

BRITISH RECORD INDUSTRY TRUST
(A company limited by guarantee)

Report and Financial Statements

31 December 2000



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

REPORT AND FINANCIAL STATEMENTS 2000**CONTENTS****Page**

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TRUSTEES' REPORT

The trustees present their report and the audited financial statements for the year ended 31 December 2000.

NAME AND REGISTERED OFFICE OF THE CHARITY

The full name of the charity is the British Record Industry Trust and its registered office and principal operating address is 25 Savile Row, London W1S 2ES.

CONSTITUTION

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

The company registration number is 2372740.

Registered with the Charity Commission - Registration Number 1000413.

TRUSTEES

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

Sam Alder	
Paul Burger	
Andrew Cleary	(appointed 15 February 2001)
John Craig	
John Deacon CBE	(resigned 12 July 2000)
Rob Dickins	
Rupert Perry CBE	
Andrew Yeates	(appointed 12 July 2000)

METHOD OF ELECTION OF TRUSTEES

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

INVESTMENT POWERS

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

Auditors

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

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Investment Managers

Coutts & Co
440 Strand
London WC2R 0QS

Solicitors

Olswang
90 Long Acre
London WC2E 9TT

OBJECTS AND ACTIVITIES

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

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

TRUSTEES' REPORT**ORGANISATION**

The trust operates from 25 Savile Row, London W1S 2ES. It holds a 50% share in Music Industry Trusts Limited, a fund-raising company.

REVIEW OF THE DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS DURING THE YEAR

During the year, the trustees have made grants payable to nine organisations to further the stated aims of the trust. Grants payable in the year range from £2,000 to £1,003,428 (1999 - £5,000 to £260,000) and totalled £1,594,428 (1999 - £762,200).

REVIEW OF TRANSACTIONS AND FINANCIAL POSITION

The trust continues to be funded principally by Brit Awards Limited and Music Industry Trusts Limited. The increase in income during the year was attributable to the income from Brit Awards Limited which increased to £1,543,428 (1999 - £850,000).

During the year the trust contributed £270,000 (1999 - £260,000) 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 £1,324,428 (1999 - £502,200) to other projects during the year.

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

The surplus for the year was £33,811 (1999 - £472,304). At the year end £80,767 (1999 - £303,232) was transferred to the Designated Fund. At the year end the balance on the Designated Fund was £1,817,179 (1999 - £1,782,424) and on General Reserves £207,801 (1999 - £208,745).

AVAILABILITY AND ADEQUACY OF ASSETS OF EACH OF THE FUNDS

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

FUTURE PLANS AND SUBSEQUENT EVENTS

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

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

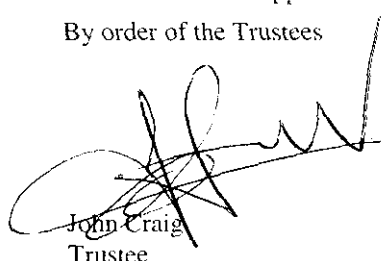
INVESTMENTS

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

AUDITORS

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

By order of the Trustees



John Craig
Trustee

13. 9 . 2001

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

AUDITORS' REPORT TO THE MEMBERS OF

BRITISH RECORD INDUSTRY TRUST

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of trustees and auditors

As described on page 3 the trustees, who are also the directors of the charity for the purposes of company law, are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

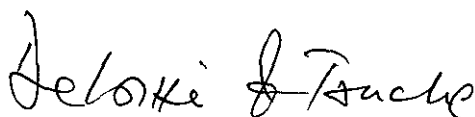
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2000 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Chartered Accountants and Registered Auditors

19 October 2001

**INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2000**

	Note	2000 £	1999 £
INCOME		1,653,369	1,047,027
Administrative expenses		(1,634,808)	(797,348)
OPERATING SURPLUS	8	18,561	249,679
Interest receivable	3	9,191	10,511
Investment income	4	34,773	34,950
Realised gains on investment assets held for charitable use		7,388	154,977
SURPLUS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		<u>69,913</u>	<u>450,117</u>

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2000

	Note	General Fund £	Designated Fund £	Total 2000 £	Total 1999 £
INCOME AND EXPENDITURE					
INCOMING RESOURCES:					
Donations receivable	1	1,653,369	-	1,653,369	1,047,027
Interest receivable	3	9,191	-	9,191	10,511
Investment income	4	34,773	-	34,773	34,950
TOTAL INCOMING RESOURCES		<u>1,697,333</u>	<u>-</u>	<u>1,697,333</u>	<u>1,092,488</u>
RESOURCES EXPENDED:					
Direct charitable expenditure:					
Grants payable	5	1,594,428	-	1,594,428	762,200
Other charitable expenditure	6	16,154	-	16,154	13,000
Other expenditure:					
Management and administration of the charity	7	6,928	17,298	24,226	22,148
TOTAL RESOURCES EXPENDED		<u>1,617,510</u>	<u>17,298</u>	<u>1,634,808</u>	<u>797,348</u>
NET INCOMING RESOURCES BEFORE TRANSFERS (net income for the year)		79,823	(17,298)	62,525	295,140
Transfers between funds	2	(80,767)	80,767	-	-
NET INCOMING RESOURCES FOR THE YEAR	8	(944)	63,469	62,525	295,140
OTHER RECOGNISED GAINS AND LOSSES					
Realised gains on investment assets held for charitable use		-	7,388	7,388	154,977
Unrealised (losses)/gains on investment assets held for charitable use		-	(36,102)	(36,102)	22,187
NET MOVEMENT IN FUNDS		(944)	34,755	33,811	472,304
Unrestricted funds brought forward at 1 January		<u>208,745</u>	<u>1,782,424</u>	<u>1,991,169</u>	<u>1,518,865</u>
UNRESTRICTED FUNDS CARRIED FORWARD AT 31 DECEMBER		<u>207,801</u>	<u>1,817,179</u>	<u>2,024,980</u>	<u>1,991,169</u>

