

Company registration number: 02372740

**BRITISH RECORD INDUSTRY TRUST
(A company limited by guarantee)**

Company registration number 02372740
Charity registration number 1000413

**Report and financial statements
for the year ended 31 December 2015**

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**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

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**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

Trustees' Report

The Trustees present their Annual Report together with the audited financial statements for the year ended 31 December 2015. 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 2015).

Reference and Administrative Information

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

Trustees: John Craig OBE (Chairman)
Andrew Cleary
Rob Dickins CBE
David Kassner
Jonathan Morrish
Geoff Taylor
Tony Wadsworth CBE
Korda Marshall
David Sharpe
John Deacon CBE
David Munns OBE
William Rowe
Maggie Crowe OBE
Angela Watts
Simon Presswell
Melanie Fox
Gerald Doherty
Rita Broe MVO (appointed 18 November 2015)

Key Management Personnel: Maggie Crowe
Mark Fletcher
Jenny Clarke
Annabelle Woodward

Company Secretary: Kiaron Whitehead

Registered Office: Riverside Building
County Hall
Westminster Bridge Road
London SE1 7JA

Charity Number: 1000413
Company Number: 02372740

Auditor: Nexia Smith & Williamson
Portwall Place
Portwall Lane
Bristol BS1 6NA

Bankers: Coutts & Co
440 Strand
London WC2R 0QS

**British Record Industry Trust
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Trustees' Report (continued)

Reference and Administrative Information (continued)

Solicitors: Wigin LLP
10th Floor, Met Building
22 Percy Street
London W1T 2B

Investment Managers: Investec
2 Gresham Street
London EC2V 7QP

Credit Suisse
Clariden Leu
27 Knightsbridge
London SW1X 7LY

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 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 is managed by Maggie Crowe and Mark Fletcher and financial reporting was managed by Jenny Clarke and subsequently Annabelle Woodard, both employees of BPI (British Recorded Music Industry) Limited ("BPI").

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 Trustees are longstanding members of the record industry and are already familiar with the practical work and objectives of the Trust. New Trustees are recruited from the same talent pool. They are encouraged to visit the BRIT School and Nordoff Robbins events and locations (as well as other beneficiaries of the Trust) throughout the year to gain a broader understanding of the Trust's work. Trustees are advised of legal and best practice developments in charity law and company law by the Trust's secretariat, both at board meetings and by e-mail.

Risk Management

The Trustees consider underperformance from investment portfolios as the charity's major risk. As the main income for the Trust is received from the BRIT Awards Limited, the economic climate can impact on that company's financial success and is also a risk to the Trust.

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. A sub-

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Trustees' Report (continued)

Risk Management (continued)

committee of the Board monitors the Trust's invested assets on a regular basis and reports regularly to the Board.

The Trust has implemented a Risk Register following Charity Commission guidelines, which is subject to regular review by Trustees and secretariat.

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. The Trust carries out its objectives by providing grants to organisations undertaking activities aligned with the mission of the Trust.

Since its inception, over £18.75 million has been donated by the Trust to various other charities. Its principal beneficiaries are the BRIT School for Performing Arts and Technology and Nordoff Robbins Music Therapy. The BRIT School is based in Croydon, a CTC School opened in 1991; the BRIT Trust is the sponsor for the school and has donated over £9 million to date. It is the Trustees' intention to donate to the BRIT School for Performing Arts and Technology and Nordoff Robbins Music Therapy in future years subject to sufficient reserves being available.

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 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 8 organisations and 2 individuals to further the stated aims of the Trust. Grants payable in the year range from £2,000 to £410,000 (2014: £2,500 to £400,000) and totalled £1,041,613 (2014: £972,783). Details of grants payable are given in note 5 to the financial statements.

**British Record Industry Trust
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Trustees' Report (continued)

Achievements and Performance (continued)

The Trust continues to be funded principally by BRIT Awards Limited and Music Industry Trusts Limited. BRIT Awards Limited contributed £1,254,226 in the year (2014: £1,100,000).

During the year, the Trust contributed £400,000 (2014: £400,000) towards the 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 £641,613 (2014: £572,783) to other projects during the year, which included £410,000 (2014: £350,000) to Nordoff Robbins Music Therapy, the UK's leading independent provider of music therapy services.

