

Company Number: 02372740
Charity Number: 1000413

BRITISH RECORD INDUSTRY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



BRITISH RECORD INDUSTRY TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their Annual Report, which includes the Directors' Report together with the audited financial statements for the year ended 31 December 2019.

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 2011 and the Statement of Recommended Practice: applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable on the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS

The Trustees and officers serving during the year and since the year end are as follows;

Trustees:

J Craig OBE (Chair)
R Broe MVO
P Burger
A Cleary (Resigned 27 Nov 2019)
M Crowe OBE (Resigned 5 May 2020)
J Deacon CBE (Resigned 27 Nov 2019)
R Dickins CBE (Resigned 27 Feb 2020)
G Doherty
C Dollimore
M Hole CBE (Resigned 9 March 2020)
D Kassner (Resigned 5 May 2020)
K Kwaten (Appointed 24 June 2020)
K Marshall (Resigned 24 June 2020)
J Morrish (Resigned 5 May 2020)
D Munns OBE
S Presswell (19 May 2020)
W Rowe
M Sannie (Appointed 24 June 2020)
H Semmence
D Sharpe
G Taylor
T Wadsworth CBE
A Watts

The charity is registered under the charity number 1000413, and the company is incorporated with the company registration number 02372740.

Key Management Personnel:

M Crowe
M Fletcher
M J Olaore
C Whelan

Company Secretary:

K Whitehead

Registered Office:

Riverside Building
County Hall
Westminster Bridge Road
London SE1 7JA

BRITISH RECORD INDUSTRY TRUST
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Auditor:

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Bankers:

Coutts & Co
440 Strand
London WC2R 0QS

Solicitors:

Wiggin LLP
10th Floor, Met Building
22 Percy Street
London W1T 2BU

Investment Managers:

Investec
2 Gresham Street
London EC2V 7QP

BRITISH RECORD INDUSTRY TRUST

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

The British Record Industry Trust ("BRIT Trust") is a company limited by guarantee, formed on 17 April 1989, and is a charity registered in England and Wales, number 1000413. The company is governed by its Memorandum and Articles of Association dated 15 March 1989.

The Trustees are appointed by the Board of Trustees. The Trust's Articles of Association require that there be no less than three members of the Trust at any point in time. The membership of the Board is largely 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 Trust. The day to day management and administration was provided by BPI (British Recorded Music Industry) Limited ("BPI"), managed by Maggie Crowe, Mark Fletcher and Christy Whelan and financial reporting was managed by MJ Olaore.

The Trust also holds a 50% stake in Music Industry Trusts Limited and receives an annual donation from the profits of Music Industry Trusts Limited.

TRUSTEE INDUCTION AND TRAINING

The majority of Trustees are longstanding members of the music industry and are already familiar with the practical work and objectives of the Trust. New Trustees are encouraged to visit events and locations of beneficiaries of the Trust throughout the year to gain a broader understanding of the Trust's work. Trustees are updated on legal and best practice developments in charity law and company law by the Trust's secretariat, at board and committee meetings and by e-mail.

KEY MANAGEMENT PERSONNEL

Key management personnel are employed by BPI. The value of the services is not considered to be material.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed within note 10.

RISK MANAGEMENT

The Trust has implemented a Risk Register following Charity Commission guidelines, which is subject to regular review by Trustees. The Trust's Audit, Regulation and Compliance Committee ('ARC Committee') supports Trustees in their responsibilities for ensuring the adequacy of risk management and to ensure that the Trust is considering risk and compliance on an ongoing basis.

The Trustees consider underperformance from investment portfolios as the charity's major risk. Further, as the main income for the Trust in any given year is customarily received from the BRIT Awards Limited, the economic climate can impact on that company's financial success and is also a significant risk to the Trust. The potential impact of COVID-19 on the Trust's activities in 2020 and beyond is considered on page 6.

