

THE LOAN FUND FOR MUSICAL INSTRUMENTS

England & Wales · Charity number 277909

Details

Status Registered

Legal form Trust

Registered 1979-06-28

Register [View on the Charity Commission register](#)

Contact

Address Loan Fund For Musical Instruments
1
Speed Highwalk
Barbican
LONDON

Phone 02074968988

Email info@lfmi.org.uk

Website www.lfmi.org.uk

Activities

Objects: TO PROMOTE THE MAINTENANCE IMPROVEMENT AND DEVELOPMENT OF PUBLIC EDUCATION IN AND APPRECIATION FO THE ART AND SCIENCE OF MUSIC IN ALL ITS ASPECTS.

Activities: Makes loans and grants to young professional musicians to enable the purchase of musical instruments appropriate for a career as a professional performer.

Classification

- **How:** Makes Grants To Individuals
- **What:** Arts/culture/heritage/science
- **Who:** Other Defined Groups

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£80,602	£84,575	-	-
2024-03-31	£80,234	£80,498	-	-
2023-03-31	£68,298	£68,597	-	-
2022-03-31	£62,556	£73,874	-	-
2021-03-31	£61,165	£46,676	-	-

Trustees

Name	Role	Appointed
Andrew Marriner		2024-06-17
Catherine Yates		2022-02-14
Chris Walters		2020-12-31
LEVON CHILINGIRIAN OBE		2021-06-14
Professor Joanne Bridget Cole		2024-10-28
RODNEY SLATFORD OBE		

THE LOAN FUND FOR MUSICAL INSTRUMENTS

England & Wales - Charity number 277909

Accounts

THE LOAN FUND FOR MUSICAL INSTRUMENTS

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

The Loan Fund for Musical Instruments

Patron

H.M. THE KING

Vice-Presidents

DAME JANET BAKER, CH, DBE

DANIEL BARENBOIM LEVON CHILINGIRIAN, OBE

NICHOLAS DANIEL SIR ROGER NORRINGTON, CBE (DECEASED 18TH JULY 2025)

SIR SIMON RATTLE, OM CBE

SIR ANDREW DAVIS, CBE (DECEASED 20TH APRIL 2024)

Trustees

ARTS COUNCIL ENGLAND

THE MUSICIANS' UNION

THE ROYAL SOCIETY OF ARTS

RODNEY SLATFORD, OBE, FRNCM, HON RCM

THE WORSHIPFUL COMPANY OF MUSICIANS

CATHERINE YATES

ANDREW MARRINER (APPOINTED 17TH JUNE 2024)

JOANNE COLE (APPOINTED 28TH OCTOBER 2024)

HELEN FAULKNER (RETIRED 17TH JUNE 2024)

Registered Charity Number

277909

Executive Committee of the Trustees

Chris Walters – Chairman, Representative, Musicians’ Union, Trustee
Levon Chilingirian OBE – Representative, Worshipful Company of Musicians, Trustee
Andrew Marriner (Appointed 17th June 2024)
Rodney Slatford, OBE, FRNCM, Hon. RCM, Trustee
Catherine Yates
Joanne Cole (Appointed 28th October 2024)
Helen Faulkner (Retired 17th June 2024)

Secretary to the Trustees

Neil Constable

Independent Examiner

Alex Spofforth FCA
Spofforth Partners Limited
Chartered Accountants
Byne Cottage, Manley’s Hill
Storrington, West Sussex
RH20 4BN

Bankers

Child & Co Bankers
1 Fleet Street
London EC4Y 1BD

Investment managers

Cazenove Capital Management
Schroder & Co. Ltd
1 London Wall Place
London
EC2Y 5AU

Website: www.lfmi.org.uk

1, Speed Highwalk, Barbican,
LONDON, EC2Y 8DX

**Forty fourth Annual Report of the
Executive Committee of the Trustees
For the year ended 31 March 2025**

The Trustees present their Annual Report for the year ended 31 March 2025, together with the financial statements of the Trust.

The financial statements comply with current legal requirements, the Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Constitution and Aims

The sole aim of the Fund, set up under a Trust Deed in 1979, is to help talented young professional musicians to purchase instruments of the quality they need. Although the Fund is now widely known among such players, additional publicity for its activities is always very welcome.

Organisation

The Fund is administered through the Executive Committee. Each of the four founding organisations is entitled to appoint a trustee. These organisations are: The Worshipful Company of Musicians, The Musicians' Union, The Arts Council and the Royal Society of Arts. With the exception of the Arts Council of England, which has resiled from appointing such a representative and the Royal Society of Arts, the remaining founding trustees have each nominated an individual as a trustee. The power to appoint new trustees is vested in the existing trustees at the time.

All trustee representatives or individual trustees are members of the Executive Committee, which meets three times a year. The Trust is managed through the offices of the Worshipful Company of Musicians.

Trustees

As at the date of the signing of the 2025 Report and accounts, the Executive Committee was as shown on page 2.

Trustees' responsibilities in relation to the financial statements

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those 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 (FRS 102);
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- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Annual Report continued

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reserves and Investment Policy

Reserves are invested in the Cazenove Charity Multi-Asset Fund. In normal times, the trustees endeavour to maintain a balance between invested funds, on which they aim to obtain a market return, and funds lent to borrowers where the interest rate will be below the market rate, so that there are sufficient funds to make appropriate loans and grants, while maintaining the value of the portfolio so that it can be available for future generations. In addition the Trustees are prepared to add 1% of any capital gains of the portfolio to the money available for grants. In the short term, the Fund has resources to meet applications for loans and satisfy most of the appropriate applications for grants.

During 2024-25 the Fund paid grants of £62,842 (2023-24, £60,211). A total of 41 eligible applications were considered for grants of which 30 (2023-24, 28) were successful. 6 loans totalling £62,170 were awarded (2023-24, £118,745 to 8 individuals).

By the end of the year the Fund's investments, managed by Cazenove stood at £1,622,723 (£1,647,838 in 2024). The drop in the value of the portfolio is due the current turbulence in world markets. At the 30th September 2025 the investments stood at £1,823,162. Net assets were £1,927,368 (£1,953,113 in 2024). Total income was £80,602 (£80,234 in 2024).

Risk Management

The Fund does not regard itself as exposed to any material risks.

Public Benefit

The Executive Committee has addressed the matter of the public benefit provided by the Fund, and believe that this is inherent, in that, subject to the rules, any professional musician may apply to the Fund for help in obtaining a suitable instrument with which to pursue his or her career. The financial help given to professional musicians to enable them to purchase high quality instruments helps to improve the standard of public concerts.

Review of activities

The Fund's original activity was the lending of money to young professional musicians under the age of thirty six, for the purchase of an appropriate and specific instrument. This continues with loans made over a period of up to five years. The interest rate is currently at 5% APR. Repayments are made monthly. Usually up to about 70 % of the cost of the agreed instrument is lent. Applicants have to give references, as well as demonstrating their professional career and their ability to repay. There are some fine contemporary makers and the Fund is keen to encourage British instrument makers.

In addition the Fund considers applications for grants of up to one-third of the value of an instrument costing not more than £15,000 to students who have reached the third year of their full-time studies or until two years after graduating. Prudent management of the Fund's financial resources usually allows annual grant offers of between £45,000 and £60,000).

Applicants apply on a standard form, from which the Committee reaches a decision. In some cases it is felt that a loan is more appropriate than a grant. Not all grants and loans are taken up and there is sometimes a considerable gap between an offer being made and a grant or loan being paid.

Annual Report continued

When the grant scheme was first introduced in 2004, concern was expressed in the Executive Committee as to whether all the students we helped would go on to play professionally. The three research exercises we have carried out on grantees since 2004 have shown that the majority do. In the extensive survey we carried out in 2016, the 148 grantees from 2005-2012 were identified on the internet and contacted. 128 replied to say that they were still in the music business, most with mixed careers involving playing and teaching.

Although the Fund is seldom able to award the total amount requested, and indeed encourages applicants to look elsewhere as well, we believe the Fund's imprimatur is a valuable recommendation to other funding sources. The interest rate on current loans is 5% APR, the rate was increased in 2023 to reflect the rise in global interest rates. Probably as a result of the high level of debt held by musicians leaving their conservatoires, the size, although not the number, of individual loans applied for has reduced in recent years. Most are in the area of £10,000.

The Fund has in place a formal Equality, Diversity and Inclusion policy. This states that LFMI is committed to encouraging equality, diversity and inclusion and opposes all forms of prejudice and discrimination. We ask all applicants to fill in a diversity and monitoring form which is separate from their application. LFMI seeks to play an active role in creating a more diverse and inclusive music industry. Our aim is to be truly representative of all sections of society in our board of trustees and the musicians we assist.

Chris Walters
Chair
28th October 2025

THE LOAN FUND FOR MUSICAL INSTRUMENTS INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

I report to the trustees on my examination of the accounts of the Loan Fund for Musical Instruments (the Trust) for the year ended 31 March 2025.