The Trust is run from the offices of BPI 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 £676 (2014: £nil).

Financial Review

The results of the charity for the year are shown in detail in the Statement of Financial Activities on page 9. In summary, the Trust's total incoming resources were £1,826,717 (2014: £1,555,449) of which £281,289 (2014: £256,475) was from investment income.

Resources expended in the year totalled £1,130,689 (2014: £1,077,873).

In the investment portfolios, the net movement in funds is a loss of £56,101 (2014: gain of £67,783).

Income from investments is of significant importance to the Trust, as this supplements funding from the BRIT Awards Limited and Music Industry Trusts Limited.

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 with no investment restrictions.

The investments are split into Designated and General funds. Designated funds are amounts that have been put aside at the discretion of the Trustees and comprise an investment fund to provide income to meet the charity's annual General Administration Costs. General funds are expendable at the discretion of the Trustees in the furtherance of the objects of the charity.

**British Record Industry Trust
Annual Report and Financial Statements
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Trustees' Report (continued)

Reserves Policy

The Trust's main source of funding is from BRIT Awards Limited. 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 value of funding received from BRIT Awards Limited.

As a result of the uncertainty in the Trust's 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 2015 totalled £810,000 (2014: £750,000). Where possible, grants will be made to other appropriate good causes.

As the Trust 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 core 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 £810,000.

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. At 31 December 2015, the balance on the Designated Fund was £9,458,662 (2014: £8,792,914) and the balance on the General Fund was £44,199 (2014: £70,020), which gives total reserves of £9,502,861 (2014: £8,862,934).

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 beneficiaries and objectives to desirable levels in perpetuity. It is the Trustees' opinion that this would require total reserves of at least £15 million.

This reserves policy was adopted on 7th July 2015 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.

Future Plans and Subsequent Events

The Trust plans to continue with its mission during 2016 and going forward.

It is the Trustees intention to continue to support the BRIT School for Performing Arts and Technology and Nordoff Robbins Music Therapy.

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 2015.

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

**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

Trustees' Report (continued)

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 judgments 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 Nexia Smith & Williamson for the ensuing year will be proposed at the next Trustee meeting.

By order of the board of Trustees


.....
John Craig CBE (Chairman)

Date: []

21/9/16

**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

Independent auditor's report to the members of British Record Industry Trust

We have audited the financial statements of British Record Industry Trust for the year ended 31 December 2015, which comprises the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 6, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2015 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.

**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

Independent auditor's report to the members of British Record Industry Trust (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 require 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.

Nexia Smith & Williamson

.....
Matthew Maneely (Senior Statutory Auditor)
for and on behalf of Nexia Smith & Williamson
Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: [] 21 September 2016

**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

Statement of financial activities (including income and expenditure account)

| | Note | General fund £ | Designated fund £ | Total 2015 £ | Total 2014 £ |
|------------------------------------|------|----------------------|-------------------------|--------------------|--------------------|
| Income from: | | | | | |
| Donations and legacies | 1, 2 | 1,545,428 | - | 1,545,428 | 1,298,974 |
| Investments | 3 | 252 | 281,037 | 281,289 | 256,475 |
| Total | | 1,545,680 | 281,037 | 1,826,717 | 1,555,449 |
| Expenditure on: | | | | | |
| Raising funds | 9 | 2,000 | (39,881) | (37,881) | (60,199) |
| Charitable activities | 4 | (1,092,808) | - | (1,092,808) | (1,017,674) |
| Total | | (1,090,808) | (39,881) | (1,130,689) | (1,077,873) |
| Net (losses)/gains on investments | 12 | - | (56,101) | (56,101) | 67,783 |
| Net income | | 454,872 | 185,055 | 639,927 | 545,359 |
| Transfers between funds | 16 | (480,693) | 480,693 | - | - |
| Net movement in funds | | (25,821) | 665,748 | 639,927 | 545,359 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 70,020 | 8,792,914 | 8,862,934 | 8,317,575 |
| Total funds carried forward | 16 | 44,199 | 9,458,662 | 9,502,861 | 8,862,934 |

All activities derive from continuing operations.

