

## **THE HAMPSTEAD CHURCH MUSIC TRUST**

### **2017 ANNUAL REPORT**

The trustees of The Hampstead Church Music Trust (“HCMT”) present their report and the accounts in respect of the financial year ended 31 December 2017.

#### **Status**

HCMT is an unincorporated association, constituted by a Trust Deed dated 20 April 1975 and registered as a charity by the Charity Commission for England and Wales with registration number 269427. The Trust Deed was amended during 2016 by a trustees’ resolution dated 20 April 2016 in order to change and update the provisions relating to the appointment and terms of office of trustees (see further below). Its correspondence address is c/o Hampstead Parish Church, Church Row, London NW3 6UU and its website address is [www.hcmt.org.uk](http://www.hcmt.org.uk).

#### **Trustees**

Under the amended provisions of the Trust Deed referred to above the trustees are:

- (a) the Vicar of St John-at-Hampstead (Hampstead Parish Church) - unless he declines to act or is disqualified from acting as a trustee;
- (b) up to two (or, if the Vicar of St John-at-Hampstead declines to act or is disqualified from acting as a trustee or if there is no Vicar for the time being, up to three) persons appointed by the Parochial Church Council of St John-at-Hampstead (“PCC”);
- (c) up to three persons appointed by The Friends of the Music of Hampstead Parish Church (“FOM”); and
- (d) up to four persons appointed by the trustees themselves.

With the exception of the Vicar trustees are normally appointed for fixed terms of three years. They are eligible to be re-appointed for further terms of three years except that, save in circumstances certified to be exceptional by each of the other trustees and with their unanimous consent, a trustee who has served for a consecutive period of nine years falling wholly after 20 April 2016 may not be appointed or re-appointed as a trustee. There are also provisions to ensure that a majority of the trustees are not members of the PCC.

The trustees as at 31 December 2017 and their terms of office at that date were:

|                                   |   |
|-----------------------------------|---|
| The Vicar of St John-at-Hampstead | The Reverend Jeremy Fletcher  |
| PCC appointees                    | Inigo Woolf (until 31 May 2018)<br>Frances Spalding (until 16 July 2020)  |
| FOM appointees                    | Gillian Perrin (until 31 December 2017)<br>Handley Stevens (until 31 December 2018)<br>Robin Tyson (until 26 November 2019) |

Trustee appointees

Robert Welsford (until 11 May 2019)

Bryan Sanderson (until 31 May 2019)

With the exception of the Reverend Jeremy Fletcher (who became Vicar and a trustee on 16 March 2017) they all served as trustees throughout 2017.

Gillian Perrin became a trustee-appointed trustee on 1 January 2018 following the expiry of her term of office as a FOM appointee the previous day but there has been no other change in the trustees between 31 December 2017 and the date of approval of this report.

### **Object**

The object of HCMT, as set out in the Trust Deed by which it is constituted, is to maintain and promote the performance and appreciation of church music in Hampstead and in particular Hampstead Parish Church. Church music is defined for this purpose as including music written for performance as part of or during any church service and any other music which (having regard to its character) is suitable for performance in a church or by a church choir. The trustees give effect to this object by the making of grants, including in particular grants towards the cost of the music at services at Hampstead Parish Church. These grants help to ensure the continuity of the Parish's long-standing musical tradition (including the musical education and development of its junior choir) which makes a major contribution to the life and ministry of the Parish.

### **Restricted funds**

In addition to its unrestricted (or general) fund HCMT has three restricted funds. These are:

- (a) the **Martindale Sidwell Memorial Fund** the object of which is to establish a recital fund for young musicians, particularly those associated with Hampstead Parish Church;
- (b) the **Ian Macdonald Hay Fund** the object of which is to augment resources for the music in Hampstead Parish Church; and
- (c) the **Barney Rodgers Memorial Fund** which is for the benefit of the junior choir at Hampstead Parish Church but which, in the event that the junior choir is disbanded, may be used to support the music at Hampstead Parish Church.

During 2016 the trustees decided to run down the Ian Macdonald Hay Fund, the need for that fund being diminished following HCMT's receipt of the substantial legacy from a former parishioner of Hampstead Parish Church referred to below.

### **Activities**

The principal activities of HCMT during 2017 were the making of grants in pursuance of its objects. The total amount of grants awarded during the year was £64,534.98 (2016: £68,108.41) and included amongst them were the following:

- £45,000 towards the general service music costs at Hampstead Parish Church.
- £6,305 towards the costs of a performance of Bach's St Matthew Passion in Hampstead Parish Church on Passion Sunday 2017.

- £8,436 towards the costs of a performance of Bach's B Minor Mass in Hampstead Parish Church in November 2017 as part of the Hampstead Arts Festival.
- £900 towards the costs of the "come and sing" Mozart Requiem in Hampstead Parish Church on the day before Remembrance Sunday 2017.
- £700 towards the costs of the Martindale Sidwell Memorial Concert given by Christine Buras (a member of the choir of Hampstead Parish Church) in May 2017, the programme including Schumann's *Frauenliebe und -leben* and songs by Clara Schumann, Brahms, Greig and Sibelius.
- £1,844 towards the costs of individual singing tuition for the members of Hampstead Parish Church's junior choir.
- £1,350 towards the costs of the Hampstead Community Choir.

During 2017 HCMT also completed the launch of its website, which had been one of the priorities for the year set by the trustees. The website includes, in particular, information about HCMT's grant-making and details of the procedures for grant applications.

### **Public benefit**

The activities of HCMT summarized above gave effect to HCMT's public benefit role which is the promotion of both the arts and education through church music, and in carrying out the work of HCMT the trustees have had regard to the Charity Commission's guidance on public benefit.

