residencies in Brighton, Eastbourne, Glyndebourne and Saffron Walden, appointing a new Regional Partnerships Manager to connect with the local communities on a grass-roots level, creating an active and ongoing dialogue that will feed into future planning.

The Orchestra maintains its long-held ambition for a permanent home alongside its residency at the Royal Festival Hall. Conversations are ongoing and feasibility work is progressing, and it is hoped further news about these plans will be forthcoming during the coming year.

Trustees' Report

Reference and administrative details

Charity number	238045
Company number	357059
Registered Office	89 Albert Embankment, London SE1 7TP

Our Advisors

Auditors	Crowe UK LLP, 55 Ludgate Hill, London EC4M 7JW
Bankers	Virgin Money, 154–158 Kensington High Street, London W8 7RL
Solicitors	Charles Russell Speechlys LLP, 5 Fleet Place, London EC4M 7RD

Directors and Trustees

Henry Baldwin*ø	<i>Vice President, retired 4 December 2021</i>
Kate Birchall*	
David Buckley#	<i>Chair, Audit Committee</i>
David Burke#•≠ø	
Deborah Dolce‡	
Elena Dubinets•‡ø	<i>Appointed 1 September 2021</i>
Lord Hall of Birkenhead	<i>Appointed 20 June 2022</i>
Catherine Høgel•°≠	<i>Chair from 6 May 2022</i>
Martin Höhmann*≠#•‡ø	<i>President</i>
Tanya Josephø	
Bruno De Kegel‡	
Hugh Kluger*	
Kate Leek*	<i>Appointed 6 May 2022</i>
Minn Majoe*ø	<i>Appointed 6 May 2022</i>
Stewart McIlwham*ø	<i>Retired 6 May 2022</i>
Alan MacCuish	
Tania Mazzetti*	
Jamie Njoku-Goodwin	
Victoria Robey OBE°•‡≠	<i>Chairman, retired 6 May 2022</i>
Andrew Tusa#•	
Mark Vines*	<i>Vice-President from 12 January 2022</i>
Neil Westreich	<i>Appointed 6 May 2022</i>

- * Player Director
- # Member of the Audit Committee
- ° Member of the Events Committee
- Member of the Nominations Committee
- ‡ Member of the Investment Committee
- ≠ Member of the Premises Committee
- ‡ Member of the Sustainability Committee
- ø Member of the Diversity and Inclusion Steering Committee

Secretary
David Burke

Trustees' Report *cont.*

Key Management personnel

Chief Executive	David Burke
Artistic Director	Elena Dubinets
Finance Director	Frances Slack
Campaigns & Projects Director	Nicholas Jackman
Concerts Director	Roanna Gibson
Development Director	Laura Willis
Education & Community Director	Talia Lash
Marketing & Communications Director	Kath Trout

Governing Document

The London Philharmonic Orchestra Limited ('The Company') was formed as a private limited Company on 6 October 1939, registration number 357059 and is registered with the Charity Commission under Charity Number 238045. The Directors therefore carry out the role of Trustees under Charities legislation. The Company is governed by its Memorandum and Articles of Association last amended on 22 May 2012.

Board of Directors/Trustees

The London Philharmonic Orchestra is owned by its shareholding members, who are the Orchestra's musicians whose name appears on the 'Orchestral list' ('Members'). There are a maximum 80 members, and shares for any vacant position are held by the President.

Under the updated Memorandum and Articles of Association approved at the Company's AGM on 22 May 2012, the membership can elect up to eleven Non-Executive Directors and seven Player Directors. This change ensures compliance with the latest updates to the Charities Act, whilst strengthening the Board's capacity in key areas such as governance and fundraising. The Chair of the Orchestra is elected from the Non-Executive Directors, whilst the Chair of the Players' Committee, a member of the Orchestra, also takes the title President.

Organisation

The Board is responsible for monitoring the Company's core business and provides the Company with access to advice and guidance in the new areas of the Company's operations. The level of membership is continually reviewed to ensure effective governance of the Company. Eight subcommittees of the Board have been established with delegated responsibilities for audit, development, investment, the annual Gala, nominations, marketing, premises, and player issues. Authority for the day-to-day management of the Company has been delegated to the Chief Executive and the Artistic Director.

An Advisory Council was also established on 22 May 2012, whose members advise and assist the Board on matters of strategic and/or orchestral importance without formal governance responsibility.

Governance code

Strong governance and management are critical to our success and reputation. We have a Board of Trustees that takes overall responsibility for the charity and our work. They are responsible for ensuring we are effectively and properly run and meet our goals as a charity. Our Board is responsible for:

- Furthering our overall purpose, as set out in our governing document and setting our direction and strategy
- Ensuring our work is effective, responsible and legal
- Safeguarding our finances, resources and property and ensuring they are used to further our purpose
- Being accountable to those with an interest or stake in what we do or who regulates us
- Establishing clear boundaries with the staff, musicians and contractors who carry out our work between the governance role of the Board and operational or day-to-day matters ensuring the Board operates effectively.

The Board reviews its own governance practice annually against the Charity Governance Code, with no major concerns identified.

Trustees' Report *cont.*

Advisory Council

The members of the Advisory Council at the time of signature are below.

Martin Höhmann (Chairman)*##•‡

Rob Adediranø

Christopher Aldren

Manon Antoniazzi

Roger Barron

Richard Brass

Helen Brocklebank

YolanDa Brown OBE

David Burke

Simon Burke

Simon Callow CBE

Desmond Cecil

Sir Alan Collins

Andrew Davenport

Guillaume Descottes

Cameron Doley

Elena Dubinets

Christopher Fraser OBE

Jonathan Harris CBE≠

Amanda Hill

Nick Hely Hutchinson

Rehmet Kassim-Lakha

Jamie Korner‡

Geoff Mann≠

Clive Marks OBE FCA

Stewart McIlwham*ø

Andrew Neill

Jamie Njoku-Goodwin

Nadya Powellø

Sir Bernard Rix

Victoria Robey OBE‡•‡

Baroness Shackleton of Belgravia

Thomas Sharpe KC

Julian Simmonds≠

Barry Smith

Martin Southgate

Chris Viney

Laurence Watt

Elizabeth Winter

* Player Director

Member of the Audit Committee

° Member of the Events Committee

• Member of the Nominations Committee

‡ Member of the Investment Committee

≠ Member of the Premises Committee

ø Member of the Diversity and Inclusion Steering Committee

Recruitment and training of Trustees

Player Directors are appointed by the members at the Annual General Meeting of the Company after nomination by at least two Company members as required by the Company's Articles of Association. Non-Executive Directors are recommended to the Board by the

Nominations Committee and can be appointed to the Board either to fill a vacancy or as an additional Trustee. Any Trustee so appointed shall hold office only until the next Annual General Meeting. The Articles also provide that only those persons who are named on the Orchestral List may be a member of the Company.

