Registered No: 134396

PERFORMING RIGHT SOCIETY LIMITED

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

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

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 currently represents some 40,000 members and their rights, collecting royalties from various sources, ranging from live performance, television broadcasts, music played in business, radio to digital streaming over the web.

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

	2008 £'000	2007 £'000	Change %
Result before and after tax	368.4	327.2	12.6 %
Donations	1.3	1.3	0.0 %
Net Distributable Income	367.2	325.9	12.6%
Administrative expenses	49.1	46.4	5.8%

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, Euros and Yen, so as to reduce exposure to fluctuating foreign exchange rates. This hedging occurred on 85% of US dollar receipts and 85% of Euro receipts in 2008.

- **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 and appointed subsequently were:

Writers

Nigel Beaham-Powell	David Ferguson (until 28.01.09)	Michael Leeson
David Bedford	Guy Fletcher	Steven Levine
Peter Callander	Nicholas Graham	Mitch Murray
Simon Darlow (from 28.01.09)	Edward Gregson	Lynsey de Paul

Publishers

Catherine Bell (until 31.08.08)	Nigel Elderton	Sarah Levin (from 26.06.08)
William Booth	Andrew Heath (until 16.01.08)	Paulette Long (from 26.06.08)
Christopher Butler	Stuart Hornall	Simon Platz (from 31.08.08)
Paul Curran (until 30.04.08)	Andrew King	Ellis Rich
Jane Dyball	Richard King	

Executive Directors

Steve Porter

External Directors

Wanda Goldwag
Estelle Morris

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
Lynsey de Paul

Publishers
Stuart Hornall

Pursuant to article 62 of the articles of association, the following directors will retire at the Society's forthcoming annual general meeting and may be validly proposed for re-appointment thereat pursuant to article 59:

Writers
Simon Darlow

Publishers
Simon Platz

Pursuant to article 57 of the articles of association, the following directors will retire at the Society's forthcoming annual general meeting and are eligible to be proposed by the board of directors for re-appointment thereat pursuant to article 35(c):

External Directors
Wanda Goldwag
Estelle Morris

Chairman and Deputy Chairmen
Ellis Rich continued as Chairman for the year. Andrew King continued as Deputy Chairman (Publisher) and 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 (2007: £1.27 million) of which £1.25 million (2007: £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 were made.

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.

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.

On behalf of the Board

The directors are responsible for preparing 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; and
- 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 2008, 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 14. 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' 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 2008 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

25 March 2009

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Licence revenue	1(b), 2	**410,782**	367,552
Interest receivable		**6,758**	6,037
Total income for the year		**417,540**	373,589
Licensing and administration expenses	3	**(49,107)**	(46,420)
Result on ordinary activities before tax		**368,433**	327,169
Tax on result on ordinary activities	6	**-**	-
Result before appropriations		**368,433**	327,169
Less amounts appropriated:			
Donations and awards		**(1,275)**	(1,275)
Net distributable income		**367,158**	325,894

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 2008

	2008 £'000	2007 £'000
Net distributable income	**367,158**	325,894
Distributions allocable to members and affiliated societies	**(367,158)**	(325,894)
Total recognised gains for the year	**-**	-

BALANCE SHEET
At 31 December 2008

	Notes	2008		2007	
		£'000	**£'000**	£'000	£'000
Fixed assets					
Investments	7	**19,372**		18,980	
			19,372		18,980
Current assets					
Debtors:					
amounts falling due after one year	8	**13,547**		14,364	
amounts falling due within one year	8	**97,689**		47,959	
Investments – short-term deposits		**39,000**		68,000	
Cash at bank and in hand		**21,944**		13,365	
			172,180		143,688
Creditors: amounts falling due within one year	9		**(183,324)**		(154,440)
Net current liabilities			**(11,144)**		(10,752)
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 25 March 2009 and were signed on its behalf by:

Chairman

STATEMENT OF CASH FLOWS
For the year ended 31 December 2008

	2008 £'000	2007 £'000
Cash inflow from operating activities	**313,541**	312,790
Amounts paid to members and affiliated societies	**(340,618)**	(310,587)
Net cash (outflow) / inflow from operating activities	**(27,077)**	2,203
Net cash outflow from investing activities	**(392)**	(256)
Returns on investments and servicing of finance - interest received	**7,048**	6,043
Management of liquid resources	**29,000**	(5,000)
Increase in cash	**8,579**	2,990

