Registered No: 3444246

THE MCPS-PRS ALLIANCE LIMITED

DIRECTORS' REPORT & ACCOUNTS
For the year ended 31 December 2008

The directors herewith present the annual report and accounts for the year ended 31 December 2008.

Results and Dividends
The profit for the year, after taxation, is £310,000 (2007: profit £342,000). The directors do not recommend payment of a dividend in respect of the year ended 31 December 2008.

Principal activity and review of the business
The principal activity of the Company is, and will continue to be, to provide operational services to Mechanical-Copyright Protection Society Limited (MCPS) and Performing Right Society Limited (PRS). The costs incurred by the Company are charged to MCPS and PRS as operating fees in proportion to the work carried out on behalf of each Society. MCPS and PRS each own 50% of the Company. The allocation of costs is in accordance with the principles set out in the shareholders' agreement between MCPS and PRS.

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

	2008 £'000	2007 £'000	Change %
Profit before tax	970	964	+1%
Tax	(660)	(622)	+6%
Profit after tax	310	342	-10%
Licensing and administration expenses	67,174	63,115	+6%

The profit arises in the Company because a pension amortisation cost is charged to MCPS and PRS but is not a cost to the Company. This is reduced by depreciation charged through the profit and loss of the Company due to the revaluation of the properties which is not charged to MCPS and PRS.

The Company's properties were revalued at the year end resulting in a decrease in the property values of £4.5m.

During the year, the company adopted the revised FRS17 'Retirement Benefits'. This primarily affects disclosures only and corresponding amounts have not been restated.

Future Developments
The directors feel that the changing nature of the industry that both MCPS and PRS operate in will give rise to new opportunities in the future. The management policies in place will actively seek to exploit these as and when they occur. The Company has a joint venture with the Swedish collecting society (STIM) called ICE which is developing new systems to provide back office operations to both partners.

Principal risks and uncertainties
The Alliance exists to provide operational services to its two parent companies MCPS and PRS. As a result it faces very few direct risks through competition, legislation, changing technology, price and credit risk, or liquidity risk. The Alliance is however, reliant on the continued financial support of its parent companies and hence their financial performance and they face all of these risks and uncertainties. Full disclosure of these risks and their ongoing appraisal is made in the directors' reports of the parent companies.

Directors
The directors who served since 1 January 2008 were as follows:

Nominated by MCPS
Tom Bradley (Joint Chairman)

Nominated by PRS
Ellis Rich (Joint Chairman)

External Directors
Paul Dolan (from 23.07.08)
Peter Bamford (from 23.07.08)

Executive Directors
Steve Porter
Deborah Stones

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.

Corporate governance

The Company's Board is responsible for the direction of the Company. It monitors financial progress, formulates policy and horizon plans, appoints the 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 six times during the year. The Board is supported by an Executive Board (from which it receives and considers recommendations on the strategic direction of the Company) and 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.

Charitable donations

The Company paid donations on behalf of MCPS amounting to £2,500 during the year (2007: £2,500).

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.

Employee involvement

The Company recognises the importance of keeping employees informed of all developments regarding the Company's work and progress and to this end, copies of all the publications produced by the Company are freely available to all employees.

To achieve a common understanding and awareness amongst all employees of the Company's plans, an extensive briefing and consultation process is undertaken annually.

Equal opportunity

The Company actively pursues a policy of providing equal opportunity to all its employees for internal training, development and promotion, and to applicants for employment. It does so without regard to colour, creed, ethnic origins, gender or any other grounds.

Disabled persons

The Company complies with the requirements of the Disability Discrimination Act of 1995, which came into effect in December 1996, and is keeping its employment policies and procedures under review to ensure that disabled persons are not treated any less favourably than able-bodied persons in regards to applications, employment, training and career development.

