Registered No: 134396

PERFORMING RIGHT SOCIETY LIMITED

DIRECTORS' REPORT & ACCOUNTS
For the year ended 31 December 2007

The directors present the annual report and accounts for the year ended 31 December 2007.

Principal activity and review of the business
The principal activity of the Society is the licensing, collection and distribution of royalties and fees from the performing rights vested in it by its members and affiliated societies.

The Company's key financial and other performance indicators during the year were as follows:

	2007 £m	2006 £m	Change %
Result before and after tax	327.2	292.6	+12%
Donations	1.3	1.3	0%
Net Distributable Income	325.9	291.3	+12%
Administrative expenses	46.1	45 .1	+2%
JOL Tribunal costs	0.3	3.4	-91%

Future Developments

The directors feel the changing nature of the industry will give rise to new opportunities in the future, and the management policies in place will actively seek to exploit these as and when they occur.

Principal risks and uncertainties

There is a continuous appraisal of the risks and uncertainties that affect the company. The principal areas of issue are summarised below:

- **Competitive Risks**

Owing to the monopolistic nature of the company in the UK and of other societies in Europe there is a sustained focus on ensuring EC guidelines are met so as to avert any anti – competitive rulings.
Changing working practices are currently opening up the market to more competition from societies abroad and the company is at the forefront of these changes.

- **Legislative Risks**

The monopolistic nature of the Company also leads it into a number of areas of risk concerned with the legislative process. The company is also subject to copyright law changes and given the changing nature of the industry this could have a significant impact on the company's operating procedures in the future.

- **Financial Instrument Risks**

The company has in place a financial management framework which ensures that the company has sufficient financial resource to meet its objectives and to manage financial risk at a business unit level.

- **Changing Technology**

With the increasing move towards digital product there is uncertainty over the future market for music and how it will evolve. These changing technologies will offer new market opportunities in the future and active review of existing and potential new streams is therefore a key area of focus for the Company.

- **Use of Forward Foreign Currency Contracts**

The company uses forward foreign currency contracts for receipts in US dollars and Euros, so as to reduce exposure to fluctuating foreign exchange rates. This hedging occurred on 65% of US dollar receipts and 65% of Euro receipts in 2007.

- **Exposure to price, credit and liquidity risk**

Price risk for the company arises where new licence schemes are challenged as was the case in the tribunal for Online product, which has now been resolved. Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's debtors are shown in Note 8 to the accounts.
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation. In addition royalties are only distributed once collected and the company holds substantial cash balances.

Directors' qualifying third party indemnity provisions
The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Transfer to reserves
No appropriations have been made from the income and expenditure account and transferred to distributable reserves.

Directors
The directors during the year were:

Writers

Nigel Beaham-Powell	Guy Fletcher	Steven Levine (from 28.06.07)
David Bedford	Nicholas Graham	Mitch Murray
Peter Callander	Edward Gregson	Andrew Neve (until 28.06.07)
David Ferguson	Michael Leeson (from 28.06.07)	Lynsey de Paul
		Francis Shaw (until 28.06.07)

Publishers

Catherine Bell	Jane Dyball	Andrew King
William Booth	Nigel Elderton	Richard King
Christopher Butler	Andrew Heath (until 16.01.08)	Ellis Rich
Paul Curran	Stuart Hornall	

Executive Directors
Steve Porter (from 25.04.07)

External Directors
Wanda Goldwag
Estelle Morris

Malcom Coster acted in an advisory capacity as a Consultant Director under article 38, until his term of service ended on 30 June 2007.

Pursuant to article 57 of the articles of association, the following directors will retire this year and are eligible for nomination for re-appointment pursuant to article 59:

Writers
Nigel Beaham-Powell
David Bedford

Publishers
Christopher Butler
Paul Curran
Jane Dyball

Chairman and Deputy Chairmen
Ellis Rich continued as Chairman for the year, and was re-appointed for a further three year term with effect from 1 January 2008. Andrew King was appointed Deputy Chairman (Publisher) with effect from 1 January 2007 and Nigel Beaham-Powell continued as Deputy Chairman (Writer) until the end of 2007. Michael Leeson took over as Deputy Chairman (Writer) from 1 January 2008.

Donations

Donations and other payments made pursuant to article 48(a) of the articles of association totalled £1.27 million (2006: £1.27 million) of which £1.25 million (2006: £1.25 million) was to The Performing Right Society Foundation.

The principal activity of The Foundation is to provide funds, to support, to sustain and to further the creation and performance of new music in the UK and increase the public's appreciation of, and education in new music.

