

Musicians Benevolent Fund

Chairman The Hon Richard Lyttelton
Chief Executive and Secretary to the Fund David Sulkin

**Annual Report and Financial Statements
for the year ended 31 December 2012**



The Musicians Benevolent Fund is a registered charity [228089],
a registered company [England 00252783] limited by guarantee
and a Trust Corporation
The registered office is at 7 – 11 Britannia Street London WC1X 9JS
helpmusicians.org.uk

**Musicians Benevolent Fund
Year Ended 31 December 2012**

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**Musicians Benevolent Fund
Year Ended 31 December 2012**

Chairman's message

2012 has been a year of further development for the Musicians Benevolent Fund, as it continues to increase its charitable spend and to broaden its reach

There are 70,000 professional musicians in the UK with approximately 60,000 people working in related professions. In spite of the kindness of existing friends, the work of the Fund is not as widely known as perhaps it ought to be. Amongst those who helped The Fund build profile this year were a number of eminent musicians and friends from different genres of music who supported its work in unique ways. These included Dave Swarbrick and Martin Carthy who topped the bill at a stellar fundraising event at Cecil Sharp House, the home of UK Folk Music, the unstoppable tenor Nicky Spence along with eleven of the country's greatest opera stars who collaborated to make the Opera Offstage Calendar and ENO percussionist, Michael Doran, who masterminded the Orchestra Super8s cricket tournament at Lords Cricket Ground.

The Fund also received generous support from Sir Vernon and Lady Ellis and Mr and Mrs Bob Boas who hosted soirees in their beautiful homes and Momentum Films which staged a gala showing of Dustin Hoffman's new film *Quartet*. I would like to thank them all.

We greatly value this recognition of the needs of musicians and while the Fund continues to increase its operational efficiency, we have also started a process to augment the scope of its services and provide more holistic help for musicians in future. Our objectives are, to promote health and wellbeing for musicians of all ages and for the Fund to be recognised as the first port of call when a musician needs help or advice, a safety net when things go wrong. In addition to its support for elderly and sick musicians, the Fund will always help working musicians who face a crisis of any sort that can significantly interrupt a career.

At the end of 2012 our Treasurer, William Parker retired from the board of trustees. Bill has made a significant contribution to the Fund over many years and on behalf of all of us I would like to acknowledge this and wish him a long and happy retirement. I am pleased to say that Caragh Merrick, who brings a wealth of experience from the financial profession, has generously agreed to become our new Treasurer and will chair the newly combined Finance and Audit committee.

In conclusion, none of this innovative work would be possible without our exceptional trustees and loyal and committed staff. Everyone plays their part and I am eternally grateful to them all.



**The Hon Richard Lyttelton
Chairman**

**Musicians Benevolent Fund
Year Ended 31 December 2012**

Report of the Board of Trustees

Objects of the charity

- *To relieve need and advance education among musicians and among those persons who work or have worked in professions or occupations closely connected with music and who in the opinion of the Association¹ have rendered valuable service to music not being members of the Association who were born in the British Isles or who are citizens of the United Kingdom by birth, descent or naturalisation or who are domiciled or who have been resident for three years in the British Isles and their spouses, children or other dependents*
- *To advance musical education among musicians and also among members of the public*

Running the Fund effectively. Structure, governance and management of the Fund

The Fund comprises

- **Members of the Fund.** There are 89 'shareholders' liable for £1 00
- **Board of trustees** – members of which are elected from the membership The Board of Trustees defines the Fund's strategy and policy and monitors its implementation and execution to ensure that the activities of the Fund are in accordance with its Articles and Memorandum of Association, and are also responsive to changing trends and circumstances in the music profession
- **Sub-committees.** Trustees appoint sub-committees to monitor the core activities of the Fund
 - Giving
 - Finance
 - Audit
- From 2013 onwards, the committees will be
 - Giving
 - Finance and Audit

Committees receive and debate policy recommendations from the senior management team of the Fund Both the Giving and Finance and Audit committees include co-opted members who advise on and support the work of the committees There is also a trustees' nominations group which monitors and plans trustee succession along with the senior management team

- **Advisory Council**, chaired by the President of the Fund, Sir Peter Maxwell Davies, comprises distinguished members of the music profession who are asked to advise and comment on broad policy issues

The Fund is led by Chief Executive, David Sulkin, supported by Susan Dolton, Director of Giving and Martin Ensom, Director of Operations.

¹ The 'Association' is the Musicians Benevolent Fund

Public benefit

The trustees have given due regard to the provisions of section 17 of the Charities Act 2011

Evidence shows that low income, unsocial hours, irregular employment, working away from home and continuous use of the body in repetitive work can take its toll while we are also reminded that the creative satisfaction of being a musician or working in the music profession can be exceptionally rewarding. This potent mix of vocational commitment and, often, low pay and rewards coupled with vulnerability when things go wrong, is the reason that the Fund exists

The Fund supports musicians with a mix of advice, guidance and financial support. We are committed to the well-being of musicians and support musicians from all backgrounds and genres. Unusually for a benevolent fund, in line with our charitable objects and the intentions of those who created the Fund in 1921, we support musicians throughout their careers. This support falls into three categories

- 1 Musicians planning to enter the profession who are at the start of their careers
- 2 Musicians in their working lives who hit a serious crisis, illness or accident
- 3 Musicians in retirement

In 2012, 56% of the people we helped came from non-classical music backgrounds, which includes 15% from rock and pop genres. As well as performing musicians – instrumentalists, singers, composers – our support can be offered to people who work or have worked in the wider music profession, including sound-engineers, music librarians and opera directors. To qualify for help, a musician need not subscribe to the Fund or even be a supporter. The principal qualification is working in or having worked in the music profession

The two teams which provide direct help and support to musicians are Care and Welfare and Awards and Partnerships and they are both part of the Giving unit. We also work with and invest in partner organisations related to the well-being or professional development of musicians

Achievements during 2012

Care and Welfare review

In 2012, we extended our knowledge of musicians' needs, which was based on research from 2011. Our philosophy is to provide the highest standard of help and advice to musicians at any time during their working lives and on into retirement. We place musicians at the centre of everything we do. We have identified as our guiding principles

- Excellent services – always going the extra mile
- Effective partnerships
- Efficient processes
- Outstanding staff and volunteers

In the context of going the extra mile we are committed to services that are

- Personal – meeting and supporting people's needs and choices
- Responsive – responding to and driven by the needs of musicians
- Flexible – responding to musicians' needs as well as social and demographic shifts. We do not put compliance, rules and procedures first. We are flexible, objective and caring
- Appropriate – to musicians' circumstances, age, gender, culture
- Timely – responding promptly and efficiently
- Fair – open, accountable and consistent
- Effective – focussed on and able to demonstrate positive outcomes

- Modern – capable of evolving and informed about social policy
- Supportive – encouraging independent living and enabling musicians to be in control of decisions that affect them

In our Care and Welfare team we have simplified our grant-giving processes, replacing twenty-four categories with three main types of assistance

1. Crisis

A crisis is an unexpected illness, accident or career-threatening event which happens during a musician's working life that means that he or she is unable either to work at all, or to the same level or extent as before. Our aim is to help musicians to get back to playing as soon as possible and if this is not possible help them to adapt to their new circumstances

2. Continuing Care

Continuing care is provided to musicians of working age who are unable to continue their careers for an extended period, or ever again, due to very serious illness or life-threatening disability.

