

BRITISH RECORD INDUSTRY TRUST
(A company limited by guarantee)

Company registration no 2372740
Charity registration no 1000413

Report and financial statements
for the year ended 31 December 2007

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British Record Industry Trust

Report and financial statements 2007

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Trustees' report

The trustees present their report and the audited financial statements for the year ended 31 December 2007

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 Riverside Building, County Hall, Westminster Bridge Road, London SE1 7JA

Constitution

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

Registered with the Charity Commission – Registered Number 1000413

Trustees

The trustees who served during the year and to the present are

Sam Alder (resigned 14 May 2007)
Paul Burger
Andrew Cleary
John Craig (Chairman)
Rob Dickins CBE
Clive Fisher (appointed 6 March 2007)
Derek Green (appointed 15 November 2007)
Peter Jamieson (resigned 28 February 2007)
David Kassner
Korda Marshall (appointed 15 November 2007)
Jonathan Morrish
Nick Phillips (resigned 21 March 2007)
Tony Wadsworth
Ged Doherty (appointed 5 March 2007)
Geoff Taylor (appointed 1 March 2007)

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Investment Managers

| | |
|-----------------|---------------------|
| Coutts & Co | Kleinwort Benson |
| 440 Strand | 10 Fenchurch Street |
| London WC2R 0QS | London EC3M 3LB |

Solicitors

Olswang
90 High Holborn
London WC1V 6XX

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 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.

Trustees' report (cont'd)**Organisation**

The trust operates from Riverside Building, County Hall, Westminster Bridge Road, London SE1 7JA. It holds a 50% share in Music Industry Trusts Limited, a fund-raising company. Trustee meetings are held during the year to consider grants and applications for funding, to review the financial performance of the investment portfolio and to monitor the administration of the charity. The day to day management and administration is managed by Maggie Crowe and financial reporting is managed by John Summerhayes, both employees of BPI (British Recorded Music Industry) Limited.

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 exploration and pursuit of educational, cultural or therapeutic benefits emanating from music. This mission statement has not altered during the year under review.

Grant making policy

The Charity meets its objectives through the giving of grants and has a long standing relationship with a number of entities that receive funding each year. In addition the trust will also consider grants to other charitable organisations that fit the mission statement of the trust.

Review of the developments, activities and achievements during the year

During the year, the trustees have made payments to twelve organisations to further the stated aims of the trust. Grants payable in the year range from £1,000 to £325,000 (2006 - £1,000 to £335,000) and totalled £757,700 (2006 - £650,233). Details of grants payable are given in note 5 to the accounts.

Review of transactions and financial position

The trust continues to be funded principally by BRIT Awards Limited and Music Industry Trusts Limited. The BRIT Awards Limited contributed £1,685,000 in the year (2006 - £1,153,000).

During the year the trust contributed £325,000 (2006 - £335,000) 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 £432,700 (2006 - £315,233) to other projects during the year, which included £275,000 (2006 - £250,000) to Nordoff-Robbins Music Therapy, the UK's leading independent provider of music therapy services.

The trust is run from the offices of the BPI (British Recorded Music Industry) Limited which also provides staff to administer the trust. No charge is made in respect of this service. The BPI (British Recorded Music 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 £1,374,615 (2006 - £923,714). At the year end, £Nil (2006 - £nil) was transferred to the Designated Fund. At 31 December 2007 the balance on the Designated Fund was £4,372,801 (2006 - £4,146,987) and on General Reserves £2,138,045 (2006 - £989,244).

Trustees' report (cont'd)**Availability and adequacy of assets of each of the funds**

The trust has no legally binding charitable commitments. An ongoing commitment to fund the BRIT School for Performing Arts and Technology exists, which will be met out of future income (see note 16)

Reserves policy

The trust's main source of funding is the BRIT Awards. This income is primarily distributed between the BRIT School for Performing Arts and Technology and Nordoff-Robbins Music Therapy, although smaller donations are also made to a number of other good causes. The trustees have no direct control over the funding received from the BRIT Awards.