New Trustees and Council members undergo an orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Board and decision making processes, the business plan and recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Related Parties and co-operation with other organisations

Our former Chair, Victoria Robey, is on the board of Music Masters, which engaged the Orchestra to provide musicians as part of its education activity. Victoria Robey's husband is Co-Chair of Britten Pears Arts (Snape Maltings), which engaged the Orchestra for performances during the year. Board member Jamie Njoku-Goodwin is also a Trustee of Britten Pears Arts, as well as sitting on the National Council of Arts Council England and is a member of Council of Royal College of Music. Chief Executive, David Burke and President, Martin Höhmann, hold ex-officio positions on the board of Henry Wood Hall, a charitable rehearsal space where the Orchestra regularly rehearses. Alan MacCuish is Creative Chairman of Sunshine, who provided in-kind services to the Orchestra during the year. During the year, playing members of the Board received no remuneration for the additional duties resulting from being members of the Board, with the exception of the President, as disclosed in note 6.

The Orchestra has a trading subsidiary, of which Victoria Robey, David Buckley, Martin Höhmann and David Burke are directors. All group transactions between the charity and its subsidiary are eliminated on consolidation. A management charge of £587 (2021: £0) was charged during the year representing LPO Trading Limited's share of group overheads and other passed on costs. The trading company incurred a nominal profit of £2,652, offsetting the prior year loss (£2,648). At the year end the outstanding balance of £840 (2021: £1,254) was due to the charity. Stewart McIlwham, a Trustee for part of the year, is director of McIlwham Music Ltd, who provide musical service to the Orchestra receiving performance fees and expenses on the same scale as those paid to other playing members in respect of their performances with the Orchestra as per the MU collective agreement. The fees paid are included within note 6 (Trustee emoluments) on page 29. Stewart McIlwham and Kate Birchall were trustees of London Philharmonic Orchestra Benevolent Fund during the year, to whom the London Philharmonic Orchestra made contributions of £18,831 (2021 £19,511) during the year.

Trustees' Report *cont.*

The wife of a Trustee who served during the year is an artist agent whose artists occasionally work with the Orchestra, but has no involvement in matters relating to that musician and any engagement during the year was on terms equivalent to those in similar arm's-length transactions. There were no other related party transactions.

Trustees

The Trustees who served throughout the year and subsequent to the year end and the beneficial interests of the Trustees in the Company's shares at 31 August 2022 and 1 September 2021 were:

	Ordinary shares of £1 each	
	31 Aug 22	31 Aug 21
Henry Baldwin	-	1
Kate Birchall	1	1
Martin Höhmann (President)	15	9
Hugh Kluger	1	1
Kate Leek	1	1
Minn Majoe	1	1
Stewart McIlwham	1	1
Tania Mazzetti	1	1
Mark Vines (Vice-President)	1	1

Employment Policy

The Orchestra is an equal opportunities employer. Full and fair consideration is given to all job applications. Regular consultation is given between all staff and their managers, with due consideration given to their training and employment needs. Meetings take place on a regular basis with all staff and departmentally to ensure all employees are aware of the Orchestra's activities and performance.

Pay policy for senior staff

Staff salaries are set by the Chief Executive, in consultation with the Finance Director. The Chief Executive and the Artistic Director salaries are set by the Chairman and President. (The position of Chairman is an unpaid position). Payment for equivalent roles are tracked where possible and used for benchmarking purposes.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of the London Philharmonic Orchestra for the purposes of company law) are responsible for preparing the Strategic Report and the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Auditors

A resolution to re-appoint Crowe UK LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Disclosure of Information to Auditors

Insofar as each of the trustees/directors of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee/director has taken all of the steps that he/she should have taken as a trustee/director in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' Report and Strategic Report were approved by the Board of Trustees and signed on behalf of the Board on 20 February 2023.



Catherine Högel
Trustee (Chair)



Martin Höhmann
Trustee (President)

Independent Auditor's Report

To the Members of the London Philharmonic Orchestra Limited

Opinion

We have audited the financial statements of the London Philharmonic Orchestra Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 August 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including 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 group's and the charitable company's affairs as at 31 August 2022 and of the group's income and expenditure, 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.

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 group 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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. 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report *cont.*

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable 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 trustees either intend to liquidate the charitable 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were health and safety legislation, taxation legislation, employment legislation, and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, tested the application of cut-off and revenue recognition, particularly around voluntary income and grants; reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

Independent Auditor's Report *cont.*

For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe UK LLP
Statutory Auditor
London

Date: 5 April 2023

Consolidated Statement of Financial Activities

(incorporating an income and expenditure account)
Year ended 31 August 2022

Statement of Financial Activities	Note	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Endowment 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income from						
Donations and legacies	2	2,941,299	1,239,944	120,500	4,301,743	5,264,436
Income from charitable activities	3	6,200,689	-	-	6,200,689	1,991,109
Other trading activities		8,000	-	-	8,000	-
Investments	4	3,486	61,714	-	65,200	49,829
LPO income		9,153,474	1,301,658	120,500	10,575,632	7,305,374
Expenditure on						
Raising funds	5	469,335	72,330	-	541,665	444,279
Charitable activities	5	8,445,132	1,152,953	6,147	9,604,232	6,224,564
Total expenditure		8,914,467	1,225,283	6,147	10,145,897	6,668,843
Net income for the year before investment gains		239,007	76,375	114,353	429,735	636,531
Gains on revaluation of Fixed Assets		-	-	-	-	80,000
Net (losses)/gains on investments		-	-	(249,281)	(249,281)	441,171
Net movement in funds		239,007	76,375	(134,928)	180,454	1,157,702
Reconciliation of funds						
Total funds brought forward at 1 September 2021		4,935,691	1,146,609	3,006,746	9,089,046	7,931,344
Total funds carried forward at 31 August 2022		5,174,698	1,222,984	2,871,818	9,269,500	9,089,046

The above results are from continuing activities and there are no other gains and losses except as stated above.