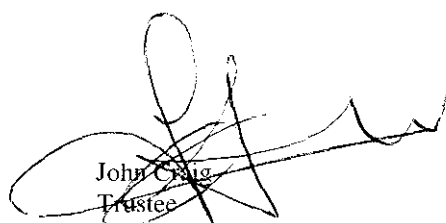
All activities derive from continuing operations.

BALANCE SHEET
31 DECEMBER 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Investment in associated entity	10	1	1
Investments	11	1,747,179	1,482,424
		<u>1,747,180</u>	<u>1,482,425</u>
CURRENT ASSETS			
Debtors	12	91,470	356,749
Cash at bank and in hand		695,204	248,653
		<u>786,674</u>	<u>605,402</u>
CREDITORS: amounts falling due within one year	13	(508,874)	(96,658)
NET CURRENT ASSETS		<u>277,800</u>	<u>508,744</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,024,980</u>	<u>1,991,169</u>
UNRESTRICTED FUNDS			
General fund	14	207,801	208,745
Designated fund	14	1,817,179	1,782,424
		<u>2,024,980</u>	<u>1,991,169</u>

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

Approved by the trustees on 13 . 9 . 2001 and signed on their behalf:


John Craig
Trustee
13 . 9 . 2001

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2000****1. ACCOUNTING POLICIES**

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

Accounting convention

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

Resources arising - income

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

Donations under Deed of Covenant

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

Donations under Gift Aid

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

Investment Income

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

Direct charitable expenditure

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

Grants payable

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

Other expenditure for charitable purposes

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

Other expenditure*Management and administration*

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

Fund accounting

The charity maintains various types of fund as follows:

Unrestricted funds

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

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

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2000****1. ACCOUNTING POLICIES (continued)****Investments in associated entities**

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

Investments

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

Charitable commitments

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

2. STATUS OF FUNDS AND MEMBERS' LIABILITY

All funds held by the charity are unrestricted.

The designated fund was set up in 1994 with an initial sum of £850,000 and a long term goal to provide a capital base to generate enough annual income to meet the charity's fixed annual commitments. The transfer of £100,000 into the designated fund in the year ended 31 December 1998, £303,232 in the year ended 31 December 1999 and £80,767 in the year ended 31 December 2000 were made to progress further towards that goal.

The liability of the members is limited but every member undertakes to contribute to the assets of the trust in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payment of debts and liabilities the trust contracted before he ceases to be a member and of costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amounts as may be required not exceeding £1. At 31 December 2000 there were two members.

3. INTEREST RECEIVABLE

	2000 £	1999 £
Bank interest	9,191	10,511

4. INVESTMENT INCOME

	2000 £	1999 £
Income from UK listed investments	34,773	34,950

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2000****5. GRANTS PAYABLE**

	2000 £	1999 £
Grants to institutions:		
Brit School for the Performing Arts and Technology	270,000	260,000
Nordoff Robbins Music Therapy	271,500	260,000
Institute for the Study of Drug Dependence	25,000	25,000
Avenues Youth Project	-	5,000
National Foundation of Youth Music	1,003,428	200,000
Heart 'n' Soul	-	7,200
Fairbridge in Kent	-	5,000
Prince's Trust	5,000	-
Chicken Shed	10,000	-
Musicians' in Focus	5,000	-
Other small grants	4,500	-
	<u>1,594,428</u>	<u>762,200</u>

6. OTHER CHARITABLE EXPENDITURE

	2000 £	1999 £
Music education support	16,154	13,000
These costs consist of:	£	£
Consultancy fees	16,154	13,000

7. MANAGEMENT AND ADMINISTRATION OF THE CHARITY

	2000 £	1999 £
Investment management fees	17,298	15,189
Audit and accountancy fees	2,000	1,950
Bank charges	292	288
Sundry	4,636	4,721
	<u>24,226</u>	<u>22,148</u>

8. OPERATING SURPLUS

	2000 £	1999 £
Net incoming resources for the year are stated after charging:		
Auditors' remuneration - Audit	1,300	1,250
- Other	700	700

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2000

9. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

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

Messrs Burger, Craig, Deacon, Dickins and Yeates are or were directors of the British Phonographic Industry Limited, which donated £90,000 to the trust in 1999. Mr Burger resigned as a director of the British Phonographic Industry Limited on 14 November 2000 and Mr Deacon resigned as a director of the British Phonographic Industry Limited on 12 July 2000.