As a result of the uncertainty in their long term funding, the trustees have determined that it is prudent to maintain reserves to enable them to provide long term support to both the BRIT School for Performing Arts and Technology and Nordoff-Robbins Music Therapy, together with other appropriate good causes.

In previous years the trustees have held back a proportion of otherwise distributable income with a view to establishing a reasonable and realistic level of reserves. This process will continue until an acceptable level of reserves is reached. Currently the trustees believe that the trust requires, as a minimum, an amount equal to five years expenditure as reserves, given expected long term investment returns in order to satisfy their long term funding objectives should income from the BRIT Awards cease.

The trustees will establish the level of reserves outlined above over a longer term period, by balancing the trust's yearly income and expenditure as they deem necessary.

This reserves policy was adopted on 13 November 2002 and is reviewed by the trustees on an annual basis for continued appropriateness. The trustees will determine this according to the trust's forecasts of future income levels and expenditure, future needs, contingencies and risks, the likelihood of these needs arising and the trustees' ability to meet them. At the year end reserves were £6,510,846 (2006 - £5,136,231).

Future plans and subsequent events

The trust plans to continue with its mission during 2007 and into the future. The ongoing commitment to fund the BRIT School for Performing Arts and Technology is an integral part of that mission.

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.

Consideration of risks

The trustees have considered the major risks to which the trust is exposed. The trust is small with few transactions and the trustees have adopted suitable internal controls to minimise the risks to which the charity is exposed. Internal control risks are minimised by procedures for the authorisation of all transactions. Investment decisions have been delegated to professional independent investment managers whose performance is reviewed quarterly against the WM Charity Fund Monitor and discussed with them.

Trustees' report (cont'd)

Investments

The trust's investments have been acquired in accordance with the trustees' powers as set out in the Memorandum and Articles of Association. The trust's investment policy is for total gross returns with no investment restrictions. The investment performance for 2007 was 7.9%, this was higher than the expected charity return of 6.1%.

Compliance with regulations

These financial statements comply with current statutory requirements, the requirements of the trust's Articles of Association and the requirements of Charities SORP 2005.

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 of the Companies Act 1985.

Statement of trustees' responsibilities

United Kingdom 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 confirm that they have

- Selected suitable accounting policies and then applied them consistently,
- Made judgements and estimates that are reasonable and prudent,
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

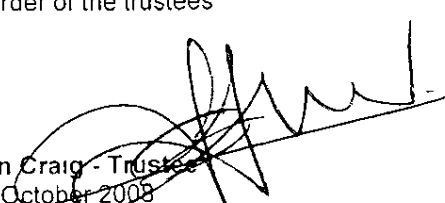
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the trustees are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the charity's auditors are unaware, and each director has taken all steps that he ought to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

By order of the trustees

John Craig - Trustee
16th October 2008



Independent auditors' report to the members of British Record Industry Trust

We have audited the financial statements of the British Record Industry Trust for the year ended 31 December 2007, which comprise of the income and expenditure account, the statement of financial activities, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies therein.

Respective responsibilities of directors and auditors

The trustees are also directors of the British Record Industry Trust for the purposes of company law. As described in the statement of trustees' responsibilities, the trustees are responsible for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 234 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you in our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

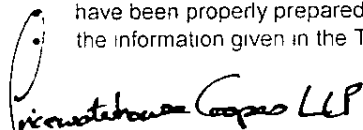
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charitable company's affairs as at 31 December 2007 and of its net incoming resources including its income and expenditure account, for the year then ended, have been properly prepared in accordance with the Companies Act 1985, and, the information given in the Trustees' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

