

**Phonographic Performance (Ireland)  
Company Limited by Guarantee**

**Directors' report and financial statements**

**For the financial year ended 31 December 2018**

**Phonographic Performance (Ireland) Company Limited by Guarantee**

**Company Information**

**DIRECTORS**  
Dennis Woods  
Annette Donnelly  
William Kavanagh  
Patrick Creed  
Mark Crossingham  
Alan Hennessy

**COMPANY SECRETARY** Joe Fitzpatrick

**REGISTERED NUMBER** 27726

**REGISTERED OFFICE**  
63 Patrick Street  
Dun Laoghaire  
Co. Dublin

**INDEPENDENT AUDITORS**  
BDO  
Statutory Audit Firm  
Beaux Lane House  
Mercer Street Lower  
Dublin 2

**SOLICITORS**  
Helen Sheehy & Co.  
63 Patrick Street  
Dun Laoghaire  
Co. Dublin

# Phonographic Performance (Ireland) Company Limited by Guarantee

## Contents

	Page
<b>Directors' report</b>	1 - 2
<b>Directors' responsibilities statement</b>	3
<b>Independent auditors' report</b>	4 - 6
<b>Statement of comprehensive income</b>	7
<b>Balance sheet</b>	8
<b>Statement of changes in equity</b>	9
<b>Notes to the financial statements</b>	10 - 20

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Directors' report For the financial year ended 31 December 2018

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2018.

#### PRINCIPAL ACTIVITIES

The principal activity of the company is the collection and distribution of licence fees for the broadcasting, cable transmission, dubbing and public performance of sound recordings on behalf of its members. The company also makes payments to performers on behalf of its members.

#### BUSINESS REVIEW

Phonographic Performance (Ireland) Company Limited by Guarantee had a successful year in 2018.

Collections have continued to grow and the costs of collections have reduced. This has resulted in increased distributable income for both Members and Performers. The directors are confident the company is well placed to build on this year's success going forward.

#### RESULTS AND DIVIDENDS

The income, expenditure and distribution account and balance sheet for the financial year ended 31 December 2018 are set out on pages 7 and 8. The revenue available for distribution to member companies before taxation amounted to €5,943,997 (2017 - €5,664,907).

There were no dividends paid during the year.

#### DIRECTORS

The directors who served during the financial year were:

Dennis Woods  
Annette Donnelly  
William Kavanagh  
Patrick Creed  
Mark Crossingham  
Alan Hennessy

Annette Donnelly will be retiring from the board by rotation but in accordance with the Articles of Association and, being eligible, offers herself for re election.

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Directors' report (continued) For the financial year ended 31 December 2018

#### PRINCIPAL RISKS AND UNCERTAINTIES

The company is currently in dispute with Recorded Artists Actors Performers Company Limited by Guarantee (RAAP). The dispute centres on interpretation of part of the Copyright and Related Rights Act of 2000. Both parties have alternative views of the definition of a qualifying performance/performer. This has the potential to alter the split of distributable revenue between the parties. The company has followed Irish Law but RAAP maintains that Irish Law is incorrect. This issue has been referred by the Irish Commercial Court to the Court of Justice of the European Union (CJEU). The company's position historically will not be affected by any decision of the CJEU since the company has followed the law.

An additional set of legal proceedings has been taken by RAAP as a result of the termination of its agency agreement by the company. These proceedings were heard in the Commercial Court and the company were successful. RAAP have appealed to the Irish Court of Appeal. The appeal is listed for hearing in January 2020. The company is confident that the judgement of the Commercial Court will be upheld by the Court of Appeal.

#### ACCOUNTING RECORDS

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 63 Patrick Street, Dun Laoghaire, Co. Dublin.

#### FUTURE DEVELOPMENTS

The company will continue to work closely with its agent Irish Music Rights Organisation Company Limited by Guarantee to try to increase distributable revenue.

#### STATEMENT ON RELEVANT AUDIT INFORMATION

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### AUDITORS

The auditors, BDO, continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board and signed on its behalf.

**Dennis Woods**  
Director

**William Kavanagh**  
Director

Date: 28 August 2019

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Directors' responsibilities statement For the financial year ended 31 December 2018

The directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare the financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date, of the profit or loss for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Independent auditors' report to the members of Phonographic Performance (Ireland) Company Limited by Guarantee

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of Phonographic Performance (Ireland) Company Limited by Guarantee (the 'company') for the financial year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 and of its profit for the financial year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

##### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISA (Ireland) 570 requires us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Independent auditors' report to the members of Phonographic Performance (Ireland) Company Limited by Guarantee (continued)

knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### OPINION ON THE OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

#### RESPECTIVE RESPONSIBILITIES AND RESTRICTIONS ON USE

##### RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.



## Phonographic Performance (Ireland) Company Limited by Guarantee

### Independent auditors' report to the members of Phonographic Performance (Ireland) Company Limited by Guarantee (continued)

#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [https://www.iaasa.ie/Publications/ISA-700-\(Ireland\)](https://www.iaasa.ie/Publications/ISA-700-(Ireland)). This description forms part of our Auditors' report.