Respective Responsibilities of trustees and examiner

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

We report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

Our examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

We have completed my examination. We confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

We have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Spofforth Partners Limited
Chartered Accountants
Byne Cottage
Manley's Hill, Storrington
West Sussex RH20 4BN

Date: 28th October 2025

THE LOAN FUND FOR MUSICAL INSTRUMENTS

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Unrestricted Funds	
		2025	2024
		£	£
Income			
Donations		-	-
Investment income	2	72,288	74,325
Loan interest		8,314	5,909
		<hr/>	<hr/>
Income for charitable application		80,602	80,234
		<hr/>	<hr/>
Expenditure on:			
Raising funds	3	4,850	4,565
Charitable activities	3	79,725	75,933
		<hr/>	<hr/>
Total expenditure		84,575	80,498
		<hr/>	<hr/>
Recognised (losses)/gains on investments	6	(21,772)	94,886
		<hr/>	<hr/>
Net (expenditure)/income and net movement in funds		(25,745)	94,622
		<hr/>	<hr/>
Fund balance brought forward at 1 April 2024		1,953,113	1,858,491
		<hr/>	<hr/>
Fund balance carried forward at 31 March 2025		1,927,368	1,953,113
		<hr/>	<hr/>

The Statement of Financial Activities contains all recognised gains and losses for the year. All activities are continuing

THE LOAN FUND FOR MUSICAL INSTRUMENTS

BALANCE SHEET AT 31 MARCH 2025

	Notes	£	2025	£	£	2024	£
Fixed assets investments							
Listed	6		1,622,723			1,647,838	
Cash			37			658	
			<u>1,622,760</u>			<u>1,648,496</u>	
Current assets							
Debtors	7	149		537			
Loans made for Musical Instruments		185,962		194,103			
Cash at bank and in hand		84,615		45,298			
Charities Official Investment Fund		<u>38,735</u>		<u>65,922</u>			
		309,461		305,860			
Current liabilities							
Creditors: Amounts falling due within one year							
Sundry creditors	8	4,853		1,243			
		<u>4,853</u>		<u>1,243</u>			
Net current assets			304,608			304,617	
Net assets			<u>1,927,368</u>			<u>1,953,113</u>	
Funds							
Unrestricted			<u>1,927,368</u>			<u>1,953,113</u>	
			<u>1,927,368</u>			<u>1,953,113</u>	

The financial statements on pages 7 to 12 were approved on behalf of the Trustees by:

Chris Walters
Chair
28th October 2025

The notes on pages 10 to 13 form part of these financial statements.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

	2025	2024
	£	£
Net cash inflow/(outflow) from operating activities (see A below)	3,368	3,484
Cash flows from lending activities:		
Issue of new loans to young musicians	(62,170)	(118,745)
Repayment of young musicians' loans	70,311	56,692
	8,141	(62,053)
Increase/(decrease) in cash and cash equivalents (See B below)	11,509	(58,569)
A Reconciliation of net (expenditure) or income for the year to net cash flow		
Net (expenditure)/income for the year	(25,745)	94,622
Increase in creditors	3,610	43
Decrease/(increase) in debtors	388	(177)
Disposal of/(Additions to) investments	3,343	3,882
Losses/(gains) on investments	21,772	(94,886)
Net cash inflow/(outflow) from operating activities	3,368	3,484
B Analysis of changes in cash and cash equivalents		
Balance at 1 April 2024	111,878	170,447
Net cash inflow/(outflow)	11,509	(58,569)
Balance at 31 March 2025 (See C below)	123,387	111,878
C Cash and cash equivalents		
Cash with brokers	37	658
Cash at bank	84,615	45,298
Charities Official Investment Fund	38,735	65,922
Balance at 31 March 2025	123,387	111,878

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at open market value, and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102. The accounts are prepared in £.

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements with respect to a period of at least one year from the date of approval of these financial statements. They have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Donations and similar income

Donations and similar income are included on the basis of amounts receivable in the year.

Interest and Investment Income

Loan repayments are calculated by formula based on rate of interest and constant monthly payments. The interest element of each loan is credited to the accumulated fund as the interest is earned.

Investment income is stated on an accruals basis.

Expenditure

Expenditure is included on an accruals basis.

Costs of raising funds comprise those costs directly attributable to managing the investment assets.

Grants awarded are charged in full to the SOFA when the offer is conveyed to the beneficiary, unless the offer is conditional and therefore recognised as expenditure when the conditions attached are fulfilled.

Grants approved by the trustees but not yet included in expenditure are disclosed in note 7.

Taxation

The charity is a registered charity and is not liable to income tax or corporation tax on its charitable activities.

Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are recognised in the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2	Investment income	2025	2024
		£	£
	Income from investment portfolio	68,487	68,968
	Deposit interest on managed funds	3,801	5,357
		<u>72,288</u>	<u>74,325</u>
3	Analysis of expenditure	2025	2024
		£	£
	Raising Funds		
	Investment Manager Fees	3,961	3,738
	Support costs – 5% (see note 4)	889	827
		<u>4,850</u>	<u>4,565</u>
	Charitable Activities		
	Grants	62,842	60,211
	Support costs – 95% (see note 4)	16,883	15,722
		<u>79,725</u>	<u>75,933</u>

During the year grants were made to 22 individuals (2024: 24 individuals).

	2025			2024		
	Raising Funds	Charitable Activities	Total	Raising Funds	Charitable Activities	Total
	£	£	£	£	£	£
Administration	829	15,743	16,572	767	14,582	15,349
Independent Examination Fee	60	1,140	1,200	60	1,140	1,200
	<u>889</u>	<u>16,883</u>	<u>17,772</u>	<u>827</u>	<u>15,722</u>	<u>16,549</u>

Support costs have been apportioned on a basis consistent with the use of resources. Governance costs of £1,200 included in the 2024 accounts have been reanalysed as part of the support costs.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

5 Staff costs and trustees' remuneration

The Fund is being administered by The Worshipful Company of Musicians and has no employees (2023: nil).

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £229 (2024: £59) during the year. Meeting expenses were incurred totalling £142 (2024: £92).

6 Listed investment

	2025	2024
	£	£
Market Value 1 April 2024	1,647,838	1,556,834
(Disposals)/Additions	(3,343)	(3,882)
Realised/unrealised investment gains/(losses)	(21,772)	94,886
Market value 31 March 2025	<u>1,622,723</u>	<u>1,647,838</u>
Historical cost 31 March 2025	<u>1,431,552</u>	<u>1,434,409</u>

At the balance sheet date, the investment portfolio was invested as follows:

	2025	2024
	£	£
UK Unit Trusts	1,622,723	1,647,838
Market value at 31 March 2025	<u>1,622,723</u>	<u>1,647,838</u>

At the balance sheet date, 100% of the investment portfolio was invested in Schroder Charity Multi-Asset Inc.

7 Debtors

	2025	2024
	£	£
Overdue loan payments	-	287
Interest receivable	149	250
	<u>149</u>	<u>537</u>

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

8 Creditors

	2025	2024
	£	£
Trade creditors	3,653	43
Accruals	1,200	1,200
	<u>4,853</u>	<u>1,243</u>

9 Commitments

At 31 March 2025, the cash at bank, other deposit accounts and cash held by brokers totalling £122,958 (2024: £111,878) are stated before deducting:

- (a) Loans of £5,000 (2024: £6,670) already approved by the trustees but not yet advanced.
- (b) Grants of £59,611 (2024: £32,200) approved by the trustees but not yet paid.
- (c) Applications for loans and grants still awaiting examination.

10 Related Party Transactions

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £229 (2024: £59) during the year. Meeting expenses were incurred totalling £142 (2024: £92).

There are no related party transactions requiring disclosure other than the transactions referred to above.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

England & Wales - Charity number 277909

Accounts

THE LOAN FUND FOR MUSICAL INSTRUMENTS

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FOR THE YEAR ENDED 31 MARCH 2024

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Secretary to the Trustees

Hugh Lloyd

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During 2023-24 the Fund paid grants of £60,211 (2022-23, £47,955). A total of 33 eligible applications were considered for grants of which 28 (2022-23, 23) were successful. 8 loans totalling £118,745 were awarded (2022-23, £50,400 to 3 individuals).

By the end of the year the Fund's investments, managed by Cazenove stood at £1,647,838 (£1,556,834 in 2023). Net assets were £1,953,113 (£1,858,491 in 2023). Total income was £80,234 (£68,298 in 2023).

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In addition the Fund considers applications for grants of up to one-third of the value of an instrument costing not more than £15,000 to students who have reached the third year of their full-time studies or until two years after graduating. Prudent management of the Fund's financial resources usually allows annual grant offers of between £45,000 and £60,000).

In addition the Fund considers applications for grants of up to one-third of the value of an instrument costing not more than £15,000 to students who have reached the third year of their full-time studies or until two years after graduating. Prudent management of the Fund's financial resources usually allows annual grant offers of between £45,000 and £60,000).

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Annual Report continued

Applicants apply on a standard form, from which the Committee reaches a decision. In some cases it is felt that a loan is more appropriate than a grant. Not all grants and loans are taken up and there is sometimes a considerable gap between an offer being made and a grant or loan being paid.

