

Phonographic Performance (Ireland) Company Limited by Guarantee

FINANCIAL INFORMATION

In accordance with the European Union (Collective Rights Management) (Directive 2014/26/EU) Regulations 2016 – Annual Transparency Report (ATR) incorporating the Special Report for the financial year ended 31 December 2017.



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Phonographic Performance (Ireland) Company Limited by Guarantee

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Phonographic Performance (Ireland) Company Limited by Guarantee

FINANCIAL ACTIVITIES REPORT

The directors present herewith their Annual Transparency Report in accordance with the European Union (Collective Rights Management) (Directive 2014/26/EU) Regulations 2016 for the financial year ended 31 December 2017.

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.

BUSINESS REVIEW

Phonographic Performance (Ireland) Company Limited (PPI) by Guarantee had a satisfactory year in 2017. As a result of initiatives taken in 2016, collections have continued to increase in 2017 and costs of collections have decreased. This has resulted in increased distributable income for both Members and Performers. The directors are confident the initiatives taken in 2016 will lead to increased distributable income in future years.

INFORMATION ON REFUSALS TO GRANT A LICENSE

PPI operates under section 38 of the Copyright and Related Rights Act 2000 which is a licence of right, accordingly PPI is not in a position to refuse to grant a licence for Public Performance, Broadcast or Cable Transmission. During 2017 PPI offered a licence to all applicants who requested a licence in respect of all other uses within PPI's mandated scope of activity and who provided the information necessary in order to calculate the fees.

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 taken expert legal advice and are confident their position is correct. It is hoped this dispute will be resolved in the near future.

An additional set of legal proceedings has been taken by RAAP as a result of the termination of its agency agreement by PPI.

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 Patricks Street, Dun Laoghaire, Co. Dublin.

RESULTS

The statement of income and retained earnings and the balance sheet are set out on page 13 and 14 respectively.

Phonographic Performance (Ireland) Company Limited by Guarantee

FINANCIAL ACTIVITIES REPORT

DIVIDENDS

The company is limited by guarantee and it is not possible for such a company to pay a dividend.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report. The directors' report describes the financial position of the company; its company's objectives, policies and processes for managing its capital; its financial risk and management objectives

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash resources. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SUBSEQUENT EVENTS

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

Phonographic Performance (Ireland) Company Limited by Guarantee

LEGAL AND GOVERNANCE STRUCTURE

DIRECTORS AND SECRETARY

The directors who served during the financial year were:

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

Alan Hennessy will be retiring from the board by rotation but in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Secretary:

Joe Fitzpatrick

TRANSACTIONS INVOLVING DIRECTORS

Details of transactions involving directors are set out in note 20 to the financial statements. Apart from these, there are no contracts or arrangements of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the financial year ended 31 December 2017.

COMPLIANCE STATEMENT

For the purposes of section 225 of the companies Act 2014 (the "Act"), we, the directors:

1. Acknowledge that we are responsible for securing the Company's compliance with its relevant obligations as defined in section 225(1) of the Act (the "relevant obligations"); and
2. Confirm that each of the following has been done:
 - i. a compliance statement (as defined in section 225(3)(a) of the Act) setting out the Compliance policies (that in our opinion, are appropriate to the company) respecting compliance by the Company with its relevant obligations has been drawn up;
 - ii. appropriate arrangements or structures, that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, have been put in place; and
 - iii. during the financial year to which this report relates, a review of the arrangements or structures referred to in paragraph ii above has been concluded.

Phonographic Performance (Ireland) Company Limited by Guarantee

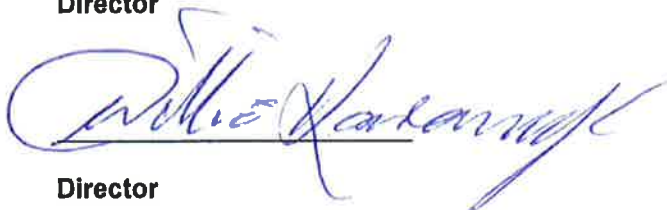
LEGAL AND GOVERNANCE STRUCTURE

There are no persons directly or indirectly owned or controlled, wholly or in part by the company.

Approved by the Board and signed on its behalf by:



Director



Director

Date: 5/9/2018

Phonographic Performance (Ireland) Company Limited by Guarantee

LEGAL AND GOVERNANCE STRUCTURE

DIRECTORS' RESPONSIBILITIES STATEMENT

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 Irish Generally Accepted Accounting Practice in Ireland, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and promulgated by the Institute of Chartered Accountants in Ireland and Irish law.