Consolidated and Charity Balance Sheet

Year ending 31 August 2022

	Note	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Fixed assets					
Tangible assets	11	694,946	694,988	694,946	694,988
Investments	12	5,517,936	5,571,373	5,517,936	5,571,373
		6,212,882	6,266,361	6,212,882	6,266,361
Current assets					
Stock and Work in progress	13	117,648	124,314	117,648	124,314
Debtors	14	2,246,078	2,027,551	2,246,918	2,028,804
Cash at bank and in hand		2,102,111	2,305,962	2,098,601	2,304,791
		4,465,837	4,457,827	4,463,167	4,457,909
Creditors: amounts falling due within one year	15	(1,267,819)	(1,456,742)	(1,265,149)	(1,454,431)
Net current assets		3,198,018	3,001,085	3,198,018	3,003,478
Creditors: amounts falling due in more than one year	16	(141,400)	(178,400)	(141,400)	(178,400)
Net assets		9,269,500	9,089,046	9,269,500	9,091,439
Capital and Funds					
<i>Unrestricted Funds</i>					
Called up share capital	17	80	80	80	80
General (Risk) reserve	19	1,114,503	1,041,922	1,114,503	1,044,315
Revaluation reserve	19	346,000	346,000	346,000	346,000
Designated fund (1): Fixed Asset	19	348,946	348,988	348,946	348,988
Designated fund (2): Special Projects	19	2,000,000	2,000,000	2,000,000	2,000,000
Designated fund (3): Innovation	19	500,000	375,000	500,000	375,000
Designated fund (4): COVID Appeal	19	765,169	823,701	765,169	823,701
Designated fund (4): Premises Transition	19	100,000	0	100,000	0
<i>Restricted Funds</i>					
Endowment Fund interest	19	78,952	82,236	78,952	82,236
Capital Campaign		982,484	902,405	982,484	902,405
Education, touring and concert work		50,000	50,000	50,000	50,000
London Philharmonic Trust		111,548	111,968	111,548	111,968
<i>Endowment Funds</i>					
Endowment Funds - Catalyst	19	2,871,818	3,006,746	2,871,818	3,006,746
Total capital and funds		9,269,500	9,089,046	9,269,500	9,091,439

The Trustees have prepared group accounts in accordance with section 298 of the Companies Act and section 138 of the Charities Act 2011. The charity has taken exemption from presenting its unconsolidated profit and loss account under section 408 of the Companies Act 2006. The net income of the charity in 2022, after gains on investments and transfer of profits from the trading company (£258) was £180,454 (2021: £1,157,702).

These financial statements were approved by the Board of Trustees on 20 February 2023.
Signed on behalf of the Board of Trustees



Catherine Högel
Trustee (Chair)



Martin Höhmann
Trustee (President)

Consolidated Cash Flow Statement

Year ending 31 August 2022

	2022 Group and charity £	2021 Group and charity £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(902)	848,155
Cash flows from investing activities		
Dividends, interest and rents from investments	65,200	49,829
Proceeds from the sale of property, plant and equipment	-	5,000
Purchase of property, plant and equipment	(72,305)	(23,613)
Proceeds from the sale of investments	1,342,184	122,611
Purchase of investments	(1,407,140)	(200,590)
Net cash provided by (used in) investing activities	(72,061)	(46,763)
Cash flows from financing activities:		
Net cash provided by (used in) financing activities	-	-
Change in cash and cash equivalents in the reporting period	(72,963)	801,392
Cash and cash equivalents at the beginning of the reporting period	5,245,406	4,444,014
Change in cash and cash equivalents due to exchange rate movements	-	-
Cash and cash equivalents at the end of the reporting period	5,172,443	5,245,406
Cash held as cash	2,102,111	2,305,962
Cash held as investments	3,070,332	2,939,444
	2022	2021
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	180,454	1,157,702
Adjustments for:		
Depreciation charges	70,463	67,752
Losses/(Gains) on investments	249,281	(441,171)
Dividends, interest and rents from investments	(65,200)	(49,829)
(Gain) on Revaluation of fixed assets	-	(80,000)
Loss/(profit) on the sale of fixed assets	1,884	(4,728)
Decrease in stocks	6,666	22,848
(Increase) in debtors	(218,527)	(216,476)
(decrease)/increase in creditors	(225,923)	392,057
Net cash provided by (used in) operating activities	(902)	848,155

Notes to the accounts

1 Company Information

London Philharmonic Orchestra Limited is a registered charity and as such is a non-profit making organisation, limited by shares. The number of members at 31 August 2022 is 66 and their liability on a liquidation is limited to £1 each.

London Philharmonic Orchestra Limited is registered as a limited liability company in England and Wales under number 357059 and its registered office is 89 Albert Embankment, London SE1 7TP. It is also a Public Benefit Entity registered with the Charity Commission under number 238045.

Accounting policies

Critical accounting judgements and key areas of estimation uncertainty

In the application of the charity's accounting policies, which are described below, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 the current and future periods. The most significant estimate within the financial statements relates to the accrued income for the Orchestral Tax Credit for the 2021/22 period. As is consistent with prior years, this claim is yet to be submitted to HMRC. The Orchestra works with professional advisors to review, prepare and submit the claim, and have prepared this year's figures on a basis consistent with prior years. Previous years' claims have been received in a timely manner.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

a) Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing the accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – Charities SORP (FRS 102) 2nd edition, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The consolidated financial

statements incorporate the financial statements of the Charity and its 100% owned subsidiary London Philharmonic Trading Ltd (Company Number 9979254).

The Trustees have departed from the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in note 6, 'Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel' to show the musicians' payments for playing in the Orchestra in aggregate. The Trustees feel that this is necessary to avoid reducing the pool of available Trustees required to successfully govern the Orchestra. These Player-Directors are not remunerated for their services as Trustees.