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 were delegated to professional independent investment managers, whose performance was reviewed quarterly against Asset Risk Consultants' ARC Sterling Steady Growth Index and at Trustee meetings. A sub-committee of the Board monitors the Trust's invested assets on a regular basis and reports regularly to the Board.

BRITISH RECORD INDUSTRY TRUST

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

In order to further manage risk and ensure that the Trust's grant-making is impactful, the Trust recently formed a Grant Making Committee to undertake the due diligence of potential beneficiaries, make grant recommendations to the Board and to monitor the delivery and public benefit of organisations supported by the Trust.

OBJECTIVES AND ACTIVITIES AND PUBLIC BENEFIT

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.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit, reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the year. Each year, the Trust makes a careful judgement between investing in grants and building reserves to meet future needs and challenges.

Since its inception, over £25.3 million has been donated by the Trust to various organisations. Its principal beneficiaries are The BRIT School and Nordoff Robbins Music Therapy ('Nordoff Robbins'). It is the Trustees' intention to donate to the principal beneficiaries in future years subject to sufficient reserves being available.

ACHIEVEMENTS AND PERFORMANCE

During the year, the Trust contributed £562,000 (2018: £677,000) towards the costs of The BRIT School. The BRIT School is a non fee-paying state school based in Croydon. 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 BRIT Trust, the sponsor for the School, has donated over £13.2 million to date.

The Trust donated a further £579,614 (2018: £881,650) to other projects during the year, which included £400,000 (2018: £400,000) to Nordoff Robbins, the UK's leading independent provider of music therapy services. The BRIT Trust has donated over £7.1 million to Nordoff Robbins to date.

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 £7,500 to £562,000 (2018: £5,000 to £677,000) and totalled £1,141,614 (2018: £1,558,650). 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. BRIT Awards Limited contributed £1,205,000 in the year (2018: £1,250,000).

The Trust is run from the offices of BPI which also provides staff to administer the Trust. No charge is made in respect of this service. BPI recharges the Trust with expenses incurred specifically on its behalf. The Trustees do not receive remuneration for their services. The balance at year end due to BPI was Nil (2018: £12,515).

BRITISH RECORD INDUSTRY TRUST

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL REVIEW

The results of the charity for the year are shown in detail in the Statement of Financial Activities on page 10. In summary, the Trust's total incoming resources were £1,862,803 (2018 Restated: £1,602,624) of which £418,366 (2018: £350,625) was from investment income.

Resources expended in the year totalled £1,229,299 (2018: £1,654,764).

Income from investments is of significant importance to the Trust, as this supplements funding from the BRIT Awards Limited and Music Industry Trusts Limited. In the investment portfolios, the net movement in funds is a gain of £1,526,526 (2018: loss of £822,406).

GRANT-MAKING POLICY

The Trust 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 organisations through the BRIT Trust website and other referrals. Applicants will submit an application form, which details information about the organisation, including financial requirements, aims and a description of benefit that the grant would provide.

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 support charitable organisations and activities. Grant applications for such organisations are initially reviewed by the Grant Making Committee and then presented for consideration and approval by Trustees.

FUNDRAISING

The Trust understands that donor confidence is essential to maintaining a sustainable relationship. The Trust has a longstanding relationship with the organisers of BRIT Awards and Music Industry Trusts and trustees receive year round updates on the delivery and performance of events as well as having an awareness of the guiding principles of the Fundraising Regulator's Code of Fundraising Practice. Further, in order to ensure the Trust is compliant with the appropriate standards, a Commercial Participator Agreement is in place with BRIT Awards Limited, which is considered and monitored by the Trust. We have not received any complaints about our fundraising activities and are not aware of any breaches of fundraising regulations by the Trust or any person acting on its behalf.

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 Trust's investment funds is delegated to professional investment managers. The Trust's investment policy is for total gross returns. All direct investments in UK equities are chosen from the FTSE4Good ethical investment index.