3. Quality of Life

Our quality of life help is mostly offered to older and retired musicians. The objective is to help older musicians lead a full and independent life

Facts and figures – top line

- We helped 193 new applicants in 2012 by comparison with 170 in 2011. This is a 13.5% rise of musicians in crisis. 45% of these musicians were under 50
- We provided regular help to 579 older musicians in retirement, either living in their own homes or in care
- 262 visits were made by professional staff to musicians at home or in care. While many older musicians are now connected to the Internet we are fully committed to face-to-face contact to provide companionship and fellowship as well as individual care, giving each musician tailored personal support
- We recruited and trained 15 volunteers with more joining the network all the time. The development of the volunteer network, which aims to reduce isolation and loneliness, is a major part of our offer to older musicians. We began a volunteer sharing scheme with Elizabeth Finn Care
- We established a partnership with the Debt Advice Network to provide advice and help to musicians struggling with significant debt
- We provided help for therapy to nearly 80 musicians needing physical or psychological help.
- Overall financial support was provided to the value of £1.26 million

Awards and Partnerships

A distinctive feature of the work of the Fund is the help and support provided to young musicians setting out on a professional career. We recognise the vocational drive that many young people have to be successful professionals. Many disregard the significant challenges that the profession may throw up and are committed to contributing to national and international cultural life. Surveying those who received awards from us for postgraduate study between 2004 and 2010, we noticed key challenges facing musicians as they start their careers, such as accessing funding for continuing professional development, developing skills related to self-employment, and finding networking and showcase opportunities. We were pleased to find that 87% of award recipients who responded to the survey are now working as professional musicians, with a further 10% still

undergoing training. Additional research has shown that without our financial help, 37% of the young musicians we supported in the 2011-12 academic year would have been unable to complete their studies.

As with musicians looked after by the Care and Welfare team, most of the musicians we help as they set out on their careers, tell us that face-to-face contact with people from the Fund is important to them. They value the advice and encouragement of people who understand music and musicians.

In 2012, we

- Established a new funding scheme, Emerging Excellence, aimed at early career professional musicians, encouraging innovative and entrepreneurial projects. Almost 100 applications were received for the trial run which represented a spread of applications from across the UK as well as proposals involving a wide range of music genres.
- In total 23 awards were offered to young musicians and groups for Emerging Excellence, for the Peter Whittingham Jazz Award and the Songwriting Awards.
- We developed new partnerships with the English Folk Dance and Song Society and the National Youth Jazz Orchestra to support exceptionally talented young folk and jazz musicians across the UK.
- More than 50 distinguished, well-known musicians and experienced music industry professionals were involved in identifying the best young talent through audition and selection panels.
- 97 musicians on advanced, mainly postgraduate, training courses at the UK conservatoires and on music and music-theatre courses were supported. The highest award to a musician in training was £5,000. The lowest £1,000. We note that a small amount of support backed up by encouragement, advice and guidance goes a very long way.
- More than 350 musicians in advanced training or early career professionals were offered development and performance opportunities through 18 partnerships.
- 125 students with performance-related health problems received grants of up to £500 each towards treatment costs and rehabilitation.
- 27 musicians aged under 18 received support through the Junior Guilhermina Suggia Gift, John Fletcher bursaries and partnerships with the National Youth Orchestra of Great Britain and Awards for Young Musicians.

Many of these award holders benefited from additional support including networking and performance opportunities.

The Awards and Partnerships unit made awards of £406,000 in 2012.

Together, Care and Welfare and Awards and Partnerships offered grants totaling £1.85 million in 2012, which supported 2,208 beneficiaries.
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Communications and Fundraising

The main focus of our work in this area during the year was to raise our profile and to diversify our fundraising initiatives to appeal to music consumers across a wider range of music genres. We also took care to develop closer relationships with existing committed supporters, friends and donors.

The website continues to be our main communication tool with nearly 50,000 hits in 2012. In 2013 we shall analyse and report on how the website is used by visitors to better report on 'reach'. Also in 2012 we built up our online media activity including Twitter and Facebook. At the end of 2012 we had 1,030 Facebook 'fans' and 5,300 Twitter 'followers'.

The work of Communications and Fundraising directly supports the charitable work of the Fund. We aim to offer the best possible help and advice service to musicians whether that's face-to-face, on the phone or online. At the end of 2012 we set up a Help and Advice section on our website which will be further developed in 2013 and will be a 'gateway' for musicians who make initial contact with us.

In 2012, a number of events were held, some organised by us and others by our supporters. These help to fundraise, develop our donor base and to increase knowledge of the role of the Fund.

- Sir Vernon Ellis and Lady Ellis hosted an event at their home on 15 February when international soloists and Fund supporters, Susan Bullock (soprano) and Malcolm Martineau (piano) gave a recital to just under 100 guests.
- Bob and Elisabeth Boas hosted an event at their home on 1 October when the award winning violinist Alina Ibragimova who we had supported during her studies played with her quartet Chiaroscuro which includes Pablo Hernan Benedi [violin], Emilie Hornlund [viola] and Claire Thirion [cello].
- Some of the best known opera singers in the UK, led by tenor Nicky Spence, were photographed for a light-hearted fundraising calendar called *Opera Offstage*. Its launch at the Future Gallery was hosted by broadcaster Katie Derham.
- The annual Festival of Saint Cecilia took place on 21 November with 1,400 people attending a service at St Paul's Cathedral. The theme of the Festival was the celebration of the Diamond Jubilee of our Patron, HM The Queen who was represented by HRH The Duchess of Gloucester. The newly commissioned anthem *Jubilate*, supported by the RVW Trust, was by Alec Roth, which was performed by the choirs of St Paul's Cathedral, Westminster Abbey and Westminster Cathedral. The lessons in the Cathedral were read by Sir Willard White CBE and Dame Kiri Te Kanawa. 280 people then went to the Festival lunch at Merchant Taylors' Hall. Dame Kiri was the much admired guest speaker at the lunch. A silent auction at the lunch raised more than £8,000.
- On 11 December, Momentum Pictures hosted, on our behalf a gala charity screening of the new film *Quartet*. The screening was simultaneously broadcast to 109 cinemas across the UK. Scottish violinist Nicola Benedetti MBE spoke about our work to the packed cinema in London and to the audiences throughout the UK.
- On 18 December at Cecil Sharp House, with support from The English Folk Dance and Song Society we held a folk fundraising gig. It was sold out and featured young folk duo, The Carrivick Sisters, Scottish folk star, James Yorkston and legends of the folk scene, Martin Carthy and Dave Swarbrick all of whom at sometime in the past have been helped by the Fund.

Each year the Fund is the principal beneficiary of the bucket collections at the BBC Proms. In 2012 The Promenaders' Musical Charities donated £36,000 to the Fund for our work with young musicians. We value our friendship with the Promenaders very much.

In 2012, donations totalled £426,000 [2011, £470,000]. In 2012, the Fund benefited from 69 notifications of Gifts in Wills totaling £2.3 million.

Operations. Finance, Human Resources, IT and Governance

The Operations unit supports all activities of the Fund helping the Giving unit to meet its objectives. Significant additional activity in 2012 included:

- The Ian Fleming Charitable Trust asked the Fund to take on the management and distribution of funds for music-theatre students from an investment fund of £1.5 million. The investment sum is held in trust as a restricted fund in the name of the Ian Fleming Music Awards Fund.

