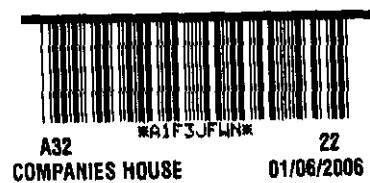


**BRITISH MUSIC RIGHTS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2005**

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Registered No: 03245288



# **BRITISH MUSIC RIGHTS LIMITED**

## **Company Information**

Directors: John Hutchinson (resigned 24.03.05)  
Mark Fishlock  
David Ferguson  
Andrew Heath  
David Lester (resigned 24.03.05)  
James Richard Manners  
David M Stoll  
Chris Butler  
Debbie Stones (appointed 24.03.05)  
Adam Singer (appointed 24.03.05)

Secretary: Emma Pike

Company Number: 03245288

Registered Office: British Music House  
26 Berners Street  
London  
W1T 3LR

Auditors: Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

# **BRITISH MUSIC RIGHTS LIMITED**

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The directors present their report and the financial statements for the year ended 31 December 2005

**Principal Activity**

The principal activity of the company is to represent the interests and concerns of British music composers, songwriters and publishers to UK and EU policymakers and the wider public.

The company is limited by guarantee, having no share capital and is funded entirely and in equal shares by two of its members, Mechanical-Copyright Protection Society Limited and the Performing Right Society Limited.

**Directors**

The directors who served during the year are as stated below:

John Hutchinson (resigned 24.03.05)	James Richard Manners
Mark Fishlock	David M Stoll
David Ferguson	Chris Butler
Andrew Heath	Debbie Stones (appointed 24.03.05)
David Lester (resigned 24.03.05)	Adam Singer (appointed 24.03.05)

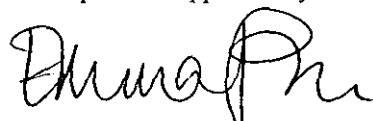
The directors are nominated by the company's guarantors.

**Auditors**

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 11 May 2006 and signed on its behalf by:



Emma Pike  
Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The directors are required by UK Company law to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the financial statements on the 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 1985. 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.

**INDEPENDENT AUDITORS REPORT  
TO THE MEMBERS OF BRITISH MUSIC RIGHTS LIMITED**

We have audited the company's financial statements for the year ended 31 December 2005, which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared in accordance with the accounting policies set out therein and in accordance with the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

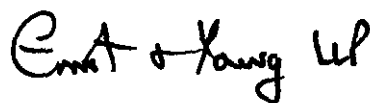
**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

24 May 2006

**BRITISH MUSIC RIGHTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2005

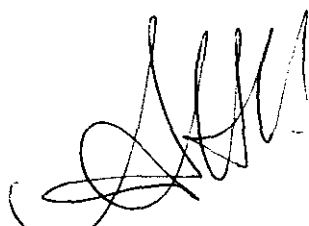
	Notes	2005 £	2004 £
Turnover	2	750,000	793,101
Administrative expenses		<u>(879,335)</u>	<u>(692,167)</u>
Operating (loss)/ profit	3	(129,335)	100,934
Interest receivable and similar income		<u>13,516</u>	<u>11,863</u>
(Loss)/ Profit on ordinary activities before taxation		(115,819)	112,797
Taxation	5	<u>30</u>	<u>-</u>
Retained (loss)/ profit for the year		<u>(115,789)</u>	<u>112,797</u>

**BRITISH MUSIC RIGHTS LIMITED**  
**BALANCE SHEET**  
**at 31 December 2005**

	Notes	31 December 2005 £	31 December 2004 £
<b>Fixed Assets</b>			
Tangible assets	6	728	1,092
<b>Current Assets</b>			
Debtors	7	18,452	8,212
Cash at bank and in hand		143,975	204,260
		<u>162,427</u>	<u>212,472</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(159,248)</u>	<u>(93,868)</u>
<b>Net Current Assets</b>		<u>3,179</u>	<u>118,604</u>
<b>Total Assets Less Current Liabilities</b>		<u>3,907</u>	<u>119,696</u>
<b>Capital and Reserves</b>			
Profit & Loss Account	9	<u>3,907</u>	<u>119,696</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 11 May 2006 and signed on its behalf by:



**Andy Heath**  
Director

**1. Accounting Policies****a) Accounting Convention**

The financial statements are prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**b) Cash flow**

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cash flow statement because it is a small company.

**c) Fixed Assets and Depreciation**

Fixed assets are initially recorded at cost. Depreciation is provided at rates calculated to write off the cost less residual value of each tangible fixed asset over its expected useful life as follows:

*Fixtures, fittings and equipment - 20% per annum straight line.*

*The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.*

**d) Pensions**

Contributions to personal pension schemes are charged to the profit and loss account as they become payable in accordance with the rules of the individual schemes.