The investments are split into Designated (2019: £12,306,780) and General funds (2019: £1,077,171). Designated funds are amounts that have been put aside at the discretion of the Trustees and comprise an investment fund to enable the Trust to build reserves consistent with its Reserves Policy. General funds are expendable at the discretion of the Trustees in the furtherance of the objects of the charity.

BRITISH RECORD INDUSTRY TRUST
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

RESERVES POLICY

The Trust's main source of funding is from BRIT Awards Limited, however, the Trustees have no direct control over the value of funding received from BRIT Awards Limited. Accordingly the Trustees have determined that it is prudent to maintain reserves to ensure that outstanding commitments can be met and that, if necessary, levels of spending can be adjusted to provide long term support to both The BRIT School and Nordoff Robbins, as well as, where possible, grants to other appropriate causes.

The Trustees believe the Trust should set a target for its reserves such that, should the Trust's income from its principal donors (the BRIT Awards Limited and the Music Industry Trust) significantly reduce or cease, then the Trust's reserves alone would generate sufficient income to continue to support the Trust's two main beneficiaries, as well as, where possible, grants to other appropriate causes.

It is the Trustees' opinion that the Trust requires total reserves of at least £20 million based on current investment returns to generate the necessary income to meet current annual funding targets. The Trustees define the level of reserves required based on the average of the previous three years' obligations made, along with a minimal amount of administrative costs of the Trust. It is calculated that one year's expenditure, as defined, is approximately £905,000 (2018 £800,000).

As at 31 December 2019, the balance on the Designated Fund was £12,306,780 (2018: £10,341,412) and the balance on the General Fund was £5,910 (2018 Restated: -£188,752), which gives total reserves of £12,312,690 (2018 Restated: £10,152,660). As the Funds sit below the £20m, it is the Trustees' intention to continue to build reserves until the target is reached.

This reserves policy was adopted on 5th May 2020 and is reviewed by the Trustees on an annual basis for continued appropriateness.

COVID-19 AND FUTURE PLANS

The Trust recognises that COVID-19 could have a major impact on the financial performance of its principal donors (BRIT Awards Limited and Music Industry Trusts Limited) in 2020 and going forward. At the time of filing it is unclear what the full impact on donations may be.

The Reserve Policy above outlines the levels of reserves required to allow the Trust to continue with its mission statement should income significantly reduce or cease. Notes 3 and 12 show the income and capital growth of the Trust's investment portfolios in the year. On 3rd September 2020 the listed investments had a balance of £12.6m.

It is the Trustees' intention to continue to support The BRIT School and Nordoff Robbins. The Trustees will continue to regularly monitor and review the effectiveness of the Reserves Policy in the light of the changing funding and financial climate and other risks, to ensure any reductions in funding can be met from reserves held.

The Trustees have considered the impact of the Covid-19 (Coronavirus) pandemic on the assessment of the going concern basis for the preparation of these financial statements. The Trustees consider that the current cash levels, forecast investment income and investment portfolio provide the charity with free reserves that will allow it to withstand the potential impacts of Covid for at least 12 months from the approval of the financial statements.

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 2019.

This report has been prepared in accordance with the special provisions relating to small companies of the Companies Act 2006.

BRITISH RECORD INDUSTRY TRUST

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the British Record Industry Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware of the time of approving our Trustees' annual report:

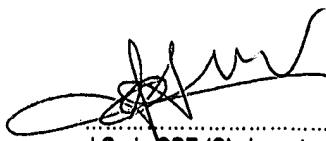
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

A resolution to appoint RSM UK Audit LLP for the ensuing year will be proposed at the next Trustee meeting.