Auditors

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

By order of the Board
Secretary

25 MAR 2009

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MCPS-PRS ALLIANCE LIMITED

We have audited the Company's accounts for the year ended 31 December 2008, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of cash flows and the related notes 1 to 19. 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 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' Report 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 2008 and of its profit 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

25 March 2009

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	**68,594**	65,043
Licensing and administration expenses	3,4	**(67,174)**	(63,115)
Operating profit excluding pension current service cost		**1,420**	1,928
Pension current service cost	19	**(1,892)**	(2,065)
Operating loss		**(472)**	(137)
Bank interest receivable		**11**	14
Other finance income	18	**1,431**	1,087
Profit on ordinary activities before taxation		**970**	964
Tax charge on profit on ordinary activities	5	**(660)**	(622)
Retained profit for the year	15	**310**	342

All of the Company's operations are classed as continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Profit for the financial year		**310**	342
Deferred taxation on defined benefit pension plans	5	**5,653**	(3,447)
Actuarial (losses)/gains on defined benefit pension plans	19	**(23,832)**	11,318
Net loss on revaluation of properties	6	**(4,462)**	-
Total recognised (loss)/gain relating to the year		**(22,331)**	8,213

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Reported profit on ordinary activities before taxation		**970**	964
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount	15	**300**	300
Historical cost profit on ordinary activities before taxation		**1,270**	1,264
Historical cost profit for the year retained after taxation		**610**	642

BALANCE SHEET
At 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	6	**51,006**	56,624
Investments	9	**3,269**	472
		54,275	57,096
Current assets			
Debtors	10	**36,937**	6,165
Cash at bank and in hand		**4,041**	6,081
		40,978	12,246
Creditors: amounts falling due within one year	11	**(62,627)**	(29,616)
Net current liabilities		**(21,649)**	(17,370)
Total assets less current liabilities		**32,626**	39,726
Creditors: amounts falling due after more than one year	12	**(20,880)**	(22,130)
Net assets excluding pension liability		**11,746**	17,596
Defined benefit pension liability	19	**(18,673)**	(2,192)
Net (liabilities)/assets		**(6,927)**	15,404
Financed by			
Called up share capital	13	**1**	1
Other reserves	14	**17,002**	17,002
Revaluation reserve	15	**19,469**	24,231
Profit and loss reserve	15	**(43,399)**	(25,830)
Shareholders' funds	15	**(6,927)**	15,404

The accounts were approved by the Board on 25 March 2009 and were signed on its behalf by:

Directors

STATEMENT OF CASH FLOWS
For the year ended 31 December 2008

	2008	2007
	£'000	£'000
Net cash inflow from operating activities	**11,212**	14,091
Returns on investment and servicing of finance	**11**	14
Capital expenditure	**(10,466)**	(9,654)
Acquisitions and disposals	**(2,797)**	(240)
	(2,040)	4,211

NOTES TO STATEMENT OF CASH FLOWS

Reconciliation of operating loss to net cash inflow from operating activities:

	2008	2007
	£'000	£'000
Operating loss	**(472)**	(137)
Depreciation	**11,602**	11,944
Loss on sale of fixed assets	**20**	10
(Increase)/decrease in debtors	**(7,892)**	227
Movements in amounts due to and from parent companies	**11,064**	(1,100)
(Decrease)/increase in creditors	**(2,183)**	4,103
Difference between pension contributions paid and charge	**(927)**	(956)
Net cash inflow from operating activities	**11,212**	14,091

		2008	2007
Gross Cash Flows:		£'000	£'000
a.	**Returns on investments and servicing of finance**		
	Interest received	**11**	14
b.	**Capital expenditure**		
	Payments to acquire tangible fixed assets	**(10,469)**	(9,654)
	Receipts from sale of tangible fixed assets	**3**	-
		(10,466)	(9,654)
c.	**Acquisitions and disposals**		
	Purchase of interest in an associate undertaking	**(2,797)**	(240)

Reconciliation of net cash flow to movement in net funds	2008	2007
	£'000	£'000
(Decrease)/increase in cash in the year	**(2,040)**	4,211
Net funds at 1 January	**6,081**	1,870
Net funds at 31 December	**4,041**	6,081

Analysis of changes in net funds	At 1 Jan	Cash flow	At 31 Dec
	2008	2008	2008
	£'000	£'000	£'000
Cash at bank and in hand	6,081	(2,040)	4,041

1. Accounting Policies

Accounting convention

The accounts have been prepared under the historical cost convention modified to include the revaluation of freehold and leasehold land and buildings and in accordance with applicable accounting standards.