The Charitable Company has no gains or losses other than those included in the net movement in funds.

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

The notes on pages 12 to 22 form part of these accounts.

**British Record Industry Trust
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For the year ended 31 December 2015**

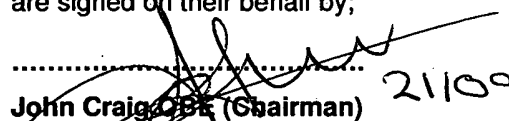
**Balance sheet
At 31 December 2015**

| | Note | 2015 | 2014 |
|---|------|--------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Investment in associated entity | 11 | 1 | 1 |
| Investments | 12 | <u>9,567,739</u> | <u>8,780,590</u> |
| Total fixed assets | | 9,567,740 | 8,780,591 |
| Current assets | | | |
| Debtors | 13 | 299,051 | 77,006 |
| Cash at bank and in hand | | <u>1,114,946</u> | <u>969,337</u> |
| Total current assets | | 1,413,997 | 1,046,343 |
| Creditors: amounts falling due within one year | 14 | <u>(1,478,876)</u> | <u>(850,000)</u> |
| Net current (liabilities)/assets | | <u>(64,879)</u> | <u>196,343</u> |
| Total assets less current liabilities | | <u>9,502,861</u> | <u>8,976,934</u> |
| Creditors: amounts falling due after one year | 14 | <u>-</u> | <u>(114,000)</u> |
| Net assets | | <u>9,502,861</u> | <u>8,862,934</u> |
| Unrestricted income funds | | | |
| General fund | 16 | 44,199 | 70,020 |
| Designated fund | 16 | <u>9,458,662</u> | <u>8,792,914</u> |
| Total funds | | <u>9,502,861</u> | <u>8,862,934</u> |

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts 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 12 to 22 form part of these accounts.

These financial statements were approved and authorised for issue by the Trustees on [] and are signed on their behalf by;

.....

John Craig OBE (Chairman) 21/09/2016
 Company registration number 02372740.

**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

**Statement of cash flows
At 31 December 2015**

| | Note | 2015 | 2014 |
|---|------|------------------|---------|
| | | £ | £ |
| Cash flows from operating activities | | | |
| <i>Net cash provided by operating activities</i> | 17 | 745,609 | 491,852 |
| Cash flows from investing activities | | | |
| Return on investments | | - | 145,653 |
| Purchase of investments | | (600,000) | - |
| <i>Net cash (used in) provided by investing activities</i> | | (600,000) | 145,653 |
| <i>Change in cash and cash equivalents in the reporting period</i> | | 145,609 | 637,505 |
| Cash and cash equivalents at the beginning of the reporting period | | 969,337 | 331,832 |
| Cash and cash equivalents at the end of the reporting period | | 1,114,946 | 969,337 |

The notes on pages 12 to 22 form part of these accounts.

**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

Notes to the financial statements

1. Accounting policies

Basis of preparation

These financial statements are the first annual financial statements to 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 2015) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The first date at which FRS 102 has been applied is 1 January 2014. These particular accounting policies adopted by the Trustees, unless otherwise stated, have been applied consistently with the prior year are described below.

In accordance with FRS 102 the Charity has:

- provided comparative information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied FRS 102 where required; and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 102.

Further information about the transition to FRS 102 can be found in note 18.

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

Accounting convention

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

Going Concern

The accounts have been prepared on a going concern basis. There are no material uncertainties about the entities ability to continue as a going concern for 12 months from the date of signing the audit report.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required. No restatements are considered to be required.

Income

Income is reorganised 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. Donations are generally accounted for in the year to which they relate. Sundry donations are accounted for when receivable.

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.

**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

Notes to the financial statements (continued)

1. Accounting policies (continued)

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.

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.

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.

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 income to meet the charity's annual General Administration Costs and future grant commitments.

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

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

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.

**British Record Industry Trust
Annual Report and Financial Statements
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Notes to the financial statements (continued)

1. Accounting policies (continued)

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 SoFA above net income.

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.

Charitable commitments

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

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 2015 there were 18 guarantors.