This report was approved by the trustees on 29th July 2020, and was signed for and on behalf of the board by



J Craig OBE (Chairman)

3rd September 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH RECORD INDUSTRY TRUST

Opinion

We have audited the financial statements of British Record Industry Trust (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH RECORD INDUSTRY TRUST (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees'.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Nicholas Sladden (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 07 September 2020

BRITISH RECORD INDUSTRY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Restricted fund £	Unrestricted General funds £	Unrestricted Designated funds £	Total 2019 £	Restated Total 2018 £
INCOME FROM:						
Donations and legacies	2	250,000	1,194,437	-	1,444,437	1,420,771
Investments	3	-	2,669	415,697	418,366	350,624
TOTAL		<u>250,000</u>	<u>1,197,106</u>	<u>415,697</u>	<u>1,862,803</u>	<u>1,771,395</u>
EXPENDITURE ON:						
Raising funds		-	-	(51,855)	(51,855)	(50,365)
Charitable activities		(250,000)	(927,444)	-	(1,177,444)	(1,604,399)
TOTAL		<u>(250,000)</u>	<u>(927,444)</u>	<u>(51,855)</u>	<u>(1,229,299)</u>	<u>1,654,764</u>
Net gains/(losses) on investments	12	-	-	1,526,526	1,526,526	(822,406)
NET INCOME/(EXPENDITURE) BEFORE TRANSFER		<u>-</u>	<u>269,662</u>	<u>1,890,368</u>	<u>2,160,030</u>	<u>(705,775)</u>
Transfer between funds	16	-	(75,000)	75,000	-	-
		<u>-</u>	<u>194,662</u>	<u>1,965,368</u>	<u>2,160,030</u>	<u>(705,775)</u>
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>-</u>	<u>(188,752)</u>	<u>10,341,412</u>	<u>10,152,660</u>	<u>10,858,435</u>
TOTAL FUNDS CARRIED FORWARD	16	<u>-</u>	<u>5,910</u>	<u>12,306,780</u>	<u>12,312,690</u>	<u>10,152,660</u>

The notes on pages 13 to 23 form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2019

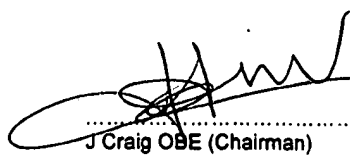
	Notes	2019 £	Restated 2018 £
FIXED ASSETS			
Investments in associated entity	11	1	1
Investments	12	13,383,951	11,496,602
		<u>13,383,952</u>	<u>11,496,603</u>
CURRENT ASSETS			
Debtors	13	18,448	14,733
Cash at bank and in hand		1,169,732	972,039
		<u>1,188,180</u>	<u>986,772</u>
LIABILITIES			
Creditors: Amounts falling due within one year	14	(1,409,442)	(1,530,715)
NET CURRENT ASSETS/(LIABILITIES)		<u>(221,262)</u>	<u>(543,943)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,162,690</u>	<u>10,952,660</u>
Creditors: Amounts falling due after one year	14	(850,000)	(800,000)
TOTAL ASSETS LESS CURRENT LIABILITIES & NET ASSETS		<u>12,312,690</u>	<u>10,152,660</u>
THE FUNDS OF THE CHARITY			
Unrestricted income funds			
General fund	16	5,910	(188,752)
Designated Fund	16	12,306,780	10,341,412
TOTAL CHARITY FUNDS		<u>12,312,690</u>	<u>10,152,660</u>

The Trustees have prepared the financial statements in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011.

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes on pages 13 to 23 form part of these financial statements.

These financial statements were approved and authorised for issue by the Trustees on 29 July 2020 and are signed on their behalf by;



J Craig OBE (Chairman)

BRITISH RECORD INDUSTRY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	Restated 2018 £
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash used in operating activities	17	197,693	184,644
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments		-	-
Net cash provided by/(used in) investing activities		-	-
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		197,693	184,644
Cash and cash equivalents at the beginning of the reporting period		972,039	787,395
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	17	1,169,732	972,039

BRITISH RECORD INDUSTRY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

1.1. Basis of accounting

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

British Record Industry Trust meets the definition of a public benefit entity under FRS 102.