Definitions

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

In preparing the financial statements for the current year, the company has adopted the amendment to FRS 17 'Retirement Benefits'. The adoption of the amendment to FRS 17 has resulted in a change in accounting policy for the valuation of quoted securities included in plan assets. The fair values of these securities are now based on the current bid price, rather than the mid market value as previously used by the company. There was no material impact on the profit and loss account. The amendment to FRS 17 also aligns the disclosures in the standard with those of the equivalent International Accounting Standard 19. These disclosures have been given in note 19.

Consolidated accounts

In accordance with sections 229 (2) and 229 (5) of the Companies Act 1985, consolidated accounts have not been prepared for the Company as its wholly owned subsidiary is dormant. Consequently, these accounts present information about the Company as an individual undertaking and not about its group.

Tangible fixed assets

Fixed assets were initially stated at cost. All freehold and leasehold land and buildings were revalued at 31 December 2003, at market value, based on existing use, as in the directors' opinion this provided a fairer indication of the value of assets used by the business. Further revaluations were performed at 31 December 2006 and 31 December 2008.

Depreciation

Depreciation is calculated to write off the assets evenly over their expected useful lives at the following rates:

Freehold land and buildings	2% per annum
Leasehold buildings	length of lease - min 1% per annum
Property improvements	5% per annum
Computer systems and equipment	14-50% per annum
Motor vehicles	length of lease

The carrying values of tangible fixed assets are reviewed for impairment in periods, if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are valued at cost less provisions where, in the opinion of the directors, there has been impairment in value. The carrying values of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1. **Accounting Policies** (continued)

Deferred taxation

Deferred tax 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 a 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; and
- 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.

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 have been retranslated into sterling at the middle market rate at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company are capitalised in the balance sheet and are depreciated over their useful lives.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension and other post retirement benefits

The Company operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The MCPS-PRS Alliance Pension Scheme (MCPS) (formerly the MCPS scheme) was closed to new entrants from 1 January 1999 and The MCPS-PRS Alliance Pension Scheme (formerly the PRS scheme) was closed to new entrants from 1 January 2003.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the charge in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

1. **Accounting Policies** (continued)

Pension and other post retirement benefits (continued)

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

2. **Turnover**

Turnover, which is stated net of VAT, comprises the costs of operating the Company (as charged to the parent companies in proportion to the work carried out on behalf of each) and all arises in the UK. Turnover is accounted for on an invoiced basis and is made up as follows:

	2008	2007
	£'000	£'000
Operating fees to MCPS	**19,487**	18,835
Operating fees to PRS	**49,107**	46,208
	68,594	65,043

3. **Licensing and administration expenses**

Licensing and administration expenses include:

	2008	2007
	£'000	£'000
Depreciation on owned fixed assets	**11,390**	11,731
Depreciation of assets held under finance leases	**212**	213
Loss on disposal of fixed assets	**20**	10
Auditors' remuneration – audit	**147**	98
Operating lease rentals – computer and office machinery	**39**	48

4. Emoluments of directors and employees

a. Directors' emoluments:

The Company had two executive directors at 31 December 2008, S Porter and D Stones. Their total emoluments, and those of the non-executive directors, were recharged to MCPS and PRS in proportion to the services supplied to each company, and are included in the table below:

	2008	2007
	£'000	£'000
Emoluments	807	1,016
Company contributions to defined contribution pension schemes	49	42

	2008	2007
	No.	No.
Members of defined benefit pension schemes	1	1
Members of defined contribution pension schemes	1	2

The amounts in respect of the highest paid director are as follows:

	2008	2007
	£'000	£'000
Emoluments	496	425
Company contributions to defined contribution pension schemes	49	29
Company contributions to defined benefit pension schemes	25	25
Defined benefit pension scheme – accrued pension at end of year	37	32

The following information is provided, in relation to loans to directors, pursuant to section 232 to the Companies Act 1985, as amended.