- The team worked with the Coalition for Efficiency which brokered and took part in a process led by Mark Denning, Head of Finance at Ernst and Young, to enable us to scope and define a key performance indicator [KPI] framework which will be fully implemented in 2013. The Coalition for Efficiency and Ernst and Young generously provided their services free of charge.
- A regular review of administrative expenditure to ensure cost-effectiveness and appropriate economy in all transactions and contracts at the Fund.

Partnerships, collaborations and relationships

Partnerships are a vital way for the Fund to act as a collaborator and supporter of initiatives. In 2013 and beyond we aim to extend our partnerships and provide an even more rounded service to professional musicians. We are pleased to continue working with the PRS for Music Members' Benevolent Fund, the Royal Society of Musicians, the Musicians' Union, Making Music, the Incorporated Society of Musicians and the benevolent funds of the UK orchestras and opera companies. In individual cases we often work closely with relevant local statutory and voluntary services, for example health and social care, Citizens Advice Bureau and local Age UK branches. We are looking to develop closer working with Age UK nationally in the coming years.

British Association of Performing Arts Medicine [BAPAM] – bapam.org.uk

Our most significant partnership is with BAPAM. The Fund has supported BAPAM each year since the early 1990s. In 2012, our grant to BAPAM was £180,000. This was 60% of BAPAM's total income.

BAPAM's mission is to achieve nationwide occupational health provision for performing artists. While BAPAM provides a service for musicians and singers who together comprise 85% of its clients, it also looks after actors and dancers, and to this end is additionally supported by Equity as well as the Musicians' Union.

BAPAM runs free, confidential health-assessment clinics for full-time and part-time professional, and student performing artists, and makes referrals to the most appropriate medical, surgical and other therapeutic help available. It seeks to maintain a directory of clinical specialists and practitioners in many branches of health care, both mainstream and complementary, who have an interest in treating performing artists. It also offers training and development for healthcare practitioners.

During 2012, a report was commissioned from an external consultant to review the work of BAPAM and its relationship with the Fund. This identified a number of important areas where clarity was required and a new set of performance objectives have been agreed, which are being monitored closely.

Annual accounts - financial review

The financial statements have been prepared in a form which complies with the accounting regulations for charities which are laid out in the Charity Commissioners' Statement of Recommended Practice [SORP] '*Accounting and Reporting by Charities*' issued in 2005, revised 2008. They include a Consolidated Statement of Financial Activities for the year, which brings together the assets and financial activities of the Fund, including all its restricted and endowed funds, as well as the separate trusts for which the Fund is sole trustee and the subsidiary trading company. Full annual reports are prepared for these trusts and the trading company with their own sets of accounts. The financial statements also comply with the current statutory requirements and with the requirements of the Fund's own rules.

Review of the year

Total income for the year was £4.3 million [£5.3 million in 2011], of which £2.3 million [£3.4 million in 2011] was derived from Gifts in Wills. Included in the Gifts in Wills income this year is £263,400, which is the total of assets brought into the Ivor Newton Bequest in 2012, made up of Ivor Newton Will Trust investments and the Ringsloe Court property. Investment income of £1.4 million is a good increase on the previous year [£1.2 million]. Donations to the Fund in the year of £426,000 are less than that for 2011 [£470,000] while trading income was down to £69,000 [£77,000 in 2011].

In 2012, we continued to undertake a programme that slightly increased services and funding to our most vulnerable and older beneficiaries. This resulted in charitable expenditure of £2.9 million [£2.7 million in 2011]. We monitor the changing needs of the music community and, as a result of a significant increase in crisis applications in 2011 of 79% and a further increase from working musicians in 2012 [up by 13.5%], we expect to again increase support in this area in 2013. To date we have had a significant dependency on Gifts in Wills which are an unpredictable income source. We have now begun to actively strengthen our fundraising capacity to begin diversifying our income streams.

The net result for 2012 was a total expenditure of £3.5 million [£3.2 million in 2011] with a surplus of £848,000 before transfers and investment gains. In 2011, the Fund had a surplus of £2 million, which was reinvested in our Common Investment Fund (CIF) to smooth the coming years' unpredictable income from Gifts in Wills. There was a transfer of investment assets, valued at £1.49 million on 22 November 2012, from the Ian Fleming Charitable Trust for the sole purpose of generating income to be applied towards the advancement of musical education among young musicians.

Investment assets, mainly marketable securities held in the CIF, recorded a gain in 2012 of £2 million, compared to a loss the previous year of £2.7 million. The income returns increased by £200,000, while the CIF increased in capital value. The total resources of the group increased to £52.3 million [£47.9 million in 2011]. Details of the specific designated, restricted and endowed funds are contained in the notes to the accounts.

Future Plans

In 2013, we will begin a process of working with musicians and partners to establish further how we can improve services and become even better known to the widest community of professional musicians in the UK. As the musicians' charity, we must aim to be as relevant, open to helping and as energetic in our mission as possible. Alongside this work we shall be establishing new relationships with the key organisations in the music industry. We have already begun working more closely with the Musicians' Union.

In future we will be actively building relationships with more people who are passionate about music and to whom music is an integral part of their lives. People who love music have the potential to be our supporters if we reach out and explain how we help musicians build and sustain their careers and how we help them in retirement. With the help of generous new donors, we anticipate being able to help even more musicians in future.

For many years, we have relied on income from Gifts in Wills, an unpredictable source of financial support for which we are always very grateful indeed. So, we have already taken a number of steps to begin diversifying our income, thereby reducing risks associated with relying on Gifts in Wills. We are managing our reserves policy based on modest growth in the period 2013-2016, avoiding possible swings from significant surpluses to potential deficits. In addition, we have invested in training and recruitment within our Development team with the aim of implementing a new fundraising strategy from July 2013. Our fundraising model will reduce our dependency on Gifts in

Wills, looking to develop strategic multi-year funding relationships with trusts and foundations, individuals, sponsorship and, where appropriate, collaborative partnerships

Investment policy and performance

A review of the Fund's Investment Policy, investment activity and our investment managers took place in 2011. UBS and Rathbones were appointed as our investment houses with effect from 1 October 2011. Both managers followed a similar remit with regard to the Common Investment Fund (CIF) and were measured against benchmarks and income targets for the year. The Fund increased its investment in the CIF with the addition of £2.7 million in 2012, from the proceeds of the additional Gifts in Wills cash received.

In 2012, both investment houses achieved the required income with an average income yield of 3.3% for the combined investment portfolio. However, the overall performance of the portfolio in terms of total return was below benchmark, partly due to volatility in the markets. The performance of the investment portfolio is kept under review by the Finance and Audit committee.

Reserves

The intention of early benefactors of the Fund was to build up reserves to enable the work of the Fund to continue no matter the economic climate. In the early 1930s the Fund lurched from deficit to very modest surpluses year after year. Following World War II an investment base was slowly developed through Gifts in Wills.

Now trustees view reserves as a basis to support current and future commitments to existing beneficiaries and to cushion the Fund from the effects of unpredictable Gifts in Wills income and to maintain the charity in a volatile economic climate. They therefore aim to retain sufficient capital [in the form of long term investments, fixed assets and bank deposits] to ensure that the work of the Fund can continue to meet the needs of both current and future beneficiaries.

Trustees of the Fund acknowledge that, to meet the long-term needs of our older beneficiaries, the Fund must sustain a reserve of approximately £15 million. Currently, to sustain a net income of about £1 million a year requires investment assets of around £40 million.

