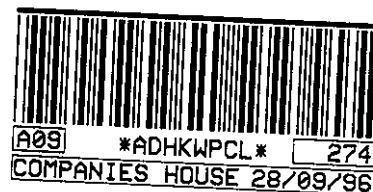


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THE BRITISH RECORD INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL)

COMPANY NO. 2372740

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1995**



THE BRITISH RECORD INDUSTRY TRUST

REPORT OF THE DIRECTORS

The directors present their report and the audited Financial Statements for the year ended 31st December 1995.

Directors

Sam Alder, John Craig, John Deacon, Rupert Perry, John Preston and Paul Russell served as directors throughout the year.

Charitable Status

The Company has been accorded charitable status and is entered into the Central Register of Charities under Registration no 1000413.

Constitution

The British Record Industry Trust is a company limited by guarantee and not having a share capital. It was established in 1989 and is entirely funded by contributions from the Music Industry and related organisations in the UK. The Mission of the British Record Industry Trust is to encourage young people in the exploration and pursuit of educational, cultural or therapeutic benefits emanating from music.

The liability of the members is limited but every member undertakes to contribute to the assets of the Company 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 Company 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.

Principal Activity

The Company operates as a non profit making organisation providing sponsorship and assistance to encourage young people in the exploration and pursuit of educational, cultural or therapeutic benefits emanating from music.

Operational Review

During the year the Company contributed £65,341 (1994 - £82,012) 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 Company donated a further £127,392 (1994 - £118,839) to other projects during the year.

The surplus for the year was £128,182 (1994 - £47,494). At the year end £100,000 was transferred to the Endowment Fund, a fund set aside for investment purposes.

Future Plans

The Company continues to seek other projects where it may be of assistance.

Auditors

On 1st February 1996 our auditors changed the name under which they practise to Deloitte Touche and, accordingly, have signed their report in their new name. They have expressed their willingness to continue as the Company's auditors. A resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in dark ink, appearing to read 'Sara John', written in a cursive style.

Sara John
Secretary

Date: 25th September 1996

25 Savile Row
London W1X 1AA

THE BRITISH RECORD INDUSTRY TRUST
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

REPORT OF THE AUDITORS TO THE MEMBERS OF THE BRITISH RECORD INDUSTRY TRUST

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

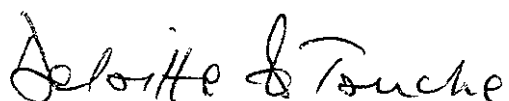
Basis of opinion

We conducted our audit in accordance with 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1995 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors

Date: 26 September 1996

Hill House
1 Little New Street
London EC4A 3TR

**THE BRITISH RECORD INDUSTRY TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995**


	Note	1995	1994 as restated (see note 1)
		£	£
Income			
Donations	1	293,335	232,174
Interest Receivable	2	<u>49,387</u>	<u>34,926</u>
		342,722	267,100
Expenditure			
Donations Payable		192,733	200,851
Administration Expenses		<u>21,807</u>	<u>18,755</u>
		(214,540)	(219,606)
Surplus for the Year	3	<u>128,182</u>	<u>47,494</u>
Accumulated General Fund Brought Forward		72,808	775,314
Transfer to Endowment Fund	9	<u>(100,000)</u>	<u>(750,000)</u>
Accumulated General Fund Carried Forward		<u>100,990</u>	<u>72,808</u>

THE BRITISH RECORD INDUSTRY TRUST
BALANCE SHEET
AS AT 31ST DECEMBER 1995

	Note	1995		1994	
		£	£	£	£
Fixed Assets					
Tangible Assets	5		1,765		2,353
Investment	6		<u>1</u>		<u>1</u>
			1,766		2,354
Current Assets					
Debtors	7	102,371		124,034	
Cash at Bank and in Hand		<u>951,574</u>		<u>813,611</u>	
		1,053,945		937,645	
Creditors: amounts falling due within one year	8	<u>(104,721)</u>		<u>(117,191)</u>	
Net Current Assets			<u>949,224</u>		<u>820,454</u>
Net Assets			<u>950,990</u>		<u>822,808</u>
Represented by:					
General Fund			100,990		72,808
Endowment Fund	9		<u>850,000</u>		<u>750,000</u>
			<u>950,990</u>		<u>822,808</u>

Approved by the Directors on 25th September 1996

Signed on behalf of the Board:


JOHN DEACON

THE BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1995

1 ACCOUNTING POLICIES

a) Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The disclosure requirements of the Companies Act 1985 have been adapted to facilitate an understanding of the Company's activities. The Financial Statements disclose all the information required under this Act.

b) Income

Donations include donations received under Deeds of Covenant and the related tax recoverable. All donations received are credited to the Income and Expenditure Account in the year received or on the dates due under the terms of the Deed of Covenant.

In past years, donations from the Brit Awards to Nordoff Robbins and the Terence Higgins Trust have been netted off in the Brit Trust income and expenditure account. The directors are of the opinion that it presents a fairer view to include these donations in income and expenditure, under donations received and donations paid, and have adopted this policy in these accounts. The 1994 figures have been represented to reflect this change.

c) Depreciation

Depreciation on Fixed Assets is provided at rates estimated to write off the cost of assets, less estimated residual value of each asset, over their expected useful lives as follows:

Office Furniture	-	25% Reducing Balance
Office Equipment	-	25% Straight Line

d) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

THE BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1995

2 Interest Receivable

	1995	1994
	£	£
Bank Interest	<u>49,387</u>	<u>34,926</u>

3 Surplus for the year

	1995	1994
	£	£
The surplus for the year is stated after charging:		
Auditors' Remuneration	1,293	1,350
Depreciation	<u>588</u>	<u>1,611</u>

4 Information Regarding Directors' and Employees

No director received any emoluments from the Company in either the current or the preceding year.