	Balance Outstanding 1 January 2008	***Balance outstanding 31 December 2008***	***Maximum liability during the year***
	£	***£***	***£***
S Porter – season ticket loan	**2,800**	-	**2,800**

The season ticket loan was interest-free, repayable in 12 monthly instalments.

4. Emoluments of directors and employees (continued)

b. Staff costs:

The monthly average number of persons, excluding directors, employed by the Company during the year was:

	2008 **No.**	2007 No.
Licensing	**299**	298
Distribution and membership	**307**	300
Support services	**221**	214
	827	812

The aggregate staff costs are analysed as follows:

	2008 **£'000**	2007 £'000
Salaries	**31,074**	27,722
Social security costs	**3,068**	2,822
Costs of pension		
Defined contribution schemes	**292**	150
Defined benefit schemes	**1,892**	2,065
Costs of similar benefits	**188**	332
	36,514	33,091

5. Taxation

(a) Analysis of charge in year

	2008 £'000	2007 £'000
Current tax		
UK corporation tax charge	-	-
Deferred taxation		
Movement relating to pensions	660	572
Movement relating to change in tax rate	-	50
Total deferred taxation	660	622
Total tax charge for the year	660	622

(b) Factors affecting current tax for year

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

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	970	964
Corporation tax at 28.5% (2007 – 30%)	276	289
Effects of		
Adjustments for transfer pricing	595	407
Pension contributions	(2,607)	(2,488)
Expenses not deductible for tax purposes	44	164
Capital allowances for year in arrears of depreciation	549	151
Current year losses not utilised	1,143	1,477
Total current tax	-	-

5. **Taxation** (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2008 £'000	2007 £'000
Arising on pension deficit	**5,846**	853
	5,846	853
Included within provision for liabilities and charges	**-**	-
Included within pension liability (Note 19)	**5,846**	853
	5,846	853

Movement on deferred tax asset:

	£'000
At 1 January 2008	**853**
Debited to the profit and loss account	**(660)**
Credited to the STRGL in respect of actuarial loss on defined benefit pension plans	**5,653**
At 31 December 2008	**5,846**

(d) Factors that may affect future tax charge

The company did not recognise a deferred tax asset of £4,934,000 (2007: asset £3,666,000) made up of losses of £3,928,000 (2007: £2,849,000) and accelerated capital allowances of £1,006,000 (2007: £817,000) due to insufficient certainty of future trading profits.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the properties were sold without it being possible to claim rollover relief. The total amount not provided for is £1,102,000 (2007: £3,006,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

The UK Statutory tax rate changed from 30% to 28% effective from 1 April 2008. This has been reflected in the unrecognised deferred tax assets above.

6. Tangible fixed assets

	Freehold land & buildings £'000	Leasehold land & buildings improvements £'000	Systems & equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 January 2008	1,728	40,279	100,913	1,698	144,618
Deficit on revaluation	(236)	(4,226)	-	-	(4,462)
Additions	-	1,793	8,477	199	10,469
Disposals	-	-	(223)	(233)	(456)
At 31 December 2008	**1,492**	**37,846**	**109,167**	**1,664**	**150,169**
Depreciation					
At 1 January 2008	404	9,210	77,076	1,304	87,994
Charge for the year	39	756	10,595	212	11,602
Disposals	-	-	(223)	(210)	(433)
At 31 December 2008	**443**	**9,966**	**87,448**	**1,306**	**99,163**
Net book value					
At 31 December 2008	**1,049**	**27,880**	**21,719**	**358**	**51,006**
Net book value					
At 1 January 2008	1,324	31,069	23,837	394	56,624

The net book value of leasehold land and buildings and improvements at 31 December 2008 included £27.6m (2007: £30.7m) on long leases and £0.3m (2007: £0.3m) on short leases. The net book value of motor vehicles held under finance lease agreements is £0.4m (2007: £0.4m), with all lease obligations paid in advance.