Trustees aim to retain additional free reserves equivalent to approximately 12 months' revenue expenditure to provide against unexpected shortfalls in income or increases in expenditure. The revenue expenditure amounts to approximately £3.5 million at the end of 2012. The trustees feel confident that the overall funds freely available are best used to generate income to continue to fund our grant-making activity and cover unforeseen circumstances. The trustees review and approve the Fund's reserves policy each year.

Risk management

From 2013 onwards responsibility for risk management will lie with the combined Finance and Audit committee under the chairmanship of Caragh Merrick. In preparation for the work of the combined committee the terms of reference have been amended but include

- Monitoring the annual audit
- Considering internal controls and risk management statements
- Overseeing the Fund's policy on fraud and irregularity
- Corporate governance arrangements
- Monitoring major risks to which the charity may be exposed

The Finance and Audit committee will be the guardian of the risk register, the management of which is the responsibility of the Chief Executive. The Board of Trustees reviews the register once a year. It will also be reviewed by the Finance and Audit committee at each meeting. The register includes a matrix for financial, operational, and regulatory risks as well as risks to the Fund's reputation.

Advice is regularly taken to ensure that the insurances in respect of the Fund's operational risks, including public, employer, building and contents are properly maintained. The most recent review took place in February 2013.

Statement of trustees' responsibilities

Trustees, who are also directors of the Musicians Benevolent Fund for the purposes of company law, are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards [United Kingdom Generally Accepted Accounting Practice].

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and the group, 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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

In so far as trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Annual General Meeting

The 83rd Annual General Meeting - since incorporation in 1930 - will be held on Wednesday 17 April 2013 at the Swiss Church, 79 Endell Street, London WC2H 9DY.

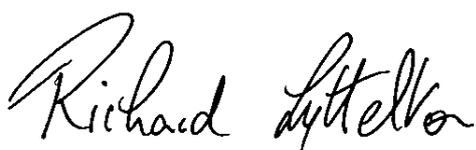
In accordance with the Articles and Memorandum of Association, the following members of the Executive Committee retire by rotation and, being eligible, offer themselves for re-election

- Caragh Merrick
- Martin Neary
- Thomas Sharpe

Felicity Osmond has been appointed as a trustee since the last AGM and offers herself for election in accordance with the Articles of Association

Messrs haysmacintyre offer themselves for re-election as auditors to the Fund in accordance with section 485 of the Companies Act 2006

This report was approved by the Board of Trustees on 14 March 2013 and signed on its behalf by

A handwritten signature in black ink that reads "Richard Lyttelton". The signature is written in a cursive, flowing style.

The Hon. Richard Lyttelton
Chairman

**Musicians Benevolent Fund
Year Ended 31 December 2012**

Independent auditor's report to the members of the Fund

We have audited the financial statements of the Musicians Benevolent Fund for the year ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards [United Kingdom Generally Accepted Accounting Practice]

This report is made solely to the 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 auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing [UK and Ireland]. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of, whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of affairs of the charitable company and the group as at 31 December 2012 and of the incoming resources and application of resources, including the income and expenditure, of the group for the year then ended,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns, or
- Certain disclosures of trustees' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit



Bernie Watson (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditor
14 March 2013

Fairfax House
15 Fulwood Place
London
WC1V 6AY

Musicians Benevolent Fund
Consolidated statement of financial activities

Year Ended 31 December 2012

		Unrestricted Funds £'000	Note 12 Restricted Funds £'000	Note 11 Endowment Funds £'000	Total 2012 £'000	Total 2011 £'000
Incoming resources	Note					
Incoming resources from generating funds:						
Voluntary income						
Gifts in Wills		1,984	323	-	2,307	3,369
Donations		426	-	-	426	470
Activities for generating funds:						
Trading income		69	-	-	69	77
Events		25	-	-	25	34
Lettings		44	-	-	44	31
Investment income		1,168	245	27	1,440	1,205
Incoming resources from charitable activities:						
Fees, subscriptions and other sales		6	-	-	6	6
Other incoming resources:						
Net gain on disposal of fixed assets		-	-	-	-	8
Other income		-	-	-	-	90
Total incoming resources		<u>3,722</u>	<u>568</u>	<u>27</u>	<u>4,317</u>	<u>5,290</u>
Resources expended						
Cost of generating funds:						
Trading expenses		52			52	52
Fundraising and publicity		313			313	334
Investment property management costs		86			86	59
		<u>451</u>	<u>-</u>	<u>-</u>	<u>451</u>	<u>445</u>
Charitable activities		2,814	113	5	2,932	2,660
Governance costs		86	-	-	86	105
Total resources expended	2	<u>3,351</u>	<u>113</u>	<u>5</u>	<u>3,469</u>	<u>3,210</u>

Musicians Benevolent Fund
Consolidated statement of financial activities [continued]

Year ended 31 December 2012

	Unrestricted Funds £'000	Note 12 Restricted Funds £'000	Note 11 Endowment Funds £'000	Total 2012 £'000	Total 2011 £'000
Note					
Net incoming/(outgoing) resources before transfers	371	455	22	848	2,080
Transfer from Ian Fleming Charitable Trust*	-	1,488	-	1,488	-
Transfers between funds	719	(699)	(20)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net incoming/(outgoing) resources before other recognised gains and losses	1,090	1,244	2	2,336	2,080
Other recognised gains and losses					
(Loss)/gain on investment assets	1,624	357	39	2,020	(2,699)
(Loss)/gain on tangible fixed assets	-	-	-	-	(659)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net movement in funds	2,714	1,601	41	4,356	(1,278)
Fund balance brought forward at 1 Jan 2012	40,260	6,893	789	47,942	49,220
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funds carried forward at 31 December 2012	<u>42,974</u>	<u>8,494</u>	<u>830</u>	<u>52,298</u>	<u>47,942</u>

All transactions are derived from continuing activities

All recognised gains and losses are included in the Statement of Financial Activities

*A transfer of investment assets, valued at £1,487,635 on 22 November 2012, was made from the Ian Fleming Charitable Trust for the sole purpose of generating income to be applied towards the advancement of musical education among young musicians

The notes on pages 18-32 form part of these financial statements

As at 31 December 2012

	Note	Group		Charity	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Fixed assets					
Tangible assets	6	2,717	2,859	2,717	2,859
Investments	7	47,291	40,946	42,626	36,062
		<u>50,008</u>	<u>43,805</u>	<u>45,343</u>	<u>38,921</u>
Current assets					
Stocks		5	7	-	-
Debtors due within one year	8	1,520	2,343	1,559	2,394
Debtors due after one year	8	338	460	338	460
Short term deposits		669	1,546	590	1,464
Cash at bank and in hand		2	2	2	2
		<u>2,534</u>	<u>4,358</u>	<u>2,489</u>	<u>4,320</u>
Creditors: amounts falling due within one year	10	<u>(222)</u>	<u>(221)</u>	<u>(294)</u>	<u>(417)</u>
Net current assets		<u>2,312</u>	<u>4,137</u>	<u>2,195</u>	<u>3,903</u>
Total assets less current liabilities		<u>52,320</u>	<u>47,942</u>	<u>47,538</u>	<u>42,824</u>
Creditors: amounts falling due after more than one year	10	<u>(22)</u>	<u>-</u>	<u>(22)</u>	<u>-</u>
Net assets		<u>52,298</u>	<u>47,942</u>	<u>47,516</u>	<u>42,824</u>
Capital funds					
Endowments	11	830	789	124	118
Income funds					
Restricted funds	12	8,494	6,893	4,418	2,446
Unrestricted funds					
Designated funds	13	2,717	2,859	2,717	2,859
Other charitable funds		40,257	37,401	40,257	37,401
		<u>42,974</u>	<u>40,260</u>	<u>42,974</u>	<u>40,260</u>
Total unrestricted funds		<u>42,974</u>	<u>40,260</u>	<u>42,974</u>	<u>40,260</u>
		<u>52,298</u>	<u>47,942</u>	<u>47,516</u>	<u>42,824</u>