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 Charities 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.

**British Record Industry Trust
Annual Report and Financial Statements
For the year ended 31 December 2015**

Notes to the financial statements (continued)

2. Income from donations and legacies

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Donation from Music Industry Trusts Limited | 289,122 | 157,523 |
| Donation from BRIT Awards Limited | 1,254,226 | 1,100,000 |
| Sundry | 2,080 | 41,451 |
| | <u>1,545,428</u> | <u>1,298,974</u> |

Sundry and voluntary income relates to income received by the Trust from BRIT Awards Limited in respect of income received and downloaded music from the annual BRIT Awards show.

3. Investment income

| | 2015 £ | 2014 £ |
|--------------------------------|----------------|----------------|
| Bank interest | 252 | 255 |
| Income from listed investments | 281,037 | 256,220 |
| | <u>281,289</u> | <u>256,475</u> |

4. Analysis of expenditure on charitable activities

| | 2015 £ | 2014 £ |
|--|------------------|------------------|
| Grants payable (see note 5) | 1,041,613 | 972,783 |
| Support costs: | | |
| Management and administration of the charity (see note 6) | 7,449 | 2,704 |
| Other charitable expenditure (see note 7) | 38,046 | 36,931 |
| Government costs (see note 8) | 5,700 | 5,256 |
| Total | <u>1,092,808</u> | <u>1,017,674</u> |

**British Record Industry Trust
Annual Report and Financial Statements
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Notes to the financial statements (continued)

5. Grants payable

| | 2015 £ | 2014 £ |
|--|------------------|----------------|
| Grants to institutions: to encourage young people in the exploration and pursuit of educational, cultural or therapeutic benefits emanating from music. | | |
| BRIT School for the Performing Arts & Technology | 400,000 | 400,000 |
| Nordoff-Robbins Music Therapy | 410,000 | 350,000 |
| Drugscope | (20,000) | 30,000 |
| East London Arts & Music | - | 114,000 |
| Key4Life | 30,000 | 40,000 |
| Attitude is Everything | (40,000) | 40,000 |
| Creative Access | 40,000 | (17,500) |
| Music 4 Good | - | (19,368) |
| Melos Sinfonia | - | 2,500 |
| Reprezent | - | 2,500 |
| Each One Teach One | - | 5,000 |
| Buckinghamshire University | 5,000 | 5,000 |
| Warchild | 172,113 | 20,651 |
| Urban Development | 25,000 | - |
| Chelsea & Westminster Hospital | 10,000 | - |
| | <u>1,032,113</u> | <u>972,783</u> |

| | 2015 £ | 2014 £ |
|---|------------------|----------------|
| Grants to individuals: to encourage young people in the exploration and pursuit of educational, cultural or therapeutic benefits emanating from music. | | |
| Paul Walters | 2,000 | - |
| Harry Shapiro | 7,500 | - |
| | <u>9,500</u> | <u>-</u> |
| | <u>1,041,613</u> | <u>972,783</u> |

During the year the trustees agreed to transfer £40,000 of grant payable from Attitude is Everything to Creative Access. £20,000 of grant payable to Drugscope was also reversed in the year.

6. Support costs - management and administration of the charity

| | 2015 £ | 2014 £ |
|--------------|--------------|--------------|
| Bank charges | 376 | 386 |
| Sundry | 7,073 | 2,318 |
| | <u>7,449</u> | <u>2,704</u> |

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Notes to the financial statements (continued)

7. Support costs - other charitable expenditure

| | 2015 £ | 2014 £ |
|--|---------------|---------------|
| Music education support (consisting of consultancy fees) | <u>38,046</u> | <u>36,931</u> |

8. Governance costs

| | 2015 £ | 2014 £ |
|--------------------------------|--------------|--------------|
| Auditors' remuneration – Audit | <u>5,700</u> | <u>5,256</u> |

9. Costs of raising funds

| | 2015 £ | 2014 £ |
|----------------------------|---------------|---------------|
| Investment management fees | <u>37,881</u> | <u>60,199</u> |

10. Information regarding Trustees and employees

Messrs Wadsworth and Taylor, trustees of the charity, were directors of BRIT Awards Limited during the year, which has donated £1,254,226 (2014: £1,100,000) to the Trust in the year.

