ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 December 2020
Performing Right Society Limited

Company Registration Number
No. 00134396 (England and Wales)

PERFORMING RIGHT SOCIETY LIMITED

COMPANY INFORMATION

Directors	***Writers*** B Blue S Darlow J Duguid M Escoffery-Ojo T Gray E Gregson C Hunt S Levine D Masters P Pope J Simmonds ***Publishers*** J Alway S Anderson A Bebawi C Butler N Elderton A Kassner R King J Minch R Neri S Platz J Smith ***Executive Director*** A Czapary Martin ***Independent Directors*** S Cooke S Davidson M Poole T Toumazis
Company Secretary	J Aitken
Company number	00134396
Registered office	2 Pancras Square London N1C 4AG
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

The definitions of subsidiaries, joint ventures and other partners are set out within the Accounting policies on page 22.

PERFORMING RIGHT SOCIETY LIMITED

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PERFORMING RIGHT SOCIETY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the Strategic report for Performing Right Society Limited ("the Company") and its subsidiary PRS for Music Limited ("PfM") (together, "the Group") for the year ended 31 December 2020.

Review of the business

Overall, despite the Covid-19 pandemic, 2020 was a successful year for the Group. In Andrea Czapary Martin's first full year as CEO, priorities were aligned under the strategic imperatives, focusing efforts and resources on improving our core offering while defining the longer-term direction of the business.

Financially, 2019 was a record-breaking year for PRS, and the targets set for 2020 were equally ambitious: to repeat the revenue growth achieved in 2019, to reduce costs, and to maximise distributions to members. These aspirations were inevitably tempered by Covid-19 in March, with Royalty revenue and Net Distributable Income reducing in the twelve months to December 2020 by 19.8% and 20.2% respectively. However, through a concentrated and unified effort, royalties flowed efficiently and allowed the business to deliver record breaking distributions of £699.4m.

To mitigate the impact of Covid-19, the business focused on driving new revenue opportunities and cutting back costs wherever possible, including people costs, sponsorship and events, travel, and property. Although costs (net of other operating income/expenses) increased as a percentage of income, due to the decrease in revenue as a result of Covid-19, in absolute terms these decreased by £11.6m against 2019. Despite this focus on controlling costs, the necessary ongoing investment in improving services to members and developing the technology that underpins the business did continue, although some less critical developments were postponed until 2021.

The year witnessed a range of investment in IT services. The need for distributions, and the timelines of those payments, was only heightened by the pandemic and so work on moving distribution systems to the cloud to enable faster and more efficient processing continued throughout 2020. To improve the experience for songwriter, composer and publisher members, a new Customer Relationship Management (CRM) system was launched. As well as improving member interactions by streamlining and simplifying our member services, there will be the added ongoing benefit of enhancing the efficiency of the organisation through a reduction in costs.

Our joint venture with PPL (PPL PRS Ltd) and the complexities around licensing public venues and businesses in the current circumstances was a significant focus during 2020, as it was one of the licensing areas hit the hardest by the impact of business closures across the UK. However, the embedding of structures, processes, and expertise during its first few years of operations has laid the foundations for a successful return when the sector reopens. Investment also continued in the development of key systems in the ICE joint venture, including the new copyright platform, Cube, that will harness cloud computing and machine learning technologies.

2020 was also a year of change. The new governance structure voted in at the AGM will streamline the PRS Members' Council, providing clear purpose and intent, and in time better representation and engagement with the membership at all levels. The business made a commitment to UK Music's Ten-Point Plan, a much-needed and progressive course of action devised to encourage and importantly sustain diversity at every level. In response to members dealing with financial hardship, the business launched its Emergency Relief Fund in collaboration with PRS Foundation and PRS Members' Fund. It has helped over 4,500 songwriters and composers, with more than £2.1m paid out so far.

The Brexit transition period came to an end on 31 December 2020 at which point The Trade and Cooperation Agreement became provisionally applicable. As was widely expected, the deal does not include provisions to enable the free movement of creative industry professionals. On collective management of rights, there are provisions to promote cooperation, transparency and non-discriminatory treatment. The business will continue to plan for different scenarios brought about by the implementation of the agreement and mitigate any risks as they arise.