The memorandum and articles of association do not authorise the making of political donations or contributions of any kind and none was made.

Corporate governance

The Company's Board is responsible for the direction of the Company. It monitors the financial progress, formulates policy and horizon plans, appoints the Chairman, Deputy Chairmen, Chief Executive and Secretary and receives regular reports from individual business units within the Company. The Company is working to improve and streamline its governance procedures to ensure that it is most able to respond to the rapidly changing environment it operates in. Within this evolving governance structure the Company's Board met nine times during the year. The Board is supported by numerous committees such as the Audit and Risk Committee, the Remuneration Committee, the Membership Committee and committees specialising in specific areas of commercial focus, all of which meet on a regular basis enabling directors to fully engage in the governance of the Company.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

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

Ellis Rich
On behalf of the Board
21 May 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We have audited the Company's accounts for the year ended 31 December 2007, which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the statement of cash flows and the related notes 1 to 15. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' reports is consistent with the accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

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

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

Opinion
In our opinion:

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Company's affairs as at 31 December 2007 and of its result for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the accounts.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
21 May 2008

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Licence revenue	1b, 2	**367,552**	336,004
Interest receivable		**6,037**	5,123
Total income for the year		**373,589**	341,127
Licensing and administration expenses	3	**(46,124)**	(45,100)
Joint Online Tribunal costs	3	**(296)**	(3,421)
Result on ordinary activities before tax		**327,169**	292,606
Tax on result on ordinary activities	6	**-**	-
Result before appropriations		**327,169**	292,606
Less amounts appropriated:			
Donations and awards		**(1,275)**	(1,270)
Net distributable income		**325,894**	291,336

There is no difference between the result on ordinary activities before tax and the result for the year stated above and their historical cost equivalents.

All figures are in relation to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2007

	2007 £'000	2006 £'000
Net distributable income	**325,894**	291,336
Distributions allocable to members & affiliated societies	**(325,894)**	(291,336)
Total recognised gains for the year	**-**	-

BALANCE SHEET
At 31 December 2007

	Notes	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Investments	7	**18,980**		18,724	
			18,980		18,724
Current assets					
Debtors:					
amounts falling due after one year	8	**14,364**		15,181	
amounts falling due within one year	8	**47,959**		37,598	
Investments – short term deposits		**68,000**		63,000	
Cash at bank and in hand		**13,365**		10,375	
			143,688		126,154
Creditors: amounts falling due within one year	9		**(154,440)**		(136,650)
Net current liabilities			**(10,752)**		(10,496)
Total assets less current liabilities			**8,228**		8,228
Non Distributable revaluation reserve	13		**4,449**		4,449
Distributable reserves	13		**3,779**		3,779
Balance at 31 December	13		**8,228**		8,228

Distributable reserves represent the amount provided for under article 48(b) of the articles of association of the Society which enables the Board to retain such funds as it may consider necessary.

The accounts were approved by the Board on 21 May 2008 and were signed on its behalf by:

E S Rich

Ellis Rich
Chairman

STATEMENT OF CASH FLOWS
For the year ended 31 December 2007

	2007 £'000	2006 £'000
Cash inflow from operating activities	312,790	289,068
Amounts paid to members and affiliated societies	(310,587)	(293,435)
Net cash inflow / (outflow) from operating activities	2,203	(4,367)
Net cash outflow from investing activities	(256)	-
Returns on investments and servicing of finance - interest received	6,043	5,230
Management of liquid resources	(5,000)	(14,000)
Increase / (Decrease) in cash	2,990	(13,137)

NOTES TO THE STATEMENT OF CASH FLOWS
For the year ended 31 December 2007

	2007 £'000	2006 £'000
Reconciliation of result on ordinary activities before tax to net cash inflow from operating activities		
Result on ordinary activities before tax	327,169	292,606
Donations and awards	(1,275)	(1,270)
Interest	(6,037)	(5,123)
Increase in amounts due from associated undertakings	(3,421)	(1,235)
Increase in debtors	(6,129)	(1,977)
Increase in creditors	2,483	6,067
Net cash inflow from operating activities	312,790	289,068
Cash flows from investing activities		
Payment to acquire investments	(256)	-
Management of liquid resources		
Short-term deposits made	(321,000)	(289,000)
Short-term deposits repaid	316,000	275,000
	(5,000)	(14,000)
Reconciliation of net cash flow to movement in net funds		
Increase / (decrease) in cash in the year	2,990	(13,137)
Cash outflow from movement in liquid resources	5,000	14,000
Movement in net funds in the year	7,990	863
Net funds at 1 January	73,375	72,512
Net funds at 31 December	81,365	73,375

Analysis of changes in net funds

	At 1 January 2007 £'000	Cash flow £'000	At 31 December 2007 £'000
Cash at bank and in hand	10,375	2,990	13,365
Liquid resources - short term deposits	63,000	5,000	68,000
	73,375	7,990	81,365

1. Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of the investments in associate undertakings.