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 of the company 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;
- 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 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.



INDEPENDENT LIMITED ASSURANCE REPORT TO THE PHONOGRAPHIC PERFORMANCE (IRELAND) COMPANY LIMITED BY GUARANTEE ("PPI" or "THE COMPANY") IN RESPECT OF THE ANNUAL TRANSPARENCY REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

In accordance with our engagement letter dated 4 April 2018, we were engaged by PPI to perform a limited assurance engagement in respect of the accounting information included in the Annual Transparency Report for the financial year ended 31 December 2017 ("Annual Transparency Report"), prepared pursuant to Regulation 20(4) of the European Union (Collective Rights Management) (Directive 2014/26/EU) Regulations 2016 ("the Directive"),

The accounting information included in the Annual Transparency Report is defined in Regulation 20(5) of the Directive, which comprises the financial statements specified in Part 1 of the Schedule (Information to be provided in Annual Transparency Report) to the Directive, on which we opined on 5th of September 2018 with an unqualified opinion as reproduced on pages 11 and 12 of this Annual Transparency Report, and the financial information specified in Parts 2 and 3 of the Schedule to the Directive ("accounting information"),

Respective Responsibilities

As a collective management organisation, you are responsible for preparing the Annual Transparency Report, including a special report as required by Regulation 20(1) of the Directive for each financial year no later than eight months following the end of that financial year. This Annual Transparency Report is required to contain at least the information set out in the Schedule to the Directive, and comply with the overall requirements in the Directive.

As directors of PPI, you are responsible for ensuring that PPI keeps, or causes to be kept, adequate accounting records allowing the preparation of the Annual Transparency Report for each financial year that fairly presents the activity of the Company.

Our responsibility is to review the accounting information included in the Annual Transparency Report and provide a limited level of assurance on whether anything has come to our attention, based on the procedures performed and evidence obtained, that would cause us to believe, in all material respects, that the accounting information included in the Annual Transparency Report is not fairly stated and complies with the requirements of the Directive.

Scope of Limited Assurance Engagement

Our work was conducted having regard to the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000").

We were not required to carry out an audit conducted in accordance with International Standards on Auditing (UK and Ireland). Consequently our conclusion is not expressed as an audit opinion.

In accordance with ISAE 3000, we confirm that we apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We also comply with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

We planned and performed procedures to obtain limited assurance on whether anything has come to our attention, based on the procedures performed and evidence obtained, that would cause us to believe, in all material respects, that the accounting information included in the Annual Transparency Report is not fairly stated and complies with the requirements of the Directive.

The procedures we performed are included in Appendix I to this Report.



INDEPENDENT LIMITED ASSURANCE REPORT TO THE PHONOGRAPHIC PERFORMANCE (IRELAND) COMPANY LIMITED BY GUARANTEE ("PPI" or "THE COMPANY") IN RESPECT OF THE ANNUAL TRANSPARENCY REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects, that the accounting information included in the Annual Transparency Report for the financial year ended 31 December 2017 is not fairly stated and complies with the requirements of the Directive.

Restriction on use of our Report

Our Report has been prepared solely for your exclusive use however, we understand that a copy of our Report will be included on the Company's website for a period of 5 years. Our report must not be recited or referred to in whole or in part in any other document. Our report must not be made available, copied or recited to any other party without our express written permission. Notwithstanding any written permission given, BDO neither owes nor accepts any duty to any party, other than the Company, in connection with our report or this engagement and shall not be liable for any loss, damage, or expense of whatsoever nature which is caused by reliance on our report.

A handwritten signature in black ink, appearing to read 'Stewart Dunne', is written over the printed name.

Stewart Dunne
for and on behalf of

BDO

Statutory Audit Firm
AI223876

Date: 5 September 2018

INDEPENDENT LIMITED ASSURANCE REPORT TO THE PHONOGRAPHIC PERFORMANCE (IRELAND) COMPANY LIMITED BY GUARANTEE ("PPI" or "THE COMPANY") IN RESPECT OF THE ANNUAL TRANSPARENCY REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Appendix I - Summary of Procedures