18th October 2008

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**Income and expenditure account
for the year ended 31 December 2007**

| | Note | 2007 | | 2006 | |
|--|---------|-------------------------|---|-----------------------|---|
| | | £ | £ | £ | £ |
| Income | 3 | 1,819,764 | | 1,276,464 | |
| Administrative expenses | | | | | |
| Grants payable | 5 | (757,700) | | (650,233) | |
| General administration costs | 6,7,8,9 | <u>(72,701)</u> | | <u>(81,352)</u> | |
| | | <u>(830,401)</u> | | <u>(731,585)</u> | |
| Operating surplus | | 989,363 | | 544,879 | |
| Interest receivable | 2 | 19,293 | | 7,471 | |
| Investment income | 2 | 106,331 | | 94,234 | |
| Realised gains on investment assets held for charitable use | 12 | <u>102,121</u> | | <u>120,207</u> | |
| Surplus/(loss) on ordinary activities before and after taxation | | <u>1,217,108</u> | | <u>766,791</u> | |

Detailed analysis of income and expenditure is provided in the statement of financial activities. All income and expenditure is derived from continuing operations.

Statement of financial activities
Year ended 31 December 2007

| | Note | Unrestricted funds | | Total | Total |
|---|------|--------------------|------------------|------------------|------------------|
| | | General fund | Designated fund | 2007 | 2006 |
| | | £ | £ | £ | £ |
| Income and expenditure | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 1, 3 | 1,819,764 | - | 1,819,764 | 1,276,464 |
| Investment income | 2 | 122,737 | 2,887 | 125,624 | 101,705 |
| Total incoming resources | | 1,942,501 | 2,887 | 1,945,388 | 1,378,169 |
| Resources expended | | | | | |
| Charitable activities | 4 | (789,077) | - | (789,077) | (693,359) |
| Governance costs | 8 | (4,623) | - | (4,623) | (4,307) |
| | | (793,700) | - | (793,700) | (697,666) |
| Costs of generating funds | | | | | |
| Investment management costs | 9 | - | (36,701) | (36,701) | (33,919) |
| Total resources expended | | (793,700) | (36,701) | (830,401) | (731,585) |
| Net incoming/(outgoing) resources before transfers (net income for the year) | | | | | |
| | | 1,148,801 | (33,814) | 1,114,987 | 646,584 |
| Transfers between funds | | - | - | - | - |
| Net incoming/(outgoing) resources for the year | | 1,148,801 | (33,814) | 1,114,987 | 646,584 |
| Gains and losses on investment assets | | | | | |
| Realised and unrealised gains/(losses) on investment assets held for charitable use | 12 | - | 259,628 | 259,628 | 277,130 |
| Net movements in funds | | 1,148,801 | 225,814 | 1,374,615 | 923,714 |
| Unrestricted funds brought forward at 1 January | | 989,244 | 4,146,987 | 5,136,231 | 4,212,517 |
| Unrestricted funds carried forward at 31 December | 15 | 2,138,045 | 4,372,801 | 6,510,846 | 5,136,231 |

All activities derive from continuing operations

The Company has no gains or losses other than those included in the net movement in funds above, therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the net movement in funds and the historical cost equivalent

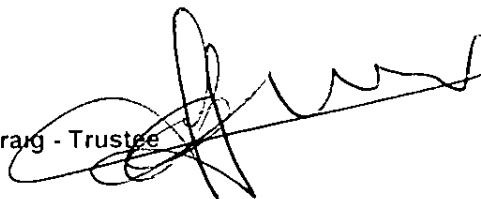
Balance sheet
At 31 December 2007

| | Notes | 2007 | 2006 |
|--|-------|-------------------------|-------------------------|
| | | £ | £ |
| Fixed assets | | | |
| Investment in associated entity | 11 | 1 | 1 |
| Investments | 12 | <u>4,372,801</u> | <u>4,146,987</u> |
| | | 4,372,802 | 4,146,988 |
| Current assets | | | |
| Debtors | 13 | 127,854 | 126,614 |
| Cash at bank and in hand | | <u>2,118,201</u> | <u>1,301,733</u> |
| | | 2,246,055 | 1,428,347 |
| Creditors amounts falling due within one year | 14 | <u>(108,011)</u> | <u>(439,104)</u> |
| Net current assets | | <u>2,138,045</u> | <u>989,243</u> |
| Total assets less current liabilities | | <u>6,510,846</u> | <u>5,136,231</u> |
| Unrestricted funds | | | |
| General fund | 15 | 2,138,045 | 989,244 |
| Designated fund – excluding revaluation reserve | | <u>3,597,068</u> | <u>3,528,794</u> |
| Revaluation reserve | | <u>775,733</u> | <u>618,193</u> |
| Total designated fund | 15 | <u>4,372,801</u> | <u>4,146,987</u> |
| | | <u>6,510,846</u> | <u>5,136,231</u> |

