

**THE BRITISH RECORD INDUSTRY
TRUST**

(A company limited by guarantee)

Report and Financial Statements

31 December 1999

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 1999

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TRUSTEES' REPORT

The trustees present their report and the audited financial statements for the year ended 31 December 1999.

NAME AND REGISTERED OFFICE OF THE CHARITY

The full name of the charity is the British Record Industry Trust and its registered office and principal operating address is 25 Savile Row, London W1X 1AA.

CONSTITUTION

The trust was formed as a company limited by guarantee on 17 April 1989.

The company registration number is 2372740.

Registered with the Charity Commission - Registration Number 1000413.

TRUSTEES

The trustees who served during the year and to the present were:

Sam Alder

Paul Burger

John Craig

John Deacon CBE (resigned 12 July 2000)

Rob Dickins

Rupert Perry CBE

Andrew Yeates (appointed 12 July 2000)

METHOD OF ELECTION OF TRUSTEES

A trustee may be appointed by resolution of the members of the trust. The trust's Articles of Association require there to be not less than two nor more than twelve members of the trust at any point in time.

INVESTMENT POWERS

The Memorandum and Articles of Association of the trust permit wide powers of investment, with no specific stipulations as to the nature of investments made.

Auditors

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Investment Managers

Coutts & Co
440 Strand
London WC2R 0QS

Solicitors

Olswang
90 Long Acre
London WC2E 9TT

TRUSTEES' REPORT**OBJECTS AND ACTIVITIES**

The object of the trust, as set out in the Memorandum and Articles of Association, is the promotion of such exclusively charitable objects as the trust may from time to time see fit.

The mission of the trust, as defined in its Mission Statement, is to encourage young people in the exploration and pursuit of educational, cultural or therapeutic benefits emanating from music. The mission statement has not altered during the year under review.

ORGANISATION

The trust operates from 25 Savile Row, London W1X 1AA. It holds a 50% share in Music Industry Trusts Limited, a fund-raising company.

REVIEW OF THE DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS DURING THE YEAR

During the year, the trustees have made grants payable to eight organisations to further the stated aims of the trust. Grants payable in the year range from £5,000 to £260,000 (1998 - £50 to £120,499) and totalled £762,200 (1998 - £248,942).

REVIEW OF TRANSACTIONS AND FINANCIAL POSITION

The trust continues to be funded principally by Brit Awards Limited and Music Industry Trusts Limited. The increase in income during the year was attributable to the income from Brit Awards Limited which increased to £850,000 (1998 - £160,000).

During the year the trust contributed £260,000 (1998 - £120,499) to the cost of running the Brit School for Performing Arts and Technology. This is a non fee-paying school jointly funded by the government and other sponsors. The school had its first intake of students in September 1991 and provides a curriculum of academic and performing arts subjects for its students.

The trust donated a further £502,200 (1998 - £128,443) to other projects during the year.

The trust is run from the offices of the British Phonographic Industry Limited who also provide staff to administer the trust. No charge is made in respect of this service. The British Phonographic Industry Limited recharges the trust with expenses incurred specifically on its behalf. The trustees do not receive remuneration for their services.

The surplus for the year was £472,304 (1998 - £126,942). At the year end £303,232 (1998 - £100,000) was transferred to the Designated Fund. At the year end the balance on the Designated Fund was £1,782,424 (1998 - £1,317,217) and on General Reserves £208,745 (1998 - £201,648).

AVAILABILITY AND ADEQUACY OF ASSETS OF EACH OF THE FUNDS

The trust has no legally binding charitable commitments. An ongoing commitment to funding the Brit School for Performing Arts and Technology exists, which will be met out of future income. (See note 15).

FUTURE PLANS AND SUBSEQUENT EVENTS

The current financial objective of the trust is to continue to increase the Designated Fund in order to provide sufficient income to meet commitments to the trust's beneficiaries.

The trust expects to continue to receive income from current fund-raising events.

INVESTMENTS

The trust's investments have been acquired in accordance with the trustee's powers as set out in the Memorandum and Articles of Association.

