

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1998-07-22** | Period of Report: **1998-06-30**
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FILER

MILLS MUSIC TRUST

CIK: **66496** | IRS No.: **136183792** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-02123** | Film No.: **98669460**
SIC: **6794** Patent owners & lessors

Mailing Address
1775 BROADWAY SUITE 708
NEW YORK NY 10019

Business Address
C/O JOEL FADEN &
COMPANY
1775 BROADWAY SUITE 708
NEW YORK NY 10019
2122467203

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED JUNE 30, 1998 COMMISSION FILE NUMBER 2-22997

MILLS MUSIC TRUST
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEW YORK 13-6183792
(STATE OR OTHER JURISDICTION OF (I.R.S. EMPLOYER
INCORPORATION OR ORGANIZATION) IDENTIFICATION NO.)

C/O MARINE MIDLAND BANK, 140 BROADWAY, NEW YORK, NY 10015
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (212) 658-6014

INDICATE BY CHECK-MARK WHETHER THE REGISTRANT (1) HAS FILED ALL
REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE
REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH
FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES X NO

NUMBER OF TRUST UNITS OUTSTANDING AS OF MARCH 10, 1998 277,712

PART I - FINANCIAL STATEMENTS

Item 1. Financial Information

MILLS MUSIC TRUST
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1998 AND 1997

(UNAUDITED)

<TABLE>
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	Three Month Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	----	----	----	----
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Receipts:				
Mills Music, Inc.	\$273,049	\$227,996	\$472,931	\$487,169
Undistributed cash at beginning of the period	0	13	8	20
Disbursements - administrative expenses	(7,600)	(14,213)	(19,871)	(25,063)

Balance available for distribution	265,449	213,796	453,068	462,126
Cash distribution to unit holders	265,438	213,783	453,057	462,113
Undistributed cash at end of the period	\$ 11	\$ 13	\$ 11	\$ 13
Cash distribution per unit (based on 277,712 units outstanding)	\$.95	\$.77	\$ 1.63	\$ 1.66

</TABLE>

See accompanying Notes to Statements of Cash Receipts and Disbursements.

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MILLS MUSIC TRUST
NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1998 AND 1997

(UNAUDITED)

NOTE 1. ACCOUNTING POLICIES AND GENERAL INFORMATION

Mills Music Trust ("the Trust") was created in 1964 for the purpose of acquiring the rights to receive payments of a deferred contingent purchase price contract obligation payable by Mills Music, Inc. ("Mills"). The contingent payments are determined quarterly, and are based on a formula which takes into account gross royalty income from certain music copyrights and licenses of Mills, less royalties paid and amounts deducted by Mills in accordance with contract terms.

Payments from Mills to the Trust are made in March, June, September, and December, and include net royalty income of the preceding calendar quarter. The payments received are accounted for on a cash basis, as are expenses paid. The Declaration of Trust requires the distribution of all funds received by the Trust to the Unit holders after payment of expenses.

The statements of cash receipts and disbursements reflect only cash transactions and do not present transactions that would be included in financial statements presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

There is no book value per unit because cumulative distributions are in excess of the initial investment in the Trust.

NOTE 2. RELATED PARTY TRANSACTIONS

The Declaration of Trust provides that each trustee shall receive reimbursement for expenses reasonably incurred in the performance of his duties and annual compensation of \$2,500 per year for his services as trustee, provided that such aggregate compensation to the trustees as a group may not exceed 3% of the monies received by the Trust in any year. The Declaration of Trust further provides for reimbursement to the corporate trustee for its clerical and administrative services to the Trust. Accordingly, Marine Midland Bank receives reimbursement for such services and for services performed as Registrar and Transfer Agent. The Declaration of Trust further provides that if any trustee performs unusual or extraordinary services, reasonable compensation for such services shall be paid, subject to certain

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MILLS MUSIC TRUST
NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1998 AND 1997

(CONTINUED)

(UNAUDITED)

limitations and to prior confirmation by a majority in interest of Trust Certificate holders. Pursuant to these provisions,

disbursements to related parties were made as follows for the six months ended June 30, 1998 and 1997.

<TABLE>
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	1998	1997
	----	----
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Trustee Fees:		
Bernard D. Fischman	\$1,250	\$1,250
Marine Midland Bank	1,250	1,250
Marine Midland Bank - Transfer		
Agent and Registrar	0	5,932

</TABLE>

NOTE 3. ROYALTY EXAMINATION

The Trust's claim against Belwin Mills Publishing Corporation, the former administrators of the Old Mills Catalogue, in connection with a 1987 royalty examination is pending final resolution by the Trust. It cannot be determined at this time, what, if any, amount may ultimately be received by the Trust. No examination of royalty information has been performed subsequent to 1987.

NOTE 4. FEDERAL INCOME TAXES

No provision for income taxes has been made since the liability is that of the unit holders and not the Trust.

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PART I - FINANCIAL STATEMENTS

Item 2. Management's Discussion and Analysis of Results of Operations

The Trust's receipts from Mills Music, Inc. are derived from copyrights established prior to 1964 and such receipts fluctuate based upon public interest in the "nostalgia" appeal of older songs.

PART II - OTHER INFORMATION

Items 1 through 6, inclusive, are not applicable.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MILLS MUSIC TRUST

(Registrant)

Date July 21, 1998

By: BERNARD D. FISCHMAN

Bernard D. Fischman, Trustee

Date July 21, 1998

By: MARCIA MARKOWSKI

Marine Midland Bank
Corporate Trustee

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