1.2. Accounting convention

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

1.3. Going Concern

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern for the foreseeable future. The Trustees have considered the impact of the Covid-19 (Coronavirus) pandemic on the assessment of the going concern basis for the preparation of these financial statements. At the time of filing it is unclear what the full impact on donations may be. The Trustees consider that the current cash levels, forecast investment income and investment portfolio provide the charity with free reserves that will allow it withstand the potential impacts of Coronavirus for at least 12 months from the approval of the financial statements.

The impact of the outbreak is not considered to materially impact on that assessment and the financial statements continue to be prepared on a going concern basis.

1.4. Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be reliably measured.

Donations and Legacies

This comprises donations. Donation income is recognised when it is receivable as the result of a legal obligation.

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 receivable.

1.5. Expenditure on Charitable activities

Charitable activities comprise 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. All expenditure is accounted for on an accruals basis.

Grants payable

Grants payable are accounted for when the Trustees have accepted a legal or constructive obligation to make the grant, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Other expenditure for charitable purposes

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

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1.6. Support costs

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

1.7. Costs of raising funds

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

1.8. Fund accounting

The charity maintains 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 build reserves sufficient to provide income to meet the charity's future grant commitments and future annual administration costs.

General funds are expendable at the discretion of the Trustees in the furtherance of the objects of the charity.

1.9. 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.

1.10. Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

1.11. Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and the opening market value (or purchase date if later). Under FRS 102 any changes in the value of financial instruments measured at fair value are taken through profit and loss. In order to comply with this requirement, gains and losses on investments are now shown in the Statement of Financial Activities above net income.

1.12. Foreign currencies

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the Statement of Financial Activities.

1.13. Charitable commitments

Commitments are accounted for as resources expended in the Statement of Financial Activities.

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1.14. Status of funds and guarantors' liability

All funds held by the charity are unrestricted.

The liability of the guarantors is limited but every guarantor undertakes to contribute to the assets of the Trust in the event of the same being wound up while they are a guarantor, or within one year after they cease to be a guarantor, for payment of debts and liabilities the Trust contracted before they cease to be a guarantor, 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 2019 there were 19 (2018: 21) guarantors

1.15. Financial Instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Charity becomes a party to the contractual provisions of the instrument.

Trade and other receivables and liabilities are classified as basic financial instruments and measured at initial recognition at transaction price and subsequently at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the charity will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

2. INCOME FROM DONATIONS AND LEGACIES

	Total 2019 £	Total 2018 Restated £
Donation from Music Industry Trusts Limited	213,048	168,771
Donation from BRIT Awards Limited	1,205,000	1,250,000
Sundry	26,389	2,000
	<u>1,444,437</u>	<u>1,420,771</u>

3. INVESTMENT INCOME

	Total 2019 £	Total 2018 £
Bank Interest	2,669	457
Income from listed Investments	415,697	350,167
	<u>418,366</u>	<u>350,624</u>

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Total 2019 £	Total 2018 £
Grants payable (see note 5)	1,141,614	1,558,650
Support Costs:		
Management and administration of the charity (see note 6)	5,145	2,223
Other charitable expenditure (see note 7)	123	26,797
Marketing costs (see note 6)	24,025	7,014
Governance costs (see note 8)	6,537	9,715
	<u>1,177,444</u>	<u>1,604,399</u>

5. GRANTS PAYABLE

	Total 2019 £	Total 2018 £
Grants to institutions: to encourage young people in the exploration and pursuit of educational, cultural or therapeutic benefits emanating from music.		
The BRIT School	562,000	677,000
Nordoff Robbins Music Therapy	400,000	400,000
Mind	100,000	200,000
Key4Life	-	20,000
BPI (BRITs Apprentice Scheme)	(7,609)	176,000
Music Support	10,000	55,000
Adfam	-	15,000
Music For My Mind	30,000	-
Other (individually not more than £10,000)	47,223	15,650
	<u>1,141,614</u>	<u>1,558,650</u>

During the year the trustees agreed to credit a project underspend on one grant awarded to an organisation in 2017. In 2018 the trustees agreed to reverse obligations to two organisations that were not able to meet the requirements set to complete the donation.