- Discussed the requirements of European Union (Collective Rights Management) (Directive 2014/26/EU) Regulations 2016 with company management.
- Inquired with company management and understood the process completed by the company to prepare the Annual Transparency Report.
- Obtained a copy of the audited financial statements for the financial year ended 31 December 2017 and agreed the numbers to the underlying trial balance.
- Agreed the financial information in the audited trial balance to the financial information included in each category of the Annual Transparency Report. For clarity, the categories consist of:
 - TOTAL REVENUE
 - SUMMARY BY TYPES OF USE
 - OTHER INCOME
 - AMOUNTS COLLECTED BUT NOT ATTRIBUTED
 - AMOUNTS ATTRIBUTED NOT YET DISTRIBUTED
 - DELAYED DISTRIBUTIONS
 - NON-DISTRIBUTABLE AMOUNTS
 - CMO REPORT - APPENDIX TO THE FINANCIAL REPORT
- Where amounts did not agree directly between the Annual Transparency Report and the audited trial balance, inquired with company management how the figures have been calculated/extracted and agreed to supporting documentation if required.
- Reviewed the cost allocations between the categories of Broadcast, Public Performance, International and Online percentages to management budgets and supporting information where required.
- Read the narrative information included by company management as part of the Annual Transparency Report and discussed with management how they believed the narrative satisfied the requirements of the European Union (Collective Rights Management) (Directive 2014/26/EU) Regulations 2016 with company management.
- Compared narrative information included by company management as part of the Annual Transparency Report and the narrative information included in the audited financial statements. Inquired with management should any narrative information be inconsistent or misleading.
- Obtained written representations from the directors of the company to confirm their responsibilities for the financial and narrative information included in Annual Transparency Report.
- Reported to company management where our procedures above have identified areas where the accounting information included in the Annual Transparency Report was not in compliance with the requirements of Schedule 1 to the European Union (Collective Rights Management) (Directive 2014/26/EU) Regulations 2016.



Independent Auditors' Report to the Members of Phonographic Performance (Ireland) Company Limited by Guarantee (REPRODUCED)

Opinion

We have audited the financial statements of Phonographic Performance (Ireland) Company Limited by Guarantee (the 'company') for the financial year ended 31 December 2017, which comprise the Statement of income and retained earnings, 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 financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 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 ISAs (Ireland) require 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.



Independent Auditors' Report to the Members of Phonographic Performance (Ireland) Company Limited by Guarantee (REPRODUCED)

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 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 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.

Stewart Dunne
for and on behalf of

BDO

Dublin

Statutory Audit Firm

AI223876

Date: 5 September 2018

Phonographic Performance (Ireland) Company Limited by Guarantee

**Statement of Income and Retained Earnings
For the Financial year Ended 31 December 2017 (REPRODUCED)**

	Note	2017 €	2016 €
Licence fee income	4	11,470,394	11,140,443
GROSS PROFIT		11,470,394	11,140,443
Cost of collection and distribution		(2,946,460)	(3,234,394)
Distributable to Performers		(2,465,811)	(2,171,538)
IRMA Service Charge		(179,195)	(417,458)
Distribution reserve	14	(217,437)	(231,838)
OPERATING PROFIT	5	5,661,491	5,085,215
Interest receivable and similar income	7	3,416	7,056
PROFIT BEFORE TAX		5,664,907	5,092,271
Tax on profit	8	(736)	(10,704)
PROFIT AFTER TAX		5,664,171	5,081,567
Retained earnings at the beginning of the financial year		3,574,198	2,626,071
		3,574,198	2,626,071
Profit for the financial year		5,664,171	5,081,567
Members reserve		(8,687)	-
Payment to member companies during the year		(4,247,043)	(4,133,440)
RETAINED EARNINGS AT THE END OF THE FINANCIAL YEAR		4,982,639	3,574,198

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 15 to 29 form part of these financial statements.


Phonographic Performance (Ireland) Company Limited by Guarantee

**Balance Sheet
As at 31 December 2017 (REPRODUCED)**

	Note	2017 €	2016 €
FIXED ASSETS			
Tangible assets	9	49,983	25,844
		<u>49,983</u>	<u>25,844</u>
CURRENT ASSETS			
Debtors	10	2,774,454	4,626,228
Cash at bank and in hand	11	10,193,355	6,562,240
		<u>12,967,809</u>	<u>11,188,468</u>
Creditors: amounts falling due within one year	12	(8,034,679)	(7,639,640)
NET CURRENT ASSETS		4,933,130	3,548,828
TOTAL ASSETS LESS CURRENT LIABILITIES		4,983,113	3,574,672
NET ASSETS		<u>4,983,113</u>	<u>3,574,672</u>
CAPITAL AND RESERVES			
Members reserve	14	(8,687)	-
Other reserves	14	474	474
Profit and loss account	14	4,991,326	3,574,198
SHAREHOLDERS' FUNDS		<u>4,983,113</u>	<u>3,574,672</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:



Director



Director

Date: 5/9/2018

The notes on pages 15 to 29 form part of these financial statements.