NOTES TO THE STATEMENT OF CASH FLOWS
For the year ended 31 December 2008

	2008 £'000	2007 £'000
Reconciliation of result on ordinary activities before tax to net cash inflow from operating activities		
Result on ordinary activities before tax	**368,433**	327,169
Donations and awards	**(1,275)**	(1,275)
Interest	**(6,758)**	(6,037)
Increase in amounts due from associated undertakings	**(38,913)**	(3,421)
Increase in debtors	**(10,290)**	(6,129)
Increase in creditors	**2,344**	2,483
Net cash inflow from operating activities	**313,541**	312,790
Cash flows from investing activities		
Payment to acquire investments	**(392)**	(256)
Management of liquid resources		
Short-term deposits made	**(310,000)**	(321,000)
Short-term deposits repaid	**339,000**	316,000
	29,000	(5,000)
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	**8,579**	2,990
Cash (inflow) / outflow from movement in liquid resources	**(29,000)**	5,000
Movement in net funds in the year	**(20,421)**	7,990
Net funds at 1 January	**81,365**	73,375
Net funds at 31 December	**60,944**	81,365

Analysis of changes in net funds

	At 1 January 2008 £'000	Cash flow £'000	At 31 December 2008 £'000
Cash at bank and in hand	13,365	8,579	21,944
Liquid resources – short-term deposits	68,000	(29,000)	39,000
	81,365	(20,421)	60,944

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 their value on the basis of their ongoing use by the Company. The Directors consider 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.

1. Basis of preparation (continued)

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:

	2008 £'000	2007 £'000
a. United Kingdom, Channel Islands and Isle of Man		
Public Performance	**146,647**	133,607
Broadcasting	**124,148**	112,721
	270,795	246,328
b. Overseas		
Europe	**92,166**	77,915
North America	**28,479**	28,124
Asia	**8,740**	7,166
Central and South America	**3,994**	2,121
Australasia	**5,031**	4,484
Africa and Middle East	**1,577**	1,414
	139,987	121,224
	410,782	367,552

3. Licensing and administration expenses

	2008 £'000	2007 £'000
Recharge from MCPS-PRS Alliance:		
Staff costs	**24,883**	23,260
Office and accommodation costs	**4,310**	4,060
Information Technology costs	**1,828**	2,042
Legal and professional costs	**3,604**	3,368
Other costs	**5,601**	4,108
Depreciation	**8,881**	9,370
	49,107	46,208
Provision against CELAS investment	**-**	212
Total administration expenses	**49,107**	46,420

A provision was made in 2007 against £0.2 million of the initial capital funding made to CELAS GmbH, no further provision was made in 2008.

Joint Online Tribunal costs were recharged by the Alliance in 2007 and expensed as incurred by PRS, no further costs were recharged in 2008.

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

	2008 £'000	2007 £'000
Auditors remuneration:		
-Audit services	**6**	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 £404,311 (2007: £395,147). Non-executive directors receive annual remuneration of £12,805 for their services. Directors who are also directors of MCPS are paid £21,342, 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 £59,198 (2007: £56,581). As Deputy Chairmen, Andrew King received £28,804 (2007: Andrew King £26,270) and Michael Leeson received £31,119 (2007: Nigel Beaham-Powell £30,678).

The emoluments of the external directors were: Wanda Goldwag £36,007 (2007: £34,582), and Estelle Morris £27,454 (2007: £26,500).

During the year ended 31 December 2008, the Company had one Executive Director, Steve Porter. Steve Porter was employed and paid by MCPS-PRS Alliance. He was the highest paid director in 2008, his remuneration, excluding pension contributions, was £496,024 (2007: £305,639), 50% of which was recharged to PRS.

The pension contributions in respect of Steve Porter, were £48,741 (2007:£20,013) to a defined contribution scheme, and £24,816 to a defined benefit scheme (2007: £16,326). 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 2008, total royalties paid by the Society to the directors and to parties related to the directors amounted to £53 million (2007: £49.8 million). £52.5 million (2007: £49.3 million) of this was paid to Publisher directors and parties related to the Publisher directors, and £0.5 million (2007: £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 on a normal arms length commercial basis.

During 2008, £49.1 million (2007: £46.2 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 2008 had a balance due from MCPS-PRS Alliance of £66.7 million (2007: £27.7 million), this included a long term loan of £13.5 million to fund the Society's share of an exceptional contribution to the defined benefit pension schemes (2007: £14.3 million).

PRS owns 25% of British Music Rights Ltd (BMR). In 2008 the activities of BMR were funded equally by PRS and MCPS and during 2008 PRS paid BMR £0.4 million (2007: £0.4 million). The principle activity of British Music Rights Ltd is to represent composers and songwriters rights where necessary.
British Music Rights Ltd changed its name to UK Music 2009 Ltd on the 26 September 2008, at which time PRS resigned its membership from the company. All rights in and to the name British Music Rights, all related logos and designs and all goodwill attached thereto were transferred to a new company called British Music Rights Ltd, of which PRS owns 25%. This company does not trade.