6. SUPPORT COSTS - MANAGEMENT AND ADMINISTRATION OF THE CHARITY

	TOTAL 2019 £	Total 2018 £
Bank Charges	485	495
Marketing Costs	24,025	7,014
Legal Costs	4,380	-
Sundry	280	1,728
	<u>29,170</u>	<u>9,237</u>

BRITISH RECORD INDUSTRY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****7. SUPPORT COSTS - OTHER CHARITABLE EXPENDITURE**

	Total 2019 £	Total 2018 £
Music education support (consultancy fees)	123	26,797

8. GOVERNANCE COSTS

	Total 2019 £	Total 2018 £
Auditor's remuneration – Audit	6,537	9,715

9. COSTS OF RAISING FUNDS

	Total 2019 £	Total 2018 £
Investment management fees	51,855	50,365

10. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

Maggie Crowe, Geoff Taylor and Gerald Doherty, trustees of the charity, were directors of BRIT Awards Limited during the year, which has donated £1,205,000 (2018: £1,250,000) to the Trust in the year.

Maggie Crowe, Geoff Taylor and David Munns, trustees of the charity, were directors of Music Industry Trusts Limited, an associated entity of the Trust, during the year, which has donated £213,048 (2018 Restated: £168,771) to the Trust in the year.

Paul Burger, John Craig, Maggie Crowe, John Deacon, Jonathan Morrish, Simon Presswell, Geoff Taylor and Tony Wadsworth, trustees of the charity, were directors of The BRIT School, during the year, which has received grants of £562,000 (2018: £677,000) from the Trust in the year.

Geoff Taylor, a trustee of the charity, was a director of Day One Trust during the year, which received a grant of £10,000 (2018: £Nil) from the Trust in the year.

David Munns, a trustee of the charity, was a director of Nordoff Robbins Music Therapy during the year, which has received a grant of £400,000 (2018: £400,000) from the Trust in the year.

David Sharpe, a trustee of the charity, was a trustee of Key4Life during the year, which received a grant of Nil (2018: £20,000) from the Trust in the year.

The charity had no employees in either the current or the preceding year. The charity paid £280 (2018: £427) for the purchase of directors' liability insurance.

Geoff Taylor, Henry Semmence and Gerald Doherty were Directors of BPI (British Recorded Music Industry) Limited ("BPI") during the year. The Trust is run from the offices of BPI, which also provides staff to administer the Trust. No charge is made in respect of this service. BPI recharges the Trust with expenses incurred specifically on its behalf.

No individuals have been paid any remuneration or received any other benefits from an employment with the charity or a related entity whilst serving as trustees during the current or preceding year.

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11. INVESTMENT IN ASSOCIATED ENTITY

	Total 2019 £	Total 2018 £
Cost at 1 January and 31 December	1	1

The investment in an associated entity represents a 50% interest in the ordinary share capital of Music Industry Trusts Limited (02689836), 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 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 £NIL (2018 Restated: NIL) 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 2019 are as follows:

	Total 2019 £	Total 2018 £
Extracts from the profit and loss account:		
Turnover	638,328	666,676
Profit before donations	262,894	282,889
Profit before and after taxation	262,894	282,889
Extracts from the balance sheet:		
Net assets	262,896	282,891
	262,896	282,891

12. INVESTMENT IN FIXED ASSETS

	Total 2019 £	Total 2018 £
Listed Investments		
Market Value at 1 January	11,328,303	11,792,808
Additions to investments at cost	1,640,825	1,237,107
Disposals at carrying value	(1,574,582)	(879,206)
Net gain/(loss) on revaluations	1,526,526	(822,406)
Total listed investments	12,921,072	11,328,303
Cash and cash equivalents		
Invested cash at 1 January	168,299	227,390
Other cash movements	294,580	(59,091)
Total Cash at 31 December	462,879	168,299