The accounts have been prepared in the format required by the Companies Act 1985, except that the directors have amended certain headings in the Income and Expenditure statement and the order in which items are included so as to better reflect the special circumstances of the Company as permitted under Schedule 4 of that Act.

The following is a summary of the more important accounting policies used by the Company and is given to assist in the interpretation of the accounts.

a. Definitions

'PRS' means Performing Right Society Limited.
'MCPS' means Mechanical-Copyright Protection Society Limited.
'MCPS-PRS Alliance' means The MCPS-PRS Alliance Limited.

b. Licence revenue

i. Public Performance revenue is accounted for on an accruals basis.

ii. Broadcasting licence revenue is accounted for on an accruals basis. Where income is received directly as a result of audit activities it is recognised net of the associated costs.

iii. Income from affiliated societies is accounted for on an accruals basis.

c. Pension costs

MCPS-PRS Alliance makes pension contributions to a number of its pension schemes in accordance with the advice of actuaries and the rules of the schemes in respect of its employees and an appropriate proportion is recharged to PRS. Pension costs are charged to the income and expenditure account as they are invoiced by MCPS-PRS Alliance.

d. Fixed asset investments

The Directors have adopted the alternative accounting policy of carrying the investments in the associate undertakings at a valuation reflecting its value on the basis of its ongoing use by the Company. The Directors feel this treatment provides a fairer indication of the value of the assets used by the business.

e. Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. All differences are taken to the income and expenditure account.

f. Forward Contracts

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

g. Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Licence revenue

Licence revenue, which is stated net of value added tax, is made up as follows:

	2007 £'000	2006 £'000
a. United Kingdom, Channel Islands and Isle of Man		
Public Performance	**133,607**	121,810
Broadcasting	**112,721**	104,313
	246,328	226,123
b. Overseas		
Europe	**77,915**	68,921
North America	**28,124**	26,272
Asia	**7,166**	7,541
Australasia	**4,484**	3,865
Central and South America	**2,121**	2,314
Africa and Middle East	**1,414**	968
	121,224	109,881
	367,552	336,004

3. Licensing and administration expenses

	2007 £'000	2006 £'000
Recharge from MCPS-PRS Alliance:		
Staff costs	**23,260**	22,855
Office and accommodation costs	**4,060**	3,952
Information Technology costs	**2,042**	2,071
Legal and professional costs	**3,368**	6,514
Other costs	**4,108**	3,056
Depreciation	**9,370**	10,073
	46,208	48,521
Provision against CELAS investment	**212**	-
Total administration expenses	**46,420**	48,521
JOL Tribunal costs (included in Legal recharge above)	**(296)**	(3,421)
Costs excluding JOL tribunal costs	**46,124**	45,100

A provision has been made against £0.2 million of the initial capital funding made to CELAS GmbH.

Joint Online Tribunal costs were recharged by the Alliance and expensed as incurred by PRS.

The recharge from MCPS-PRS Alliance includes the following items:

	2007	2006
Auditors remuneration		
-Audit services	5	5

There were no employees during this year or last year other than the directors.

4. Directors' emoluments

The emoluments of the non-executive directors, excluding pension contributions, were £395,147 (2006: £431,057). Non-executive directors receive annual remuneration of £12,000 for their services. Directors who are also directors of MCPS are paid £20,000, an amount charged equally between MCPS and PRS. No pensions or other benefits are paid to non-executive directors.

The emoluments of the Chairman, Ellis Rich amounted to £56,581 (2006: £54,312). As Deputy Chairmen, Andrew King received £26,270 (2006: Nigel Elderton £28,433) and Nigel Beaham-Powell received £30,678 (2006: £34,605).

The emoluments of the external directors were: Wanda Goldwag £34,582 (2006: £32,239), and Estelle Morris £26,500 (2006: £26,499).

During the year ended 31 December 2007, the Company had one Executive Director, Steve Porter who was appointed Chief Executive Officer on 25 April 2007. Steve Porter was employed and paid by MCPS-PRS Alliance, he was the highest paid director in 2007, his remuneration for the period he was employed as Chief Executive Officer was £305,639 (2006, 1 January to 15 November: Adam Singer £223,524), 50% of which was recharged to PRS.