Freehold and leasehold land and buildings were revalued at 31 December 2008 based on existing use value. The valuation was carried out by Altus Edwin Hill Chartered Surveyors and prepared in accordance with the valuation standards issued by the Royal Institution of Chartered Surveyors. The open market value does not differ materially from the in use value.

On the historical cost basis the freehold and leasehold land and buildings would have been included as follows:

	Freehold £'000	Leasehold £'000
At 1 January 2008	993	5,331
At 31 December 2008	**965**	**6,646**

7. Capital commitments

Capital expenditure authorised and contracted for at 31 December 2008 was £1.3m (2007: £1.2m).

8. Other financial commitments

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases as set out below:

	Computer systems and equipment	
	2008	2007
	£'000	£'000
Operating leases which expire:		
Within one year	-	3

9. Fixed asset investments

	Joint ventures and associates £'000	*Other investments* £'000	*Total* £'000
Cost:			
At 1 January 2008	240	232	472
Additions	2,797	-	2,797
At 31 December 2008	3,037	232	3,269
Amounts provided:			
At 1 January and 31 December 2008	-	-	-
Net book value at 31 December 2008	**3,037**	**232**	**3,269**
Net book value at 1 January 2008	240	232	472

Other investments are not listed.

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	**Holding**	**Proportion of voting rights and shares held**	**Nature of Business**	**Country of incorporation**
Joint venture				
International Copyright Enterprise (ICE)	Ordinary shares	50%	Service Centre	Sweden
Associate				
ISAN UK Ltd	Ordinary Shares	33.3%	Identification of audiovisual works	England & Wales

9. Fixed asset investments (continued)

ICE is a joint venture with the Swedish collection society, STIM, to provide a joint service centre for operational services which is currently non operational as it is still in its initial build phase.

The aggregate amount of capital and reserves held by ICE at the end of 2008 was £0.7m (2007:£0.1m) and a loss was recorded for the financial year of £0.4m. (2007: £0.1m).

During the year, the company made a loan of £2.8m to ICE, £0.8m of which is classified as the share capital reserve in the accounts of ICE. The company also acquired for £0.03m a third share of ISAN during the year a company set up to standardise audiovisual content identifiers. The company has not yet started to trade.

The Other Investment represents the company's 6.83% ownership of Fast Track, a company which provides information systems to facilitate the sharing of information between the member societies, so as to improve the flow of royalties internationally.

The Company owns 12.5% of UK Music 2009 Limited, a company limited by guarantee. This company did not commence activities until 2009.

10. Debtors

	2008 £'000	2007 £'000
Trade debtors	**11,245**	3,219
Other debtors	**1,040**	1,539
Due from MCPS	**22,880**	-
Prepayments and accrued income	**1,772**	1,407
	36,937	6,165

11. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Due to PRS	**53,096**	13,365
Due to MCPS	**-**	4,537
Trade creditors	**8,044**	10,852
Taxation and social security	**1,487**	862
	62,627	29,616

12. Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Due to PRS	**13,547**	14,364
Due to MCPS	**7,333**	7,766
	20,880	22,130

Creditors: amounts falling due after more than one year represent the balances of exceptional prepaid pension contributions into the Alliance Pension Schemes which was funded in 2005 by MCPS and PRS. They are repayable over 20 years and are non-interest bearing.

13. Share capital

	2008 £'000	2007 £'000
Ordinary shares of £1 each, authorised	**50**	50
Allotted, called up and fully paid	**1**	1

14. Other reserves

This reserve arose as a result of the transactions which took place on 1 January 1998, through which MCPS and PRS transferred their respective fixed assets, employees and back-office operations to the Company and each took a 50% interest in the Company.