The London Philharmonic Orchestra meets the definition of a Public Benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Company's activities together with the factors likely to affect its future development, performance and position are set out in the Strategic and Trustees' Reports on pages 4 to 18. The Orchestra has demonstrated its ability to adapt its activities to enable continued operations through a very turbulent few years for the economy and sector. The reduction in funding from Arts Council England, combined with high inflation and the removal of the temporary increase in tax relief prevents significant challenges. The Orchestra considers there to be a reasonable expectation that a proportionate element of fundraising will continue, based on existing pledges, ongoing conversations, and cautious expectations. In the event that projected fundraising income is not received, the Orchestra is still confident it could cover its costs but this would be likely to impact planned activities. On this basis of ongoing receipt of Arts Council Grant, current reserves levels that can be appropriately utilised if required and ongoing activities (including an element of fundraising), the Trustees are confident that the company is a going concern.

c) Accounting convention

The financial statements are prepared under the historical cost convention with the exception of the revaluation of the Sanctus Seraphin violin, valuation of investments and the music library at its valuation pre-2000 as permitted in FRS 102.

Notes to the accounts *cont.*

d) Foreign currency

The functional currency of the Orchestra is considered to be in pounds sterling because that is the currency of the primary economic environment in which the charity/group operates. The financial statements are presented in pounds sterling.

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year-end, in accordance with FRS102. Any gains or losses arising on translations are reported as part of the transaction within the SOFA and are not material; they are therefore not disclosed separately.

e) Fund accounting

Unrestricted funds:

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds, which have been applied or reserved by the Trustees for a specific purpose. The aim and use of each designated fund is set out in the notes to the accounts.

Revaluation Funds relates to revaluations of the Sanctus Seraphin violin and the music library.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The purpose for which restricted funds are held is analysed in the notes to the accounts (see note 19).

The expendable Endowment comprises monies that must be held as capital and spent over a minimum 25 years. Interest from the endowment is credited to restricted funds and applied to joint projects between the Orchestra and its regular venues under the terms of the endowment.

f) Income

Voluntary income including donations, gifts and legacies and grants that are of general nature are recognised where there is entitlement, receipt is more probable than not and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Legacies are included in the financial statements as an incoming resource in the year in which the charity is notified and when the value and entitlement of the legacy is known with reasonable certainty.

Income from the charitable trading operation is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

g) Donated services and facilities

Donated services and facilities are included at the value to the charity where this can be quantified. No amounts are included in the financial statements for services donated by volunteers. Gifts in Kind are included at current market value where their value is ascertainable and material. The estimated valuation of gifts in kind is based on the value of the contribution to the charity, or the valuation the charity would have had to pay to acquire the assets.

h) Government Grants

Government grants are recognised on the performance model, when the organisation has complied with any conditions attaching to the grant and the grant will be received.

i) Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance-related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that result in the payment being unavoidable.

- Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the performance of concerts and educational programmes and include both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. per capita, staff costs by the time spent and other costs by their usage.

Notes to the accounts *cont.*

j) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation, which is provided in equal annual instalments over the estimated useful lives of the assets.

The rates of depreciation are applied as allocated support costs (see note 5) and are charged at a rate of:

- Leasehold improvements: 10% straight line (over term of lease)
- Music library: 4% straight line
- Computer equipment (PCs/laptops): 33% straight line
Computer equipment (servers/IT infrastructure): 20% straight line
- Furniture, fixtures, fittings and office equipment: 15% reducing balance
- Musical instruments: 10% reducing balance
- Motor vehicles: 15% straight line
- Sanctus Seraphin violin: not depreciated

The Sanctus Seraphin violin has not been depreciated on the basis of it being an appreciating asset. The violin was last valued in 2021 and the increase in value reflected in the accounts. Assets over £1,000 are capitalised.

k) Stocks and work in progress

Own-label CDs in the course of development at the Balance Sheet date are valued at cost. Stock is stated at the lower of cost or net realisable value.

l) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

m) Pensions

Pension costs are recognised in the accounts when they are paid. The Company does not operate its own pension scheme, but offers to make contributions into employees' private schemes or alternatively contributes to an external auto-enrolment scheme. Pensions are allocated from unrestricted funds, as no restricted funding directly covers employee costs. Total payments are as per note 6 in the accounts.

n) Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transactions value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and debtors excluding prepayments. Financial liabilities held at amortised cost comprise creditors excluding other taxes and social security and deferred income and income in advance.

o) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

p) Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Investments

Listed investments are stated at the market closing price on 31 August 2022. Gains and losses in the year are taken to the Statement of Financial Activities.

r) Cash

Cash at bank and in hand includes cash deposits in banks only.

Notes to the accounts *cont.*

2 Income from Donations and Legacies

	Total Funds 2022 £	Total Funds 2021 £
Gifts and memberships	2,085,239	2,083,602
Donated goods and services	28,457	14,949
Grants from government and other public bodies (see note 8)	2,188,047	3,165,885
	<u>4,301,743</u>	<u>5,264,436</u>

Development income for the year was £2.1m, alongside £0.12m from legacies that have been put into the endowment and £2.1m from Arts Council England (£49k restricted). £152k of development income was restricted towards feasibility work on a new capital campaign. A further £862k of unrestricted income was received and £1.1m restricted. Included in the restricted funds were £344k towards Education and Community work and £680k towards the London concert season.

The comparative figure for the prior year was £2.1m in development income, alongside £0.02m legacies and £3.105m from Arts Council England (£1.026m restricted). Other restricted income included £334k, £594k, £97k for Education, London concerts and capital respectively.

The charity is grateful for in-kind support from, among others, Lindt, Lidl and Gusbourne. The total value of all in-kind support is estimated at £28,547 (2021: £15,000). The estimated value of these goods and services is recognised within unrestricted incoming resources as a donation, and an equivalent charge being included in unrestricted expenditure under charitable activities.

3 Income from charitable activities

	Total Funds 2022 £	Total Funds 2021 £
Ticket and programme sales	1,277,627	72,842
Performance fees	3,319,001	1,369,562
Recording label & streaming	263,347	131,999
Other income	1,340,714	416,706
Total income from Charitable Activities	<u>6,200,689</u>	<u>1,991,109</u>

4 Investment income

	Total Funds 2022 £	Total Funds 2021 £
Dividend	59,256	49,081
Investment interest	3,094	-
Bank interest	2,850	748
	<u>65,200</u>	<u>49,829</u>

Notes to the accounts *cont.*

5 Analysis of Expenditure

Net income for the year is stated after charging.