Review of the business (continued)

On the Consolidated Statement of financial position, there is a net deficit on total reserves amounting to £63,397,000 (2019 - £75,470,000) and a deficit on the Statement of financial position of the Company of £3,559,000 (2019 - £3,559,000). The management and board have a plan to reduce the Group deficit over time, while maintaining the maximum distributions to our members. The decrease in the Group net deficit has mainly arisen because of a decrease in the deficits on the two defined benefit pension schemes funded by PfM. PfM has agreed with the Boards of trustees of the two schemes a deficit recovery plan that is intended to fully fund the schemes before the end of 2030. The decrease in the deficit of the two defined benefit pension schemes is mainly attributable to the growth in assets exceeding unfavourable actuarial variances in long-term gilt yields between 31 December 2019 and 31 December 2020.

Key performance indicators

The Group’s key financial performance indicators during the year were as follows:

	2020 £000	2019 £000	Change %
Revenue	650,468	810,838	(19.8)
Net Distributable Income	575,280	721,127	(20.2)

Net Distributable Income is calculated as Profit before tax and funds attributable to members and affiliated societies, excluding the share of profit/(loss) of joint ventures and then including the deduction of tax.

Given the nature of the business, the Group's directors are of the opinion that analysis using KPIs other than those stated above is not necessary for an understanding of the performance of the business.

Statement by the directors in in accordance with s172(1) Companies Act 2006

The Board of directors of Performing Right Society Limited consider, both individually and together, that they have acted in a way they consider would be most likely to promote the success of the Group for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2020, having regard to the matters set out in s172(1)(a-f) of the Act. As part of their induction, a director is briefed on their duties and they can access further professional advice on these duties from the company secretary.

Stakeholder engagement

A Board should communicate effectively with its stakeholders, understand their views, and act fairly with regard to its members. PRS also strongly believes in promoting a culture of inclusion and collaboration, which is a key part of the values underpinning the way in which the Group operates. The key stakeholders for the Group are:

Members

Members are at the heart of what we do and are the reason that PRS exists. The importance of effective communication and engagement with this group is reflected in the governance structure of PRS, whereby the board includes an equal number of writer and publisher members and now a newly created President role focused on member engagement. Outside of this, PRS maintains regular communication and interaction with its members through a number of channels including; writer representatives and publisher briefings, Annual General Meeting, genre specific member meetings, outreach activities for new and upcoming members, our own member events and supporting other industry events.

PERFORMING RIGHT SOCIETY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement by the directors in in accordance with s172(1) Companies Act 2006 (continued)

Employees
Employees are central to the long term success of PRS and the Board understands the importance of engagement, understanding their views and clear communication. One of the corporate strategic imperatives is to focus on building a high performing and engaged team. To that end, in addition to being supported by its own branch of Unite (the largest union in the UK), PRS runs regular all-staff briefings led by the CEO, has an active employee forum, runs an annual employee engagement survey and provides a strong and varied programme of engagement and well-being activities to employees.

Customers
The Board is committed to openly engaging with this key stakeholder group and recognise the importance of continuing an effective dialogue with key licensees in order to continue to protect the value of our members rights and for PRS to maintain its reputation for high standards of business conduct.

Decision making
At the PRS Board meetings during the year, together with any other consultation and approvals sought between board meetings, three of the key considerations have been:

i. PRS Governance
In order to continue to deliver an excellent service to its members, the business committed to working with Mazars to undertake a review of its governance structure. Spanning a two-year period and resulting in over 40 recommendations for the board, the final proposal was presented at the 2020 AGM where it was approved by the membership. The new Members' Council will continue its work to promote the interests of PRS globally with more time to focus on vital strategic issues and future viability, alongside a newly created role of President of the Council, focused on member engagement and acting as an ambassador for PRS. Overarching benefits also include restricted terms of office to enable fresh talent and wider diversity at all levels, and collegiate voting will remove potential voting conflicts, binding songwriter and publisher communities together in the interests of the society at large.

ii. Covid-19 response plan
In response to the pandemic the Group defined its guiding principles as to protect the livelihood and safety of its employees in the first instance, in order to maintain services and key activities to ensure the livelihoods of the members we represent. Contributing to the cost saving efforts, some employees took a reduction in hours, while others were furloughed. Despite revenue being down by 19.8% versus 2019, distributions were higher than 2019 by 2%, with a record £699.4m distributed in 2020.