These accounts have been prepared in accordance with the special provisions relating to small companies under Section 246 of the Companies Act 1985

Approved by the trustees and signed on their behalf on 16th October 2008

John Craig - Trustee



Notes to the accounts

Year ended 31 December 2007

1 Accounting policies

The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities issued in March 2006 ("SORP 2005"), the Charities Act 1993, the Companies Act 1985 and with applicable accounting standards. The particular accounting policies adopted by the trustees which, unless otherwise stated, have been applied consistently with the prior year 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.

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.

Voluntary income

This comprises donations. Donations are generally accounted for in the year to which they relate. Sundry donations are accounted for when received.

Investment income

This comprises investment income and interest. Interest receivable is accounted for in relation to the period that the interest accrues. Investment income is accounted for when received.

Charitable activities

Charitable Activities comprises those costs incurred by the charitable company in the delivery of its activities for beneficiaries. This includes direct costs such as grants made, and those costs of an indirect nature necessary to support them, including administration costs. There is considered to be only one type of charitable activity, being grant giving to encourage young people in relation to music.

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.

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.

Governance costs

Governance costs include those costs incurred in meeting the constitutional and statutory requirements of the charitable company and include audit and accounting fees.

Costs of generating funds

Costs of generating funds comprise any costs associated with attracting voluntary income and the costs of generating investment income, typically investment management fees.

Fund accounting

The charity maintains various types of unrestricted funds as follows

Designated funds are amounts that 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

Designated funds include a revaluation reserve, representing the difference between investment market value (also their carrying value) and historic cost

General funds represents funds that 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

Investments in associated entities

The investment in the trust's associate is stated at cost less provision for any impairment. 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 that 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

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 transfers into the designated funds of £100,000 in the year ended 31 December 1998, £303,232 in the year ended 31 December 1999, £80,767 in the year ended 31 December 2000, £592,454 in the year ended 31 December 2001, £720,440 in the year ended 31 December 2002, £124,965 in the year ended 31 December 2003, £22,759 in the year ended 31 December 2004, £312,952 in the year ended 31 December 2005. £nil in the year ended 31 December 2006 and £nil in the year ended 31 December 2007 were made to achieve 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 of costs, charges and expenses of winding up and for the adjustment of the rights of the contributions among themselves, such amounts as may be required not exceeding £1. At 31 December 2007 there were 13 members

Notes to the accounts
Year ended 31 December 2007

2 Investment income

| | 2007 £ | 2006 £ |
|-----------------------------------|----------------|----------------|
| Bank interest | 19,293 | 7,471 |
| Income from UK listed investments | <u>106,331</u> | <u>94,234</u> |
| | <u>125,624</u> | <u>101,705</u> |

3 Voluntary income – Donations receivable

| | 2007 £ | 2006 £ |
|---|------------------|------------------|
| Music Industry Trusts Limited donation | 99,059 | 103,353 |
| BRIT Awards Limited donation | 1,685,000 | 1,153,000 |
| Nordoff-Robbins Music Therapy – Woman of the Year | 20,000 | 20,111 |
| Sundry | <u>15,705</u> | - |
| | <u>1,819,764</u> | <u>1,276,464</u> |