When the grant scheme was first introduced in 2004, concern was expressed in the Executive Committee as to whether all the students we helped would go on to play professionally. The three research exercises we have carried out on grantees since 2004 have shown that the majority do. In the extensive survey we carried out in 2016, the 148 grantees from 2005-2012 were identified on the internet and contacted. 128 replied to say that they were still in the music business, most with mixed careers involving playing and teaching.

Although the Fund is seldom able to award the total amount requested, and indeed encourages applicants to look elsewhere as well, we believe the Fund's imprimatur is a valuable recommendation to other funding sources. The interest rate on current loans is 5% APR, the rate was increased in 2023 to reflect the rise in global interest rates. Probably as a result of the high level of debt held by musicians leaving their conservatoires, the size, although not the number, of individual loans applied for has reduced in recent years. Most are in the area of £10,000.

The Fund has in place a formal Equality, Diversity and Inclusion policy. This states that LFMI is committed to encouraging equality, diversity and inclusion and opposes all forms of prejudice and discrimination. LFMI seeks to play an active role in creating a more diverse and inclusive music industry. Our aim is to be truly representative of all sections of society in our board of trustees and the musicians we assist.

We are currently looking at a more effective method of collecting and analysing anonymised data from applicants.

Chris Walters
Chair
28th October 2024

THE LOAN FUND FOR MUSICAL INSTRUMENTS INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

I report to the trustees on my examination of the accounts of the Loan Fund for Musical Instruments (the Trust) for the year ended 31 March 2024.

Respective Responsibilities of trustees and examiner

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

We report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

Our examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

We have completed my examination. We confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

We have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Spofforth Partners Limited
Chartered Accountants
Byne Cottage
Manley's Hill, Storrington
West Sussex RH20 4BN

Date: 29 October 2024

**THE LOAN FUND FOR MUSICAL INSTRUMENTS
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	Unrestricted Funds	
		2024 £	2023 £
Income			
Donations		-	230
Investment income	2	74,325	65,142
Loan interest		5,909	2,926
		80,234	68,298
Income for charitable application			
Expenditure			
Cost of raising funds:			
Investment management fees		3,738	3,573
Charitable activities:			
Grants	3	60,211	47,955
Administration expenses		14,320	13,790
Office expenses		1,029	909
Governance costs			
Independent examination		1,200	1,200
Professional Fees		-	1,170
		80,498	68,597
Total expenditure			
Recognised gains/(losses) on investments	5	94,886	(126,631)
Gain on sale of asset - Grancino Cello	6	-	68,127
		94,622	(58,803)
Net income/(expenditure) and net movement in funds			
Fund balance brought forward at 1 April 2023		1,858,491	1,917,294
		1,953,113	1,858,491
Fund balance carried forward at 31 March 2024			

The Statement of Financial Activities contains all recognised gains and losses for the year. All activities are continuing

THE LOAN FUND FOR MUSICAL INSTRUMENTS

BALANCE SHEET AT 31 MARCH 2024

	Notes	£	2024	£	£	2023	£
Fixed assets investments							
Listed	5		1,647,838			1,556,834	
Cash			658			510	
			<u>1,648,496</u>			<u>1,557,344</u>	
Current assets							
Debtors	7	537		360			
Loans made for Musical Instruments		194,103		132,050			
Cash at bank and in hand		45,298		58,817			
Charities Official Investment Fund		<u>65,922</u>		<u>111,120</u>			
		305,860		302,347			
Current liabilities							
Creditors: Amounts falling due within one year							
Sundry creditors		1,243		1,200			
		<u>1,243</u>		<u>1,200</u>			
Net current assets			<u>304,617</u>			<u>301,147</u>	
Net assets			<u>1,953,113</u>			<u>1,858,491</u>	
Funds							
Unrestricted			<u>1,953,113</u>			<u>1,858,491</u>	
			<u>1,953,113</u>			<u>1,858,491</u>	

The financial statements on pages 7 to 12 were approved on behalf of the Trustees
by:

Chris Walters
Chair
28th October 2024

The notes on pages 10 to 12 form part of these financial statements.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	2024		2023	
	£	£	£	£
Net cash inflow/(outflow) from operating activities (see A below)		3,484		60,812
Cash flows from lending activities:				
Issue of new loans to young musicians	(118,745)		(50,400)	
Repayment of young musicians' loans	<u>56,692</u>		<u>43,476</u>	
		(62,053)		(6,924)
(Decrease)/increase in cash and cash equivalents (See B below)		<u>(58,569)</u>		<u>53,888</u>
A Reconciliation of net (expenditure) or income for the year to net cash flow				
Net income/(expenditure) for the year		94,622		(58,803)
Increase/(decrease) in creditors		43		(946)
Increase in debtors		(177)		(360)
Disposal of/(Additions to) investments		3,882		(149,500)
(Gains)/losses on investments		(94,886)		126,631
Sale of instrument		-		211,917
Gain on sale of instrument		-		(68,127)
Net cash inflow/(outflow) from operating activities		<u>3,484</u>		<u>60,812</u>
B Analysis of changes in cash and cash equivalents				
Balance at 1 April 2023		170,447		116,559
Net cash (outflow)/inflow		<u>(58,569)</u>		<u>53,888</u>
Balance at 31 March 2024 (See C below)		<u>111,878</u>		<u>170,447</u>
C Cash and cash equivalents				
Cash with brokers		658		510
Cash at bank		45,298		58,817
Charities Official Investment Fund		<u>65,922</u>		<u>111,120</u>
Balance at 31 March 2024		<u>111,878</u>		<u>170,447</u>

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at open market value, and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102. The accounts are prepared in £.

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements with respect to a period of at least one year from the date of approval of these financial statements. They have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Donations and similar income

Donations and similar income are included on the basis of amounts receivable in the year.

Interest and Investment Income

Loan repayments are calculated by formula based on rate of interest and constant monthly payments. The interest element of each loan is credited to the accumulated fund as the interest is earned.

Investment income is stated on an accruals basis.

Expenditure

Expenditure is included on an accruals basis.

Costs of raising funds comprise those costs directly attributable to managing the investment assets.

Grants awarded are charged in full to the SOFA when the offer is conveyed to the beneficiary, unless the offer is conditional and therefore recognised as expenditure when the conditions attached are fulfilled.

Grants approved by the trustees but not yet included in expenditure are disclosed in note 7.

Taxation

The charity is a registered charity and is not liable to income tax or corporation tax on its charitable activities.

Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are recognised in the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2	Investment income	2024	2023
		£	£
	Income from investment portfolio	68,968	63,142
	Deposit interest on managed funds	5,357	2,000
		<u>74,325</u>	<u>65,142</u>

3	Grants	2024	2023
		£	£
	Grants	<u>60,211</u>	<u>47,955</u>

During the year grants were made to 24 individuals (2023: 18 individuals).

4 Staff costs and trustees' remuneration

The Fund is being administered by The Worshipful Company of Musicians and has no employees (2023: nil).

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £59 (2023: £111) during the year. Meeting expenses were incurred totalling £92 (2023: £109).

5 Listed investment

	2024	2023
	£	£
Market Value 1 April 2023	1,556,834	1,533,965
(Disposals)/Additions	(3,882)	149,500
Realised/unrealised investment gains/(losses)	94,886	(126,631)
Market value 31 March 2024	<u>1,647,838</u>	<u>1,556,834</u>
Historical cost 31 March 2024	<u>1,434,409</u>	<u>1,438,001</u>

At the balance sheet date, the investment portfolio was invested as follows:

	2024	2023
	£	£
UK Unit Trusts	<u>1,647,838</u>	<u>1,556,834</u>
Market value at 31 March 2024	<u>1,647,838</u>	<u>1,556,834</u>

At the balance sheet date, 100% of the investment portfolio was invested in Schroder Charity Multi-Asset Inc.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

6 Musical Instrument (Grancino Cello)

	£
Cost at 31 March 2022	143,790
Sale Proceeds	<u>(211,917)</u>
Profit on sale in year to 31 March 2023	<u>68,127</u>

Since March 2019, the Trustees had been committed to selling the cello and it was expected to raise an amount significantly in excess of its book value. However, given the time that it took to sell such an instrument no increase in value was recognised in the financial statements. The cello was finally sold in November 2022.

7 Debtors

	2024	2023
	£	£
Overdue loan payments	287	-
Interest receivable	<u>250</u>	<u>360</u>
	<u>537</u>	<u>360</u>

8 Commitments

At 31 March 2024, the cash at bank, other deposit accounts and cash held by brokers totalling £111,878 (2023: £170,447) are stated before deducting:

- (a) Loans of £6,670 (2023: £nil) already approved by the trustees but not yet advanced.
- (b) Grants of £32,200 (2023: £27,783) approved by the trustees but not yet paid.
- (c) Applications for loans and grants still awaiting examination.

9 Related Party Transactions

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £59 (2023: £111) during the year. Meeting expenses were incurred totalling £92 (2023: £109).