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12. INVESTMENT HELD AS FIXED ASSET (CONTINUED)

Investments comprise of the following:

	Total 2019 £	Total 2018 £
Listed Investments	12,921,072	11,328,303
Cash and cash equivalents	462,879	168,299
	<u>13,383,951</u>	<u>11,496,602</u>

During the year the investment portfolios were managed by Investec. Investec work to a brief of investment in moderate risk investments with the aim of producing a balance between income and capital growth.

13. DEBTORS

	2019 £	2018 Restated £
Other Debtors	18,448	14,733

A review of FRS102 by Financial Reporting Council (FRC) in 2017 concluded that gift aid payments to a parent company can not be recognised unless there is a legal obligation. The prior year financial statements included accrued income of £213,048 from Music Industry Trusts Limited. Note 18 contains the impact of this restatement of prior period comparatives.

14. CREDITORS

	2019 £	2018 £
Amounts falling due within one year:		
Grant commitments	1,392,700	1,509,150
Other loan	-	12,515
Accruals and deferred income	16,742	9,050
	<u>1,409,442</u>	<u>1,530,715</u>
Amounts falling due after one year:		
Grant commitments	850,000	800,000

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14. CREDITORS (CONTINUED)

	Grants payable at 1 January 2019 £	Grants awarded during the year £	Grants paid in the year £	Grants payable at 31 December 2019 £
The BRIT School	1,450,000	562,000	(305,500)	1,706,500
Nordoff Robbins Music Therapy	400,000	400,000	(400,000)	400,000
Key4Life	20,000	-	(20,000)	-
Adfam	7,500	-	(7,500)	-
MIND	200,000	100,000	(198,800)	101,200
BPI (BRITs Apprentice Scheme)	176,000	(7,609)	(143,391)	25,000
Music Support	30,000	10,000	(40,000)	-
Music For My Mind	-	30,000	(30,000)	-
Other (individually not more £10,000)	25,650	47,223	(62,873)	10,000
Total	2,309,150	1,141,614	1,208,064	2,242,700

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Fund £	General Fund £	Designated Fund £	Total 2019 £
Fixed assets	-	1,077,172	12,306,780	13,383,952
Current assets	120,000	1,068,180	-	1,188,180
Liabilities	(120,000)	(2,139,442)	-	(2,259,442)
2019 Total	-	5,910	12,306,780	12,312,690

RESTATED 2018	Restricted Fund £	General Fund £	Designated Fund £	Total 2018 £
Fixed assets	-	1,155,191	10,341,412	11,496,603
Current assets	-	986,772	-	986,772
Liabilities	-	(2,330,715)	-	(2,330,715)
2018 Total	-	(188,752)	10,341,412	10,152,660

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16. MOVEMENT IN FUNDS

	As at 1 January Restated 2019 £	Income (including investment gains) £	Expenditure £	Transfers £	As at 31 December 2019 £
Unrestricted funds					
Designated investment fund	10,341,412	1,942,224	(51,855)	75,000	12,306,780
General fund	(188,752)	1,197,105	(927,444)	(75,000)	5,910
Total	10,152,660	3,139,329	(979,299)	-	12,312,690

Unrestricted funds include unrealised gains and losses in respect of investments held at the balance sheet date.

Designated funds are amounts that have been put aside at the discretion of the Trustees and comprise an investment fund to build reserves sufficient to provide income to meet the charity's future annual administration costs and future grant commitments.

The transfer relates to the movement of funds from the designated reserve to the general reserve to prevent the general reserve going into deficit, approved by the Trustees.