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Other reserves £'000	Revaluation reserves £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2007	1	17,002	24,531	(34,343)	7,191
Profit for the year	-	-	-	342	342
Transfer of depreciation on Revalued tangible fixed assets	-	-	(300)	300	-
Actuarial gains on Pension Scheme liabilities (net of deferred Tax)	-	-	-	7,871	7,871
At 1 January 2008	1	17,002	24,231	(25,830)	15,404
Profit for the year	-	-	-	310	310
Transfer of depreciation on revalued tangible fixed assets	-	-	(300)	300	-
Deficit on revaluation of fixed assets	-	-	(4,462)	-	(4,462)
Actuarial losses on Pension scheme liabilities	-	-	-	(23,832)	(23,832)
Movement on deferred tax relating to pension liability	-	-	-	5,653	5,653
At 31 December 2008	**1**	**17,002**	**19,469**	**(43,399)**	**(6,927)**

16. Related party transactions

The Company's turnover consists of operating fees recharged to its parent companies MCPS and PRS as analysed per note 2. Amounts due to and from the Company's parent companies at the balance sheet date are disclosed in notes 10, 11 and 12.

During the year, the Company invested in the company ICE, details of which are disclosed in note 9. The Company also charged ICE for services provided an amount £1.9m (2007: £Nil) and was owed a balance of £0.3m (2007: £Nil) at the year end.

17. Parent companies

The Company is jointly owned by Mechanical-Copyright Protection Society Limited and Performing Right Society Limited, each of which owns 50% of the issued share capital.

18. Other finance costs

	2008	2007
	£'000	£'000
Expected return on pension scheme assets	**9,516**	8,707
Interest on pension scheme liabilities	**(8,085)**	(7,620)
Net return	**1,431**	1,087

19. Pensions

The Company operates two contributory pension schemes, The MCPS-PRS Alliance Pension Scheme (formerly the PRS scheme) and The MCPS-PRS Alliance Pension Scheme (MCPS), (formerly the MCPS scheme). The MCPS-PRS Alliance Pension Scheme (MCPS) was closed to new entrants from 1 January 1999 and The MCPS-PRS Alliance Pension Scheme was closed to new entrants from 1 January 2003. As a consequence the current service cost calculated under the projected unit method can be expected to increase over time as the average age of the members increases.

A full actuarial valuation of The MCPS-PRS Alliance Pension Scheme was carried out at 31 December 2006 and updated by Mercer Associates to take account of the requirement of FRS 17 in order to assess the liabilities of the scheme at 31 December 2008 and 31 December 2007.

A full actuarial valuation of The MCPS-PRS Alliance Pension Scheme (MCPS) was carried out as at 1 January 2006 and updated by Pension Capital Strategies Limited to take account of the requirement of FRS 17 in order to assess the liabilities of the scheme as at 31 December 2008 and 31 December 2007.

Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

The assets and liabilities in the schemes at 31 December are:

	MCPS-PRS Alliance Pension Scheme	
	2008	2007
	£'000	£'000
Scheme assets at fair value:		
Equities	**47,534**	82,851
Bonds (average)	**23,860**	20,699
Property	**9,321**	10,551
Cash	**280**	382
Hedge Funds	**8,948**	-
Other (GTAA)	**3,262**	4,834
Fair value of assets	**93,205**	119,317
Present value of liability	**(115,271)**	(122,362)
FRS 17 deficit in the scheme	**(22,066)**	(3,045)
Related deferred tax asset	**5,168**	853
Net liability in the balance sheet	**(16,898)**	(2,192)

19. Pensions (continued)

	MCPS-PRS Alliance Pension Scheme (MCPS)	
	2008	2007
	£'000	£'000
Scheme assets at fair value:		
Equities	**7,436**	13,749
Corporate bonds	**1,729**	1,580
Gilts	**1,729**	1,580
Property bond	**2,072**	2,342
Cash	**535**	493
Hedge Funds	**1,560**	-
Other (GTAA)	**570**	766
Fair value of assets	**15,631**	20,510
Present value of liability	**(18,084)**	(20,231)
FRS 17 (deficit)/surplus in the scheme	**(2,453)**	279
Surplus not recognised	-	(279)
Related deferred tax asset/(liability)	**678**	-
Net liability in the balance sheet	**(1,775)**	-
Total net pension liability in the balance sheet	**(18,673)**	(2,192)

The pension plans have not invested in any of the company's own properties or other assets used by the company.