There are no related party transactions requiring disclosure other than the transactions referred to above.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

England & Wales - Charity number 277909

Accounts

THE LOAN FUND FOR MUSICAL INSTRUMENTS

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

The Loan Fund for Musical Instruments

Vice-Presidents

DAME JANET BAKER, CH, DBE
DANIEL BARENBOIM LEVON CHILINGIRIAN, OBE
NICHOLAS DANIEL SIR ANDREW DAVIS, CBE
SIR ROGER NORRINGTON, CBE
SIR SIMON RATTLE, OM CBE

Trustees

THE ARTS COUNCIL OF ENGLAND
THE MUSICIANS' UNION
THE ROYAL SOCIETY OF ARTS
RODNEY SLATFORD, OBE, FRNCM, HON RCM
THE WORSHIPFUL COMPANY OF MUSICIANS
HELEN FAULKNER
CATHERINE YATES

Registered Charity Number

277909

Executive Committee of the Trustees

Helen Faulkner, Chairman & Trustee

Chris Walters – Representative, Musicians' Union, Trustee

Levon Chilingirian OBE – Representative, Worshipful Company of Musicians, Trustee

Rodney Slatford, OBE, FRNCM, Hon. RCM, Trustee

Catherine Yates

Secretary to the Trustees

Hugh Lloyd

Independent Examiner

Alex Spofforth FCA
Spofforth Partners Limited
Chartered Accountants
Byne Cottage, Manley's Hill
Storrington, West Sussex
RH20 4BN

Bankers

Child & Co Bankers
1 Fleet Street
London EC4Y 1BD

Investment managers

Cazenove Capital Management
Schroder & Co. Ltd
1 London Wall Place
London
EC2Y 5AU

Website: www.lfmi.org.uk

1, Speed Highwalk, Barbican,
LONDON, EC2Y 8DX

**Forty second Annual Report of the
Executive Committee of the Trustees
For the year ended 31 March 2023**

The Trustees present their Annual Report for the year ended 31 March 2023, together with the financial statements of the Trust.

The financial statements comply with current legal requirements, the Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Constitution and Aims

The sole aim of the Fund, set up under a Trust Deed in 1979, is to help talented young professional musicians to purchase instruments of the quality they need. Although the Fund is now widely known among such players, additional publicity for its activities is always very welcome.

Organisation

The Fund is administered through the Executive Committee. Each of the four founding organisations is entitled to appoint a trustee. These organisations are: The Worshipful Company of Musicians, The Musicians' Union, The Arts Council and the Royal Society of Arts. With the exception of the Arts Council of England, which has resiled from appointing such a representative and the Royal Society of Arts, the remaining founding trustees have each nominated an individual as a trustee. The power to appoint new trustees is vested in the existing trustees at the time.

All trustee representatives or individual trustees are members of the Executive Committee, which meets three times a year. The Trust is managed through the offices of the Worshipful Company of Musicians.

Trustees

As at the date of the signing of the 2023 Report and accounts, the Executive Committee was as shown on page 2.

Trustees' responsibilities in relation to the financial statements

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any 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 charity will continue in business.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Annual Report continued

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reserves and Investment Policy

Reserves are invested in the Cazenove Charity Multi-Asset Fund. In normal times, the trustees endeavour to maintain a balance between invested funds, on which they aim to obtain a market return, and funds lent to borrowers where the interest rate will be below the market rate, so that there are sufficient funds to make appropriate loans and grants, while maintaining the value of the portfolio so that it can be available for future generations. In addition the Trustees are prepared to add 1% of any capital gains of the portfolio to the money available for grants. In the short term, the Fund has resources to meet applications for loans and satisfy most of the appropriate applications for grants.

The Loan Fund does not own instruments, however it owned a cello by Grancino which was the result of a previous arrangement for part-ownership. This instrument was sold for £211,917 resulting in a net profit over the book valuation of £68,127.

Following a suspension of loan and grant-making during the first year of the Covid-19 pandemic, the Fund resumed its activity in 2021-22. Activity has since shown a gradual return to pre-pandemic levels. During 2022-23 the Fund paid grants of £47,955 (2021-22, £53,685). A total of 30 eligible applications were considered for grants of which 23 (2021-22, 21) were successful. 3 loans totalling £50,400 were awarded (2021-22, £14,000 to 3 individuals).

By the end of the year the Fund's investments, managed by Cazenove stood at £1,556,834 (£1,533,965 in 2022). Net assets were £1,858,491 (£1,917,294 in 2022). Total income was £68,298 (£62,556 in 2022).

Risk Management

The Fund does not regard itself as exposed to any material risks.

Public Benefit

The Executive Committee has addressed the matter of the public benefit provided by the Fund, and believe that this is inherent, in that, subject to the rules, any professional musician may apply to the Fund for help in obtaining a suitable instrument with which to pursue his or her career. The financial help given to professional musicians to enable them to purchase high quality instruments helps to improve the standard of public concerts.

Review of activities

The Fund's original activity was the lending of money to young professional musicians under the age of thirty six, for the purchase of an appropriate and specific instrument. This continues with loans made over a period of up to five years. The interest rate is currently at 5% APR. Repayments are made monthly. Usually up to about 70 % of the cost of the agreed instrument is lent. Applicants have to give references, as well as demonstrating their professional career and their ability to repay. Most of the applications are in respect of string instruments, where the amount borrowed has normally been between £5,000 and £30,000. There are some fine contemporary makers and the Fund is keen to encourage British luthiers.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Annual Report continued

In addition the Fund considers applications for grants of up to one-third of the value of an instrument costing not more than £15,000 to students who have reached the third year of their full-time studies or until two years after graduating. Prudent management of the Fund's financial resources usually allows annual grant offers of £45,000, but as reported above, from March 2020 until February 2021 the Fund decided not to make offers of grants and loans until the financial situation was clearer.

Applicants apply on a standard form, from which the Committee reaches a decision. In some cases it is felt that a loan is more appropriate than a grant. Not all grants and loans are taken up and there is sometimes a considerable gap between an offer being made and a grant or loan being paid.

The Grant Scheme was introduced in 2004 and to date over £800,000 has been paid out. When the scheme was first introduced, concern was expressed in the Executive Committee as to whether all the students we helped would go on to play professionally. The three research exercises we have carried out on grantees since 2004 have shown that the majority do. In the extensive survey we carried out in 2016, the 148 grantees from 2005-2012 were identified on the internet and contacted. 128 replied to say that they were still in the music business, most with mixed careers involving playing and teaching.

Although the Fund is seldom able to award the total amount requested, and indeed encourages applicants to look elsewhere as well, we believe the Fund's imprimatur is a valuable recommendation to other funding sources. In making loans, in addition to weighing the suitability of the instrument under consideration, the Executive Committee, mindful of its responsibilities not to overburden applicants by adding onerous interest to student debt payments, has maintained the rate at 2.5% APR. Probably as a result of the high level of debt held by musicians leaving their conservatoires, the size, although not the number, of individual loans applied for has reduced in recent years. Most are in the area of £10,000.

The Fund has in place a formal Equality, Diversity and Inclusion policy. This states that LFMI is committed to encouraging equality, diversity and inclusion and opposes all forms of prejudice and discrimination. LFMI seeks to play an active role in creating a more diverse and inclusive music industry. Our aim is to be truly representative of all sections of society in our board of trustees and the musicians we assist.

We are currently looking at a more effective method of collecting and analysing anonymised data from applicants.



Helen Faulkner
Chair
13th November 2023

THE LOAN FUND FOR MUSICAL INSTRUMENTS

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

I report to the trustees on my examination of the accounts of the Loan Fund for Musical Instruments (the Trust) for the year ended 31 March 2023.

Respective Responsibilities of trustees and examiner

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

We report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

Our examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

We have completed my examination. We confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

We have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Spofforth Partners Limited
Chartered Accountants
Byne Cottage
Manley's Hill, Storrington
West Sussex RH20 4BN

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Date:

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds	
		2023	2022
		£	£
Income			
Donations		230	273
Investment income	2	65,142	59,103
Loan interest		2,926	3,180
		<hr/>	<hr/>
Income for charitable application		68,298	62,556
		<hr/>	<hr/>
Expenditure			
Cost of raising funds:			
Investment management fees		3,573	3,594
Charitable activities:			
Grants	3	47,955	53,685
Administration expenses		13,790	13,430
Office expenses		909	878
Governance costs			
Independent examination		1,200	2,060
Professional Fees		1,170	227
		<hr/>	<hr/>
Total expenditure		68,597	73,874
		<hr/>	<hr/>
Recognised (losses)/gains on investments	5	(126,631)	52,183
Gain on sale of asset - Grancino Cello	6	68,127	-
		<hr/>	<hr/>
Net (expenditure)/income and net movement in funds		(58,803)	40,865
		<hr/>	<hr/>
Fund balance brought forward at 1 April 2022		1,917,294	1,876,429
		<hr/>	<hr/>
Fund balance carried forward at 31 March 2023		1,858,491	1,917,294
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Financial Activities contains all recognised gains and losses for the year. All activities are continuing

