

## **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 2018.



Beaux Lane House  
Mercer Street Lower  
Dublin 2  
Ireland

## **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 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.

### **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 2018 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 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 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.

### **DIVIDENDS**

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

### **FINANCIAL ACTIVITIES REPORT**

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.

## **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

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.

**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 2018.

### **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.

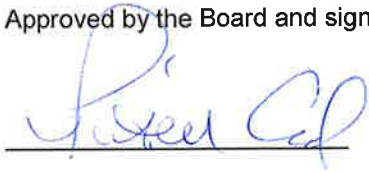
**Phonographic Performance (Ireland) Company Limited by Guarantee**

**LEGAL AND GOVERNANCE STRUCTURE**

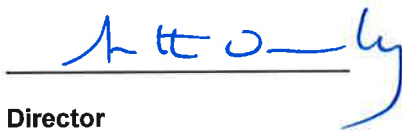
**Persons Controlled by the Company**

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: 28 August 2019

**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 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 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 2018**

In accordance with our engagement letter dated 25 March 2019, 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 2018 ("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 28<sup>th</sup> August 2019 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 2018**

**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 2018 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:

**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 2018**

**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 2018 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 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 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 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



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

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 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.

**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.



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

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.

**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.

A handwritten signature in blue ink that reads 'Stewart Dunne'.

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

Date:

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

**Statement of Comprehensive Income  
For the Financial year Ended 31 December 2018 (REPRODUCED)**

	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><u>5,945,474</u></b>	<b><u>5,664,171</u></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><u>5,968,908</u></b>	<b><u>5,655,484</u></b>

The notes on pages 16 to 30 form part of these financial statements.

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

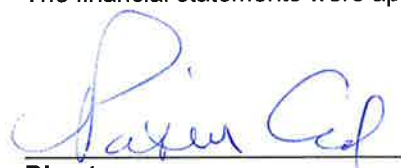
**Balance Sheet**

**As at 31 December 2018 (REPRODUCED)**

	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:

  
Director

  
Director

Date: 28 August 2019

The notes on pages 18 to 30 form part of these financial statements.

## Licence Fee Income and Associated Costs

The licence fee income collected for 2018 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	4,092,316	(445,211)	10.9%	3,647,105	(103,630)	3,543,475
Broadcasting fees dubbing	717,802	(78,122)	10.9%	639,680	(18,177)	621,503
Public Performance fees	6,864,958	(2,322,595)	33.8%	4,542,363	(173,842)	4,368,521
Dubbing Fees	244,352	(32,910)	13.5%	211,442	(6,188)	205,254
Cable Fees	132,714	(13,509)	10.2%	119,205	(3,360)	115,845
	<u>12,052,142</u>	<u>(2,892,347)</u>	24.0%	<u>9,159,795</u>	<u>(305,197)</u>	<u>8,854,598</u>
International	71,318	0		71,318	0	71,318
<b>Total</b>	<u><u>12,123,460</u></u>	<u><u>(2,892,347)</u></u>		<u><u>9,231,113</u></u>	<u><u>(305,197)</u></u>	<u><u>8,925,916</u></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 €1,061 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, 2018.



	AMOUNTS COLLECTED BUT NOT ATTRIBUTED - WORK IN PROGRESS						
	FY18	FY17	FY16	FY15	FY14	FY13	FY12
Broadcasting Fees	300,948	136,148	152,606	68,114	93,762	66,812	78,341
Broadcasting Fees Dubbing	38,699	11,851	15,394	11,834	16,341	11,039	13,586
Public Performance Fees	504,848	222,169	203,277	97,859	121,976	87,851	100,947
Dubbing Fees	13,174	4,869	13,741	8,952	15,742	11,824	16,842
Cable Fees	9,760	4,491	5,674	3,856	6,416	4,725	5,694
	867,429	379,527	390,692	190,614	254,237	182,251	215,410

Note 21

	AMOUNTS COLLECTED BUT NOT YET DISTRIBUTED - WORK IN PROGRESS						
	FY18	FY17	FY16	FY15	FY14	FY13	FY12
Broadcasting Fees	1,354,061	120,212	137,775	40,694	41,831	28,568	21,075
Broadcasting Fees Dubbing	144,601	4,500	11,411	7,070	7,290	4,720	3,655
Public Performance Fees	2,271,470	196,164	183,521	58,465	54,418	37,564	27,156
Dubbing Fees	49,225	1,849	10,185	5,348	7,023	5,056	4,531
Cable Fees	43,912	3,965	5,122	2,304	2,862	2,020	1,532
	3,863,269	326,689	348,014	113,881	113,424	77,928	57,948

Note 22

	DELAYED DISTRIBUTIONS						
	FY18	FY17	FY16	FY15	FY14	FY13	FY12
Broadcasting Fees	0	0	0	402,851	459,993	307,568	0
Broadcasting Fees Dubbing	0	0	0	0	0	0	0
Public Performance Fees	0	0	0	578,772	598,410	404,419	0
Dubbing Fees	0	0	0	0	0	0	0
Cable Fees	0	0	0	22,807	31,476	21,752	0
	0	0	0	1,004,430	1,089,879	733,739	0

Note 23

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

### **Notes to the Annual Transparency Report For the Financial year Ended 31 December 2018 (REPRODUCED)**

#### **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 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 Annual Transparency Report  
For the Financial year Ended 31 December 2018 (REPRODUCED)**

**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 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 recognised 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

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.8 Financial instruments (continued)**

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.