The amounts recognised in the profit and loss account and the statement of total recognised gains and losses for the year are analysed as follows:

	MCPS-PRS Alliance Pension scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	
	2008	2007	**2008**	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Recognised in the profit and loss account:						
Current service cost	**1,149**	1,365	**743**	700	**1,892**	2,065
Recognised in arriving at operating charge	**1,149**	1,365	**743**	700	**1,892**	2,065
Expected return on pension scheme assets	**8,107**	7,449	**1,409**	1,258	**9,516**	8,707
Interest on pension liabilities	**(6,923)**	(6,543)	**(1,162)**	(1,077)	**(8,085)**	(7,620)
Net return – finance income	**1,184**	906	**247**	181	**1,431**	1,087
Total recognised in the profit and loss account	**35**	(459)	**(496)**	(519)	**(461)**	(978)

19. Pensions (continued)

	MCPS-PRS Alliance Pension scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	
	2008	2007	**2008**	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Taken to the Statement of Total Recognised Gains and Losses:						
Actual return on scheme assets	**(25,050)**	5,373	**(5,335)**	894	**(30,385)**	6,267
Less: expected return on scheme assets	**(8,107)**	(7,449)	**(1,409)**	(1,258)	**(9,516)**	(8,707)
	(33,157)	(2,076)	**(6,744)**	(364)	**(39,901)**	(2,440)
Other actuarial gains and losses	**12,204**	11,907	**3,865**	1,851	**16,069**	13,758
Actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	**(20,953)**	9,831	**(2,879)**	1,487	**(23,832)**	11,318

Pensions

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)	
	2008	2007	**2008**	2007
	%	%	**%**	%
Main assumptions:				
Rate of salary increases	**4.0**	4.4	**4.0**	4.4
Rate of increase in pensions in payment (LPI)	**2.9**	3.3	**2.9**	3.3
Rate of revaluation of deferred pensions	**3.0**	3.4	**3.0**	3.4
Rate of increase of pensions in payment (LPI min 3)	**n/a**	n/a	**3.2**	3.6
Discount rate	**6.3**	5.7	**6.3**	5.7
Expected rates of return on scheme assets:				
Equities	**6.9**	7.2	**6.9**	7.2
Bonds	**6.4**	6.0	**6.4**	6.0
Property bonds	**5.6**	5.3	**5.6**	5.3
Gilts	**3.6**	4.2	**3.6**	4.2
Cash	**4.6**	5.2	**4.6**	5.2
Hedge funds	**6.0**	n/a	**6.0**	n/a
Other	**10.0**	10.0	**10.0**	10.0
Inflation assumption	**3.0**	3.4	**3.0**	3.4
Post-retirement mortality:				
Current pensioners at 64 – male	**21.1**	20.2		
Current pensioners at 64 – Female	**24.0**	23.0		
Future pensioners at 64 – male	**22.2**	21.2		
Future pensioners at 64 – Female	**25.0**	24.0		
Current pensioners at 65 – male			**22.0**	22.0
Current pensioners at 65 – Female			**24.9**	24.8
Future pensioners at 65 – male			**23.1**	23.1
Future pensioners at 65 – Female			**25.9**	25.9

19. Pensions (continued)

The post-mortality mortality assumptions allow for expected increases in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 2028.

Contributions to MCPS-PRS Alliance for ongoing future accrual were paid at an average rate of 21% inclusive of employee contributions of 8% for members accruing one sixtieth of salary per year and 5% for members accruing one eightieth of salary per year. In addition, fixed annual contributions of £0.5m have been made to reduce the deficit in the scheme.