Licence Fee Income and Associated Costs

The licence fee income collected for 2017 and the associated costs are shown below. All costs are funded from licence fee income.

Category of Rights	Revenue Collected Euro €	Cost Allocation Euro €	% B/A	Gross Distributable Income Euro €	Service Level Agreement Euro €	Distributable Amounts Euro €
Broadcasting fees	3,937,210	(484,868)	12.3%	3,452,340	(61,509)	3,390,831
Broadcasting fees dubbing	693,545	(85,417)	12.3%	608,127	(10,835)	597,292
Public Performance fees	6,424,807	(2,318,954)	36.1%	4,105,854	(100,370)	4,005,484
Dubbing Fees	284,967	(39,269)	13.8%	245,699	(4,452)	241,247
Cable Fees	129,865	(15,272)	11.8%	114,594	(2,029)	112,565
	<u>11,470,394</u>	<u>(2,943,779)</u>	25.7%	<u>8,526,614</u>	<u>(179,195)</u>	<u>8,347,419</u>
International	59,926	0		59,926	0	59,926
Total	<u>11,530,320</u>	<u>(2,943,779)</u>		<u>8,586,540</u>	<u>(179,195)</u>	<u>8,407,345</u>

Direct costs of licencing activities were allocated directly to each category of rights. Indirect costs were pro-rated across each category of rights. The same methodology and cost rates were applied to allocations made to direct members and members of other collective management organisations. During the year €3,416 in interest income was generated from the investment of rights revenue. Interest income was pro-rated across the categories of rights revenue and offset against the costs attributed to that revenue type for the year.

There were no costs incurred in respect of Social, Cultural and Educational activities during the Financial year Ended 31st December, 2017.

AMOUNTS COLLECTED BUT NOT ATTRIBUTED - WORK IN PROGRESS						
	FY17	FY16	FY15	FY14	FY13	FY12
Broadcasting Fees	191,107	226,480	112,845	139,047	99,516	103,521
Broadcasting Fees Dubbing	19,290	26,969	19,605	24,233	16,442	17,952
Public Performance Fees	311,851	301,678	162,123	180,887	130,853	133,394
Dubbing Fees	7,926	24,073	14,830	23,344	17,612	22,256
Cable Fees	6,304	8,420	6,389	9,514	7,038	7,524
						Note 21
	536,478	587,620	315,792	377,026	271,461	284,647

AMOUNTS COLLECTED BUT NOT YET DISTRIBUTED - WORK IN PROGRESS						
	FY17	FY16	FY15	FY14	FY13	FY12
Broadcasting Fees	1,899,975	201,283	462	0	0	0
Broadcasting Fees Dubbing	171,686	9,698	0	0	0	0
Public Performance Fees	3,100,412	268,115	664	0	0	0
Dubbing Fees	70,543	8,656	0	0	0	0
Cable Fees	62,669	7,483	26	0	0	0
	5,305,286	495,235	1,153	0	0	Note 22

DELAYED DISTRIBUTIONS						
	FY17	FY16	FY15	FY14	FY13	FY12
Broadcasting Fees	0	0	402,851	459,993	307,568	0
Broadcasting Fees Dubbing	0	0	0	0	0	0
Public Performance Fees	0	0	578,772	598,410	404,419	0
Dubbing Fees	0	0	0	0	0	0
Cable Fees	0	0	22,807	31,476	21,752	0
	0	0	1,004,430	1,089,879	733,739	Note 23

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 financial activities report on page 3.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and Irish statute comprising of 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.

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
Motor vehicles	- 4	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 Income and Retained Earnings.

2.4 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings 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 statement of Income and Retained Earnings 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 instruments 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

**Notes to the Annual Transparency Report
For the Financial year Ended 31 December 2017 (REPRODUCED)**

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments (continued)

financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market 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 Income and Retained Earnings.

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 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 Income and Retained Earnings 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.

