

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 2008

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British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2008

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**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2008**

Trustees' Report

The trustees present their Annual Report together with the audited financial statements for the year ended 31 December 2008. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Memorandum and Articles of Association, the Charities Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

Reference and Administrative Information

Trustees

David Bryant (Appointed 4 November 2008)
Paul Burger
Andrew Cleary
John Craig (Chairman)
Rob Dickins CBE
Ged Doherty
Derek Green
David Kassner
Korda Marshall (Resigned 16 October 2008)
Jonathan Morrish
Geoff Taylor
Tony Wadsworth

Registered Office

Riverside Building
County Hall
Westminster Bridge Road
London SE1 7JA

Charity Number: 1000413

Company Number: 2372740

Auditors

Nexia Smith & Williamson LLP
Portwall Place
Portwall Lane
Bristol BS1 6NA

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Solicitors

Olswang
90 High Holborn
London WC1V 6XX

Investment Managers

Kleinwort Benson
10 Fenchurch Street
London EC3M 3LB

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Trustees' Report (continued)

Structure, Governance and Management

The trust is a company limited by guarantee, formed on 17 April 1989, and is a registered charity, number 1000413. The company is governed by its Memorandum and Articles of Association.

The trustees are appointed by the Board of Trustees. The trust's Articles of Association require that there be no less than two members of the trust at any point in time. The membership of the Board is made up of representatives of the music industry and associated companies.

Trustee meetings are held at least three times a 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 Louise Smith, both employees of BPI (British Recorded Music Industry) Limited.

The trust also holds a 50% share in Music Industry Trusts Limited, and receives an annual donation equal to 50% of the profits of Music Industry Trusts Limited.

Risk Management

The trustees have considered all the major risks to which the company is exposed and systems have been established to manage those risks. The trustees consider the decline of investment returns on the endowment fund as the charity's major risk. As the main income for the trust is received from the Brits Awards Limited, the effect of the decline of the economy on the Brits success and profits is also a risk to the charity.

As the trust is small, with few transactions, 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 at each trustee meeting. During the course of the year, a sub-committee of the Board was formed to monitor the Trust's invested assets on a regular basis and report regularly to the Board.

Objectives 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 is to give young people a chance to express their musical creativity regardless of race, class, sex or ability. The trust achieves this by working with organisations that encourage young people in the exploration and pursuit of educational, cultural or therapeutic benefits emanating from music. The mission and objectives are met through making grants to organisations undertaking activities aligned with the mission of the Trust.

Since its inception, nearly £13m has been donated by the Trust to various charities. The trust has no legally binding charitable commitments. Our principal beneficiaries are the BRIT School for Performing Arts and Technology based in Croydon, a CTC School opened in 1991; the BRIT Trust is the sponsor for the school and has donated nearly £7 million to date. An ongoing commitment to fund the BRIT School for Performing Arts and Technology exists, which will be met out of future income. We make regular annual payments to Nordoff Robbins Music Therapy, a charity very close to the record business heart. We also make small contributions to other charities.

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Trustees' Report (continued)

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.

The Trust invites grant applications from institutions through the BRIT Trust website, and through word of mouth in the industry. Applicants will submit an application form, which details information about the charity, including financial requirements, aims and a description of benefit that the grant would provide.

Grant applications are considered at each trustee meeting. After meeting the larger commitments of the Brit School and Nordoff Robbins, if possible, it is the trustees' policy to make a number of smaller donations to various charities.

Achievements and Performance

During the year, the trustees have made grants to 11 organisations to further the stated aims of the trust. Grants payable in the year range from £1,000 to £325,000 (2007: £1,000 to £325,000) and totalled £755,600 (2007: £757,700). Details of grants payable are given in note 5 to the financial statements.

The trust continues to be funded principally by BRIT Awards Limited and Music Industry Trusts Limited. The BRIT Awards Limited contributed £660,000 in the year (2007: £1,685,000).

During the year the trust contributed £325,000 (2007: £325,000) towards the capital costs of 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 £430,600 (2007: 432,700) to other projects during the year, which included £275,000 (2007: £275,000) to Nordoff-Robbins Music Therapy, the UK's leading independent provider of music therapy services.

The trust is run from the offices of BPI (British Recorded Music Industry) Limited which also provides staff to administer the trust. No charge is made in respect of this service. 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.

Financial Review

The results of the charity for the year are shown in detail in the Statement of Financial Activities on page 8. In summary, the Charity's total incoming resources were £1,155,708 (2007:1,945,388) of which £200,334 (2007: £125,624) was from investment income. Resources expended in the year totalled £822,705 (2007: £830,401). Incoming resources have significantly reduced from the previous year. This is driven by a reduction in income received from BRIT Awards Limited, as the 2008 events were not as profitable as in the previous year due to the current economic climate.