TRUSTEES' REPORT

YEAR 2000

Following their initial review, the trustees continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.


AUDITORS

A resolution for reappointment of Deloitte & Touche is to be proposed at the forthcoming Annual General Meeting.

By order of the Trustees

John Craig
Trustee

2 August 2000

A handwritten signature in black ink, appearing to be 'John Craig', written over the printed name and date.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the directors of a charity (namely the trustees) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of the incoming resources and application of resources for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS' REPORT TO THE MEMBERS OF

THE BRITISH RECORD INDUSTRY TRUST

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of trustees and auditors

As described on page 4 the trustees, who are also the directors of the charity for the purposes of company law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 1999 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Deloitte & Touche

Chartered Accountants and Registered Auditors

22 August 2000

INCOME AND EXPENDITURE ACCOUNT**Year ended 31 December 1999**

	Note	1999 £	1998 £
INCOME		1,047,027	258,493
Administrative expenses		(797,348)	(275,815)
OPERATING SURPLUS/(DEFICIT)	8	249,679	(17,322)
Interest receivable	3	10,511	25,622
Investment income	4	34,950	31,515
Realised gains/(losses) on investment assets held for charitable use		154,977	(1,106)
SURPLUS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		450,117	38,709

STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 1999

	Note	General Fund £	Designated Fund £	Total 1999 £	Total 1998 £
INCOME AND EXPENDITURE					
INCOMING RESOURCES:					
Donations receivable	1	1,047,027	-	1,047,027	258,493
Interest receivable	3	10,511	-	10,511	25,622
Investment income	4	34,950	-	34,950	31,515
TOTAL INCOMING RESOURCES		1,092,488	-	1,092,488	315,630
RESOURCES EXPENDED:					
Direct charitable expenditure:					
Grants payable	5	762,200	-	762,200	248,942
Other charitable expenditure	6	13,000	-	13,000	12,000
Other expenditure:					
Management and administration of the charity	7	6,959	15,189	22,148	14,873
TOTAL RESOURCES EXPENDED		782,159	15,189	797,348	275,815
NET INCOMING RESOURCES BEFORE TRANSFERS (net income for the year)		310,329	(15,189)	295,140	39,815
Transfers between funds	2	(303,232)	303,232	-	-
NET INCOMING RESOURCES FOR THE YEAR	8	7,097	288,043	295,140	39,815
OTHER RECOGNISED GAINS AND LOSSES					
Realised gains/(losses) on investment assets held for charitable use		-	154,977	154,977	(1,106)
Unrealised gains on investment assets held for charitable use		-	22,187	22,187	88,233
NET MOVEMENT IN FUNDS		7,097	465,207	472,304	126,942
Unrestricted funds brought forward at 1 January		201,648	1,317,217	1,518,865	1,391,923
UNRESTRICTED FUNDS CARRIED FORWARD AT 31 DECEMBER		208,745	1,782,424	1,991,169	1,518,865

All activities derive from continuing operations.

BALANCE SHEET
31 December 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Investment in associated entity	10	1	1
Investments	11	1,482,424	1,217,217
		<u>1,482,425</u>	<u>1,217,218</u>
CURRENT ASSETS			
Debtors	12	356,749	121,665
Cash at bank and in hand		248,653	340,173
		<u>605,402</u>	<u>461,838</u>
CREDITORS: amounts falling due within one year	13	<u>(96,658)</u>	<u>(160,191)</u>
NET CURRENT ASSETS		<u>508,744</u>	<u>301,647</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,991,169</u>	<u>1,518,865</u>
UNRESTRICTED FUNDS			
General fund	14	208,745	201,648
Designated fund	14	1,782,424	1,317,217
		<u>1,991,169</u>	<u>1,518,865</u>

The trustees have taken advantage of the special provisions of the Companies Act 1985 relating to small companies.

Approved by the trustees on 25 MAY 2000 and signed on their behalf:

John Craig
Trustee

2 August 2000



NOTES TO THE ACCOUNTS**Year ended 31 December 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting by Charities" and with applicable accounting standards. The particular accounting policies adopted by the trustees are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments to market value.