Contributions to MCPS-PRS Alliance Pension Scheme (MCPS) were paid at 30% inclusive of employee contributions which averaged 8%. Contributions for ongoing future accrual will be paid at an average rate of 27% inclusive of employee contributions of 8% for members accruing one sixtieth of salary per year and 5% for members accruing one eightieth of salary per year. In addition, fixed annual contributions of £0.2m will be made to reduce the deficit in the scheme.

Changes in the present value of the defined benefit obligations are analysed as follows:

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	
	2008	2007	**2008**	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
At 1 January	**(122,362)**	(128,862)	**(20,231)**	(20,961)	**(142,593)**	(149,823)
Current service cost	**(1,149)**	(1,365)	**(743)**	(700)	**(1,892)**	(2,065)
Benefits paid	**2,959**	2,501	**466**	377	**3,425**	2,878
Interest cost	**(6,923)**	(6,543)	**(1,162)**	(1,077)	**(8,085)**	(7,620)
Actuarial (losses)/gains	**12,204**	11,907	**3,586**	2,130	**15,790**	14,037
At 31 December	**(115,271)**	(122,362)	**(18,084)**	(20,231)	**(133,355)**	(142,593)

The defined benefit obligation comprises £0.1m (2007:£Nil) arising from unfunded plans and £133.3m (2007: £142.6m) from plans that are wholly or partly funded.

19. Pensions (continued)

Changes in the fair value of plan assets are analysed as follows:

	MCPS-PRS Alliance Pension Scheme	MCPS-PRS Alliance Pension Scheme (MCPS)	**Total**
	£'000	£'000	**£'000**
As at 1 January 2007	114,303	19,114	**133,417**
Expected return on plan assets	7,449	1,258	**8,707**
Employer contributions	2,142	879	**3,021**
Scheme Participant contributions	642	222	**864**
Benefits paid	(3,143)	(599)	**(3,742)**
Actuarial gains and losses	(2,076)	(364)	**(2,440)**
As at 31 December 2007	119,317	20,510	**139,827**
Expected return on plan assets	8,107	1,409	**9,516**
Employer contributions	1,897	922	**2,819**
Scheme Participant contributions	592	217	**809**
Benefits paid	(3,551)	(683)	**(4,234)**
Actuarial gains and losses	(33,157)	(6,744)	**(39,901)**
As at 31 December 2008	93,205	15,631	**108,836**

The MCPS-PRS Alliance Pension Scheme

	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	**93,205**	119,317	114,303	103,287	66,074
Present value of defined benefit obligation	**(115,271)**	(122,362)	(128,862)	(126,636)	(103,923)
Deficit in the scheme	**(22,066)**	(3,045)	(14,559)	(23,349)	(37,849)
Experience adjustments arising on plan liabilities	**12,204**	11,907	2,794	(17,363)	(4,066)
Experience adjustments arising on plan assets	**(33,157)**	(2,076)	5,136	10,185	998

The MCPS-PRS Alliance Pension Scheme (MCPS)

	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	**15,631**	20,510	19,114	16,465	10,661
Present value of defined benefit obligation	**(18,084)**	(20,231)	(20,961)	(19,332)	(15,959)
(Deficit)/unrecognised surplus in the scheme.	**(2,453)**	279	(1,847)	(2,867)	(5,298)
Experience adjustments arising on plan liabilities	**(321)**	171	10	(1,847)	17
Experience adjustments arising on plan assets	**(6,744)**	(364)	926	1,359	315

19. Pensions (continued)

The Company also operates a separate defined contribution pension scheme for those employees based at the Dublin branch of MCPS. There were no pre paid or accrued contributions at the year end.

From January 2003, a new defined contribution pension scheme called The Alliance Defined Contribution Pension Scheme was open to all employees not in an existing scheme. Defined contributions for the year ended 31 December 2008 were £0.3m (2007: £0.2m).