In the investment portfolio, there were realised gains of £232,870 (2007: £102,121) and unrealised losses of £1,233,556 (2007: unrealised gains of £157,507).

Therefore, the net movement in funds is a loss of £667,683 (2007: surplus of £1,374,615).

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Trustees' Report (continued)

Income from investments is of significant importance to the trust, as this supplements funding from the BRITs and MITS and allows the trust to make additional smaller donations to worthy causes. Due to the economic downturn in 2008, the investments did not perform as well as in previous years. However, due to the expertise of the investment managers, the trustees are confident that over the long term, these investments will be a strong capital fund, which generates sums of income to support commitments to the trust's beneficiaries.

Investment policy

The trust's investments have been acquired in accordance with the trustees' powers as set out in the Memorandum and Articles of Association. The management of the Charity's investment funds is delegated to professional investment managers. The trust's investment policy is for total gross returns with no investment restrictions. The investment performance for 2008 was (19.1)%, which exceeded the expected charity return of (21.8)%.

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, which in 2008 totalled £600,000 (2007: £600,000). Where possible, grants will be made to other appropriate good causes.

As the charity is a grant-making trust, with its main outgoings being grants to beneficiaries, the trustees deem it appropriate to define the level of reserves required based on future expenditure. The trust defines expenditure as the costs of maintaining the current level of funding to the BRIT School for Performing Arts and Technology and Nordoff-Robbins Music Therapy, along with a minimal amount of administrative costs of the trust. It is expected that one year's expenditure, as defined, will total £665,000.

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. At 31 December 2008, the balance on the Designated Fund was £3,674,971 (2007: £4,372,801), and the balance on General Reserves was £2,168,192 (2007: £2,138,045), which gives total reserves of £5,843,163 (2007: £6,510,846).

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. This would require reserves to be at the level of £3,325,000. Currently, the total reserves are £5,843,163, which is more than is required by the reserves policy. However, trustees are aware that only £2,168,192 is undesignated, and will be working to grow the general reserve to match the levels required in the reserves policy.

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.

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Trustees' Report (continued)

Future plans and subsequent events

The trust plans to continue with its mission during 2009 and going forward. The ongoing commitment to fund the BRIT School for Performing Arts and Technology is integral to 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.

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 trustee 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.

Auditors

Nexia Smith & Williamson LLP have been acting as auditors since 9th December 2008. A resolution to appoint them will be proposed at the annual general meeting.

By order of the trustees


John Craig – Chair of Trustees
16th October 2009

**British Record Industry Trust
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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 2008, 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 2008 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.

Nexia Smith & Williamson LLP

Nexia Smith & Williamson LLP
Chartered Accountants and Registered Auditors
16th October 2009

British Record Industry Trust
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Income and expenditure account

	Note	2008	2007
		£	£
Income	3	955,374	1,819,764
Administrative expenses			
Grants payable	5	(755,600)	(757,700)
General administration costs	6,7,8,9	<u>(67,105)</u>	<u>(72,701)</u>
		<u>(822,705)</u>	<u>(830,401)</u>
Operating surplus		132,669	989,363
Interest receivable	2	70,918	19,293
Investment income	2	129,416	106,331
Realised gains on investment assets held for charitable use	12	<u>232,870</u>	<u>102,121</u>
Surplus on ordinary activities before and after taxation		<u>565,873</u>	<u>1,217,108</u>

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

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Statement of financial activities

	Note	General fund	Designated fund	Total 2008	Total 2007
		£	£	£	£
Income and expenditure					
Incoming resources from generated funds:					
Voluntary income	1, 3	955,374	-	955,374	1,819,764
Investment income	2	70,918	129,416	200,334	125,624
Total incoming resources		<u>1,026,292</u>	<u>129,416</u>	<u>1,155,708</u>	<u>1,945,388</u>
Resources expended:					
Charitable activities	4	(792,539)	-	(792,539)	(789,077)
Governance costs	8	(4,786)	-	(4,786)	(4,623)
		(797,325)	-	(797,325)	(793,700)
Costs of generating funds:					
Investment management costs	9	-	(25,380)	(25,380)	(36,701)
Total resources expended		<u>(797,325)</u>	<u>(25,380)</u>	<u>(822,705)</u>	<u>(830,401)</u>
Net incoming/(outgoing) resources before transfers (net income for the year)					
		228,967	104,036	333,003	1,114,987
Transfers between funds		(198,820)	198,820	-	-
Net incoming/(outgoing) resources for the year		30,147	302,856	333,003	1,114,987
Gains and losses on investment assets					
Realised and unrealised gains/(losses) on investment assets held for charitable use	12	-	(1,000,686)	(1,000,686)	259,628
Net movements in funds		30,147	(697,830)	(667,683)	1,374,615
Unrestricted funds brought forward at 1 January		<u>2,138,045</u>	<u>4,372,801</u>	<u>6,510,846</u>	<u>5,136,231</u>
Unrestricted funds carried forward at 31 December	15	<u>2,168,192</u>	<u>3,674,971</u>	<u>5,843,163</u>	<u>6,510,846</u>