	2022 £	2021 £
Operating lease rental	124,968	119,642
Depreciation	70,463	67,753
Fees payable to the Company's auditors for taxation purposes	10,597	10,415
Fees payable to the Company's auditors for the audit of the Company's annual accounts	26,500	24,190

Charitable Activities

	Concert Promotions £	Other UK and Tours £	Education Activities £	Total 2022 £	Total 2021 £
Orchestra fees	2,124,662	2,019,196	156,300	4,300,158	2,491,476
Conductor, soloist & choir fees	1,077,177	226,760	77,754	1,381,691	427,279
Travel, hire, subsistence and accommodation	285,001	561,375	44,535	890,911	577,307
Presentation, marketing and programme costs	690,928	438	2,704	694,070	485,170
House rentals and promoter commissions	504,319	-	36,822	541,141	690,955
LPO recording label	138,007	-	-	138,007	102,733
Subscriptions and professional assistance	-	4,652	51,638	56,290	44,583
Other direct costs	560,810	150,667	183,279	894,756	775,082
Support	308,463	308,463	90,282	707,208	629,979
Total	5,689,367	3,271,551	643,314	9,604,232	6,224,564

Expenditure on charitable activities was £9,604,232 (2021: £6,224,564) of which £8,445,132 was unrestricted (2021: £4,194,025) and £1,225,283 was restricted (2021: £2,023,972).

No ex-gratia payments of were made in the year. In 2021 ex-gratia payments totalling £8,570 were paid to 6 freelance musicians. These were agreed by the Board to support the musicians and sustain the quality of the Orchestra through the COVID-19 pandemic.

Cost of raising funds

	2022 £	2021 £
Direct costs	468,063	375,772
Support	73,602	68,507
Total	541,665	444,279

Notes to the accounts *cont.*

Allocation of Support costs

	Charitable Activities £	Cost of Raising Funds £	2022 £	2021 £
Apportioned staff costs	370,581	-	370,581	318,146
Rent and rates	100,453	24,639	125,092	122,522
Office overhead costs	88,040	21,595	109,635	83,524
Legal and other professional fees	7,094	1,740	8,834	8,643
Audit and tax advice	38,270	-	38,270	34,734
Finance charges	14,131	3,466	17,597	37,977
Depreciation	52,079	12,774	64,853	64,948
Travel, expenses etc.	36,561	8,968	45,529	27,991
Total	707,209	73,182	780,391	698,485

6 Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

The number of persons employed by the Company, including Trustees with contracts of service, were as follows:

	2022 No.	2021 No.
Administration	5	5
Concert management	13	13
Education	4	4
Marketing	9	9
Development	8	8
Other	1	1
	40	40

Staff costs incurred during the year in respect of these employees were:

Wages and salaries	1,496,186	1,398,139
Social security costs	158,262	135,780
Other pension costs	92,712	87,286
	1,747,160	1,621,205

The number of senior staff (including Trustees with contracts of service) paid over £60,000 during the year (salary plus taxable benefits excluding pension contributions) was:

	2022 No.	2021 No.
£60,001 to £70,000	2	2
£70,001 to £80,000	0	1
£90,001 to £100,000	1	0
£100,000 to £110,000	1	1

The pension contributions for the provision of money purchase schemes in respect of the higher-paid employees above totalled £70,453 (2021: £41,279).

Notes to the accounts *cont.*

The Key Management personnel of the Charity comprises the President, Chief Executive, Artistic Director (also trustees), Finance Director, Campaigns and Projects Director, Concerts Director, Development Director, Education and Community Director, and Marketing and Communications Director. Total remuneration paid to key management personnel was £696,747 (2021: £611,847).

The seven Trustees who are playing members of the Orchestra received performance fees and expenses on the same scale as those paid to other playing members in respect of their performances with the Orchestra as per the MU collective agreement.

Other than fees payable to the President, the Chief Executive and the Artistic Director, no Trustees received fees or expenses in relation to their office as Trustee.

Trustees' emoluments

	2022 £ Salary	2022 £ Pension	2021 £ Salary	2021 £ Pension
Cristina Rocca (Artistic Director Nov 20–Jun 21)	-	-	74,462	5,645
Martin Höhmann (President)	20,000	1,200	18,000	1,080
David Burke (Chief Executive)	107,454	24,153	105,263	23,970
Elena Dubinets (Artist Director Sep 21 onwards)	96,293	30,907	-	-
Performance fees and expenses to (seven) Player Directors	316,639	-	241,825	-

This note is not compliant with the SORP, which requires remuneration to all musicians on the board (Player Directors) to be presented alongside the format used above for the President and Chief Executive. The Trustees feel that to do so will have an adverse effect on the effective operation of the charity as musicians are reluctant to act as Trustees if that role requires disclosure of fees received as this can result in comparison of remuneration with their peers. This would result in reducing the pool of available Trustees required to successfully govern the Orchestra. These Player Directors are not remunerated for their services as Trustees. The total amount of donations received from the Trustees directly associated with the Charity and their related parties is £484,784 (2021: £664,039)

7 Related Parties

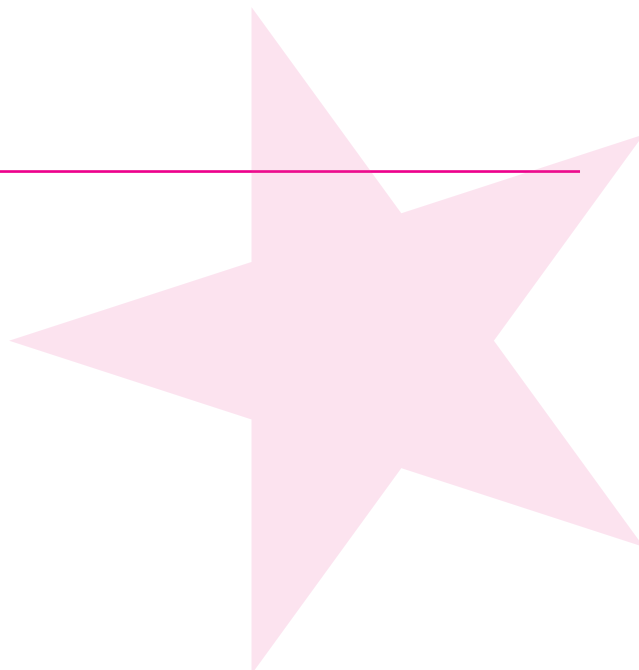
Our former Chair, Victoria Robey, is on the board of Music Masters, which engaged the Orchestra to provide musicians as part of its education activity. Victoria Robey's husband is Co-Chair of Britten Pears Arts (Snape Maltings), which engaged the Orchestra for performances during the year. Board member Jamie Njoku-Goodwin is also a Trustee of Britten Pears Arts, as well as sitting on the National Council of Arts Council England and is a member of Council of Royal College of Music. Chief Executive, David Burke and President, Martin Höhmann, hold ex-officio positions on the board of Henry Wood Hall, a charitable rehearsal space where the Orchestra regularly rehearses. Alan MacCuish is Creative Chairman of Sunshine, who provided in-kind services to the Orchestra during the year.