THE LOAN FUND FOR MUSICAL INSTRUMENTS

BALANCE SHEET AT 31 MARCH 2023

	Notes	£	2023	£	£	2022	£
Fixed assets investments							
Listed	5		1,556,834			1,533,965	
Cash			510			-	
			<u>1,557,344</u>			<u>1,533,965</u>	
Current assets							
Musical Instrument – Grancino Cello	6	-		143,790			
Debtors	7	360		-			
Loans made for Musical Instruments		132,050		125,126			
Cash at bank and in hand		58,817		106,526			
Charities Official Investment Fund		<u>111,120</u>		<u>10,033</u>			
		302,347		385,475			
Current liabilities							
Creditors: Amounts falling due within one year							
Sundry creditors		1,200		2,146			
		<u>1,200</u>		<u>2,146</u>			
Net current assets			<u>301,147</u>			<u>383,329</u>	
Net assets			<u>1,858,491</u>			<u>1,917,294</u>	
Funds							
Unrestricted			<u>1,858,491</u>			<u>1,917,294</u>	
			<u>1,858,491</u>			<u>1,917,294</u>	

The financial statements on pages 7 to 12 were approved on behalf of the Trustees by:



Helen Faulkner
Chair
13th November 2023

The notes on pages 10 to 12 form part of these financial statements.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	2023		2022	
	£	£	£	£
Net cash inflow/(outflow) from operating activities (see A below)		60,812		(51,137)
Cash flows from lending activities:				
Issue of new loans to young musicians	(50,400)		(14,000)	
Repayment of young musicians' loans	43,476		42,876	
		(6,924)		28,876
Increase/(decrease) in cash and cash equivalents (See B below)		<u>53,888</u>		<u>(22,261)</u>
A Reconciliation of net (expenditure) or income for the year to net cash flow				
Net (expenditure)/income for the year		(58,803)		40,865
(Decrease) in creditors		(946)		(2,784)
Increase in debtors		(360)		-
(Additions) to investments		(149,500)		(37,035)
Losses/(gains) on investments		126,631		(52,183)
Sale of instrument		211,917		-
Gain on sale of instrument		(68,127)		-
Net cash inflow/(outflow) from operating activities		<u>60,812</u>		<u>(51,137)</u>
B Analysis of changes in cash and cash equivalents				
Balance at 1 April 2022		116,559		138,820
Net cash inflow/(outflow)		<u>53,888</u>		<u>(22,261)</u>
Balance at 31 March 2023 (See C below)		<u>170,447</u>		<u>116,559</u>
C Cash and cash equivalents				
Cash with brokers		510		-
Cash at bank		58,817		106,526
Charities Official Investment Fund		<u>111,120</u>		<u>10,033</u>
Balance at 31 March 2023		<u>170,447</u>		<u>116,559</u>

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at open market value, and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102. The accounts are prepared in £.

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements with respect to a period of at least one year from the date of approval of these financial statements. They have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Donations and similar income

Donations and similar income are included on the basis of amounts receivable in the year.

Interest and Investment Income

Loan repayments are calculated by formula based on rate of interest and constant monthly payments. The interest element of each loan is credited to the accumulated fund as the interest is earned.

Investment income is stated on an accruals basis.

Expenditure

Expenditure is included on an accruals basis.

Costs of raising funds comprise those costs directly attributable to managing the investment assets.

Grants awarded are charged in full to the SOFA when the offer is conveyed to the beneficiary, unless the offer is conditional and therefore recognised as expenditure when the conditions attached are fulfilled.

Grants approved by the trustees but not yet included in expenditure are disclosed in note 7.

Taxation

The charity is a registered charity and is not liable to income tax or corporation tax on its charitable activities.

Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are recognised in the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2 Investment income

	2023	2022
	£	£
Income from investment portfolio	63,142	59,078
Deposit interest on managed funds	2,000	25
	<u>65,142</u>	<u>59,103</u>

3 Grants

	2023	2022
	£	£
Grants	<u>47,955</u>	<u>53,685</u>

During the year grants were made to 18 individuals (2022: 21 individuals).

4 Staff costs and trustees' remuneration

The Fund is being administered by The Worshipful Company of Musicians and has no employees (2022: nil).

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £111 (2022: £54) during the year. Meeting expenses were incurred totalling £109 (2022: £56).

5 Listed investment

	2023	2022
	£	£
Market Value 1 April 2022	1,533,965	1,444,747
Additions	149,500	37,035
Realised/unrealised investment (losses)/gains	(126,631)	52,183
Market value 31 March 2023	<u>1,556,834</u>	<u>1,533,965</u>
Historical cost 31 March 2023	<u>1,438,001</u>	<u>1,288,502</u>

At the balance sheet date, the investment portfolio was invested as follows:

	2023	2022
	£	£
UK Unit Trusts	<u>1,556,834</u>	<u>1,533,965</u>
Market value at 31 March 2023	<u>1,556,834</u>	<u>1,533,965</u>

At the balance sheet date, 100% of the investment portfolio was invested in Schroder Charity Multi-Asset Inc.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6 Musical Instrument (Grancino Cello)

	£
Cost at 31 March 2022	143,790
Sale Proceeds	(211,917)
Profit on sale	<u>68,127</u>

Since March 2019, the Trustees had been committed to selling the cello and it was expected to raise an amount significantly in excess of its book value. However, given the time that it took to sell such an instrument no increase in value was recognised in the financial statements. The cello was finally sold in November 2022.

7 Debtors

	2023 £	2022 £
Interest receivable	<u>360</u>	<u>-</u>
	360	-

8 Commitments

At 31 March 2023, the cash at bank, other deposit accounts and cash held by brokers totalling £169,433 are stated before deducting:

- (a) Loans of £nil (2022: £8,500) already approved by the trustees but not yet advanced.
- (b) Grants of £27,783 (2022: £22,889) approved by the trustees but not yet paid.
- (c) Applications for loans and grants still awaiting examination.

9 Related Party Transactions

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £111 (2022: £54) during the year. Meeting expenses were incurred totalling £109 (2022: £56).

There are no related party transactions requiring disclosure other than the transactions referred to above.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

England & Wales - Charity number 277909

Accounts

THE LOAN FUND FOR MUSICAL INSTRUMENTS

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

The Loan Fund for Musical Instruments

Vice-Presidents

DAME JANET BAKER, CH, DBE
DANIEL BARENBOIM LEVON CHILINGIRIAN, OBE
NICHOLAS DANIEL SIR ANDREW DAVIS, CBE
SIR ROGER NORRINGTON, CBE
SIR SIMON RATTLE, CBE

Trustees

THE ARTS COUNCIL OF ENGLAND
THE MUSICIANS' UNION
THE ROYAL SOCIETY OF ARTS
RODNEY SLATFORD, OBE, FRNCM, HON RCM
THE WORSHIPFUL COMPANY OF MUSICIANS
HELEN FAULKNER
CATHERINE YATES

Registered Charity Number

277909

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Executive Committee of the Trustees

Helen Faulkner, Chairman & Trustee

Chris Walters – Representative, Musicians’ Union, Trustee

Levon Chilingirian OBE – Representative, Worshipful Company of Musicians, Trustee

Rodney Slatford, OBE, FRNCM, Hon. RCM, Trustee

Catherine Yates (appointed 14 February 2022)

Secretary to the Trustees

Hugh Lloyd

Independent Examiner

Cara Turtington FCA DChA
Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Bankers

Child & Co Bankers
1 Fleet Street
London EC4Y 1BD

Investment managers

Cazenove Capital Management
Schroder & Co. Ltd
1 London Wall Place
London
EC2Y 5AU

Website: www.lfmi.org.uk

1, Speed Highwalk, Barbican,
LONDON, EC2Y 8DX

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Forty second Annual Report of the Executive Committee of the Trustees For the year ended 31 March 2022

The Trustees present their Annual Report for the year ended 31 March 2022, together with the financial statements of the Trust.

The financial statements comply with current legal requirements, the Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Constitution and Aims

The sole aim of the Fund, set up under a Trust Deed in 1979, is to help talented young professional musicians to purchase instruments of the quality they need. Although the Fund is now widely known among such players, additional publicity for its activities is always very welcome.

Organisation

The Fund is administered through the Executive Committee. Each of the four founding organisations is entitled to appoint a trustee. These organisations are: The Worshipful Company of Musicians, The Musicians' Union, The Arts Council and the Royal Society of Arts. With the exception of the Arts Council of England, which has resiled from appointing such a representative and the Royal Society of Arts, the remaining founding trustees have each nominated an individual as a trustee. The power to appoint new trustees is vested in the existing trustees at the time.

All trustee representatives or individual trustees are members of the Executive Committee, which meets three times a year. The Trust is managed through the offices of the Worshipful Company of Musicians.

Trustees

Catherine Yates was appointed as a trustee on 14 February 2022 and attended her first meeting in June 2022.

As at the date of the signing of the 2022 Report and accounts, the Executive Committee was as shown on page 2.

Trustees' responsibilities in relation to the financial statements

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any 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 charity will continue in business.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Annual Report continued

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reserves and Investment Policy

Reserves are invested in the Cazenove Charity Multi-Asset Fund. In normal times, the trustees endeavour to maintain a balance between invested funds, on which they aim to obtain a market return, and funds lent to borrowers where the interest rate will be below the market rate, so that there are sufficient funds to make appropriate loans and grants, while maintaining the value of the portfolio so that it can be available for future generations. In addition the Trustees are prepared to add 1% of any capital gains of the portfolio to the money available for grants. In the short term, the Fund has resources to meet applications for loans and satisfy most of the appropriate applications for grants. The Loan Fund does not normally own instruments, but following the end of a 10 year part-ownership scheme which the player did not want to continue, it currently has a cello by Giovanni Grancino in New York seeking a buyer.