4 Charitable activities

| | 2007 £ | 2006 £ |
|--|----------------|----------------|
| Grants payable (see note 5) | 757,700 | 650,233 |
| Support costs | | |
| Management and administration of the charity | 4,574 | 15,882 |
| Other charitable expenditure | <u>26,803</u> | <u>27,244</u> |
| | <u>789,077</u> | <u>693,359</u> |

Notes to the accounts
Year ended 31 December 2007

5 Grants payable

| | 2007 £ | 2006 £ |
|--|----------------|----------------|
| Grants to institutions | | |
| BRIT School for the Performing Arts & Technology | 325,000 | 335,000 |
| Nordoff-Robbins Music Therapy | 275,000 | 250,000 |
| Drugscope | 20,000 | 20,000 |
| BRIT School Bursary | - | 15,000 |
| Release | 5,000 | 5,000 |
| EMI Music Sound Foundation | 50,000 | - |
| Music 4 Good | 50,000 | - |
| National Youth Music Theatre | 10,000 | - |
| Julies Bicycle | 5,000 | - |
| Teaching Awards Trust | 5,000 | - |
| Sinfonietta Productions | - | 1,233 |
| Radio 2 Annual Guitar Prize | 1,000 | 1,000 |
| Dame Vera Lynn | - | 3,000 |
| Youth Music Theatre | - | 5,000 |
| Music & the Deaf | - | 3,000 |
| Young Persons Concert Foundation | 10,700 | 5,000 |
| Heart n Soul | - | 5,000 |
| LIPA – Make It Break It | 1,000 | 2,000 |
| | <u>757,700</u> | <u>650,233</u> |

6 Support costs - other charitable expenditure

| | 2007 £ | 2006 £ |
|--|---------------|---------------|
| Music education support (consisting of consultancy fees) | <u>26,803</u> | <u>27,244</u> |

7 Support costs - management and administration of the charity

| | 2007 £ | 2006 £ |
|--------------|--------------|---------------|
| Bank charges | 215 | 203 |
| Sundry | <u>4,359</u> | <u>15,679</u> |
| | <u>4,574</u> | <u>15,882</u> |

Notes to the accounts
Year ended 31 December 2007

8 Governance costs

| | 2007 £ | 2006 £ |
|---|--------------|--------------|
| Auditors' remuneration - Audit | 4,623 | 4,307 |
| Auditors' remuneration - Accountancy fees | - | - |
| | <u>4,623</u> | <u>4,307</u> |

9 Costs of generating funds

| | 2007 £ | 2006 £ |
|----------------------------|---------------|---------------|
| Investment management fees | <u>36,701</u> | <u>33,919</u> |

10 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. No trustee received reimbursement for individual expenses incurred for services provided to the charity.

Mr Jamieson and Mr Taylor were directors of BRIT Awards Limited during the year, which has donated £1,685,000 (2006 - £1,153,000) to the trust in the year.

Messrs Alder and Jamieson were directors of Music Industry Trusts Limited, an associated entity of the trust, during the year, which has donated £99,059 (2006 - £103,353) to the trust in the year.

Messrs Craig and Morrish were directors of the BRIT School for the Performing Arts and Technology during the year, which has received grants of £325,000 (2006 - £350,000) from the trust in the year.

Mr Alder was a director of Nordoff-Robbins Music Therapy during the year, which has received a grant of £275,000 (2006 - £250,000) from the trust and donated £20,000 (2006 - £20,111) to the trust in the year.

The charity had no employees in either the current or the preceding year. The charity paid £2,400 (2006 - £2,450) for the purchase of directors liability insurance.

Notes to the accounts
Year ended 31 December 2007

11 Investment in associated entity

| | 2007 £ | 2006 £ |
|---------|-----------|-----------|
| At cost | <u>1</u> | <u>1</u> |

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. The remaining 50% interest in the ordinary share capital of Music Industry Trusts Limited is owned by Nordoff-Robbins Music Therapy.