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.

**British Record Industry Trust
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**Balance sheet
At 31 December 2008**

	Notes	2008	2007
		£	£
Fixed assets			
Investment in associated entity	11	1	1
Investments	12	<u>3,674,971</u>	<u>4,372,801</u>
		3,674,972	4,372,802
Current assets			
Debtors	13	284,460	127,854
Cash at bank and in hand		<u>1,955,731</u>	<u>2,118,201</u>
		2,240,191	2,246,055
Creditors: amounts falling due within one year	14	<u>(72,000)</u>	<u>(108,011)</u>
Net current assets		<u>2,168,191</u>	<u>2,138,045</u>
Total assets less current liabilities		<u>5,843,163</u>	<u>6,510,846</u>
Unrestricted funds			
General fund	15	2,168,192	2,138,045
Designated Fund	15	<u>3,674,971</u>	<u>4,372,801</u>
		<u>5,843,163</u>	<u>6,510,846</u>

These financial statements 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 Oct 2009


John Craig
Chair of Trustees

Company registration no. 2372740

British Record Industry Trust
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Notes to the financial statements

1. Accounting policies

Basis of Preparation

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. These particular accounting policies adopted by the trustees, unless otherwise stated, have been applied consistently with the prior year are described below.

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

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.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

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.

General funds represent 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.

Income received from the investment fund is included within general funds. Where income is reinvested into the investment fund, this becomes designated funds and a transfer between general and designated funds is shown.

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 financial statements.

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, £nil in the year ended 31 December 2007 and £nil in the year ended 31 December 2008 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 2008 there were 12 members.

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Notes to the financial statements (continued)

2. Investment income

	2008 £	2007 £
Bank interest	70,918	19,293
Income from UK listed investments	129,416	106,331
	<u>200,334</u>	<u>125,624</u>

3. Voluntary income – Donations receivable

	2008 £	2007 £
Music Industry Trusts Limited donation	293,397	99,059
BRIT Awards Limited donation	660,000	1,685,000
Nordoff-Robbins Music Therapy – Woman of the Year	-	20,000
Sundry	1,977	15,705
	<u>955,374</u>	<u>1,819,764</u>

4. Charitable activities

	2008 £	2007 £
Grants payable (see note 5)	755,600	757,700
Support costs:		
Management and administration of the charity	7,552	4,574
Other charitable expenditure	29,387	26,803
	<u>792,539</u>	<u>789,077</u>

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Notes to the financial statements (continued)

5. Grants payable

	2008 £	2007 £
Grants to institutions:		
BRIT School for the Performing Arts & Technology	325,000	325,000
Nordoff-Robbins Music Therapy	275,000	275,000
Drugscope	20,000	20,000
Release	-	5,000
EMI Music Sound Foundation	-	50,000
Music 4 Good	50,000	50,000
National Youth Music Theatre	10,000	10,000
Julies Bicycle	-	5,000
Teaching Awards Trust	-	5,000
Radio 2 Annual Guitar Prize	1,000	1,000
Chickenshed	9,000	-
Kickz	49,600	-
Roundhouse	10,000	-
Young Persons Concert Foundation	-	10,700
Heart n Soul	5,000	-
LIPA – Make It Break It	1,000	1,000
	<u>755,600</u>	<u>757,700</u>

6. Support costs - other charitable expenditure

	2008 £	2007 £
Music education support (consisting of consultancy fees)	<u>29,387</u>	<u>26,803</u>

7. Support costs - management and administration of the charity

	2008 £	2007 £
Bank charges	261	215
Bad debt expense	2,267	-
Sundry	<u>5,024</u>	<u>4,359</u>
	<u>7,552</u>	<u>4,574</u>

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Notes to the financial statements (continued)

8. Governance costs

	2008 £	2007 £
Auditors' remuneration - Audit	4,786	4,623
Auditors' remuneration - Accountancy fees	-	-
	<u>4,786</u>	<u>4,623</u>

9. Costs of generating funds

	2008 £	2007 £
Investment management fees	25,380	36,701
	<u>25,380</u>	<u>36,701</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 Wadsworth and Mr Taylor were directors of BRIT Awards Limited during the year, which has donated £660,000 (2007: £1,685,000) to the trust in the year.