During the year, playing members of the Board received no remuneration for the additional duties resulting from being members of the Board, with the exception of the President, as disclosed in note 6.

The Orchestra has a trading subsidiary, of which Victoria Robey, David Buckley, Martin Höhmann and David Burke are directors. All group transactions between the charity and its subsidiary are eliminated on consolidation. A management charge of £587 (2021: £0) was charged during the year representing LPO Trading Limited's share of group overheads and other passed on costs. The trading company incurred a nominal profit of £2,652 offsetting the prior year loss (£2,648). At the year end the outstanding balance of £840 (2021: £1,254) was due to the charity.

Stewart McIlwham, a Trustee for part of the year, is director of McIlwham Music Ltd, who provide musical service to the Orchestra receiving performance fees and expenses on the same scale as those paid to other playing members in respect of their performances with the Orchestra as per the MU collective agreement. The fees paid are included within note 6 (Trustee emoluments) on page 29. Stewart McIlwham and Kate Birchall were

Notes to the accounts *cont.*



trustees of London Philharmonic Orchestra Benevolent Fund during the year, to whom the London Philharmonic Orchestra made contributions of £18,831 (2021 £19,511) during the year.

The wife of a Trustee who served during the year is an artist agent whose artists occasionally work with the Orchestra, but has no involvement in matters relating to that musician and any engagement during the year was on terms equivalent to those in similar arm's-length transactions. There were no other related party transactions.

8 Grants receivable from government and other public bodies

Grant Income	2022 £	2021 £
Arts Council of England	2,079,797	2,079,799
Southbank Centre Residency subsidy	59,375	59,961
Arts Council of England Culture Recovery Fund (Restricted)	48,875	1,026,125
	2,188,047	3,165,885

9 Changes in grants deferred

	Balance 31 August 2021 £	Grants received £	Utilised in year £	Balance 31 August 2022 £
Arts Council of England	-	2,079,797	(2,079,797)	-
Southbank Centre Residency subsidy	-	59,375	(59,375)	-
Total balance	-	2,139,172	(2,139,172)	-

10 Taxation

London Philharmonic Orchestra is a registered charity and is therefore not liable to direct taxes on income derived from its charitable activities, as they fall within the various exemptions available to registered charities.

Notes to the accounts *cont.*

11 Tangible fixed assets – Group and Charity

	Leasehold improvements £	Vehicle £	Music library £	Computer equipment* £	Furniture, fixtures, fittings and office equipment £	Musical instruments £	Sanctus Seraphin Violin £	Total £
Cost or valuation								
At 31 August 2021	55,380	233,678	267,211	173,214	313,754	220,486	400,000	1,663,723
Additions	4,605			48,598	8,832	10,270		72,305
Disposals	-			(12,749)	(7,538)			(20,287)
At 31 August 2022	59,985	233,678	267,211	209,063	315,048	230,756	400,000	1,715,741
Accumulated depreciation								
At 31 August 2021	44,154	70,110	262,233	131,996	301,740	158,502	-	968,735
Charges for the year	2,374	35,055	350	23,054	3,143	6,487	-	70,463
Disposals	-	-	-	(12,748)	(5,655)	-	-	(18,403)
At 31 August 2022	46,528	105,165	262,583	142,302	299,228	164,989	-	1,020,795
Net book value								
At 31 August 2022	13,457	128,514	4,628	66,761	15,819	65,767	400,000	694,946
At 31 August 2021	11,226	163,568	4,978	41,218	12,014	61,984	400,000	694,988

*Computer equipment includes Assets under construction (new website) of £30,437.

Musical instruments are generally contemporary, low-value instruments whose value is fairly represented by the written down cost of such instruments. The Sanctus Seraphin violin is used during performances and has aesthetic and musical qualities, but also intrinsic value. Consequently, this violin was valued at a current market value of £400,000 at 31 August 2021 by J&A Beare, London, Members of the British Antique Dealers Association; Dealers, restorers and makers of fine violins, violas, cellos and bows. The original historic cost of the violin was £35,000. The Trustees are not aware of any material changes since the last valuation.

The music library was revalued at £250,000 in 1993. No historical information is available with respect to the music library's net book value under historic cost convention, as the cost of acquiring the bulk of the library was expensed through the income and expenditure account over a number of years. Additions to the library since 1993 have been included at cost.

Notes to the accounts *cont.*

12 Investments – Group and Charity

	Cash £	Traded Investments £	Total £
Valuation at 1 September 2021	2,939,444	2,631,929	5,571,373
Additions at cost	-	1,407,140	1,407,140
Disposals at carrying value	-	(1,342,184)	(1,342,184)
Net increase in cash	130,888	-	130,888
Net gains/(losses)	-	(249,281)	(249,281)
Valuation at 31 August 2022	3,070,332	2,447,604	5,517,936

Valuation at 1 September 2022 are both actual and historic costs. Historic costs of traded investments as at 1 September 2022 are £2,335,894.

Investments by investment type

		2022	2021
UK Bonds	£	129,716	245,475
UK Equity	£	937,477	951,881
International Equity	£	826,961	987,132
International Bonds	£	122,051	0
Infrastructure	£	143,428	78,526
Property	£	184,930	227,502
Other	£	103,041	141,413
Cash	£	3,070,332	2,939,444
Total	£	5,517,936	5,571,373

The Charity also has a 100% holding of 1 ordinary shares of £1 each in London Philharmonic Orchestra Trading Limited, a limited company incorporated and registered in England and Wales, company registration number 09979254. The subsidiary had income of £8,000 and expenditure of £5,348. Capital and reserves as at 31 August 2022 totalled £0.