During 2020-21 the trustees suspended making any new loan or grant commitments until the effects of the Covid-19 pandemic on the value of the Fund's investments could be assessed. The value of the investments had recovered sufficiently for grant and loan applications to be considered again in February 2021 and during 2021-22 they have returned to normal levels of funding commitments. Grants totalling £53,685 were awarded to 21 individuals (2020-21, £28,052 to 11 individuals).

By the end of the year the value of the Fund's investments, managed by Cazenove, had recovered to £1,533,965 (2021, £1,444,747) and the Fund's total net assets stood at £1,917,294 (£1,876,429). Total income was £62,556 (£61,165).

Risk Management

The Fund does not regard itself as exposed to any material risks.

Public Benefit

The Executive Committee has addressed the matter of the public benefit provided by the Fund, and believe that this is inherent, in that, subject to the rules, any professional musician may apply to the Fund for help in obtaining a suitable instrument with which to pursue his or her career. The financial help given to professional musicians to enable them to purchase high quality instruments helps to improve the standard of public concerts.

Review of activities

The Fund's main activity is the lending of money to young professional musicians under the age of thirty six, for the purchase of an appropriate and specific instrument, over a period of up to five years, currently at 2.5% APR. Repayments are made monthly. Usually up to about 70 % of the cost of the agreed instrument is lent. Applicants have to give references, as well as demonstrating their professional career and their ability to repay. Most of the applications are in respect of string instruments, where the amount borrowed has normally been between £5,000 and £30,000. There are some fine contemporary makers and the Fund is keen to encourage British luthiers.

In addition the Fund considers applications for grants of up to one-third of the value of an instrument costing not more than £15,000 to students who have reached the third year of their full-time studies or until two years after graduating. Prudent management of the Fund's financial resources usually allows annual grant offers of £45,000, but as reported above, from March 2020 until February 2021 the Fund decided not to make offers of grants and loans until the financial situation was clearer.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Annual Report continued

Applicants apply on a standard form, from which the Committee reaches a decision. During the year there were 3 applications for loans and 31 applications for grants. In some cases it is felt that a loan is more appropriate than a grant and 4 loan offers were made. Not all grants and loans are taken up and there is sometimes a considerable gap between an offer being made and a grant or loan being paid.

The Grant Scheme was introduced in 2004 and to date over £800,000 has been paid out. When the scheme was first introduced, concern was expressed in the Executive Committee as to whether all the students we helped would go on to play professionally. The three research exercises we have carried out on grantees since 2004 have shown that the majority do. In the extensive survey we carried out in 2016, the 148 grantees from 2005-2012 were identified on the internet and contacted. 128 replied to say that they were still in the music business, most with mixed careers involving playing and teaching.

Although the Fund is seldom able to award the total amount requested, and indeed encourages applicants to look elsewhere as well, we believe the Fund's imprimatur is a valuable recommendation to other funding sources. In making loans, in addition to weighing the suitability of the instrument under consideration, the Executive Committee, mindful of its responsibilities not to overburden applicants by adding onerous interest to student debt payments, has maintained the rate at 2.5% APR. Probably as a result of the high level of debt held by musicians leaving their conservatoires, the size, although not the number, of individual loans applied for has reduced in recent years. Most are in the area of £10,000.

In addition to resuming awards of grants and loans, individuals with outstanding loans had been offered the option of making reduced payments or taking payment holidays until they were able to resume paid work. A number of people took up this offer and everyone with an outstanding loan has honoured their repayment commitments, either as originally scheduled or under subsequently agreed terms,

During the year the trustees worked on a formal Equality, Diversity and Inclusion policy. They are grateful to the Musicians' Union for assistance with this and now have in place a formal policy stating:

LFMI is committed to encouraging equality, diversity and inclusion and opposes all forms of prejudice and discrimination. LFMI seeks to play an active role in creating a more diverse and inclusive music industry. Our aim is to be truly representative of all sections of society in our board of trustees and the musicians we assist.

We are collecting anonymised data from applicants about educational backgrounds and ethnicity. The information collected will be analysed at regular intervals.



Helen Faulkner
Chair
31st October 2022

THE LOAN FUND FOR MUSICAL INSTRUMENTS

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

I report to the trustees on my examination of the accounts of the Loan Fund for Musical Instruments (the Trust) for the year ended 31 March 2022.

Respective Responsibilities of trustees and examiner

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Cara Turtinton FCA DChA
Saffery Champness LLP, Chartered Accountants
71 Queen Victoria Street, London, EC4V 4BE



Date: 2 November 2022

THE LOAN FUND FOR MUSICAL INSTRUMENTS

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Unrestricted Funds	
		2022	2021
		£	£
Income			
Donations		273	267
Investment income	2	59,103	58,281
Loan interest		3,180	2,617
		62,556	61,165
Income for charitable application			
Expenditure			
Cost of raising funds:			
Investment management fees		3,594	3,258
Charitable activities:			
Grants	3	53,685	28,052
Administration expenses		13,430	13,351
Office expenses		878	385
Governance costs			
Independent examination		2,060	1,630
Professional Fees		227	-
		73,874	46,676
Total expenditure		73,874	46,676
Recognised gains on investments	5	52,183	238,192
Net income/(expenditure) and net movement in funds		40,865	252,681
Fund balance brought forward at 1 April 2021		1,876,429	1,623,748
Fund balance carried forward at 31 March 2022		1,917,294	1,876,429

The Statement of Financial Activities contains all recognised gains and losses for the year. All activities are continuing

THE LOAN FUND FOR MUSICAL INSTRUMENTS

BALANCE SHEET AT 31 MARCH 2022

	Notes	£	2022	£	£	2021	£
Fixed assets investments							
Listed	5		1,533,965			1,444,747	
Cash			-			35	
			<u>1,533,965</u>			<u>1,444,782</u>	
Current assets							
Musical Instrument – Grancino Cello	6	143,790		143,790			
Loans made for Musical Instruments		125,126		154,002			
Cash at bank and in hand		106,526		91,766			
Charities Official Investment Fund		<u>10,033</u>		<u>47,019</u>			
		385,475		436,577			
Current liabilities							
Creditors: Amounts falling due within one year							
Trade creditors		-		3,330			
Sundry creditors		<u>2,146</u>		<u>1,600</u>			
		2,146		4,930			
Net current assets			<u>383,329</u>			<u>431,647</u>	
Net assets			<u>1,917,294</u>			<u>1,876,429</u>	
Funds							
Unrestricted			<u>1,917,294</u>			<u>1,876,429</u>	
			<u>1,917,294</u>			<u>1,876,429</u>	

The financial statements on pages 7 to 12 were approved on behalf of the Trustees
by:



Helen Faulkner
Chair
31st October 2022

The notes on pages 10 to 12 form part of these financial statements.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	2022		2021	
	£	£	£	£
Net cash (outflow)/inflow from operating activities (see A below)		(51,137)		17,889
Cash flows from lending activities:				
Issue of new loans to young musicians	(14,000)		(58,000)	
Repayment of young musicians' loans	42,876		38,939	
		28,876		(19,061)
(Decrease)/increase in cash and cash equivalents (See B below)		(22,261)		(1,172)
A Reconciliation of gain/(loss) for the year to net cash flow				
Net income for the year		40,865		252,681
Decrease in debtors		-		-
(Decrease)/increase in creditors		(2,784)		3,400
(Additions) to investments		(37,035)		-
(Gains)/losses on investments		(52,183)		(238,192)
Net cash (outflow)/inflow from operating activities		(51,137)		17,889
B Analysis of changes in cash and cash equivalents				
Balance at 1 April 2021		138,820		139,992
Net cash (outflow)/inflow		(22,261)		(1,172)
Balance at 31 March 2022 (See C below)		116,559		138,820
C Cash and cash equivalents				
Cash with brokers		-		35
Cash at bank		106,526		91,766
Charities Official Investment Fund		10,033		47,019
Balance at 31 March 2022		116,559		138,820

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at open market value, and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102. The accounts are prepared in £.

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements with respect to a period of at least one year from the date of approval of these financial statements including considering the impact of Covid-19 on the charity's income, expenditure, investments and reserves; and its beneficiaries. They have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Donations and similar income

Donations and similar income are included on the basis of amounts receivable in the year.

Interest and Investment Income

Loan repayments are calculated by formula based on rate of interest and constant monthly payments. The interest element of each loan is credited to the accumulated fund as the interest is earned.

Investment income is stated on an accruals basis.

Expenditure

Expenditure is included on an accruals basis.

Costs of raising funds comprise those costs directly attributable to managing the investment assets.

Grants awarded are charged in full to the SOFA when the offer is conveyed to the beneficiary, unless the offer is conditional and therefore recognised as expenditure when the conditions attached are fulfilled.

Grants approved by the trustees but not yet included in expenditure are disclosed in note 7.

Taxation

The charity is a registered charity and is not liable to income tax or corporation tax on its charitable activities.

Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are recognised in the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 Investment income

	2022	2021
	£	£
Income from investment portfolio	59,078	58,191
Deposit interest on managed funds	25	90
	<u>59,103</u>	<u>58,281</u>

3 Grants

	2022	2021
	£	£
Grants	<u>53,685</u>	<u>28,052</u>

During the year grants were made to 21 individuals (2021: 11 individuals).

4 Staff costs and trustees' remuneration

The Fund is being administered by The Worshipful Company of Musicians and has no employees (2021: nil).

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £54 (2021: £nil) during the year. Meeting expenses were incurred totalling £56 (2021: £32).

5 Listed investment

	2022	2021
	£	£
Market Value 1 April 2021	1,444,747	1,206,555
Additions	37,035	-
Realised/unrealised investment gains/(losses)	52,183	238,192
Market value 31 March 2022	<u>1,533,965</u>	<u>1,444,747</u>
Historical cost 31 March 2022	<u>1,288,502</u>	<u>1,251,605</u>

At the balance sheet date, the investment portfolio was invested as follows:

	2022	2021
	£	£
UK Unit Trusts	<u>1,533,965</u>	<u>1,444,747</u>
Market value at 31 March 2022	<u>1,533,965</u>	<u>1,444,747</u>

At the balance sheet date, 100% of the investment portfolio was invested in Schroder Charity Multi-Asset Inc.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

6 Musical Instrument (Grancino Cello)

Cost at 31 March 2021 and 31 March 2022	£ <u>143,790</u>
---	---------------------

Since March 2019, the Trustees have been committed to selling the cello and it is expected to raise an amount significantly in excess of its book value. However, given the time it is expected to take to sell such an instrument no increase in value has been recognised in these financial statements.

7 Commitments

At 31 March 2022, the cash at bank, other deposit accounts and cash held by brokers totalling £116,559 are stated before deducting:

- (a) Loans of £8,500 (2021: £21,500) already approved by the trustees but not yet advanced.
- (b) Grants of £22,889 (2021: £23,146) approved by the trustees but not yet paid.
- (c) Applications for loans and grants still awaiting examination.

8 Related Party Transactions

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £54 (2021: £nil) during the year. Meeting expenses were incurred totalling £56 (2021: £32).

There are no related party transactions requiring disclosure other than the transactions referred to above.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

England & Wales - Charity number 277909

Accounts

THE LOAN FUND FOR MUSICAL INSTRUMENTS
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

The Loan Fund for Musical Instruments

Patron

H.R.H. THE PRINCE OF WALES, KG, KT, GCB, PC

Vice-Presidents

DAME JANET BAKER, CH, DBE

DANIEL BARENBOIM LEVON CHILINGIRIAN, OBE

NICHOLAS DANIEL SIR ANDREW DAVIS, CBE

BERNARD HAITINK, Hon. CH, Hon. KBE

SIR ROGER NORRINGTON, CBE

SIR SIMON RATTLE, CBE

Trustees

THE ARTS COUNCIL OF ENGLAND

THE MUSICIANS' UNION

THE ROYAL SOCIETY OF ARTS

RODNEY SLATFORD, OBE, FRNCM, HON RCM

THE WORSHIPFUL COMPANY OF MUSICIANS

HELEN FAULKNER

Registered Charity Number

277909

Executive Committee of the Trustees

Chris Walters – Representative, Musicians' Union, Trustee
Levon Chilingirian OBE – Representative, Worshipful Company of Musicians, Trustee
Rodney Slatford, OBE, FRNCM, Hon. RCM, Trustee
Helen Faulkner, Trustee

Secretary to the Trustees

Hugh Lloyd

Independent Examiner

Cara Turlington FCA DChA
Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Bankers

Child & Co Bankers
1 Fleet Street
London EC4Y 1BD

Investment managers

Cazenove Capital Management
Schroder & Co. Ltd
1 London Wall Place
London
EC2Y 5AU

Website: www.lfmi.org.uk

1, Speed Highwalk, Barbican,
LONDON, EC2Y 8DX

THE LOAN FUND FOR MUSICAL INSTRUMENTS

Forty first Annual Report of the Executive Committee of the Trustees For the year ended 31 March 2021

The Trustees present their Annual Report for the year ended 31 March 2021, together with the financial statements of the Trust.

The financial statements comply with current legal requirements, the Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Constitution and Aims

The sole aim of the Fund, set up under a Trust Deed in 1979, is to help talented young professional musicians to purchase instruments of the quality they need. Although the Fund is now widely known among such players, additional publicity for its activities is always very welcome.

Organisation

The Fund is administered through the Executive Committee. Each of the four founding organisations is entitled to appoint a trustee. These organisations are: The Worshipful Company of Musicians, The Musicians' Union, The Arts Council and the Royal Society of Arts. With the exception of the Arts Council of England, which has resiled from appointing such a representative and the Royal Society of Arts, the remaining founding trustees have each nominated an individual as a trustee. The power to appoint new trustees is vested in the existing trustees at the time.

All trustee representatives or individual trustees are members of the Executive Committee, which meets three times a year. The Trust is managed through the offices of the Worshipful Company of Musicians.

Ave Atque Vale

Diane Widdison, The Musicians Union appointee resigned on 31st December 2020 and was replaced by Chris Walters. Petronella Burton-Brown, the WCOM appointee resigned on 14th June 2021 and was replaced by Levon Chilingarian OBE. Geoff Parkin resigned on 11th June 2021, as did the Chairman, Robert Montgomery on 14th June.

As at the date of the signing of the 2021 Report and accounts, the Executive Committee was as shown on page 2.

Trustees' responsibilities in relation to the financial statements

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any 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 charity will continue in business.

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Annual Report continued

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reserves and Investment Policy

Reserves are invested in the Cazenove Charity Multi-Asset Fund. In normal times, the trustees endeavour to maintain a balance between invested funds, on which they aim to obtain a market return, and funds lent to borrowers where the interest rate will be below the market rate, so that there are sufficient funds to make appropriate loans and grants, while maintaining the value of the portfolio so that it can be available for future generations. In addition the Trustees are prepared to add 1% of any capital gains of the portfolio to the money available for grants. In the short term, the Fund has resources to meet applications for loans and satisfy most of the appropriate applications for grants. The Loan Fund does not normally own instruments, but following the end of a 10 year part-ownership scheme which the player did not want to continue, it currently has a cello by Giovanni Grancino in New York seeking a buyer.

In 2020, due to Covid-19, the value of the invested portfolio fell from £1,417,366 on 12 February 2020 to £1,206,555 on 31 March 2020. To protect the future of the Fund, the trustees then decided that, although existing offers of loans or grants would be honoured, (subject to any conditions attached by the Committee,) no new applications for grants or loans would be considered until the trustees could see the way forward. The Committee next met on 16 February 2021, to consider applications, by which time the value of the Fund, which is managed by Cazenove, had recovered to £1,477,445. On 31 March 2021 the value of the investment portfolio was £1,444,747.

As at 31 March 2021 net assets were £1,876,429 (£1,623,748) During the year the Fund received a dividend of £58,281 (£59,192), which is 4% of the value of the portfolio, smoothed out over the previous 3 years. Together with loan interest and donations received, this gave total income of £61,165 (£63,433). During the year, offers of grants totalling £25,198 were made.

Risk Management

The Fund does not regard itself as exposed to any material risks.

Public Benefit

The Executive Committee has addressed the matter of the public benefit provided by the Fund, and believe that this is inherent, in that, subject to the rules, any professional musician may apply to the Fund for help in obtaining a suitable instrument with which to pursue his or her career. The financial help given to professional musicians to enable them to purchase high quality instruments helps to improve the standard of public concerts.

Review of activities

The Fund's main activity is the lending of money to young professional musicians under the age of thirty six, for the purchase of an appropriate and specific instrument, over a period of up to five years, currently at 2.5% APR. Repayments are made monthly. Usually up to about 70 % of the cost of the agreed instrument is lent. Applicants have to give references, as well as demonstrating their professional career and their ability to repay. Most of the applications are in respect of string instruments, where the amount borrowed has normally been between £5,000 and £30,000. There are some fine contemporary makers and the Fund is keen to encourage British luthiers.

In addition the Fund considers applications for grants of up to one-third of the value of an instrument costing not more than £15,000 to students who have reached the third year of their full-time studies or until two years after graduating. Prudent management of the Fund's financial resources usually allows annual grant offers of £45,000, but as reported above, from March 2020 until February 2021 the Fund

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decided not to make offers of grants and loans until the financial situation was clearer.

Annual Report continued

Applicants apply on a standard form, from which the Committee reaches a decision on the appropriateness of the application. During the year no offers of loans were made (17 in 2019/20 totalling £120,588). 17 grant applications were received from which £25,198 offers were made. Not all offers result in a loan or grant being taken up.

The Grant Scheme was introduced in 2004 and to date some £800,000 has been paid out. When the scheme was first introduced, concern was expressed in the Executive Committee as to whether all the students we helped would go on to play professionally. The three research exercises we have carried out on grantees since 2004 have shown that the majority do. In the extensive survey we carried out in 2016, the 148 grantees from 2005-2012 were identified on the internet and contacted. 128 replied to say that they were still in the music business, most with mixed careers involving playing and teaching.