The notes on pages 18-32 form part of these financial statements. The financial statements were approved and authorised for issue by the Trustee Board on 14 March 2013 and were signed below on its behalf by



The Hon Richard Lyttelton
Chairman



Caragh Merrick
Honorary Treasurer

Musicians Benevolent Fund
Consolidated cash flow statement

Year ended 31 December 2012

	Note	2012		2011	
		£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities	(i)		3,374		1,214
Capital expenditure					
Purchase of tangible fixed assets		(64)		(25)	
Proceeds from sale of tangible fixed assets		-		8	
Refund on cost of fixed assets		-		30	
Purchase of investments		(4,572)		(1,945)	
Proceeds from investments		247		65	
Movement on loans		138		44	
Net cash outflow from capital expenditure			(4,251)		(1,823)
(Decrease)/Increase in cash	(ii)		(877)		(609)

(i)	Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities	2012 £'000	2011 £'000
	Net incoming resources	2,336	2,080
	Depreciation	206	223
	Gain on disposal of tangible fixed assets	-	(8)
	Increase/(Decrease) in creditors	23	(292)
	Decrease/(Increase) in debtors	807	(789)
	Decrease/(Increase) in stocks	2	-
	Net cash	3,374	1,214

(ii)	Analysis of changes in net funds	At 1 January 2012 £'000	Cashflows £'000	At 31 December 2012 £'000
	Short term deposits	1,546	(877)	669
	Cash at bank and in hand	2	-	2
		1,548	(877)	671

The notes on pages 18-32 form part of these financial statements

Musicians Benevolent Fund
Notes to the consolidated accounts

Year ended 31 December 2012

1. Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets with the exception of fixed asset investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" [SORP 2005], revised 2008, applicable accounting standards and the Companies Act 2006.

Group financial statements

Group financial statements have been prepared in respect of the Musicians Benevolent Fund and its wholly owned trading subsidiary, MBF Trading Limited, together with Trusts where the Musicians Benevolent Fund is sole trustee. In accordance with the Companies Act 2006 and paragraph 397 of SORP 2005, revised 2008, no separate Statement of Financial Activities is presented for the Musicians Benevolent Fund.

Charity status

The charity is a company limited by guarantee. The members of the company include the Trustees named on page 33. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

Fund accounting

The different funds are defined as follows:

Endowment funds [Note 11] are those funds where a donor specifies only income arising from a donation can be used and the income may also be restricted towards a particular purpose.

Restricted funds [Note 12] are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed.

Unrestricted funds are those funds available to the charity for its general purposes. They include funds designated [Note 13] by the trustees for particular purposes where their use remains at the discretion of the trustees. It is the policy of the trustees to retain in unrestricted funds an amount which, in their judgement, is sufficient to mitigate the short term effects of income volatility due to uncertainty in financial markets and the effects of economic downturn.

Incoming resources

Voluntary income includes donations and Gifts in Wills which are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from trading activities is recognised as earned [as the related goods are provided]. Investment income is recognised on a receivable basis. Income from charitable activities is recognised as earned [as the related services are provided].

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

1. Accounting policies [continued]

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred, inclusive of VAT, which cannot be recovered

Costs of generating funds include direct costs and where appropriate an allocation of support costs. Trading expenses are incurred in the production, marketing and sale of mugs and charity Christmas cards. Fundraising and publicity costs include a portion of advertising, direct costs of legacy administration and the Musicians Benevolent Fund Friends' membership scheme, and other promotional activities. Remaining costs relate to direct costs of maintaining investment properties, and an allocation of support costs to the management of marketable and property investments.

Charitable activities comprise mainly of grants given to individuals and organisations. Activities directly undertaken represent the costs of the Care and Welfare team and the Awards and Partnerships team relating to grant giving and other direct services to our beneficiaries. In all cases, the total cost includes grant funding where relevant, direct activity and an allocation of support costs on a pro rata cost basis.

Grants payable are payments made to third parties. Single or multi-year grants are accounted for when the trustees have agreed to pay the grant without condition.

Governance activities comprise organisational administration and compliance with constitutional and statutory requirements. Costs include direct costs of external audit, legal fees and other professional advice including legal fees relating to certain smaller trusts, as well as an allocation of related support costs.

Tangible fixed assets and depreciation

Fixed assets are stated at cost or donated valuation. Assets costing more than £1,500 are capitalised. Depreciation is calculated to write off the costs of the fixed asset by equal instalments as follows, all straight line:

Freehold property	over 50 years following acquisition
Motor vehicles	over 4 years from month brought into use
Fixtures and fittings	over 4 – 10 years from the month brought into use
Computer equipment	over 4 years from month brought into use

Property assets are re-valued every 5 years with an interim review in the third year, in accordance with FRS 15.

Investments

Investments are shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities. The major proportion of marketable investments is held in the Fund's Common Investment Fund.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities.

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

1. Accounting policies [continued]

Stocks

Stocks are valued at the lower of cost and net realisable value

Pension scheme

The Fund contributes to a group personal pension scheme, the assets of which are administered by Aviva. It is a defined contribution scheme. All contributed costs are accounted for on the basis of charging the cost of providing pensions over the period when the Charity benefits from the employees' services. The charity has no further liability under the scheme.

VAT

In common with many other charities, the Musicians Benevolent Fund is not registered for VAT and the charity's expenses are inflated by some VAT, which cannot be recovered. The charity's subsidiary MBF Trading is registered for VAT.

2(a). Analysis of group total resources expended

	Direct Staff Costs £'000	Direct Other Costs £'000	Grant Funding £'000	Support Costs £'000	2012 Total £'000	2011 Total £'000
Cost of generating funds						
Trading expenses	-	52	-	-	52	52
Fundraising and publicity	107	102	-	104	313	334
Investment/property						
Management	-	41	-	45	86	59
	<u>107</u>	<u>195</u>	<u>-</u>	<u>149</u>	<u>451</u>	<u>445</u>
Charitable activities						
Grants to individuals						
– Care and Welfare	217	49	1,265	425	1,956	1,771
– Awards	80	34	247	167	528	468
Grants to organisations:						
– Awards	26	6	159	55	246	204
– Medical care	-	-	180	-	180	188
– Associated Trusts	-	-	-	22	22	29
	<u>323</u>	<u>89</u>	<u>1,851</u>	<u>669</u>	<u>2,932</u>	<u>2,660</u>
Governance costs	-	19	-	67	86	105
	<u>430</u>	<u>303</u>	<u>1,851</u>	<u>885</u>	<u>3,469</u>	<u>3,210</u>

Included within Support cost is the total staff cost of £436,014 (2011: £456,283)