The largest grant during the year was made towards the general music costs at Hampstead Parish Church where services are open to all and where music plays an important role in many of them. The music, which is provided by professional musicians, is of a very high standard and not only is it an integral part of the regular worship of the parish but its quality and variety draws a wide range of people to the services. Other grants facilitated performances that were open to the public of religious and other church music, in particular performances of the St Matthew Passion (for which no entry charge was made) and the B Minor Mass, as well as a range of unusual works from the choral repertoire. All concerts were accompanied by programme notes enhancing appreciation of the works performed (in furtherance of the object of HCMT). Meanwhile, the junior choir also plays a valuable role in the life of the parish whilst at the same time providing its members with a knowledge of and grounding in church music that it is hoped will remain with them in later life. The grant towards the costs of singing tuition for the junior choristers enables them to be provided with some of the training essential to their musical development.

### **Finances**

#### **(A) Legacies**

HCMT was notified in 2014 that it was the sole beneficiary of the substantial estate of Miss Charmian England, a former parishioner of Hampstead Parish Church. Interim distributions from the estate totaling £2,411,308.21 were received during 2015 and 2016 but no further distribution was received during 2017. It is expected that the winding up of the estate will be completed during 2018, although the trustees do not at this stage know how much any final distribution may be.

During 2017 HCMT also received a legacy of £10,000 from the estate of another former parishioner of Hampstead Parish Church. The proceeds of this legacy were invested during the year as part of the Unrestricted Investment Fund referred to below.

#### (B) Investments

The investments of HCMT are in a number of pooled investment funds, the funds in question having been chosen to provide a spread of investment manager and investment risk.

The performance during 2017 of the investments held throughout the year was as follows:

|  | <i>Start of year<br/>valuation</i> | <i>End of year<br/>valuation</i> | <i>Change</i> |
|--|------------------------------------|----------------------------------|---------------|
| CBF Investment Fund                            | £763,433                           | £832,349                         | 9%            |
| CBF Global Equity Income Fund                  | £485,312                           | £512,554                         | 5.6%          |
| Newton Growth and Income Fund<br>for Charities | £1,272,410                         | £1,397,721                       | 9.8%          |
| M&G Charifund                                  | £187,579                           | £200,683                         | 7%            |
| CBF Property Fund                              | £26,488                            | £27,497                          | 3.8%          |

All the above investments are held in the Unrestricted Investment Fund referred to below with the exception of £18,855 (at end of year valuation) of the M&G Charifund investment which is held in the Martindale Sidwell Memorial Fund and the whole of the CBF Property Fund investment which is held in the Barney Rodgers Memorial Fund.

HCMT's investment objective is to maintain the real value of the investment fund with the fund at the same time providing a growing income. The trustees have taken the view that in the current economic environment a greater portion of the total return on an investment portfolio will come from income distributions and therefore investments have been made in funds which all have an income yield of in the region of 3% or more. HCMT's two highest yielding investments, the CBF Property Fund and M&G Charifund, had income yields of 5.7% and 4.9% respectively based on the valuations of the funds at the start of the year.

#### (C) Income and expenditure

The total incoming resources for the year, excluding the £10,000 legacy referred to above, amounted to £96,196.52 (2016: £69,606.23), the increase over the previous year being largely attributable to extra investment income resulting from further investments made during the course of 2016. Resources expended amounted to £65,214.48 (2016: £72,189.91) with the reduction being due to a lower level of grants applied for and awarded. As a result, there was an overall net operating surplus for the year, excluding legacy income, of £30,982.04 (2016: a deficit of £2,583.68).

#### (D) Reserves policy

In light of the changed financial position of HCMT following Miss England's legacy the trustees adopted a new reserves policy in 2016.

As the first step in this process the Unrestricted Fund was divided into an **Unrestricted Investment Fund** and an **Unrestricted General Fund**. The Unrestricted Investment Fund would be a long term investment fund and would comprise HCMT's unrestricted investments the income from which would fund HCMT's principal on-going grant-making activities. Meanwhile, the Unrestricted General Fund would be HCMT's general operating fund to which all its unrestricted incoming resources, including the income from the investments in the Unrestricted Investment Fund, would be credited and from which all grants (other than grants from the Restricted Funds) and other outgoings would be paid.

As the second part of the policy, the trustees decided that in order to ensure that HCMT has sufficient funds to meet grant requests as and when needed without being dependent on the timing of distribution receipts from the investments in the Unrestricted Investment Fund, it should as a general rule of thumb hold some £50,000 of immediately available cash in the Unrestricted General Fund, this sum being equivalent to slightly in excess of six months' unrestricted income. As at 31 December 2017 the immediately available cash in the Unrestricted General Fund amounted to £91,297.91, some £41,000 more than the target, and the trustees expect to take this additional £41,000 into account when considering grant requests for 2018 and 2019.

#### (E) Net assets

At the end of 2017 HCMT's net assets amounted to £3,089,696.07 (31 December 2016: £2,812,610.89). Of this amount £3,031,706.91 (31 December 2016: £2,757,698.42) was attributable to the Unrestricted Investment Fund and the Unrestricted General Fund and £57,989.16 (31 December 2016: £54,912.47) was spread between the three restricted funds.

#### **Priorities for 2018**

In addition to HCMT's normal grant-making activities, the trustees' priorities for 2018 include:

- encouraging applications to introduce more young people to the beauty of church music either as participants or as listeners;
- broadening the scope of the work of HCMT in Hampstead; and
- the ongoing review of its investment portfolio and the making of any necessary further investment decisions following the final distribution from Miss England's estate.

This report was approved by the trustees on 22 January 2018.

**B K Sanderson**  
Trustee

**R A M Welsford**  
Trustee