Messrs Alder and Taylor were directors of Music Industry Trusts Limited, an associated entity of the trust, during the year, which has donated £293,397 (2007: £99,059) to the trust in the year.

Messrs Craig, Taylor and Morrish were directors of the BRIT School for the Performing Arts and Technology during the year, which has received grants of £325,000 (2007: £325,000) 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 (2007: £275,000) from the trust and donated £nil (2007: £20,000) to the trust in the year.

The charity had no employees in either the current or the preceding year. The charity paid £2,523 (2007: £2,400) for the purchase of directors liability insurance.

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Notes to the financial statements (continued)

11. Investment in associated entity

	2008 £	2007 £
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 £250,000 (2007: £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 2008 are as follows:

	Music Industry Trusts Limited 31 December 2008 £	Music Industry Trusts Limited 31 December 2007 £
Extracts from the profit and loss account:		
Turnover	<u>883,062</u>	460,496
Profit before donations	<u>598,662</u>	234,740
Profit before and after taxation and retained for the year	<u>-</u>	-
Extracts from the balance sheet:		
Net assets	<u>2</u>	<u>2</u>

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12. Investments held as fixed assets

	2008 £	2007 £
Total investments		
Market value at 1 January	4,372,801	4,146,987
Realised gains on investment assets held for charitable use, reinvested	232,870	102,121
Unrealised (loss)/gains on investment assets held for charitable use	(1,233,556)	157,507
Capitalised income	328,236	2,887
Management fees	(25,380)	(36,701)
Capital addition	-	-
Market value at 31 December	<u>3,674,971</u>	<u>4,372,801</u>
Investments comprise the following:		
Investments listed on a stock exchange	2,830,907	4,310,097
Cash deposits held as part of investment portfolio	844,064	62,704
	<u>3,674,971</u>	<u>4,372,801</u>
Being at market value:		
Investment assets in the United Kingdom	2,991,964	2,752,809
Investment assets outside the United Kingdom	683,007	1,619,992
Total	<u>3,674,971</u>	<u>4,372,801</u>
Historical cost as at 31 December	<u>4,132,698</u>	<u>3,597,068</u>

Investments are revalued at mid-market value at the year end. The investment portfolios are managed by 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		
iShares FTSE 100	<u>18.11</u>	<u>665,250</u>

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13. Debtors

	2008 £	2007 £
Amounts owed by Music Industry Trusts Limited	276,148	100,000
Other debtors	6,989	26,654
Prepayments	1,323	1,200
	<u>284,460</u>	<u>127,854</u>

14. Creditors: amounts falling due within one year

	2008 £	2007 £
Other Creditors	66,500	101,500
Accruals	5,500	6,511
	<u>72,000</u>	<u>108,011</u>

15. Analysis of assets and liabilities between funds

	Unrestricted funds			
	General fund £	Designated fund £	Total 2008 £	Total 2007 £
Fixed assets				
Investment in associates	1	-	1	1
Investments	-	3,674,971	3,674,971	4,372,801
Current assets				
Debtors	284,460	-	284,460	127,854
Cash at bank and in hand	1,955,731	-	1,955,731	2,118,201
Current liabilities	<u>(72,000)</u>	<u>-</u>	<u>(72,000)</u>	<u>(108,011)</u>
	<u>2,168,192</u>	<u>3,674,971</u>	<u>5,843,163</u>	<u>6,510,846</u>

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16. Movement in Funds

	At 1 Jan 2008 £	Incoming resources £	Outgoing resources £	Transfers £	As at 31 Dec 2008 £
Unrestricted Funds					
Designated Investment Fund	4,372,801	129,416	(1,026,066)	198,820	3,674,971
General Funds	<u>2,138,045</u>	<u>1,026,292</u>	<u>(797,325)</u>	<u>(198,820)</u>	2,168,192
	<u>6,510,846</u>	<u>1,155,708</u>	<u>(1,823,391)</u>	<u>-</u>	5,843,163

17. Charitable commitments

The Trust has entered into a 3 year funding commitment with both the BRIT School and Nordoff Robbins. The BRIT School receives £325k and Nordoff Robbins received £275k. This commitment commenced in 2007 and finishes at the end of 2009. This commitment is not legally binding on the trustees. At the year end, there were no amounts outstanding.

18. 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.