Although the Fund is seldom able to award the total amount requested, and indeed encourages applicants to look elsewhere as well, we believe the Fund's imprimatur is a valuable recommendation to other funding sources. In making loans, in addition to weighing the suitability of the instrument under consideration, the Executive Committee, mindful of its responsibilities not to overburden applicants by adding onerous interest to student debt payments, has reduced the rate to 2.5% APR. Probably as a result of the high level of debt held by musicians leaving their conservatoires, the size, although not the number, of individual loans applied for has reduced in recent years. Most are in the area of £10,000.

In recent years, in order to help the funds go further, the trustees have, where the applicants' circumstances are appropriate, offered a loan instead of the grant requested. It goes without saying that if the Fund had more money available it could be of increased help to professionals in acquiring a suitable instrument with which to pursue their careers. The cost of string instruments continues to rise, as it does for wind and brass. Top quality flutes now cost over £10,000 and oboes not much less.

The effect of Covid-19 on the chances for those studying to enter the music profession has been disastrous. Young musicians graduate with increasingly onerous levels of debt to which must be added the uncertainty as to what jobs there will be in the post Covid-19 era. Interest holidays have been granted where asked for, but the Fund is not in a position to forgo interest due. It is noteworthy that borrowers have continued to honour their commitments, and to repay promptly. While the number and amounts of applications for grants or loans cannot be forecast, in general the Fund is able to advance money for appropriate loans without a problem, although the demand for grants exceeds the money available.

With the recovery in the investment portfolio, the Trust believes that normal activity can resume. In 2021 the Trustees met in February and will also have meetings in June and November to consider applications.



Helen Faulkner
Chair
25th October 2021

THE LOAN FUND FOR MUSICAL INSTRUMENTS

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

I report to the trustees on my examination of the accounts of the Loan Fund for Musical Instruments (the Trust) for the year ended 31 March 2021.

Respective Responsibilities of trustees and examiner

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of independent examiner's report

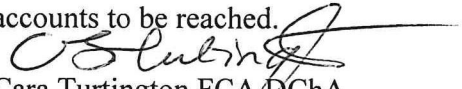
My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.


Cara Turtington FCA/DChA
Saffery Champness LLP, Chartered Accountants
71 Queen Victoria Street, London, EC4V 4BE

Date: 4 November 2021

THE LOAN FUND FOR MUSICAL INSTRUMENTS

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	Unrestricted Funds	
		2021	2020
		£	£
Income			
Donations		267	279
Investment income	2	58,281	59,192
Loan interest		2,617	3,962
		61,165	63,433
Expenditure			
Cost of raising funds:			
Investment management fees		3,258	3,307
Charitable activities:			
Grants	3	28,052	29,270
Advertising		-	312
Administration expenses		13,351	11,768
Office expenses		385	2,926
Amounts written off		-	-
Governance costs			
Independent examination		1,630	1,560
Accountancy		-	1,600
		46,676	50,743
Recognised gains/(losses) on investments	5	238,192	(152,422)
Net income/(expenditure) and net movement in funds		252,681	(139,732)
Fund balance brought forward at 1 April 2020		1,623,748	1,763,480
Fund balance carried forward at 31 March 2021		1,876,429	1,623,748

The Statement of Financial Activities contains all recognised gains and losses for the year. All activities are continuing

THE LOAN FUND FOR MUSICAL INSTRUMENTS

**BALANCE SHEET
AT 31 MARCH 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed assets investments					
Listed	5		1,444,747		1,206,555
Cash			35		35
			<u>1,444,782</u>		<u>1,206,590</u>
Current assets					
Musical Instrument – Grancino Cello	6	143,790		143,790	
Debtors –					
Loans made for Musical Instruments		154,002		134,941	
Cash at bank and in hand		91,766		92,994	
Charities Official Investment Fund		47,019		46,963	
Other debtors and prepayments		-		-	
		<u>436,577</u>		<u>418,688</u>	
Current liabilities					
Creditors: Amounts falling due within one year					
Trade creditors		3,330		-	
Sundry creditors		1,600		1,530	
		<u>4,930</u>		<u>1,530</u>	
Net current assets			<u>431,647</u>		<u>417,158</u>
Net assets			<u>1,876,429</u>		<u>1,623,748</u>
Funds					
Unrestricted			<u>1,876,429</u>		<u>1,623,748</u>
			<u>1,876,429</u>		<u>1,623,748</u>

The financial statements on pages 7 to 12 were approved on behalf of the Trustees on
by:

2021



Helen Faulkner
Chair
25th October 2021

The notes on pages 9 to 12 form part of these financial statements.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	2021		2020	
	£	£	£	£
Net cash inflow from operating activities (see A below)		17,889		12,746
Cash flows from lending activities:				
Issue of new loans to young musicians	(58,000)		(29,000)	
Repayment of young musicians' loans	<u>38,939</u>		<u>55,017</u>	
		(19,061)		26,017
(Decrease)/increase in cash and cash equivalents (See B below)		<u>(1,172)</u>		<u>38,763</u>
A Reconciliation of gain/(loss) for the year to net cash flow				
Net income/(expenditure) for the year		252,681		(139,732)
Decrease in debtors		-		26
Increase in creditors		3,400		30
(Gains)/losses on investments		<u>(238,192)</u>		<u>152,422</u>
Net cash inflow from operating activities		<u>17,889</u>		<u>12,746</u>
B Analysis of changes in cash and cash equivalents				
Balance at 1 April 2020		139,992		101,229
Net cash (outflow)/inflow		<u>(1,172)</u>		<u>38,763</u>
Balance at 31 March 2021 (See C below)		<u>138,820</u>		<u>139,992</u>
C Cash and cash equivalents				
Cash with brokers		35		35
Cash at bank		91,766		92,994
Charities Official Investment Fund		<u>47,019</u>		<u>46,963</u>
Balance at 31 March 2021		<u>138,820</u>		<u>139,992</u>

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at open market value, and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102. The accounts are prepared in £.

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements with respect to a period of at least one year from the date of approval of these financial statements including considering the impact of Covid-19 on the charity's income, expenditure, investments and reserves; and its beneficiaries. They have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Donations and similar income

Donations and similar income are included on the basis of amounts receivable in the year.

Interest and Investment Income

Loan repayments are calculated by formula based on rate of interest and constant monthly payments. The interest element of each loan is credited to the accumulated fund as the interest is earned.

Investment income is stated on an accruals basis.

Expenditure

Expenditure is included on an accruals basis.

Costs of raising funds comprise those costs directly attributable to managing the investment assets.

Grants awarded are charged in full to the SOFA when the offer is conveyed to the beneficiary, unless the offer is conditional and therefore recognised as expenditure when the conditions attached are fulfilled.

Grants approved by the trustees but not yet included in expenditure are disclosed in note 7.

Taxation

The charity is a registered charity and is not liable to income tax or corporation tax on its charitable activities.

Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are recognised in the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2 Investment income

	2021	2020
	£	£
Income from investment portfolio	58,191	58,772
Deposit interest on managed funds	90	420
	<u>58,281</u>	<u>59,192</u>

3 Grants

	2021	2020
	£	£
Grants	<u>28,052</u>	<u>29,270</u>

During the year grants were made to 11 individuals (2020: 16 individuals).

4 Staff costs and trustees' remuneration

The Fund is being administered by The Worshipful Company of Musicians and has no employees (2020: nil).

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £nil (2020: £308) during the year. Meeting expenses were incurred totalling £32 (2020: £60).

5 Listed investment

	2021	2020
	£	£
Market Value 1 April 2020	1,206,555	1,358,977
Realised/unrealised investment gains/(losses)	238,192	(152,422)
Market value 31 March 2021	<u>1,444,747</u>	<u>1,206,555</u>
Historical cost 31 March 2021	<u>1,253,605</u>	<u>1,253,605</u>

At the balance sheet date, the investment portfolio was invested as follows:

	2021	2020
	£	£
UK Unit Trusts	<u>1,444,747</u>	<u>1,206,555</u>
Market value at 31 March 2021	<u>1,444,747</u>	<u>1,206,555</u>

At the balance sheet date, 100% of the investment portfolio was invested in Schroder Charity Multi-Asset Inc.

THE LOAN FUND FOR MUSICAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6 Musical Instrument (Grancino Cello)

Cost at 31 March 2020 and 31 March 2021	£ 143,790
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Since March 2019, the Trustees have been committed to selling the cello and it is expected to raise an amount significantly in excess of its book value. However, given the time it is expected to take to sell such an instrument no increase in value has been recognised in these financial statements.

7 Commitments

At 31 March 2021, the cash at bank, other deposit accounts and cash held by brokers totalling £138,820 are stated before deducting:

- (a) Loans of £21,500 (2020: £80,500) already approved by the trustees but not yet advanced.
- (b) Grants of £23,146 (2020: £22,000) approved by the trustees but not yet paid.
- (c) Applications for loans and grants still awaiting examination.

8 Related Party Transactions

The trustees, who are the key management personnel, were not paid but they or their representatives were reimbursed expenses of £nil (2020: £308) during the year. Meeting expenses were incurred totalling £32 (2020: £60).

There are no related party transactions requiring disclosure other than the transactions referred to above.