The pension contributions in respect of Steve Porter, for the period he was employed as Chief Executive Officer, were £20,013 (2006, 1 January to 15 November: Adam Singer £27,020) to a defined contribution scheme, and £16,326 to a defined benefit scheme (2006: Adam Singer £nil). This was recharged to PRS on the same basis as the remuneration above.

5. Related party transactions

The Board comprises both executive and non-executive directors. In addition to the two external non-executive directors, there exist two groups of non-executive directors, Publisher directors and Writer directors.

Like all members of the Society, these directors and parties related to them are entitled to royalties from the Society in respect of the performance of any copyright works owned by them. Parties related to Publisher and Writer directors include family members and companies controlled by these directors. Parties related to Publisher directors also include the publishing companies who nominate those Publisher directors to the Board and their subsidiaries.

During 2007, total royalties paid by the Society to the directors and to parties related to the directors amounted to £49.8 million (2006: £47.2 million). £49.3 million (2006: £46.7 million) of this was paid to Publisher directors and parties related to the Publisher directors, and £0.5 million (2006: £0.5 million) was paid to the Writer directors and parties related to the Writer directors. These royalties were calculated on the same basis as royalties paid to all members and are paid in accordance with the Society's normal procedures.

Due to the highly integrated nature of the industry, many directors will also be related to customers of the company, either through the provision of music related services to them, or as employees of the same group of companies. All transactions with any such related customers are carried out at a normal arms length commercial basis.

During 2007, £46.2 million (2006: £48.5 million) of the Society's licensing and administrative expenses were recharged by MCPS-PRS Alliance. PRS funds an appropriate proportion of MCPS-PRS Alliance's costs and at 31 December 2007 had a balance due from MCPS-PRS Alliance of £27.7 million (2006: £24.3 million), this included a long term loan of £14.3 million to fund the Society's share of an exceptional contribution to the defined benefit pension schemes (2006: £15.2 million).

PRS owns 25% of British Music Rights Ltd (BMR). The activities of BMR are funded equally by PRS and MCPS and during 2007 PRS paid BMR £0.4m (2006: £0.4m).

6. Tax on result on ordinary activities

(a) Analysis of charge in year

	2007 £'000	2006 £'000
Current tax :		
Adjustment in respect of previous years	-	-
Tax on result on ordinary activities	-	-

(b) Factors affecting tax charge for year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below :

	2007	2006
Total recognised gains for the year	-	-
Corporation tax at 30%	-	-
Effects of :		
Adjustment for transfer pricing	(299)	(217)
Losses arising in the year (utilised)/ not relievable against current tax	299	217
	-	-

A deferred tax asset of £784,000 (2006: £446,000) has not been recognised in respect of losses due to insufficient certainty of future trading profits.

(c) Factors which may affect future tax charges

The Society is subject to United Kingdom corporation tax. However, for this purpose, amounts due to members and affiliated societies are treated as a deductible expense.

There is no potential deferred tax liability.

Should PRS dispose of its investment in the MCPS-PRS Alliance, at net asset value, a loss on disposal of £6,573,000 (2006: loss of £10,679,500) may arise, which would result in a potential deferred tax asset of £1,840,440 (2006: asset of £3,203,850) based on the full corporation tax rate from 1 April 2008 of 28% (2006 30%).

7. Investments, Joint Ventures and associates

	Number and type of shares held	Historical cost of shares in associated undertakings £'000	Valuation of shares in associated undertakings £'000	% Shares held
The MCPS-PRS Alliance Limited	500 ordinary £1 shares	**14,275**	**18,724**	**50**
At 31 December 2006		**14,275**	**18,724**	
Additions:				
CELAS GmbH	25,000 ordinary €1 shares	**468**	**256**	**25**
At 31 December 2007		**14,743**	**18,980**	

The investment in MCPS-PRS Alliance is held at a value determined by the directors reflecting its value on the basis of the ongoing use of its assets by the company.

7. Investments, Joint Ventures and associates (continued)

	Opening Value £'000	Additions £'000	Write down £'000	Closing Value £'000
CELAS GmbH	-	468	(212)	256

CELAS GmbH is a joint venture formed between PRS, MCPS and GEMA, the German society for musical performing and mechanical reproduction rights. It was set up to license certain members' online rights on a Pan-European basis. It is incorporated in Germany. PRS & MCPS own 25% each of the shares and GEMA owns 50%. In addition to share capital, PRS, MCPS and GEMA have each issued loans to CELAS Gmbh in order to meet the initial capital requirements of the company. At 31 December 2007 PRS had commitments to CELAS GmbH to fund €500,000 of expenditure. The company had not commenced trade at 31 December 2007.