A loan of £500,000 was paid to the charity by BRIT Awards Limited. The full loan was received prior to 31 December 2015 and therefore a total of £500,000 is owed to BRIT Awards Limited by charity at the year end.

Mr Taylor, a trustee of the charity, was a director of Music Industry Trusts Limited, an associated entity of the Trust, during the year, which has donated £289,122 (2014: £157,523) to the Trust in the year.

Messrs Craig and Morrish, trustees of the charity, were directors of the BRIT School for the Performing Arts & Technology, during the year, which has received grants of £400,000 (2014: £400,000) from the Trust in the year.

Mr Munns, a trustee of the charity, was a director of Nordoff-Robbins Music Therapy during the year, which has received a grant of £410,000 (2014: £350,000) from the Trust.

The charity had no employees in either the current or the preceding year. The charity paid £1,615 (2014: £1,665) for the purchase of directors liability insurance.

Messrs Craig, Taylor, Wadsworth and Marshall are Directors of BPI (British Recorded Music Industry) Limited ("BPI"). 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.

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Notes to the financial statements (continued)

10. Information regarding Trustees and employees (continued)

No Trustee or person related or connected by business to them received any emoluments from the charity in the current or preceding year. No expenses have been incurred by the charity on behalf of Trustees during the year.

The balance at year end due to BPI was £676 (2014: £nil).

11. Investment in associated entity

| | 2015 £ | 2014 £ |
|-----------------------------------|-----------|-----------|
| Cost at 1 January and 31 December | <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 £288,121 (2014: £61,053) 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 2015 are as follows:

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Extracts from the profit and loss account: | | |
| Turnover | <u>649,023</u> | <u>550,905</u> |
| Profit before donations | <u>328,754</u> | <u>266,507</u> |
| Profit before and after taxation | <u>(1)</u> | <u>-</u> |
| Extracts from the balance sheet: | | |
| Net assets | <u>1</u> | <u>2</u> |

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Notes to the financial statements (continued)

12. Investments held as fixed assets

| | 2015 £ | 2014 £ |
|----------------------------------|-------------------------|-------------------------|
| Listed investments | | |
| Market value at 1 January | 8,780,590 | 8,341,250 |
| Additions to investments at cost | 3,125,726 | 2,335,017 |
| Disposals at carrying value | (2,154,688) | (2,328,082) |
| Net (loss)/gain on revaluation | <u>(34,460)</u> | <u>89,948</u> |
| Total investments | <u>9,717,168</u> | <u>8,438,133</u> |
| Cash and cash equivalents | | |
| Invested cash at 1 January | 342,457 | 317,510 |
| Foreign exchange movement | (21,641) | (22,165) |
| Other cash movements | <u>(127,788)</u> | <u>47,112</u> |
| Total cash | <u>193,028</u> | <u>342,457</u> |

Investments comprise the following:

| | 2015 £ | 2014 £ |
|--------------------------|-------------------------|-------------------------|
| Listed investments | 9,374,711 | 8,438,133 |
| Cash or cash equivalents | <u>193,028</u> | <u>342,457</u> |
| Total | <u>9,567,739</u> | <u>8,780,590</u> |

During the year the investment portfolios were managed by Investec and Credit Suisse. The investment portfolio with Falcon Wealth was transferred to Credit Suisse during the year. Investec work to a brief of investment in moderate risk investments with the aim of producing a balance between income and capital growth. Credit Suisse worked to a brief in below average risk investments with the primary aim of producing income.