13 Stocks and work in progress – Group and Charity

	2022 £	2021 £
Stocks of own-label recorded CDs	43,582	35,365
Work in progress of own-label CDs not released	74,066	88,949
	117,648	124,314

14 Debtors

	2022 £ Group	2021 £ Group	2022 £ Charity	2021 £ Charity
Trade debtors	93,960	408,168	93,960	408,168
Intercompany debtors	-	-	840	1,254
Other debtors	66,324	4,473	66,324	4,473
Prepayments	260,149	205,399	260,149	205,399
Accrued income	1,825,645	1,409,511	1,825,645	1,409,510
	2,246,078	2,027,551	2,246,918	2,028,804

Notes to the accounts *cont.*

15 Creditors: amounts falling due within one year

	2022 £ Group	2021 £ Group	2022 £ Charity	2021 £ Charity
Trade creditors	179,523	408,561	177,723	406,761
Value Added Tax	38,878	86,730	39,178	87,290
Other taxes and social security	55,744	49,225	55,744	49,225
Other creditors	168,300	153,996	168,300	153,996
Accrued expenditure	438,206	403,015	437,036	401,944
Deferred income and income in advance due within one year	387,168	355,215	387,168	355,215
	1,267,819	1,456,742	1,265,149	1,454,431

£400,580 of the income brought forward (total of £533,615) was recognised during the year.

16 Creditors: amounts falling due in more than one year – Group and Charity

	2022 £	2021 £
Deferred income and income in advance due in more than one year	141,400	178,400

17 Called up share capital

	2022 £	2021 £
Authorised		
200 ordinary shares of £1 each	200	200
Allotted, called up and fully paid		
80 ordinary shares of £1 each	80	80

18 Contingent Liability

The Trustees are aware of a legal case (which does not involve the LPO) which has highlighted issues around the interpretation of legislation around payments of Class 1 National Insurance Contributions (NICs) to be paid in relation to musicians' earnings by the LPO and the players themselves. This issue was discussed at length with Her Majesty's Revenue and Customs (HMRC) in 2005 and 2006 and an agreement reached at that time which confirmed that NICs were not payable in relation to the freelance musicians engaged by the LPO.

Following consultation, the government has decided to repeal the current National Insurance regulations in respect of entertainers from 6 April 2014. However, at the time of approval of this report and the financial statements, the potential, quantity and likelihood of any backdated liability is less clear. The Trustees are of the view if such liabilities were to exist, the amount that would be payable cannot be estimated reliably at present. Taking all of the above factors into account, the Trustees have not made any provision in the accounts for any backdated NICs that might become payable.

Notes to the accounts *cont.*

19 Reserves – Group

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfer of amount £	Balance at 31 August 2022 £
<i>Unrestricted Funds</i>					
Called up share capital	80	-	-	-	80
General (risk) reserve	1,041,922	8,951,272	(8,678,691)	(200,000)	1,114,503
Revaluation reserve	346,000	-	-	-	346,000
	1,388,002	8,951,272	(8,678,691)	(200,000)	1,460,583
<i>Designated Funds</i>					
Designated fund (1) Fixed Asset	348,988	72,305	(72,347)		348,946
Designated fund (2) Special Project	2,000,000	-	-	-	2,000,000
Designated fund (3) Innovation	375,000	129,652	(4,652)	-	500,000
Designated fund (4) COVID Appeal	823,701	245	(158,777)	100,000	765,169
Designated fund (5) Premises Transition	-	-	-	100,000	100,000
	3,547,689	202,202	(235,776)	200,000	3,714,115
<i>Restricted Funds</i>					
London, Touring and Education	50,000	1,092,953	(1,152,953)	60,000	50,000
Catalyst interest	82,236	56,716		(60,000)	78,952
Capital Campaign	902,405	151,989	(71,910)	-	982,484
COVID Appeal	-	-	-	-	0
London Philharmonic Trust	111,968	-	(420)	-	111,548
	1,146,609	1,301,658	(1,225,283)	-	1,222,984
<i>Endowment Fund</i>					
Catalyst	3,006,746	(128,781)	(6,147)		2,871,818
Total Funds	9,089,046	10,326,351	(10,145,897)	-	9,269,500

Notes to the accounts *cont.*

19 Reserves – Group *cont.*

The above funds carried forward as at 31 August 2022 represent:

	Tangible Fixed assets £	Investment Fixed assets £	Net current assets £	Total £
<i>Unrestricted Funds</i>				
Called up share capital	-	-	80	80
General (risk) reserve	-	-	1,114,503	1,114,503
Revaluation reserve	346,000	-	-	346,000
	346,000	-	1,114,583	1,460,583
<i>Designated Funds</i>				
Designated fund (1) Fixed Asset	348,946	-	-	348,946
Designated fund (2) Special Project	-	1,473,134	526,866	2,000,000
Designated fund (3) Innovation	-	-	500,000	500,000
Designated fund (4) COVID Appeal	-	-	765,169	765,169
Designated fund (5) Premises Transition	-	-	100,000	100,000
	348,946	1,473,134	1,892,035	3,714,115
<i>Restricted Funds</i>				
London, Touring and Education	-	-	50,000	50,000
Catalyst interest	-	78,952		78,952
Capital Campaign	-	982,484		982,484
COVID Appeal	-	-	-	-
London Philharmonic Trust	-	111,548		111,548
	-	1,172,984	50,000	1,222,984
<i>Endowment Fund</i>				
Catalyst	-	2,871,818		2,871,818
Total Funds	694,946	5,517,936	3,056,618	9,269,500

Notes to the accounts *cont.*

19a Prior Year Comparison

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfer of amount £	Balance at 31 August 2021 £
Called up share capital	80	-	-	-	80
General (risk) reserve	906,486	4,373,836	(4,238,400)	-	1,041,922
Revaluation reserve	266,000	80,000	-	-	346,000
<i>Designated Funds</i>	1,172,566	4,453,836	(4,238,400)	-	1,388,002
Designated fund (1) Fixed Asset	393,399	23,613	(68,024)	-	348,988
Designated fund (2) Special Project	2,000,000	-	-	-	2,000,000
Designated fund (3) Innovation	-	375,000	-	-	375,000
Designated fund (4) COVID Appeal	772,099	361,602	(310,000)	-	823,701
	3,165,498	760,215	(378,024)	-	3,547,689
<i>Restricted Funds</i>					
London, Touring and Education	58,000	2,001,176	(2,009,176)	-	50,000
Catalyst interest	32,461	49,775	-	-	82,236
Capital Campaign	826,523	97,222	(21,340)	-	902,405
COVID Appeal	14,796	-	(14,796)	-	-
London Philharmonic Trust	112,508	-	(540)	-	111,968
	1,044,288	2,148,173	(2,045,852)	-	1,146,609
<i>Endowment Fund</i> Catalyst	2,548,992	464,321	(6,567)	-	3,006,746
Total Funds	7,931,344	7,826,545	(6,668,843)	-	9,089,046