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

2(a). Analysis of group total resources expended [continued]	£
Grants awarded to organisations were:	
Awards for Young Musicians	10,000
British Association of Performing Arts Medicine [BAPAM]	180,071
British Youth Opera	10,000
ChamberStudio	4,000
Clonter Opera	5,000
English Folk Dance & Song Society	3,900
Halle Orchestra	20,000
Huddersfield Contemporary Music Festival	5,000
London Philharmonic Orchestra	7,500
London Sinfonietta	8,500
London Symphony Orchestra	20,000
Manchester Midday Concerts Society	5,000
National Children's Orchestra	300
National Opera Studio	10,000
National Youth Brass Band of Great Britain	210
National Youth Jazz Orchestra	5,000
National Youth Orchestra of Great Britain	10,170
National Youth Wind Orchestra	720
Park Lane Group	5,000
Serious	8,000
Southbank Sinfonia	7,000
St Magnus Festival	3,000
West Cork Chamber Music Festival	3,000
Young Classical Artists Trust	8,000
Total	339,371

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

2(b). Analysis of group support costs

	Management costs £'000	Finance £'000	Resources/ Publicity £'000	Premises/ Admin £'000	2012 Total £'000	2011 Total £'000
Cost of generating funds						
Fundraising and publicity	13	38	9	44	104	115
Investment/property management	22	23	-	-	45	54
	<u>35</u>	<u>61</u>	<u>9</u>	<u>44</u>	<u>149</u>	<u>169</u>
Charitable activities						
Grants to individuals						
Care and Welfare	35	81	168	141	425	461
Awards	15	30	8	114	167	183
Grants to organisations						
Awards	4	10	3	38	55	59
Associated trusts	-	1	4	17	22	29
	<u>54</u>	<u>122</u>	<u>183</u>	<u>310</u>	<u>669</u>	<u>732</u>
Governance costs	11	25	27	4	67	81
	<u>100</u>	<u>208</u>	<u>219</u>	<u>358</u>	<u>885</u>	<u>982</u>

Musicians Benevolent Fund
Notes to the Consolidated Accounts (continued)

Year Ended 31 December 2012

3. Staff costs	Group & Charity	
	2012	2011
	£'000	£'000
Salaries and wages	687	700
National Insurance	74	78
Pension scheme	78	67
Private Medical Insurance	2	3
Related expenses	14	20
Agency staff	7	19
Self-employed fees	5	-
	<u>867</u>	<u>887</u>
	<u><u>867</u></u>	<u><u>887</u></u>
The number of employees whose emoluments for the year fell within the following bands were	2012	2011
	Number	Number
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>
The employee earning more than £70,000 participated in the defined contribution pension scheme		
Contributions of £9,980 [2011 £7,426] were made during the year for this employee by the Fund		
The average number of full time employees analysed by function was	Number	Number
Care and Welfare	6	6
Awards and Partnerships	3	3
Communications and Fundraising	5	5
Secretariat and Resources	3	3
Finance	4	4
	<u>21</u>	<u>21</u>
Total	<u><u>21</u></u>	<u><u>21</u></u>
4. Net incoming resources for the year after charging:	2012	2011
	£'000	£'000
Auditors' remuneration – Audit (Main Fund only)	16	17
- Other Funds	3	5
Depreciation – own assets	206	223
Pension costs	78	67
	<u>293</u>	<u>312</u>
	<u><u>293</u></u>	<u><u>312</u></u>

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

5. Executive committee's emoluments and reimbursed expenses

None of the members of the Executive Committee received remuneration during the year [2011 £Nil]

During 2012 expenses totalling £666 [2011 £183] were reimbursed to two members of the Trustee Board [2011 one].

6. Tangible fixed assets (Group and Charity)	Freehold Land and Buildings £'000	Fixtures & Fittings £'000	Computer Equipment £'000	2012 Total £'000	2011 Total £'000
Group Cost					
Balance at 31 December 2011	2,425	603	308	3,336	4,264
Additions	-	2	62	64	25
Refund/Disposals	-	-	(31)	(31)	(92)
Revaluation	-	-	-	-	(861)
	<u>2,425</u>	<u>603</u>	<u>308</u>	<u>3,336</u>	<u>4,264</u>
Balance at 31 December 2012	<u>2,425</u>	<u>605</u>	<u>339</u>	<u>3,369</u>	<u>3,336</u>
Accumulated depreciation					
Balance at 31 December 2011	-	253	224	477	518
Charge for year	49	87	70	206	223
Disposals	-	-	(31)	(31)	(62)
Depreciation eliminated on revaluation	-	-	-	-	(202)
	<u>49</u>	<u>340</u>	<u>263</u>	<u>652</u>	<u>477</u>
Balance at 31 December 2012	<u>49</u>	<u>340</u>	<u>263</u>	<u>652</u>	<u>477</u>
Net Book Value					
Carried forward at 31 Dec	<u>2,376</u>	<u>265</u>	<u>76</u>	<u>2,717</u>	<u>2,859</u>
Brought forward at 1 Jan	<u>2,425</u>	<u>350</u>	<u>84</u>	<u>2,859</u>	<u>3,746</u>

Freehold land and building that represents the Fund's head office was revalued as at 31 December 2011 by Cluttons Chartered Surveyors, on an existing use basis in accordance with the guidelines issued by the Royal Institute of Chartered Surveyors (RICS)

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

7. Fixed asset investments	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Market value at 1 January	40,946	41,765	36,062	35,673
Proceeds on disposals	(247)	(65)	(247)	-
Acquisitions at cost/transfers	4,572	1,945	5,036	2,656
Net (losses)/gains on revaluation	2,020	(2,699)	1,775	(2,267)
Market Value at 31 December	47,291	40,946	42,626	36,062
Historical cost as at 31 December	33,200	28,747	29,075	24,364

The market value represents fixed asset investments of the following categories :

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
UK investment properties	2,100	2,100	2,100	2,100
UK Common Investment Fund	43,683	38,841	38,993	33,932
UK investments in trading subsidiaries	-	-	25	25
Other UK listed investments	1,503	-	1,503	-
UK unlisted investments	5	5	5	5
	47,291	40,946	42,626	36,062
Income arising from the above categories:				
UK investment properties	13	38	13	38
UK Common Investment Fund	1,422	1,148	1,246	1,041
Other UK listed investments	5	43	5	-
UK unlisted investments	-	-	-	-
	1,440	1,229	1,264	1,079

The investment properties were revalued in December 2011, one by Cluttons and the other by Knight Freeman Chartered Surveyors on the basis of a full vacant possession in accordance with the RICS guidelines as these properties were occupied by protected life tenants. One of the properties remained at the same value of £100,000 while the other increased in value to £2 million.