13. Debtors

| | 2015 £ | 2014 £ |
|---|----------------|---------------|
| Amounts owed by Music Industry Trusts Limited | 288,121 | 61,053 |
| Other debtors | 10,930 | 15,014 |
| Prepayments | - | 939 |
| | <u>299,051</u> | <u>77,006</u> |

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Notes to the financial statements (continued)

14. Creditors

| Amounts falling due within one year | 2015 | 2014 |
|--|------------------|----------------|
| | £ | £ |
| Grant commitments | 966,500 | 840,000 |
| Other loan | 500,676 | - |
| Accruals and deferred income | 11,700 | 10,000 |
| | <u>1,478,876</u> | <u>850,000</u> |
| | | |
| Amounts falling due after one year | 2015 | 2014 |
| | £ | £ |
| Grant commitments | - | 114,000 |
| | <u>-</u> | <u>114,000</u> |

| Grant Commitments | Grants payable at 1 January 2015 | Grants awarded during the year | Grants paid in the year | Grants payable at 31 December 2015 |
|--|---|---------------------------------------|--------------------------------|---|
| | £ | £ | £ | £ |
| BRIT School for the Performing Arts & Technology | 400,000 | 400,000 | (400,000) | 400,000 |
| Nordoff-Robbins Music Therapy Warchild | 350,000 | 410,000 | (410,000) | 350,000 |
| Creative Access (note 5) | - | 172,113 | (172,113) | - |
| East London Arts & Music | - | 40,000 | (15,000) | 25,000 |
| Key4Life | 114,000 | - | - | 114,000 |
| Attitude is Everything (note 5) | 30,000 | 30,000 | (30,000) | 30,000 |
| Drugscope (note 5) | 40,000 | (40,000) | - | - |
| Urban Development | 20,000 | (20,000) | - | - |
| Buckinghamshire University | - | 25,000 | - | 25,000 |
| Chelsea & Westminster Hospital | - | 5,000 | - | 5,000 |
| Harry Shapiro | - | 10,000 | - | 10,000 |
| Paul Walters | - | 7,500 | - | 7,500 |
| | - | 2,000 | (2,000) | - |
| Total | <u>954,000</u> | <u>1,041,613</u> | <u>(1,029,113)</u> | <u>966,500</u> |

The grant commitment due to East London Arts & Music of £114,000 in the prior year was considered an amount falling due after one year. It is now payable within one year.

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Notes to the financial statements (continued)

15. Analysis of net assets between funds

| | Unrestricted funds | | Total 2015 | Total 2014 |
|--------------------------|--------------------|--------------------|--------------------|------------------|
| | General fund | Designated fund | | |
| | £ | £ | £ | £ |
| Fixed assets | | | | |
| Investment in associates | 1 | - | 1 | 1 |
| Investments | 109,077 | 9,458,662 | 9,567,739 | 8,780,590 |
| Current assets | | | | |
| Debtors | 299,051 | - | 299,051 | 77,006 |
| Cash at bank and in hand | 1,114,946 | - | 1,114,946 | 969,337 |
| Liabilities | (1,478,876) | - | (1,478,876) | (964,000) |
| Total | 44,199 | 9,458,662 | 9,502,861 | 8,862,934 |

16. Movement in Funds

| | As at 1 January 2015 £ | Incoming resources £ | Resources Expended £ | Transfers £ | As at 31 December 2015 £ |
|----------------------------------|---------------------------------|----------------------------|----------------------------|----------------|-----------------------------------|
| Unrestricted Funds | | | | | |
| Designated Investment Fund | 8,792,914 | 281,037 | (95,982) | 480,693 | 9,458,662 |
| General Funds | 70,020 | 1,545,680 | (1,090,808) | (480,693) | 44,199 |
| Total | 8,862,934 | 1,826,717 | (1,186,790) | - | 9,502,861 |

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

The transfer relates to the transfer of investments from Credit Suisse to Investec.

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Notes to the financial statements (continued)

17. Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2015 £ | 2014 £ |
|---|-----------------------|----------------|
| <i>Net income for the reporting period (as per the statement of financial activities)</i> | 639,927 | 545,359 |
| Gains on investments | (198,215) | (315,548) |
| Difference on foreign exchange | 11,066 | 48,065 |
| Increase in debtors | (222,045) | (20,024) |
| Increase in creditors | 514,876 | 234,000 |
| | <u>745,609</u> | <u>491,852</u> |

18. Transition to FRS 102

This is the first year that British Record Industry Trust has presented its results under FRS 102. The date of transition to FRS 102 was 1 January 2014.

The transition to FRS 102 has resulted in a small number of changes in accounting policies. These changes have not impacted the financial performance of the entity.