PRS owns 25% of British Music Rights Limited (BMR), a company limited by guarantee. Its activities are funded equally by MCPS and PRS.

MCPS-PRS Alliance is equally owned by MCPS and PRS and its principal activity is to provide operational services to the two societies. The costs incurred by the company are recharged to each society according to the services provided. PRS' accounts do not include any share of the MCPS-PRS Alliance's profit or loss because of the nature of the services and relationship between PRS and the MCPS-PRS Alliance.

Summary profit and loss account and balance sheet information for MCPS-PRS Alliance in respect of the Company's 50% share thereof, is set out in the tables below:

	2007 £'000	2006 £'000
As at 31 December:		
Tangible fixed assets	**28,312**	29,462
Investments	**236**	116
Current assets	**6,123**	4,131
Share of gross assets	**34,671**	33,709
Creditors falling due within one year	**(14,808)**	(12,682)
Creditors falling due after more than one year	**(11,065)**	(11,690)
Share of gross liabilities	**(25,873)**	(24,372)
Share of net assets before Pension Scheme Liabilities	**8,798**	9,337
Share of pension scheme liabilities	**(1,096)**	(5,742)
Share of net assets after Pension Scheme Liabilities	**7,702**	3,595
For the year ended 31 December:		
Turnover	**32,522**	33,853
Profit before tax	**482**	782
Tax	**(311)**	(142)
Profit after tax	**171**	640

8. Debtors

Debtors are made up as follows:

	2007 £'000	2006 £'000
Licence income receivable		
Public Performance	**22,886**	16,227
Broadcasting	**3,159**	3,417
	26,045	19,644
Amounts due from associated undertakings	**13,365**	9,127
VAT recoverable	**6,135**	7,441
Sundry debtors	**1,914**	880
Investment income receivable	**500**	506
	47,959	37,598

An amount of £14.4m (2006: £15.2m) due from associated undertakings due in more than one year has been included separately on the face of the balance sheet. This £14.4m loan balance is the PRS share of exceptional prepaid pension contributions into the Alliance Pension Schemes which was funded by MCPS and PRS. The balance is being amortised over twenty years from 1 January 2006.

9. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Amounts due to members and affiliated societies	**96,687**	81,380
Deferred revenue	**46,544**	46,059
Other creditors	**7,301**	6,049
Accruals	**2,997**	2,264
Taxation and social security	**911**	898
	154,440	136,650

10. Amounts allocated to members and affiliated societies

	2007 £'000	2006 £'000
Allocated to members	**247,615**	228,496
Allocated to affiliated societies	**63,673**	62,546
	311,288	291,042

11. Capital commitments

Capital expenditure authorised and contracted for at 31 December 2007 was £nil (2006: £nil). However, PRS is required to fund a percentage of the capital expenditure commitments of MCPS-PRS Alliance dependent on the Society's use thereof, which at 31 December 2007 amounted to £1.2 million (2006: £0.6 million).

12. Financial commitments

PRS uses forward currency contracts to minimise currency risk in PRS International revenue. The PRS Board has approved forward contracts for 65% of revenue received in US dollars and Euros for 2008.
The amount committed for 2008 is £14 million in US dollars and £27 million in Euros, over agreed monthly dates in 2008. At year end 2007 there were Euro forward currency deals still outstanding due to mature in 2008, with associated predicted losses as detailed below:

Total Deal Amount		Year end Spot rate	Loss at Spot rate
€'000	£'000	£'000	£'000
38,109	26,928	28,081	(1,153)

13. Reconciliation of movement in members' funds

	Revaluation reserve	Income and expenditure account	Total members' funds
	£'000	£'000	£'000
At 31 December 2006 and 31 December 2007	4,449	3,779	8,228

14. Contingent liability

EC Statement of objections

In February 2006 the European Commission, served on CISAC and the performing right societies in the EEA a Statement of Objections which challenges certain provisions in the CISAC model reciprocal agreement and the individual bilateral representation agreements entered into by the societies in relation to cable, satellite and online transmissions. The Commission alleged that these provisions infringe EC competition law and amount to very serious infringements that could result in fines. CISAC and the societies disagreed with these allegations. However, the societies are in discussions with the Commission in relation to certain undertakings going forward and are confident that as a result there is little risk of fines being levied by the Commission.

15. Limitation of liabilities

The Society was founded in 1914 as a company limited by guarantee; it has no share capital and is non-profit making. The liability of each member is limited to £1.