The Company had no employees other than its directors in either the current or the preceding year.

5 Tangible Assets

	Office Equipmt. £	Office Furniture £	Total £
Cost			
At 1st January and at 31st December 1995	<u>3,307</u>	<u>7,438</u>	<u>10,745</u>
Depreciation			
At 1st January 1995	3,307	5,085	8,392
Charge for the Year	-	588	588
At 31st December 1995	<u>3,307</u>	<u>5,673</u>	<u>8,980</u>
Net Book Value			
At 31st December 1995	<u>-</u>	<u>1,765</u>	<u>1,765</u>
At 31st December 1994	<u>-</u>	<u>2,353</u>	<u>2,353</u>

THE BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1995

6 Investment

	1995	1994
	£	£
At Cost	<u>1</u>	<u>1</u>

The investment represents a 50% interest in the Ordinary Share Capital of Music Industries Limited, a company incorporated in Great Britain.

Under a Deed of Covenant dated 16th March 1992, Music Industries Limited passes over its profits, in whole or in part, to the British Record Industry Trust. As at the Balance Sheet date £46,249 (1994 - £51,591) is receivable by the Trust. Details of the results for the year of Music Industries Limited and of its position as at 31st December 1995 are as follows:

	Music Industries Limited	Music Industries Limited
Extracts from the Profit and Loss Account	31/12/95 £	31/12/94 £
Turnover	<u>257,900</u>	<u>183,600</u>
Profit before Covenanted Donations	<u>178,333</u>	<u>95,581</u>
Profit/(Loss) before and after Taxation and retained for the year	<u>-</u>	<u>-</u>
Extract from the Balance Sheet		
Net Assets	<u>2</u>	<u>2</u>

THE BRITISH RECORD INDUSTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1995

7 Debtors	1995	1994
	£	£
Amounts owed by Music Industries Ltd.	46,250	51,590
Taxation Recoverable	33,112	8,750
Prepayments and Accrued Income	23,009	63,694
	<u>102,371</u>	<u>124,034</u>
8 Creditors: amounts falling due within one year	1995	1994
	£	£
Accruals	104,721	117,191
	<u>104,721</u>	<u>117,191</u>
9 Endowment Fund	1995	1994
	£	£
Opening balance at 1 January	750,000	-
Transfer from General fund	100,000	750,000
Closing balance at 31 December	<u>850,000</u>	<u>750,000</u>

The Endowment Fund represents monies invested to provide an annual return to meet the Company's fixed annual commitments.

10 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.

The additional information on pages 12 and 13 has been prepared from the accounting records of the company.

While it does not form part of the statutory financial statements, it should be read in accordance with them and the auditors' report thereon.

THE BRITISH RECORD INDUSTRY TRUST
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995
THE BRITISH RECORD INDUSTRY TRUST

	Schedule	1995		1994	
				as restated	
				(see note 1)	
		£	£	£	£
Income					
Donations Under Deed of Covenant	1		114,818		71,591
Donations Under Gift Aid	2		177,784		122,092
Other Donations	3		733		38,491
Bank Interest Receivable			49,387		34,926
			<u>342,722</u>		<u>267,100</u>
Donations					
Brit School for the Performing Arts and Technology:					
-General Donation		61,751		73,990	
-Class of '94		-		250	
-Car Lease		3,590		6,742	
-Governors' Report		-		1,000	
-Other		-		30	
Nordoff Robbins		86,392		76,222	
Terence Higgins Trust		5,000		5,000	
West Lothian College		-		15,000	
Musicians Benevolent Fund		10,000		-	
National Music Day		10,000		10,000	
British Youth Council		8,000		8,000	
National Music Council		2,000		2,000	
Rock School		-		2,100	
Canford Summer School		-		517	
Chicken Shed		5,000		-	
Portishead Youth		1,000		-	
		<u>192,733</u>		<u>200,851</u>	
Administrative Expenditure					
Management Service Charge		5,287		3,212	
Consultancy Fees		12,000		12,000	
Printing and Stationery		815		-	
Sundry		944		303	
Audit and Accountancy		1,293		1,350	
Bank Charges		275		279	
Travel, entertaining & motor		605		-	
Depreciation on furniture		588		785	
Depreciation on equipment		-		826	
		<u>21,807</u>		<u>18,755</u>	
Total Expenditure			(214,540)		(219,606)
Surplus for the Year			<u>128,182</u>		<u>47,494</u>

**SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995**

	1995	1994
	£	as restated (see note 1) £
1 Donations Under Deed of Covenant		
Silver Clef Enterprises re Knebworth	28,151	-
A&M Records	-	10,000
Island Records	-	10,000
Music Industries Limited	86,667	51,591
	<u>114,818</u>	<u>71,591</u>
2 Donations Under Gift Aid		
British Phonographic Industry Ltd	<u>177,784</u>	<u>122,092</u>
3 Other Donations		
Oliver! Charity Gala	-	38,491
Chris Eubanks	400	-
Other	333	-
	<u>733</u>	<u>38,491</u>