Individual investment held at 31 December 2012 which is over 5% of the portfolio by value is
 Ishares S&P 500 SHS (GBP) - Market Value £3,426,482

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

7. Fixed asset investments (continued)

Investments in trading subsidiaries

Name of Subsidiary	Holding	Proportion of voting rights	Registered in	Investment £'000
MBF Trading Ltd	Ordinary shares	100%	England	25

Income from the trading subsidiary is received by way of Gift Aid Please refer to note 15 below for further details

8. Debtors

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Balances due within one year :				
Loans (Note 9)	27	43	27	43
Prepayments	25	23	25	23
Current accounts with trading subsidiaries	-	-	49	60
Other debtors	34	150	24	141
Accrued legacies	1,434	2,127	1,434	2,127
	<u>1,520</u>	<u>2,343</u>	<u>1,559</u>	<u>2,394</u>
Balances due in more than one year :				
Loans (Note 9)	338	460	338	460
	<u>1,858</u>	<u>2,803</u>	<u>1,897</u>	<u>2,854</u>

9. Loans

	Group & Charity	
	2012 £'000	2011 £'000
<i>To beneficiaries</i>		
Secured loans	338	460
Loan Fund for Musical Instruments	17	35
<i>To staff</i>		
Unsecured season ticket loans	10	8
	<u>365</u>	<u>503</u>

Outstanding secured loans to beneficiaries that were given prior to 2006 have either been lent at a fixed preferential rate of 5% pa or interest free dependent upon the individual circumstances. More recently, the Fund adopted a policy on new secured loans of charging variable rates, linked to the Bank of England Base Rate, with the provision to waive all or part of the interest charge depending on individual circumstances

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

10. Creditors : amounts falling due within one year	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade creditors	20	-	20	-
Accruals and deferred income	53	47	53	47
PAYE and National Insurance	24	25	24	25
Current accounts with associated trusts	-	-	110	227
Grants payable, within one year	92	95	75	78
Other creditors	33	54	12	40
	<u>222</u>	<u>221</u>	<u>294</u>	<u>417</u>
Balances due in more than one year:				
Rent deposit	22	-	22	-
	<u>244</u>	<u>221</u>	<u>316</u>	<u>417</u>

Analysis of Grants Payable:

	Grants to individuals Benevolent		Grants to organisations		Group Total £'000
	Work £'000	Awards £'000	Awards £'000	Medical £'000	
Commitments as at 1 January 2012	-	46	49	-	95
Plus Grants awarded in the year	1,265	247	159	180	1,851
Less Payments made in the year	<u>(1,265)</u>	<u>(201)</u>	<u>(208)</u>	<u>(180)</u>	<u>(1,854)</u>
Commitments as at 31 December 2012	<u>-</u>	<u>92</u>	<u>-</u>	<u>-</u>	<u>92</u>

Grant Commitments:

Amounts falling due within one year	92
Amounts falling due in more than one year	-
	<u>92</u>

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

11. Endowments	Balance 31 December 2011 £'000	Incoming Resources £'000	Expenditure & Transfers £'000	Gains/ (Losses) £'000	Balance 31 December 2012 £'000
Permanent endowments					
Percy Haywood Fund	76	3	(3)	4	80
St Cecilia's Holiday Fund	42	1	(1)	2	44
Charity totals	118	4	(4)	6	124
British Musicians Sick & Pension Charity	196	7	(7)	10	206
Stanley Rogers Will Trust	193	7	(7)	10	203
The Courtauld Trust for the Advancement of Music	54	2	(2)	3	57
Miriam Licette Scholarship Fund	228	7	(5)	10	240
Group totals	789	27	(25)	39	830

The Percy Haywood Fund is a permanent endowment established under a bequest to provide income to defray in part the expenditure of the Musicians Benevolent Fund.

St Cecilia's Holiday Fund is a permanent endowment originally given to endow beds in perpetuity at St Cecilia's House. Following the closure of St Cecilia's House the Charity Commission made a Scheme on 13 July 1992 whereby the Fund "shall apply the clear income (of the fund) . in providing holidays for those persons who are qualified as beneficiaries of the Musicians Benevolent Fund "

The British Musicians Sick and Pension Charity is a permanent endowment fund from which all income is used for the general purposes of the Fund.

The Stanley Rogers Will Trust is a permanent endowment fund which was established in April 2001. All income from the Trust is used for the general purposes of the Fund

Income from the Courtauld Trust for the Advancement of Music is used to support the Awards and Partnerships work of the Fund

The Miriam Licette Scholarship Fund was re-classified as a permanent endowment fund following legal advice. The income of the Scholarship is used to provide grants to female singers to further their study of, particularly, French repertoire

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

12. Restricted funds	Balance 31 Dec 2011 £'000	Income & New Funds £'000	Expenditure & Transfers £'000	Gains/ (Losses) £'000	Balance 31 Dec 2012 £'000
Ivor Newton Bequest	853	294	(10)	46	1,183
Alan Fluck Memorial Fund	210	8	-	11	229
Jacqueline du Pré Special Fund	1,383	49	(62)	70	1,440
Gwyneth Harrison Gift	-	60	-	-	60
Ian Fleming Music Awards Fund	-	6	(4)	-	2
Transfer from Ian Fleming Trust	-	1,488	-	16	1,504
Charity totals	2,446	1,905	(76)	143	4,418
Geoffrey Shaw Memorial Fund	167	5	(179)	7	-
Henry and Lily Davis Fund	481	16	(520)	23	-
Willis and Grace Grant Trust	1,016	34	3	47	1,100
Sybil Tutton Charitable Trust	2,783	96	(40)	137	2,976
Group totals	6,893	2,056	(812)	357	8,494

The income from Ivor Newton Bequest investments is used to fund the Ivor Newton concert series. In 2012 the Ivor Newton Will Trust investments and the Ringsloe Court property were received into this Fund after the sole beneficiary of the Will Trust passed away.

The Alan Fluck Memorial Fund is used towards the costs of the creation of new musical works for young people to perform or listen to. We have been advised that this Fund should be categorised as restricted, hence the transfer from designated funds.

The Jacqueline du Pré Special Fund comprises the distribution received by the general fund from the Jacqueline du Pré Memorial Appeal Fund. The income is used to defray grants made from the general fund to beneficiaries suffering from degenerative diseases. We have been advised that this Fund should be categorised as restricted, hence the transfer from designated funds.

The Gift in Wills received by the Fund in 2012 from the estate of Gwyneth Harrison required that £60,000 be set aside to provide the accompanist's prize of the Kathleen Ferrier Award over the next 20 years beginning from 2013.

Ian Fleming Music Awards Fund was created during the year as a result of a Deed of Grant made with the Ian Fleming Charitable Trust. Income from the fund is to be applied towards the advancement of musical education among young musicians with a view to developing their talent and increasing their knowledge and expertise.

The objects of the Geoffrey Shaw Memorial Fund are 'the advancement and promotion of the education of the public in the art or science of music by the assistance and encouragement of musically talented children in regular attendance at primary or secondary schools in the United Kingdom'. To reduce administrative burden, the Trustees have taken the decision to spend down this Fund.

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

12. Restricted funds [continued]

The Henry and Lily Davis Fund was established with broad music educational objects. Current policy is to fund advanced training for young opera singers on the brink of the profession. To reduce administrative burden, the Trustees have taken the decision to spend down this Fund.

The Willis and Grace Grant Trust was established to support professional musicians over the age of 30. Current policy is to award Professional Development grants to individuals.

The Sybil Tutton Charitable Trust provides financial assistance for young opera singers principally through awards. The Musicians Benevolent Fund became the sole trustee in May 2009.

13. Designated funds

	Balance 31 December 2011 £'000	Income and new designations £'000	Expenditure & Transfers £'000	Gains/ (Losses) £'000	Balance 31 December 2012 £'000
Fixed Asset Fund	2,859	64	(206)	-	2,717
	<u>2,859</u>	<u>64</u>	<u>(206)</u>	<u>-</u>	<u>2,717</u>

The Fixed Asset Fund represents the net book value of the charity's assets at 31 December 2012.