Messrs Burger, Craig, Deacon, Dickins and Yeates are or were directors of BRIT Awards Limited, which has donated £1,543,428 (1999 - £850,000) to the trust in the year. Mr Burger resigned as a director of the BRIT Awards Limited on 20 November 2000 and Mr Deacon resigned as a director of the BRIT Awards Limited on 12 July 2000.

Messrs Alder and Deacon are or were directors of Music Industry Trusts Limited, an associated entity of the trust, which has donated £84,054 (1999 - £69,991) to the trust in the year. Mr Deacon resigned as a director of Music Industry Trusts Limited on 29 June 2001 and Mr Yeates was appointed as a director of Music Industry Trusts Limited on 29 June 2001.

Messrs Craig and Deacon are directors of the Brit School for the Performing Arts and Technology, which has received a grant of £270,000 (1999 - £260,000) from the trust in the year.

Mr Alder is a director of Nordoff Robbins Music Therapy, which has received a grant of £271,500 (1999 - £260,000) from the trust in the year.

Mr Dickins is a director of the National Foundation for Youth music, which has received a donation of £1,003,428 (1999 - £200,000) from the trust in the year.

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

10. INVESTMENT IN ASSOCIATED ENTITY

	2000 £	1999 £
At cost	1	1

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

Under a Deed of Covenant dated 16 March 1992, Music Industry Trusts Limited passes over its profits, in whole or in part, to the British Record Industry Trust. As at the balance sheet date £80,000 (1999 - £70,000) 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 2000 are as follows:

	Music Industry Trusts Limited 31 December 2000 £	Music Industry Trusts Limited 31 December 1999 £
Extracts from the profit and loss account:		
Turnover	290,660	293,015
Profit before covenanted donations	150,566	152,921
Profit before and after taxation and retained for the year	-	-
Extract from the balance sheet:		
Net assets	2	2

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2000

11. INVESTMENTS HELD AS FIXED ASSETS

	2000 £	1999 £
Total investments		
Market value at 1 January	1,482,424	1,217,217
Additions at cost	300,000	100,000
Realised gains on investment assets held for charitable use, reinvested	7,388	154,977
Unrealised (losses)/gains on investment assets held for charitable use	(36,102)	22,187
Scrip dividends	10,767	3,232
Management fees	(17,298)	(15,189)
Market value at 31 December	<u>1,747,179</u>	<u>1,482,424</u>
Investments comprise the following:		
Investment listed on a stock exchange	1,705,599	1,479,555
Cash deposits held as part of investment portfolio	<u>41,580</u>	<u>2,869</u>
	<u>1,747,179</u>	<u>1,482,424</u>
Being at market value:		
Investment assets in the United Kingdom	1,221,796	1,135,555
Investment assets outside the United Kingdom	<u>525,383</u>	<u>346,869</u>
	<u>1,747,179</u>	<u>1,482,424</u>
Cost at 31 December	<u>1,660,904</u>	<u>1,360,047</u>

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

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

Investment	% of portfolio	Year end market value £
Treasury 5¾% stock 2009	5.1%	88,625
Orbita Capital Return Strategy Units	5.7%	100,353
Orbita European Growth Strategy Fund	6.3%	110,240
Coutts Fund Managers N. American Lrg/Mid Cap Eq Pro Series 2	11.0%	192,791
Coutts Fund Managers UK Large/Mid Cap Eq Programme Series 2	<u>41.9%</u>	<u>731,557</u>

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2000

12. DEBTORS

	2000 £	1999 £
Amounts owed by Music Industry Trusts Limited	80,000	70,000
Amounts owed by the British Phonographic Industry Limited	-	90,000
Taxation recoverable	-	195,500
Other debtors	11,470	1,249
	<u>91,470</u>	<u>356,749</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Amounts owed to the British Phonographic Industry Limited	13,624	5,496
Accruals	495,250	91,162
	<u>508,874</u>	<u>96,658</u>

14. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Unrestricted Funds		Total 2000 £
	Designated Fund £	General Fund £	
Fixed assets			
Investment in associates	-	1	1
Investments	1,747,179	-	1,747,179
Current assets			
Debtors	-	91,470	91,470
Cash at bank and in hand	70,000	625,204	695,204
Current liabilities			
	-	(508,874)	(508,874)
	<u>1,817,179</u>	<u>207,801</u>	<u>2,024,980</u>

15. CHARITABLE COMMITMENTS

The charity has entered into an ongoing commitment with the Brit School for the Performing Arts and Technology to provide £100,000 of funding in 2001, plus pound for pound matched funding of amounts raised by various other organisations associated with the school up to a ceiling of £75,000. This commitment is not legally binding on the trustees.

16. TAXATION

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