Stewart Dunne  
for and on behalf of  
**BDO**  
Dublin  
Statutory Audit Firm  
AI223876

28 August 2019

Phonographic Performance (Ireland) Company Limited by Guarantee

Statement of comprehensive income  
For the financial year ended 31 December 2018

	Note	2018 €	2017 €
Turnover	4	12,052,142	11,470,394
<b>GROSS PROFIT</b>		<b>12,052,142</b>	<b>11,470,394</b>
Distributable to performers		(2,691,467)	(2,465,811)
Cost of collection and distribution		(2,887,748)	(2,946,460)
Distribution Reserve	14	(217,657)	(217,437)
IRMA Service Charge		(305,197)	(179,195)
<b>OPERATING PROFIT</b>	5	<b>5,950,073</b>	<b>5,661,491</b>
Other interest receivable and similar income	7	1,061	3,416
Interest payable and similar expenses		(7,137)	-
<b>PROFIT BEFORE TAXATION</b>		<b>5,943,997</b>	<b>5,664,907</b>
Tax on profit	8	1,477	(736)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>5,945,474</b>	<b>5,664,171</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income		23,434	(8,687)
<b>OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>23,434</b>	<b>(8,687)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>5,968,908</b>	<b>5,655,484</b>

The notes on pages 10 to 20 form part of these financial statements.

Phonographic Performance (Ireland) Company Limited by Guarantee

Balance sheet  
As at 31 December 2018

	Note	2018 €	2017 €
<b>FIXED ASSETS</b>			
Tangible assets	9	35,401	49,983
		<u>35,401</u>	<u>49,983</u>
<b>CURRENT ASSETS</b>			
Debtors	10	2,498,369	2,774,454
Cash at bank and in hand	11	10,393,737	10,193,355
		<u>12,892,106</u>	<u>12,967,809</u>
Creditors: amounts falling due within one year	12	(7,959,932)	(8,034,679)
<b>NET CURRENT ASSETS</b>		<u>4,932,174</u>	<u>4,933,130</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,967,575</u>	<u>4,983,113</u>
<b>NET ASSETS</b>		<u><u>4,967,575</u></u>	<u><u>4,983,113</u></u>
<b>CAPITAL AND RESERVES</b>			
Members reserve	14	14,747	(8,687)
Other reserves	14	474	474
Profit and loss account	14	4,952,354	4,991,326
<b>SHAREHOLDERS' FUNDS</b>		<u><u>4,967,575</u></u>	<u><u>4,983,113</u></u>

These financial statements have been prepared in accordance with the small companies regime.

The financial statements were approved and authorised for issue by the board:

**Dennis Woods**  
Director

**William Kavanagh**  
Director

Date: 28 August 2019

The notes on pages 10 to 20 form part of these financial statements.

Phonographic Performance (Ireland) Company Limited by Guarantee

Statement of changes in equity  
For the financial year ended 31 December 2018

	Members reserve	Other reserves	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2018	(8,687)	474	4,991,326	4,983,113
<b>COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>				
Profit for the financial year	-	-	5,945,474	5,945,474
Amount retained for members	23,434	-	-	23,434
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	23,434	-	5,945,474	5,968,908
Payment to member companies	-	-	(5,984,446)	(5,984,446)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	(5,984,446)	(5,984,446)
<b>AT 31 DECEMBER 2018</b>	<b>14,747</b>	<b>474</b>	<b>4,952,354</b>	<b>4,967,575</b>

Statement of changes in equity  
For the financial year ended 31 December 2017

	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2017	-	474	3,574,198	3,574,672
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Profit for the year	-	-	5,664,171	5,664,171
Amount retained for members	(8,687)	-	-	(8,687)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(8,687)</b>	<b>-</b>	<b>5,664,171</b>	<b>5,655,484</b>
Payment to member companies	-	-	(4,247,043)	(4,247,043)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>-</b>	<b>-</b>	<b>(4,247,043)</b>	<b>(4,247,043)</b>
<b>AT 31 DECEMBER 2017</b>	<b>(8,687)</b>	<b>474</b>	<b>4,991,326</b>	<b>4,983,113</b>

The notes on pages 10 to 20 form part of these financial statements.