6. Tax on result on ordinary activities

(a) Analysis of charge in year	2008 £'000	2007 £'000
Current tax :		
Tax on result on ordinary activities	–	–
(b) Factors affecting tax charge for the year		
The tax assessed for the year differs from the standard rate of corporation tax in the UK (28.5%). The differences are explained below :		
Total recognised gains for the year	–	–
Corporation tax at 28.5% (2007 30%)	–	–
Effects of :		
Adjustment for transfer pricing	(231)	(299)
Losses arising in the year not relievable against current tax	231	299
	–	–

A deferred tax asset of £1,011,000 (2007: £784,000) has not been recognised in respect of losses due to insufficient certainty of future trading profits.

6. Tax on result on ordinary activities (continued)

(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 £17,229,000 (2007: loss of £6,573,000) may arise, which would result in a potential deferred tax asset of £4,824,120 (2007: asset of £1,840,440) based on the full corporation tax rate from 1 April 2008 of 28% (2007: 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
CELAS GmbH	25,000 ordinary €1 shares	468	256	25
At 31 December 2007		14,743	18,980	
Additions: CELAS GmbH		392	392	25
At 31 December 2008		15,135	19,372	

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.

	Historic Opening Value £'000	Write down £'000	Closing Value at 2007 £'000	Additions 2008 £'000	Closing Value at 2008 £'000
CELAS GmbH	468	(212)	256	392	648

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%, this holding is inclusive of additions made within the year. 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.

CELAS GmbH commenced trading in 2008 with sales revenue of €3.4 million largely being realised in the second half of the year. For the year ended 31December 2008 the company showed a net loss of €1.4 million (2007 - €2.9 million).

The Company had a positive equity figure of €316,832 (2007 - €172,172) at the year end.

7. Investments, joint ventures and associates (continued)

PRS owns 25% of British Music Rights Limited (BMR), a company limited by guarantee. Its activities are funded equally by MCPS and PRS. This company ceased activities at 26 September 2008 when all activities were transferred to a new company, UK Music 2009 Ltd, 12.5% owned by the MCPS-PRS Alliance.

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:

	2008 £'000	2007 £'000
As at 31 December:		
Tangible fixed assets	**25,503**	28,312
Investments	**1,619**	236
Current assets	**20,504**	6,123
Share of gross assets	**47,626**	34,671
Creditors falling due within one year	**(31,313)**	(14,808)
Creditors falling due after more than one year	**(10,440)**	(11,065)
Share of gross liabilities	**(41,753)**	(25,873)
Share of net assets before pension scheme liabilities	**5,873**	8,798
Share of pension scheme liabilities	**(9,336)**	(1,096)
Share of net (liabilities)/assets after pension scheme liabilities	**(3,463)**	7,702
For the year ended 31 December:		
Turnover	**34,297**	32,522
Profit before tax	**485**	482
Tax	**(330)**	(311)
Profit after tax	**155**	171

8. Debtors

Debtors are made up as follows:

	2008 £'000	2007 £'000
Licence income receivable		
Public Performance	**26,835**	22,886
Broadcasting	**6,569**	3,159
International	**138**	-
CELAS	**685**	-
	34,227	26,045
Amounts due from associated undertakings	**53,096**	13,365
VAT recoverable	**5,229**	6,135
Sundry debtors	**4,927**	1,914
Investment income receivable	**210**	500
	97,689	47,959

An amount of £13.5 million (2007: £14.4 million) due from associated undertakings due in more than one year has been included separately on the face of the balance sheet. This £13.5 million 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

	2008 £'000	2007 £'000
Amounts due to members and affiliated societies	**123,227**	96,687
Deferred revenue	**49,951**	46,544
Other creditors	**7,014**	7,301
Accruals	**2,053**	2,997
Taxation and social security	**1,079**	911
	183,324	154,440

10. Amounts allocated to members and affiliated societies

	2008 £'000	2007 £'000
Allocated to members	**268,951**	247,615
Allocated to affiliated societies	**72,847**	63,673
	341,798	311,288

11. Capital commitments

Capital expenditure authorised and contracted for at 31 December 2008 was £nil (2007: £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 2008 amounted to £1.3 million (2007: £1.2 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 85% of revenue received in US dollars, Euros and Yen for 2009.
The amount committed for 2009 is £24 million in US dollars and £49 million in Euros, and £7.8 million in Yen, over agreed monthly dates in 2009.

13. Reconciliation of movement in members' funds

	Revaluation Reserve £'000	Income expenditure account £'000	Total members' funds £'000
At 31 December 2007 and 31 December 2008	4,449	3,779	8,228

14. 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.