2.11 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, 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 Annual Transparency Report
For the Financial year Ended 31 December 2017 (REPRODUCED)**

4. TURNOVER

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

	2017 €	2016 €
Broadcasting fees	3,937,210	4,125,013
Broadcasting fees dubbing	693,545	722,515
Public performance fees	6,424,807	5,494,650
Dubbing fees	284,967	644,907
Cable fees	129,865	153,358
	<u>11,470,394</u>	<u>11,140,443</u>

	2017 €	2016 €
Republic of Ireland	11,470,394	11,140,443
	<u>11,470,394</u>	<u>11,140,443</u>

All turnover arose in Ireland.

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating profit is stated after charging:

	2017 €	2016 €
Depreciation of tangible fixed assets	18,716	37,199
Defined contribution pension cost	<u>19,424</u>	<u>74,537</u>

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements

For the financial year ended 31 December 2017 (REPRODUCED)

6. EMPLOYEES

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

	2017	2016
	No.	No.
Clerical and administrative	<u>6</u>	<u>19</u>

7. INTEREST RECEIVABLE

	2017	2016
	€	€
Other interest receivable	<u>3,416</u>	<u>7,056</u>

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements

For the financial year ended 31 December 2017 (REPRODUCED)

8. TAXATION

	2017	2016
	€	€
CORPORATION TAX		
Current tax on profits for the year	736	8,319
Adjustments in respect of previous periods	-	2,385
TOTAL CURRENT TAX	736	10,704

FACTORS AFFECTING TAX CHARGE FOR THE FINANCIAL YEAR

The tax assessed for the financial year is the same as (2016 - *higher than*) the standard rate of corporation tax in Ireland of 25% (2016 - 25%). The differences are explained below:

	2017	2016
	€	€
Profit on ordinary activities before tax	-	46,605
Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 25% (2016 - 25%)	-	8,319

EFFECTS OF:

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,648	6,099
Capital allowances for financial year in excess of depreciation	(2,151)	(1,885)
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)	-
Income tax paid on interest	736	(1,829)
Unrelieved tax losses carried forward	1,455	-
TOTAL TAX CHARGE FOR THE FINANCIAL YEAR	736	10,704

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 2017 (REPRODUCED)

9. TANGIBLE FIXED ASSETS

	Long-term leasehold property €	Motor vehicles €	Fixtures and fittings €	Computer equipment €	Total €
COST OR VALUATION					
At 1 January 2017	20,315	41,292	85,688	451,804	599,099
Additions	20,839	-	14,849	15,809	51,497
Disposals	(20,315)	(41,292)	(70,952)	-	(132,559)
At 31 December 2017	20,839	-	29,585	467,613	518,037
DEPRECIATION					
At 1 January 2017	19,772	41,292	73,904	438,287	573,255
Charge for the financial year on owned assets	2,535	-	3,381	12,800	18,716
Disposals	(19,772)	(41,292)	(62,853)	-	(123,917)
At 31 December 2017	2,535	-	14,432	451,087	468,054
NET BOOK VALUE					
At 31 December 2017	<u>18,304</u>	<u>-</u>	<u>15,153</u>	<u>16,526</u>	<u>49,983</u>
At 31 December 2016	<u>543</u>	<u>-</u>	<u>11,784</u>	<u>13,517</u>	<u>25,844</u>

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements

For the financial year ended 31 December 2017 (REPRODUCED)

10. DEBTORS

	2017	2016
	€	€
DUE AFTER MORE THAN ONE YEAR		
Deferred contract costs	85,873	135,389
	85,873	135,389
DUE WITHIN ONE YEAR		
Trade debtors	291,947	995,957
Amounts owed by related parties	298,849	151,820
Corporation tax repayable	2,422	-
Prepayments and accrued income	1,985,635	3,293,546
Deferred contract costs	49,516	49,516
VAT repayable	60,212	-
	<u>2,774,454</u>	<u>4,626,228</u>

11. CASH AND CASH EQUIVALENTS

	2017	2016
	€	€
Cash at bank and in hand	<u>10,193,355</u>	<u>6,562,240</u>

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements

For the financial year ended 31 December 2017 (REPRODUCED)

12. CREDITORS: Amounts falling due within one year

	Note	2017 €	2016 €
Trade creditors		81,788	66,325
Distribution reserve	14	389,215	231,838
Corporation tax		-	2,221
Taxation and social insurance		6,267	303,400
Other creditors		143,795	145,947
Accruals		505,912	1,051,996
Amounts due to performers		5,639,563	4,999,584
Deferred income		1,268,139	838,329
		<u>8,034,679</u>	<u>7,639,640</u>

13. FINANCIAL INSTRUMENTS

	2017 €	2016 €
FINANCIAL ASSETS		
Financial assets measured at fair value through statement of income & retained earnings	10,193,355	6,562,240
Financial assets that are debt instruments measured at amortised cost	590,796	1,147,777
	<u>10,784,151</u>	<u>7,710,017</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	6,254,361	5,443,694
	<u>6,254,361</u>	<u>5,443,694</u>

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 related parties.