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 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.

**Notes to the Annual Transparency Report  
For the Financial year Ended 31 December 2018 (REPRODUCED)**

**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 2018 (REPRODUCED)

### 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	12,052,142	11,470,394
	<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	<u>13,527</u>	<u>19,424</u>

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

**Notes to the financial statements**

**For the financial year ended 31 December 2018 (REPRODUCED)**

**6. EMPLOYEES**

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

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

**7. INTEREST RECEIVABLE**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Other interest receivable	<u><b>1,061</b></u>	<u><b>3,416</b></u>

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

**Notes to the financial statements**

**For the financial year ended 31 December 2018 (REPRODUCED)**

**8. TAXATION**

	2018	2017
	€	€
<b>CORPORATION TAX</b>		
Current tax on profit for the year	-	736
Adjustments in respect of previous periods	(1,477)	-
<b>TOTAL CURRENT TAX</b>	<u>(1,477)</u>	<u>736</u>
<b>FACTORS AFFECTING TAX CHARGE FOR THE FINANCIAL YEAR</b>		
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%). The differences are explained below:		
Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 25% (2017 - 25%)	-	-
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1,648
Capital allowances for financial 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	(398)	(514)
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>	<u>(1,477)</u>	<u>736</u>

**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 (REPRODUCED)**

**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 (REPRODUCED)**

**10. DEBTORS**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Deferred contract costs	<b>36,357</b>	85,873
	<b>36,357</b>	85,873
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	<b>778,031</b>	291,947
Amounts owed by related parties	<b>88,576</b>	298,849
Corporation tax repayable	<b>584</b>	2,422
Prepayments and accrued income	<b>1,545,305</b>	1,985,635
Deferred contract costs	<b>49,516</b>	49,516
VAT repayable	<b>-</b>	60,212
	<b><u>2,498,369</u></b>	<b><u>2,774,454</u></b>

**11. CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Cash at bank and in hand	<b><u>10,393,737</u></b>	<b><u>10,193,355</u></b>

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

**Notes to the financial statements**

**For the financial year ended 31 December 2018 (REPRODUCED)**

**12. CREDITORS: Amounts falling due within one year**

	2018 €	2017 €
Trade creditors	161,866	81,788
Distribution reserve	554,513	389,215
Taxation and social insurance	75,996	6,267
Other creditors	130,882	143,795
Accruals	794,008	505,912
Amounts due to performers	4,687,748	5,639,563
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.

**13. FINANCIAL INSTRUMENTS**

	2018 €	2017 €
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through statement of income & retained earnings	10,393,737	10,193,355
Financial assets that are debt instruments measured at amortised cost	866,607	590,796
	<u>11,260,344</u>	<u>10,784,151</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	5,535,009	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, distribution reserve and amount due to performers.

**Notes to the financial statements**

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

**15. 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.

**16. 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.

**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.

## Phonographic Performance (Ireland) Company Limited by Guarantee

### Notes to the financial statements

For the financial year ended 31 December 2018 (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 €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 €
<b>Amounts due under non-cancellable lease</b>		
Not later than 1 year	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

#### 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 and shareholder 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. 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.

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

### **Notes to the financial statements**

**For the financial year ended 31 December 2018 (REPRODUCED)**

#### **22. AMOUNTS ATTRIBUTED BUT NOT YET DISTRIBUTED**

These funds relate to both matched rights holder and performers distributions which were undistributed at the 31<sup>st</sup> December, 2018.

#### **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. 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.

#### **25. 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, 2018, PPI had 6 international representation agreements with other CMOs.

PPI in 2018 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 2018 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 2018 and previous years from other CMOs that was paid to PPI's direct members in 2018.

"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	59,330	60,932	322,947
RAAP	Ireland	Performer	0	0	3,672,207
RE:SOUND	Canada	Recording Rightsholder	171	0	11,137
SENA	Netherlands	Recording Rightsholder	(7,154)	4,121	2,055
SOUNDEXCHANGE	United States	Recording Rightsholder	18,971	18,731	1,143
VPL	United Kingdom	Recording Rightsholder	0	0	0