Notes to the accounts *cont.*

19a Prior Year Comparison *cont.*

The above funds carried forward as at 31 August 2021 represent:

	Tangible Fixed assets £	Investment Fixed assets £	Net current assets £	Total £
<i>Unrestricted Funds</i>				
Called up share capital	-	-	80	80
General (risk) reserve	-	-	1,041,922	1,041,922
Revaluation reserve	346,000	-	-	346,000
	346,000	-	1,042,002	1,388,002
<i>Designated Funds</i>				
Designated fund (1) Fixed Asset	348,988	-	-	348,988
Designated fund (2) Special Project	-	1,468,018	531,982	2,000,000
Designated fund (3) Innovation	-	-	375,000	375,000
Designated fund (4) COVID Appeal	-	-	823,701	823,701
	348,988	1,468,018	1,730,683	3,547,689
<i>Restricted Funds</i>				
London, Touring and Education	-	-	50,000	50,000
Catalyst interest	-	82,236	-	82,236
Capital Campaign	-	902,405	-	902,405
COVID Appeal	-	-	-	-
London Philharmonic Trust	-	111,968	-	111,968
	-	1,096,609	50,000	1,146,609
<i>Endowment Fund Catalyst</i>	-	3,006,746		3,006,746
Total Funds	694,988	5,571,373	2,822,685	9,089,046

Revaluation reserve: revaluations on assets held by the charity, principally the Sanctus Seraphin violin and the music library.

Designated fund: Designated funds are funds that have been set aside out of unrestricted funds by the Board for a specific purpose. £348,946 of this, along with the revaluation reserve of £346,000, represents the value of the fixed assets.

During the year £158,000 was allocated from the COVID designated Appeal funds to continue to support our members, extras and artists and to cover specific COVID-related costs. Further funds of £100,000 were designated to the fund in the year, with the balance of £765,169 which gives confidence to underpin future plans, especially regards ongoing challenges related to foreign touring and greater uncertainty than usual over levels of ticket sales.

The Orchestra built on the Innovation Fund established in 2020/21, which stands at £500k at year end. The fund enables the organisation to trial new models across all of the Arts Council England Investment Principles. This will be to offer a defined budget specifically ring-fenced for some of the special new initiatives outlined in the 2022/23 Business Plan. The fund will in future be promoted to appropriate donors and provide opportunities for people with special interest in these areas to support the Orchestra to reach new audiences and trial new approaches. The remaining amount of £2,000,000 has been set aside to a Special Projects Fund to enable commitments made with regard to programming at the Royal Festival Hall, and strategically important tours and commissions, to be upheld.

Notes to the accounts *cont.*

Restricted income of £1,301,658 was raised during the year and £1,225,282 was spent during the year. Included in the restricted funds were £342,718 towards Education and Community and £679,769 towards the London concert season, alongside interest from the Catalyst Endowment and Capital restricted funds (£61,714).

The Catalyst Endowment is an expendable endowment that has been established to enable co-programmed projects with key venues such as the Southbank Centre.

The remaining balance constitutes the charity's General (Risk) Reserve.

The Charity is also linked to the London Philharmonic Trust, whose assets of £111,548 (2021: £111,968) are also shown in these accounts.

20 Operating lease commitments

Aggregate minimum lease payment commitments under non-cancellable operating leases are as follows:

	Land and Buildings £	Land and Buildings £
Expiry date:	2022	2021
Within one year	99,260	99,260
Between two and five years	158,000	257,260
	257,260	356,520

21 Prior Year comparative Statement of Financial Activity

Statement of Financial Activities	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment 2021 £	Total Funds 2021 £	Total Funds 2020 £
Income from						
Donations and legacies	2	3,142,888	2,098,398	23,150	5,264,436	5,535,985
Income from charitable activities	3	1,991,109	-	-	1,991,109	3,367,656
Other trading activities		-	-	-	-	2,902
Investments	4	54	49,775	-	49,829	70,734
LPO income		5,134,051	2,148,173	23,150	7,305,374	8,977,277
Expenditure on						
Raising funds	5	422,399	21,880	-	444,279	450,876
Charitable activities	5	4,194,025	2,023,972	6,567	6,224,564	7,285,216
Total expenditure		4,616,424	2,045,852	6,567	6,668,843	7,736,092
Net income for the year before investment gains		517,627	102,321	16,583	636,531	1,241,185
Gains on revaluation of Fixed Assets		80,000	-	-	80,000	-
Net gains/(losses) on investments		-	-	441,171	441,171	(56,287)
Net movement in funds		597,627	102,321	457,754	1,157,702	1,184,898
Reconciliation of funds						
Total funds brought forward at 1 September 2020		4,338,064	1,044,288	2,548,992	7,931,344	6,746,446
Total funds carried forward at 31 August 2021		4,935,691	1,146,609	3,006,746	9,089,046	7,931,344

The above results are from continuing activities and there are no other gains and losses except as stated above.

Notes to the accounts *cont.*

23 Trading Subsidiary

The London Philharmonic Orchestra is the sole shareholder of London Philharmonic Orchestra Trading Ltd, registered address 89 Albert Embankment, London SE1 7TP. Its taxable profits are donated to the London Philharmonic Orchestra Ltd except in specific circumstances. The trading result of the subsidiary and its assets, liability and funds at year end are summarised below.

	Year ended 31 August 2022	Year ended 31 August 2021
Turnover	8,000	-
Less: Cost of sales	4,761	2,646
Gross Profit	3,239	(2,646)
Operating profit	2,652	(2,646)
Less: Donation to parent charity	(258)	(-)
Retained Profit for the year	2,394	(2,646)
Assets	3,810	1,731
Liabilities	3,810	4,124
Net Funds	0	(2,393)