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

Notes to the financial statements

For the financial year ended 31 December 2017 (REPRODUCED)

14. RESERVES

Distribution 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 2017 €4,247,043 (2016 - €4,133,440) 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.

16. CONTINGENT LIABILITIES

The company is currently in dispute with Recorded Artists Actors Performers Company Limited by Guarantee. 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 taken expert legal advice and are confident their position is correct. It is hoped this dispute will be resolved in the near future.

17. CAPITAL COMMITMENTS

There were no capital commitments at year end.

Phonographic Performance (Ireland) Company Limited by Guarantee

Notes to the financial statements

For the financial year ended 31 December 2017 (REPRODUCED)

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 €19,424 (2016 €74,537). Contributions totalling €2,060 (2016 - €2,726) were payable to the fund at the balance sheet date.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 €	2016 €
Amounts due under non-cancellable lease		
Not later than 1 year	30,000	31,250
	<u>30,000</u>	<u>31,250</u>

20. RELATED PARTY TRANSACTIONS

During the year the company incurred costs for services under SLA with Irish Recorded Music Association Company Limited by Guarantee of €179,195 (2016-€417,458), 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 €298,849 (2016 - €151,820).

Joe Fitzpatrick, who was appointed as secretary on 15 April 2014 is key management personnel. He is a former director of FC On Call 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 €117,325 (2016 - €110,825) were provided and included in trade creditors is an amount of €9,994 (2016 -€9,194)

During 2017 total distributions paid by the company to the directors of the company and to related parties amounted to €6,108. These distributions were calculated on the same basis as distributions to all members.

The total remuneration for key management personnel for the financial year totalled €350,316.

Notes to the financial statements

For the financial year ended 31 December 2017 (REPRODUCED)

21. AMOUNTS COLLECTED BUT NOT YET ATTRIBUTED

These funds relate to allocations on tracks, which are unmatched to rights holders or performers. If at the time of distribution, there is inadequate information to match a track to the rights holder or the performers on that track, amounts are reserved against that track. At such time as additional information is received which enables a match to be made, the reserves are distributed in the following distribution run.

22. AMOUNTS ATTRIBUTED BUT NOT YET DISTRIBUTED

These funds relate to both matched rights holder and performers distributions which were undistributed at the 31st December, 2017.

23. DELAYED DISTRIBUTIONS

Delayed distributions relate to disputed performer's funds which have been held pending the outcome of a legal action with the Recorded Artists Actors Performers Limited, as referenced in the Financial Activities Report.

24. POST BALANCE SHEET EVENTS

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

Information on relationships with other collective management organisations (CMOs)

As at 31st December, 2017, PPI had 6 international representation agreements with other CMOs.

PPI in 2017 also paid Recorded Artists Actors Performers Limited the CMO for Performers in Ireland.

International revenue received from other CMOs and paid to PPI members, as well as revenue collected by PPI and passed onto CMOs for their members during 2016 is split by CMO and territory below. In relation to the table below:

"CMO revenue received" figures are shown net of any costs deducted by other CMOs before funds were passed onto PPI.

"CMO revenue paid to members" includes revenue received in 2017 and previous years from other CMOs that was paid to PPI's direct members in 2017.

"PPI revenue paid to CMOs" includes all PPI revenue that was paid to members of other CMOs and is shown net of costs deducted by PPI (details provided above).

Collective Management Organisation (CMO)	Territory	Member Type	CMO Revenue Received	CMO Revenue Paid to Members	PPI Revenue Paid to CMOs
IFPI	Sweden	Recording Rightsholder	0	0	0
PPL	United Kingdom	Recording Rightsholder	41,393	79,152	176,314
RAAP	Ireland	Performer	0	0	1,894,579
RE:SOUND	Canada	Recording Rightsholder	1,106	947	560
SENA	Netherlands	Recording Rightsholder	10,622	0	3,959
SOUNDEXCHANGE	United States	Recording Rightsholder	6,805	6,974	12,836
VPL	United Kingdom	Recording Rightsholder	0	0	0