Resources arising - income

All income is recognised in the statement of financial activities when the conditions for receipt have been met and there is reasonable assurance of receipt. Where a claim for repayment of income tax has or will be made, such income is grossed up for the tax recoverable. The following accounting policies are applied to income:

Donations under Deed of Covenant

Donations under deed of covenant are accounted for on the date due under the deed, and include the related tax recoverable.

Donations under Gift Aid

Donations under Gift Aid are accounted for when receivable, and include the related tax recoverable.

Investment Income

Investment income is accounted for when receivable and includes the related tax recoverable.

Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objects of the charity and comprises the following:

Grants payable

Grants payable are accounted for when the trustees have accepted a legal or moral obligation to make the grant.

Other expenditure for charitable purposes

Other expenditure for charitable purposes comprises sundry expenses related to the support of music education and is accounted for when payable.

Other expenditure*Management and administration*

Management and administration costs represent expenditure incurred in the management of the charity's assets, organisation and administration and compliance with constitutional and statutory requirements.

Fund accounting

The charity maintains various types of fund as follows:

Unrestricted funds

Designated funds are amounts which have been put aside at the discretion of the trustees, and comprise an investment fund to provide enough annual income to meet the charity's fixed annual commitments.

General funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

1. ACCOUNTING POLICIES (continued)

Investments in associated entities

The investment in the trust's associate is stated at cost less provision for any permanent diminution in value. Music Industry Trusts Limited is not consolidated since the British Record Industry Trust does not have control of the entity. The Trust exerts significant influence, along with the other 50% shareholder.

Investments

All other investments are stated at market value. Realised and unrealised gains and losses are shown separately in the appropriate section of the statement of financial activities.

Charitable commitments

Commitments which are legally binding on the trustees are accounted for as resources expended in the statement of financial activities. Activities that are to be wholly financed from future income do not form part of such designation and are disclosed in a note to the accounts.

2. STATUS OF FUNDS AND MEMBERS' LIABILITY

All funds held by the charity are unrestricted.

The designated fund was set up in 1994 with an initial sum of £850,000 and a long term goal to provide a capital base to generate enough annual income to meet the charity's fixed annual commitments. The transfer of £117,000 into the designated fund in the year ended 31 December 1997, £100,000 in the year ended 31 December 1998 and £303,232 in the year ended 31 December 1999 were made to progress further towards that goal.

The liability of the members is limited but every member undertakes to contribute to the assets of the trust in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payment of debts and liabilities the trust contracted before he ceases to be a member and of costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amounts as may be required not exceeding £1. At 31 December 1999 there were two members.

3. INTEREST RECEIVABLE

	1999 £	1998 £
Bank interest	10,511	25,622

4. INVESTMENT INCOME

	1999 £	1998 £
Income from UK listed investments	34,950	31,515

NOTES TO THE ACCOUNTS
Year ended 31 December 1999**5. GRANTS PAYABLE**

	1999	1998
	£	£
Grants to institutions:		
Brit School for the Performing Arts and Technology	260,000	120,499
Nordoff Robbins	260,000	80,000
Institute for the Study of Drug Dependence	25,000	25,000
Avenues Youth Project	5,000	2,000
National Foundation of Youth Music	200,000	-
Heart 'n' Soul	7,200	-
Fairbridge in Kent	5,000	-
Royal Commonwealth Society	-	5,993
Chicken Shed	-	7,500
Global Rock Challenge	-	5,000
Other small grants	-	2,950
	<u>762,200</u>	<u>248,942</u>

6. OTHER CHARITABLE EXPENDITURE

	1999	1998
	£	£
Music education support	<u>13,000</u>	<u>12,000</u>
These costs consist of:	£	£
Consultancy fees	<u>13,000</u>	<u>12,000</u>

7. MANAGEMENT AND ADMINISTRATION OF THE CHARITY

	1999	1998
	£	£
Investment management fees	15,189	12,079
Audit and accountancy fees	1,950	1,850
Bank charges	288	269
Sundry	4,721	675
	<u>22,148</u>	<u>14,873</u>

8. OPERATING SURPLUS/(DEFICIT)

	1999	1998
	£	£
Net incoming resources for the year are stated after charging:		
Auditors' remuneration - Audit	1,250	1,200
- Other	700	650
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1999**9. INFORMATION REGARDING TRUSTEES AND EMPLOYEES**

No trustee or person related or connected by business to them, received any emoluments from the charity in either the current or the preceding year.