**2. Turnover**

Turnover represents amounts invoiced to members, excluding value added tax, during the year.

The total turnover of the company for the year has been derived from its principal activity, which was wholly undertaken in the UK.

**3. Operating (loss) / profit**

	2005	2004
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	364	364
Auditors' remuneration	3,043	2,750
	<u>          </u>	<u>          </u>

**4. Directors' emoluments**

	2005	2004
	£	£
Emoluments	13,200	13,199
	<u>          </u>	<u>          </u>



**BRITISH MUSIC RIGHTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**  
**at 31 December 2005**

<b>5. Taxation</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
The credit in the profit and loss account comprises:		
UK corporation tax charge	(835)	-
Adjustment in relation to prior year	865	-
	<u>30</u>	<u>-</u>
	<u><u>30</u></u>	<u><u>-</u></u>
 <b>6. Tangible fixed assets</b>		<b>Fixtures, fittings &amp; equipment £</b>
<b>Cost</b>		
At 1 January 2005 and 31 December 2005		8,814
 <b>Depreciation</b>		
At 1 January 2005		7,722
Charge for the year		364
At 31 December 2005		<u>8,086</u>
 <b>Net Book Value at 31 December 2005</b>		<u><u>728</u></u>
 <b>Net Book Value at 1 January 2005</b>		<u><u>1,092</u></u>
 <b>7. Debtors</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Other debtors	18,452	8,212
	<u>18,452</u>	<u>8,212</u>
	<u><u>18,452</u></u>	<u><u>8,212</u></u>
 <b>8. Creditors: amounts falling due within one year</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Other creditors	2,360	18,930
Accruals and deferred income	156,888	74,938
	<u>159,248</u>	<u>93,868</u>
	<u><u>159,248</u></u>	<u><u>93,868</u></u>

**BRITISH MUSIC RIGHTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**  
**at 31 December 2005**

**9. Reserves**

		<b>Profit &amp; Loss Account</b>
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
At 1 January	119,696	6,899
(Loss)/ profit for the year	(115,789)	112,797
At 31 December	<u>3,907</u>	<u>119,696</u>

**10. Related Party Transactions**

During the year, the company received funding of £750,000 (2004:£793,101) in equal proportions from its members, Mechanical-Copyright Protection Society Limited and the Performing Right Society Limited.

**11. Pension Commitments**

The Company makes contributions to individual personal pension plans on a straight line basis. In 2005 the Company contributed £20,785 in respect of three personal pension schemes (2004: £8,000 two personal schemes).

**12. Members' Liability**

The company is limited by guarantee and does not have a share capital. The liability of each member on winding up is a maximum of £5.

**BRITISH MUSIC RIGHTS LIMITED**  
**DETAILED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2005

	2005		2004	
	£	£	£	£
<b>Fee Income</b>		<b>750,000</b>		<b>793,101</b>
<b>Administrative Expenses</b>				
Wages and salaries	301,046		242,652	
Consultancy fees	114,081		118,673	
Research	56,588		20	
Events	44,805		40,196	
National Insurance Contributions	43,960		35,069	
Sponsorship	42,150		5,520	
Christmas bonus	40,100		35,750	
Chairman's fees	35,825		30,000	
Midem	31,518		27,469	
Travelling & subsistence	27,755		15,678	
Subscription & periodicals	22,464		24,582	
Pension	20,785		8,907	
Conferences	17,724		9,464	
Directors' fees	13,200		13,199	
Recruitment	11,520		-	
Business Entertaining	10,081		4,820	
Printing, postage & stationery	8,514		7,647	
Professional Fees	7,089		3,968	
Car Allowance	7,000		3,697	
Education/Awareness	5,095		30,370	
Staff Entertaining	3,924		3,052	
General expenses	3,408		1,246	
Insurance	3,150		3,150	
Audit	3,043		2,750	
Website	1,577		1,858	
Health Care	1,122		2,586	
Telephone & facsimile	1,076		1,383	
Bank and interest charges	371		503	
Depreciation on fixtures & fittings	364		364	
Press and publicity	-		17,594	
		<b>(879,335)</b>		<b>(692,167)</b>
<b>Operating (loss) / profit</b>		<b>(129,335)</b>		<b>100,934</b>
<b>Interest receivable</b>				
Bank deposit interest		<b>13,516</b>		<b>11,863</b>
<b>Corporation tax credit/(charge)</b>		<b>30</b>		<b>-</b>
<b>(Loss)/ profit for the year</b>		<b>(115,789)</b>		<b>112,797</b>

This detailed profit and loss Account is for management purposes only and does not form part of the financial statements.