# Phonographic Performance (Ireland) Company Limited by Guarantee

## Notes to the financial statements For the financial year ended 31 December 2018

### 1. GENERAL INFORMATION

Phonographic Performance (Ireland) Company Limited by Guarantee is a private company limited by guarantee, incorporated in the Republic of Ireland. The Registered Office is 63 Patrick Street, Dun Laoghaire, Co. Dublin, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the directors' report on page 1.

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2014.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 REVENUE

Licence fee income which excludes value added tax, represents the invoiced value, and is recognised evenly over the period of the licence term.

In the absence of an invoice, broadcasting and other income is accrued based on the amount agreed in the contract.

Public performance fees, broadcasting fees and other income are accounted for on combination of an accruals and cash basis. Interest and investment income received are accounted for under the accruals basis.

#### 2.3 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the financial statements  
For the financial year ended 31 December 2018

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 TANGIBLE FIXED ASSETS (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	-	8 years
Fixtures and fittings	-	8 years
Computer equipment	-	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**2.4 OPERATING LEASES: THE COMPANY AS LESSEE**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

**2.5 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 Deferred contract costs**

Contact costs are recognized using the cost model. After recognition, deferred contract costs are released to the profit and loss account over the period in which it is anticipated these costs are recovered.

**2.7 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.8 FINANCIAL INSTRUMENTS**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Notes to the financial statements For the financial year ended 31 December 2018

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.8 FINANCIAL INSTRUMENTS (continued)

rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### 2.9 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.10 FINANCE COSTS

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.11 PENSIONS

###### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### 2.12 INTEREST INCOME

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**Notes to the financial statements  
For the financial year ended 31 December 2018**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.13 TAXATION**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

The preparation of financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.



Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements  
For the financial year ended 31 December 2018

4. **TURNOVER**

An analysis of turnover by class of business is as follows:

	2018 €	2017 €
Broadcasting fees	4,092,316	3,937,210
Broadcasting fees dubbing	717,802	693,545
Public performance fees	6,864,958	6,424,807
Dubbing fees	244,352	284,967
Cable fees	132,714	129,865
	<u>12,052,142</u>	<u>11,470,394</u>

	2018 €	2017 €
Republic of Ireland	<u>12,052,142</u>	<u>11,470,394</u>
	<u>12,052,142</u>	<u>11,470,394</u>

All turnover arose in Ireland.

5. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The operating profit is stated after charging:

	2018 €	2017 €
Depreciation of tangible fixed assets	14,582	18,716
Defined contribution pension cost	13,527	19,424
	<u>14,582</u>	<u>19,424</u>

6. **EMPLOYEES**

The average monthly number of employees, including the directors, during the financial year was as follows:

	2018 No.	2017 No.
Clerical and administrative	<u>6</u>	<u>6</u>

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements  
For the financial year ended 31 December 2018

7. INTEREST RECEIVABLE

	2018 €	2017 €
Other interest receivable	1,061	3,416

8. TAXATION

	2018 €	2017 €
<b>CORPORATION TAX</b>		
Current tax on Profit for the year	-	736
Adjustment in respect of previous periods	(1,477)	-
<b>TOTAL CURRENT TAX</b>	<b>(1,477)</b>	<b>736</b>

**FACTORS AFFECTING TAX CHARGE FOR THE FINANCIAL YEAR**

The tax assessed for the financial year is the same as (2017 - the same as) the standard rate of corporation tax in Ireland of 25% (2017 - 25%) as set out below:

**EFFECTS OF:**

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1,648
Capital allowances for financial year/year in excess of depreciation	-	(2,151)
Rollover relief on profit on disposal of fixed assets	-	(544)
Subscriptions and donations	-	106
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(514)
Non-taxable income	(398)	-
Income tax paid on interest	398	736
Unrelieved tax losses carried forward	(1,477)	1,455
<b>TOTAL TAX CHARGE FOR THE FINANCIAL YEAR</b>	<b>(1,477)</b>	<b>736</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements  
For the financial year ended 31 December 2018

9. TANGIBLE FIXED ASSETS

	Long-term leasehold property €	Fixtures and fittings €	Computer equipment €	Total €
<b>COST OR VALUATION</b>				
At 1 January 2018	20,839	29,585	467,613	518,037
At 31 December 2018	20,839	29,585	467,613	518,037
<b>DEPRECIATION</b>				
At 1 January 2018	2,535	14,432	451,087	468,054
Charge for the financial year on owned assets	2,604	3,698	8,280	14,582
At 31 December 2018	5,139	18,130	459,367	482,636
<b>NET BOOK VALUE</b>				
At 31 December 2018	15,700	11,455	8,246	35,401
At 31 December 2017	18,304	15,153	16,526	49,983