14. Analysis of group net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Eliminate Inter-Fund £'000	Total Funds £'000
Fund balances at 31 December 2012 are represented by :					
Tangible fixed assets	2,717	-	-	-	2,717
Investments	38,203	8,265	823	-	47,291
Current assets	2,279	293	7	(45)	2,534
Current liabilities	(203)	(64)	-	45	(222)
	<u>42,996</u>	<u>8,494</u>	<u>830</u>	<u>-</u>	<u>52,320</u>
Creditors due after one year	(22)	-	-	-	(22)
Total net assets	<u><u>42,974</u></u>	<u><u>8,494</u></u>	<u><u>830</u></u>	<u><u>-</u></u>	<u><u>52,298</u></u>

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

14. Analysis of group net assets between funds [continued]

Analysis by fund	Tangible Fixed Assets £'000	Investments £'000	Current Assets £'000	Total Liabilities £'000	Net Assets £'000
Unrestricted funds					
Musicians Benevolent Fund	-	38,203	2,234	(205)	40,232
MBF Trading	-	-	45	(20)	25
Designated funds					
Fixed Asset Fund	2,717	-	-	-	2,717
	<u>2,717</u>	<u>38,203</u>	<u>2,279</u>	<u>(225)</u>	<u>42,974</u>
Restricted funds					
Ivor Newton Bequest	-	1,063	125	(5)	1,183
Alan Fluck Memorial Fund	-	235	-	(6)	229
Jacqueline Du Pré Special Fund	-	1,474	-	(34)	1,440
Gwyneth Harrison Gift	-	-	60	-	60
Ian Fleming Music Awards Fund	-	1,503	5	(2)	1,506
Willis and Grace Grant Trust	-	1,070	32	(2)	1,100
Sybil Tutton Charitable Trust	-	2,920	71	(15)	2,976
	<u>-</u>	<u>8,265</u>	<u>293</u>	<u>(64)</u>	<u>8,494</u>
Endowment funds					
Percy Hayward Fund	-	80	-	-	80
St Cecilia's Holiday Fund	-	44	-	-	44
British Musicians Sick and Pension Charity	-	206	-	-	206
Stanley Rogers Will Trust	-	203	-	-	203
The Courtauld Trust for the Advancement of Music	-	57	-	-	57
The Miriam Licette Scholarship Fund	-	233	7	-	240
	<u>-</u>	<u>823</u>	<u>7</u>	<u>-</u>	<u>830</u>
Inter-fund accounts	<u>-</u>	<u>-</u>	<u>(45)</u>	<u>45</u>	<u>-</u>
Totals	<u><u>2,717</u></u>	<u><u>47,291</u></u>	<u><u>2,534</u></u>	<u><u>(244)</u></u>	<u><u>52,298</u></u>

Musicians Benevolent Fund
Notes to the consolidated accounts (continued)

Year ended 31 December 2012

15. Net income from trading activities of the subsidiary

The Musicians Benevolent Fund owns 100% of the share capital amounting to 25,000 of ordinary shares of £1 each MBF Trading Limited (company registered no 3053538) is engaged in activities to support the charity The subsidiary donates its taxable profits to the charity each year and its trading results for the year as extracted from its audited financial statements are summarised below

	2012	2011
	£'000	£'000
Turnover	68,799	76,818
Operating costs	(51,916)	(52,356)
Interest receivable	9	9
Gift aid donation	(16,892)	(24,471)
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

16. Related parties

The Fund is a trustee, with others, of two charities having independent advisory committees

- Madame Jelka Delius Trust, Registered charity 207324 Chairman, David Lloyd-Jones
- RVW Trust, Registered charity 1066977 Chairman, Hugh Cobbe

The Fund provides office accommodation and services, at the Fund's headquarters to these two musical charities The value of these benefits to the two charities is £21,500

In addition, the Fund is the sole trustee of the following charities which make awards of various kinds which are managed by the Fund's own committees

- The Courtauld Trust for the Advancement of Music [207604]
- Henry & Lily Davis Fund [228089/0005]
- Miriam Licette Scholarship Fund [1050949]
- Geoffrey Shaw Memorial Fund [228089/0002]
- Willis and Grace Grant Trust [1081258]
- Scottish Musicians Benevolent Fund [SCO12597]
- Sybil Tutton Charitable Trust [298774]

The British Musicians Sick and Pension Charity [207056] and the Stanley Rogers Will Trust [1075244] are permanent endowment funds from which all income is used for the general purposes of the Fund

17. Pension scheme

The Musicians Benevolent Fund operates a defined contribution scheme for all qualifying employees. The assets of the funds are held separate in funds administered by independent pension providers The total cost of pensions incurred by the Fund was £78,341 (2011 £67,062) Included in other creditors is £10,264 (2011 £16,433) in respect of the pension scheme

Musicians Benevolent Fund
Year Ended 31 December 2012

Patron HM The Queen
President Sir Peter Maxwell Davies CBE

Council

The Council meets annually and there are currently 21 members. Membership in an honorary capacity is awarded to senior advisers and supporters.

Members

There are currently 89 Members of the Charity. Under the rules they are entitled to vote, attend the AGM, elect Trustees, etc. The membership consists of current and previous Council members, trustees, committee members and supporters who have given the Charity exceptional service, drawn predominantly from the world of music.

The following persons served as trustees during 2012

The Hon Richard Lyttelton Chairman
William Parker [until 31/12/12] Honorary Treasurer and Chairman of Finance Committee
John Axon
Martin Campbell-White
Rev Ronald Corp OBE Chairman of Giving Committee
Audrey Hills [until 16/05/12] Deputy Chairman of Giving Committee
Caragh Merrick Chairman of Audit Committee
Kathryn Langridge
David Lester
Dr Jane Manning OBE
Martin Neary LVO
Thomas Sharpe QC
Felicity Osmond [from 25/09/12]

Sub-committees of the Board of Trustees at 31.12.2012

Finance

William Parker [Chairman], John Axon, Rev Ronald Corp OBE, Audrey Hills [until 16/05/12], Thomas Sharpe QC, Caragh Merrick [Trustee members]

Audit Committee

Caragh Merrick [Chairman], David Lester, William Parker [Trustee members]
David Chenery [Co-opted member]

Giving Committee

Rev Ronald Corp OBE [Chairman], Audrey Hills [Deputy Chairman until 16/05/12], David Lester [Trustee member]
Alistair Beattie, Adrian Bradbury, Jonathan Ouvry [until 30/08/12], David Juritz, Simon Lepper, Lucy Parham, Frank Renton, Katie Rowan [Co-opted members]

Senior Management Team

David Sulkin Chief Executive and Secretary to the Fund
Susan Dolton Director of Giving
Martin Ensom Director of Operations and Company Secretary

Professional advisors

Investment Managers

UBS AG, 1 Curzon Street, London W1J 5UB
Rathbone Brothers Plc, 159 New Bond Street, London W15 2UD
Brewin Dolphin Ltd, 12 Smithfield Street, London, EC1A 9BD

Auditors

haysmacintyre Chartered Accountants, Fairfax House, 15 Fulwood Place, London WC1V 6AY

Solicitors

IBB Solicitors, Capital Court, 30 Windsor Street, Uxbridge UB8 1AB

Bankers

HSBC Bank plc, 117 Great Portland Street, London W1W 6QJ

Hon. Medical Advisor Dr T G Hudson MB BCh