Messrs Burger, Craig, Deacon, Dickins and Yeates are directors of the British Phonographic Industry Limited, which donated £90,000 to the trust in 1999.

Messrs Burger, Craig, Deacon, Dickins and Yeates are directors of BRIT Awards Limited, which has donated £850,000 (1998 - £160,000) to the trust in the year.

Messrs Alder and Deacon are directors of Music Industry Trusts Limited, an associated entity of the trust, which has donated £69,991 (1998 - £79,344) to the trust in the year.

Messrs Craig and Deacon are directors of the Brit School for the Performing Arts and Technology, which has received a grant of £260,000 (1998 - £120,499) from the trust in the year.

Mr Alder is a director of Nordoff Robbins Music Therapy Centre Limited, which has received a grant of £260,000 (1998 - £80,000) from the trust in the year.

Mr Dickins is a director of the National Foundation for Youth music, which has received a donation of £200,000 from the trust in the year.

The charity had no employees in either the current or the preceding year.

10. INVESTMENT IN ASSOCIATED ENTITY

	1999 £	1998 £
At cost	1	1

The investment in an associated entity represents a 50% interest in the ordinary share capital of Music Industry Trusts Limited, a company incorporated in Great Britain.

Under a Deed of Covenant dated 16 March 1992, Music Industry Trusts Limited passes over its profits, in whole or in part, to the British Record Industry Trust. As at the balance sheet date £70,000 (1998 - £80,808) is receivable by the Trust. Details of the results for the year of Music Industry Trusts Limited and of its position as at 31 December 1998 are as follows:

	Music Industry Trusts Limited 31 December 1999 £	Music Industry Trusts Limited 31 December 1998 £
Extracts from the profit and loss account:		
Turnover	293,015	288,875
Profit before covenanted donations	152,921	162,599
Profit before and after taxation and retained for the year	-	-
Extract from the balance sheet:		
Net assets	2	2

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

11. INVESTMENTS HELD AS FIXED ASSETS

	1999 £	1998 £
Total investments		
Market value at 1 January	1,217,217	1,025,169
Additions at cost	100,000	117,000
Realised gains/(losses) on investment assets held for charitable use, reinvested	154,977	(1,106)
Unrealised gains on investment assets held for charitable use	22,187	88,233
Scrip dividends	3,232	-
Management fees	(15,189)	(12,079)
	<u>1,482,424</u>	<u>1,217,217</u>
Market value at 31 December	<u>1,482,424</u>	<u>1,217,217</u>
Investments comprise the following:		
Investment listed on a stock exchange	1,479,555	1,216,257
Cash deposits held as part of investment portfolio	2,869	960
	<u>1,482,424</u>	<u>1,217,217</u>
Being at market value:		
Investment assets in the United Kingdom	1,135,555	974,121
Investment assets outside the United Kingdom	346,869	243,096
	<u>1,482,424</u>	<u>1,217,217</u>
Cost at 31 December	<u>1,360,047</u>	<u>1,117,027</u>

Investments are revalued at middle market value at the year end. The investment portfolio is managed by Coutts & Co who work to a brief of investment in moderate risk investments with the aim of producing a balance between income and capital growth. All investments are held within unrestricted funds.