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements  
For the financial year ended 31 December 2018

10. DEBTORS

	2018 €	2017 €
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Deferred contract costs	36,356	85,873
	<u>36,356</u>	<u>85,873</u>
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	778,031	291,947
Amounts owed by related parties	88,576	298,849
Corporation tax repayable	584	2,422
Prepayments and accrued income	1,545,305	1,985,635
Deferred contract costs	49,517	49,517
VAT repayable	-	60,212
	<u>2,498,369</u>	<u>2,774,455</u>

11. CASH AND CASH EQUIVALENTS

	2018 €	2017 €
Cash at bank and in hand	<u>10,393,736</u>	<u>10,193,355</u>

12. CREDITORS: Amounts falling due within one year

	2018 €	2017 €
Trade creditors	161,866	81,788
Distribution reserve	554,513	389,215
Amount due to performers	4,687,748	5,639,563
Taxation and social security	75,996	6,267
Other creditors	130,882	143,795
Accruals	794,008	505,912
Deferred income	1,554,919	1,268,139
	<u>7,959,932</u>	<u>8,034,679</u>

Included in amounts due to performers are allocations for 2013, 2014 and 2015 based on an estimated non-qualifying percentage. The non-qualifying percentage forms part of the calculation to determine the split of the distributable income between performers and members.

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements  
For the financial year ended 31 December 2018

13. FINANCIAL INSTRUMENTS

	2018 €	2017 €
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	<b>10,393,737</b>	10,193,355
Financial assets that are debt instruments measured at amortised cost	<b>866,607</b>	590,796
	<b>11,260,344</b>	10,784,151
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<b>5,535,009</b>	6,254,361

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and the amount due to performers.

14. RESERVES

**Other reserves**

Distribution Reserve represents funds allocated to Performers on tracks which as of yet are unmatched to a recording rights holder.

**Member companies' account**

The directors of the company and parties related to them, which include the recording companies whose interests the directors represent, are entitled, as are all member companies, to payments representing the fees received from the performance of copyright works.

The payments to the member companies represented by the directors are calculated and paid on an identical basis as the payments for all the member companies.

During the year ended 31 December 2018 €5,984,446 (2017 - €4,247,043) was paid to member companies whose interests were represented by the directors of the company.

15. LIABILITY OF MEMBERS

The liability of the members is limited. Every member of the company undertakes to contribute to the assets of the company, in the event of the same being wound up while he/she is a member or within one year after he/she ceases being a member, for payment of the debts and liabilities of the company contracted before he/she ceases to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding €1.

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Notes to the financial statements For the financial year ended 31 December 2018

#### 16. COMPANY STATUS

The company is limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding €1 towards the assets of the company in the event of liquidation.

#### 17. CONTINGENT LIABILITIES

The company is currently in dispute with Recorded Artists Actors Performers Company Limited by Guarantee (RAAP). The dispute centres on interpretation of part of the Copyright and Related Rights Act of 2000. Both parties have alternative views of the definition of a qualifying performance/performer. This has the potential to alter the split of distributable revenue between the parties. The company has followed Irish Law but RAAP maintains that Irish Law is incorrect. This issue has been referred by the Irish Commercial Court to the Court of Justice of the European Union (CJEU). The company's position historically will not be affected by any decision of the CJEU since the company has followed the law.

An additional set of legal proceedings has been taken by RAAP as a result of the termination of its agency agreement by the company. These proceedings were heard in the Commercial Court and the company were successful. RAAP have appealed to the Irish Court of Appeal. The appeal is listed for hearing in January 2020. The company is confident that the judgement of the Commercial Court will be upheld by the Court of Appeal.

#### 18. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to €13,527 (2017 - €19,424). Contributions totalling €Nil (2017 - €2,060) were payable to the fund at the balance sheet date.

#### 19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 €	2017 €
Not later than 1 year	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Notes to the financial statements For the financial year ended 31 December 2018

#### 20. RELATED PARTY TRANSACTIONS

During the year the company incurred costs for services under an SLA with Irish Recorded Music Association Company Limited By Guarantee of €305,197 (2017 - €179,195), a company which is also related by having common directors. At year end the balance due from Irish Recorded Music Association Company Limited By Guarantee was €88,576 (2017 - €298,849).

Joe Fitzpatrick, who was appointed as secretary on 15 April 2014 is key management personnel. He is a director of Adakat Limited, a company incorporated in Ireland providing management services to Phonographic Performance (Ireland) Company Limited By Guarantee. During the year services to the value of €138,300 (2017 - €117,325) were provided and included in trade creditors is an amount of €9,994 (2017 -€9,994).

#### 21. POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

#### 22. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements on 28 August 2019.