Restricted fund

	As at 1 January 2019 £	Income (including investment gains) £	Expenditure £	Transfers £	As at 31 December 2019 £
BRIT Awards 2019	-	250,000	(250,000)	-	-

The BRITs 2019 donation to the Trust included £250,000 specifically towards five organisations delivering mental health and wellbeing initiatives to young people.

MOVEMENT IN FUNDS 2018

	As at 1 January Restated 2018 £	Income (including investment gains) £	Expenditure £	Transfers £	As at 31 December Restated 2018 £
Unrestricted funds					
Designated investment fund	10,964,016	(472,239)	(50,365)	(100,000)	10,341,412
General fund	(105,581)	1,421,228	(1,604,399)	100,000	(188,752)
Total	10,858,435	948,989	(1,654,764)	-	10,152,660

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£	Restated £
Net income for the reporting period (as per the statement of financial activities)	2,160,030	(705,775)
(Increase) / decrease in fixed investments	(1,887,349)	523,596
Decrease / (increase) in debtors	(3,715)	583
(Decrease) / Increase in creditors	(71,273)	366,240
	<u>197,693</u>	<u>184,644</u>

18. PRIOR PERIOD ADJUSTMENT

A review of FRS102 by Financial Reporting Council (FRC) in 2017 concluded that gift aid payments to a parent company can not be recognised unless there is a legal obligation. Prior to this review the BRIT Trust accrued for income from Music Industry Trusts Limited (MITs) when a constructive obligation was made by the subsidiary to make the donation. The result of the FRC review is that the income from MITs to BRIT Trust has been corrected retrospectively by amending the comparative amounts for 2018 and 2017. The impact of restatement of the MITs income on the statement of financial activities for the year ended 31 December 2018 is shown below.

GENERAL FUNDS	Filed accounts 2018 £	Movement 2018 £	Restated 2018 £
INCOME FROM:			
Donations and legacies	1,465,048	(44,277)	1,420,771
Investments	457	-	457
TOTAL	<u>1,465,505</u>	<u>(44,277)</u>	<u>1,421,228</u>
EXPENDITURE ON:			
Raising funds	-	-	-
Charitable activities	(1,604,399)	-	(1,604,399)
TOTAL	<u>(1,604,399)</u>	<u>-</u>	<u>(1,604,399)</u>
Net gains/(losses) on investments	-	-	-
NET INCOME/(EXPENDITURE) BEFORE TRANSFER	<u>(138,894)</u>	<u>(44,277)</u>	<u>(183,171)</u>
Transfer between funds	100,000	-	100,000
	<u>(38,894)</u>	<u>(44,277)</u>	<u>(83,171)</u>

Movement column values represent changes compared to the filed financial statements.

BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18. PRIOR PERIOD ADJUSTMENT (CONTINUED)

RECONCILIATION OF FUNDS

	General Fund £	Designated Fund £	Total 2018 £
BROUGHT FORWARD 1 JAN 2018	63,190	10,964,016	11,027,206
Restated Balances 1 st January in 2018	(105,581)	10,964,016	10,858,435
Net 2018 Movements (Restated)	(83,171)	(622,604)	(705,775)
Restated Funds			
CARRIED FORWARD 31 Dec 2018	(188,752)	10,341,412	10,152,660

Movement values represent changes compared to the filed financial statements.

The Balance Sheet changes as a result of the adjustments only impacted on Debtors at the year-end.

The analysis of the movements is as follows:

Current Assets	Filed accounts 2018 £	Movement 2018 £	Restated 2018 £
Debtors	227,781	(213,048)	14,733

19. POST BALANCE SHEET EVENTS

Page 6 of the Trustees' Report outlines the potential impact on that COVID-19 could have on the Trust in 2020 and beyond.

On 3rd September the listed investments had a balance of £12.6m. The Trustees consider that the current cash levels, forecast investment income and investment portfolio provide the charity with free reserves that will allow it to withstand the potential impacts of Covid for at least 12 months from the approval of the financial statements.