Music Industry Trusts Limited donates its profits under the Gift Aid scheme to both the British Record Industry Trust and Nordoff-Robbins Music Therapy. As at the balance sheet date £100,000 (2006 - £100,000) 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 2007 are as follows:

| | Music Industry Trusts Limited 31 December 2007 £ | Music Industry Trusts Limited 31 December 2006 £ |
|--|--|--|
| Extracts from the profit and loss account | | |
| Turnover | <u>460,496</u> | <u>397,803</u> |
| Profit before donations | <u>234,740</u> | <u>198,118</u> |
| Profit before and after taxation and retained for the year | <u>-</u> | <u>-</u> |
| Extracts from the balance sheet | | |
| Net assets | <u>244</u> | <u>2</u> |

Notes to the accounts
Year ended 31 December 2007

12 Investments held as fixed assets

| | 2007 £ | 2006 £ |
|---|------------------|------------------|
| Total investments | | |
| Market value at 1 January | 4,146,987 | 3,603,331 |
| Realised gains on investment assets held for charitable use, reinvested | 102,121 | 120,207 |
| Unrealised gains on investment assets held for charitable use | 157,507 | 156,923 |
| Capitalised income | 2,887 | 445 |
| Management fees | (36,701) | (33,919) |
| Capital addition | - | 300,000 |
| Market value at 31 December | <u>4,372,801</u> | <u>4,146,987</u> |
| Investments comprise the following | | |
| Investments listed on a stock exchange | 4,310,097 | 4,067,207 |
| Cash deposits held as part of investment portfolio | <u>62,704</u> | <u>79,780</u> |
| | <u>4,372,801</u> | <u>4,146,987</u> |
| Being at market value | | |
| Investment assets in the United Kingdom | 2,752,809 | 3,108,555 |
| Investment assets outside the United Kingdom | <u>1,619,992</u> | <u>1,038,432</u> |
| Total | <u>4,372,801</u> | <u>4,146,987</u> |
| Historical cost as at 31 December | <u>3,597,068</u> | <u>3,528,794</u> |

Investments are revalued at mid-market value at the year end. The investment portfolios are managed by Coutts & Co and Kleinwort Benson 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 that comprise more than 5% of the portfolio at the year end are as follows

| | % of portfolio | Year end market value £ |
|---------------------------------------|-------------------|----------------------------------|
| Investments | | |
| Coutts UK Large/Mid American Series 2 | <u>18.6%</u> | <u>815,310</u> |

Notes to the accounts
Year ended 31 December 2007

13 Debtors

| | 2007 £ | 2006 £ |
|---|----------------|----------------|
| Amounts owed by Music Industry Trusts Limited | 100,000 | 100,000 |
| Other debtors | 26,654 | 25,414 |
| Prepayments | 1,200 | 1,200 |
| | <u>127,854</u> | <u>126,614</u> |

14 Creditors amounts falling due within one year

| | 2007 £ | 2006 £ |
|-----------------|----------------|----------------|
| Other Creditors | 101,500 | 422,500 |
| Accruals | 6,511 | 16,604 |
| | <u>108,011</u> | <u>439,104</u> |

15 Analysis of assets and liabilities between funds

| | Unrestricted funds | | Total 2007 £ | Total 2006 £ |
|----------------------------|----------------------|-------------------------|--------------------|--------------------|
| | General fund £ | Designated fund £ | | |
| Fixed assets | | | | |
| Investment in associates | 1 | - | 1 | 1 |
| Investments | - | 4,372,804 | 4,372,801 | 4,146,987 |
| Current assets | | | | |
| Debtors | 127,854 | - | 127,854 | 126,614 |
| Cash at bank and in hand | 2,118,201 | - | 2,118,201 | 1,301,733 |
| Current liabilities | (108,011) | - | (108,011) | (439,104) |
| | <u>2,138,045</u> | <u>4,372,801</u> | <u>6,510,846</u> | <u>5,136,231</u> |

16 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 2007, plus pound matched funding of amounts raised by various other organisations associated with the school up to a ceiling of £100 000. This commitment is not legally binding on the trustees.

17 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.