Investments which comprise more than 5% of the portfolio at the year end are as follows:

Investment	% of portfolio	Year end market value £
International Bank Rec & Dev 7.125% Bond 30/7/2007	5.4%	80,111
Eurohypo AG 6 3/8% Euro Bds 4/2/2008	5.3%	78,220
Coutts Cont. Europe Lrg/Mid Cap Equity Series 2	6.2%	92,535
Coutts Fund Managers N. American Lrg/Mid Cap Eq Pro Series 2	12.1%	179,807
Coutts Fund Managers UK Large/Mid Cap Eq Programme Series 2	51.1%	757,416

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

12. DEBTORS

	1999 £	1998 £
Amounts owed by Music Industry Trusts Limited	70,000	80,808
Amounts owed by the British Phonographic Industry Limited	90,000	-
Taxation recoverable	195,500	36,800
Other debtors	1,249	4,057
	<u>356,749</u>	<u>121,665</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Amounts owed to the British Phonographic Industry Limited	5,496	-
Accruals	91,162	160,191
	<u>96,658</u>	<u>160,191</u>

14. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Unrestricted Funds		Total 1999 £
	Designated Fund £	General Fund £	
Fixed assets			
Investment in associates	-	1	1
Investments	1,482,424	-	1,482,424
Current assets			
Debtors	51,347	305,402	356,749
Cash at bank and in hand	248,653	-	248,653
Current liabilities	-	(96,658)	(96,658)
	<u>1,782,424</u>	<u>208,745</u>	<u>1,991,169</u>

15. CHARITABLE COMMITMENTS

The charity has entered into an ongoing commitment with the Brit School for the Performing Arts and Technology to provide £100,000 of funding in 2000, plus pound for pound matched funding of amounts raised by various other organisations associated with the school up to a ceiling of £75,000. This commitment is not legally binding on the trustees.

16. TAXATION

The Company has been exempted by the Inland Revenue from Corporation Tax on all its income on the basis that it is a registered charity and all its income will be applied for charitable purposes.

ADDITIONAL INFORMATION

THE BRITISH RECORD INDUSTRY TRUST

The additional information on pages 16 and 17 has been prepared from the accounting records of the company.

While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999	1998
Income			
Donations under deed of covenant	1	69,991	79,344
Donations under Gift Aid	2	940,000	160,000
Other donations	3	37,036	19,149
Interest receivable		10,511	25,622
Investment income		34,950	31,515
		<u>1,092,488</u>	<u>315,630</u>
Grants payable			
Brit School for the Performing Arts and Technology	260,000	120,499	
Nordoff Robbins	260,000	80,000	
Royal Commonwealth Society	-	5,993	
Institute of the Study of Drug Dependence	25,000	25,000	
Fairbridge in Kent	5,000	-	
Canford Summer School	-	500	
Chicken Shed	-	7,500	
Avenues Youth Project	5,000	2,000	
Global Rock Challenge	-	5,000	
Blantyre Project	-	1,500	
Charterhouse-in-Southwark	-	900	
St Lukes School	-	50	
National Foundation for Youth Music	200,000	-	
Heart 'n' Soul	7,200	-	
	<u>762,200</u>	<u>248,942</u>	
Direct charitable expenditure			
Consultancy fees	13,000	12,000	
	<u>13,000</u>	<u>12,000</u>	
Other expenditure			
Investment manager fees	15,189	12,079	
Audit and accountancy	1,950	1,852	
Bank charges	288	269	
Other	4,721	673	
	<u>22,148</u>	<u>14,873</u>	
		<u>(797,348)</u>	<u>(275,815)</u>
NET INCOMING RESOURCES FOR THE YEAR		295,140	39,815
Realised gains/(losses) on investment assets held for charitable use		154,977	(1,106)
Unrealised gains on investment assets held for charitable use		22,187	88,233
NET MOVEMENTS IN FUNDS		<u>472,304</u>	<u>126,942</u>

**NOTES TO THE DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999****1. DONATIONS UNDER DEED OF COVENANT**

	1999 £	1998 £
Music Industry Trusts Limited	69,991	79,344

2. DONATIONS UNDER GIFT AID

	1999 £	1998 £
BRIT Awards Limited – Abbamania	200,000	-
BRIT Awards Limited – BRIT Awards	650,000	160,000
The British Phonographic Industry Limited	90,000	-
	<u>940,000</u>	<u>160,000</u>

3. OTHER DONATIONS

	1999 £	1998 £
Woman of the year	36,000	15,596
Music Choice Europe	-	3,000
GAYE	11	-
Other	1,025	553
	<u>37,036</u>	<u>19,149</u>