2020 was incredibly tough for members, particularly those who rely on live music and public performance. To help those dealing with financial hardship as a result of the pandemic, the PRS Emergency Fund launched on 25 March 2020, two days after the UK went into its first lockdown. It has since helped over 4,500 songwriters and composers, with more than £2.1m paid out so far. A third phase was launched at the start of 2021.

iii. Office location
Contributing to the cost saving efforts, the decision to move out of 2 Pancras Square into a smaller hub in Central London was approved by the Board during 2020. Negotiations are under way to assign this lease to a third party in 2021. In time, the plan is for all staff to be together in one location and a review of how this might look in the future has commenced.

Energy consumption and sustainability

The Group is committed to sustainability and has taken measures to reduce its Carbon footprint and the consequent impact on climate change. Examples of incentives already in place prior to 2020 include:

- A season ticket loan scheme to support employees to commute to the office using public transport.
- Participation in the cycle to work scheme.
- A 'digital-first' approach to document and other information sharing in the first instance.

These schemes were continued and improved by PRS in 2020, including increasing the monetary cap of the cycle to work scheme made available to employees, to encourage greater take up of the benefit.

GHG emissions and energy use for 2020 financial year

The Group have reported on all of the emission sources required under The Streamlined Energy and Carbon Reporting Regulations (SECR) and the financial control approach has been used to determine which entities should be included in the data collection process.

Energy & Carbon conversion factors from the 'UK Government GHG Conversion Factors for Company Reporting' published annually by the UK Government have been used for calculation purposes, based on the fuel bills received by the Group during the reporting period.

The below table summarises the annual carbon emissions for 2020. The intensity ratios used are Tonnes of CO_2e per employee and Tonnes of CO_2e per £m of revenue, which are considered to be appropriate for the nature of the Group's operations. As this is the first year in which the Group is required to report on emissions there is no comparative, but it is noted that the emissions for 2020 are expected to be lower than in previous years due to a reduction in the use of office buildings and business travel.

GHG emissions data for period 1 January 2020 to 31 December 2020

	Amounts in units	**Tonnes of CO2e**
Scope 1 & 2		
Purchase of electricity	447,252 kwh	104
Purchase of Gas	166,539 kwh	31
	Total	**135**
	Tonnes of CO2e per employee	**0.29**
	Tonnes of CO2e per £m of Revenue	**0.21**

The Group's environmental strategy concentrates on applying more green practices and procedures designed to address climate change and sustainability. By investing in more environmental sustainability, there is an opportunity to reduce business risk, improve reputation as well as provide prospective cost savings. The main strategies employed by the Group are:

- Recycling: Offices are set up to encourage recycling and responsible disposal of waste products.
- Reducing energy use across the Group wherever possible.
- Sustainable procurement: Wherever possible, sustainability-oriented suppliers are chosen.
- Awareness and responsible attitude: The employees are educated as to the need for awareness and responsibility through the corporate intranet and regular communications.

Principal risks and uncertainties

The Audit Committee evaluates the risks and uncertainties that may affect the Group's performance. The Audit Committee met 5 times in 2020. The principal risks and uncertainties are detailed below.

Competitive risk

Changing working practices are opening up the market to more competition from societies and other organisations and the Group is at the forefront of these changes, actively seeking solutions to respond effectively to increased competition.

Legislative risk

The nature of the Group’s activities in particular markets leads it into a number of areas of compliance risk. There is a sustained focus on ensuring compliance with UK and EU competition rules and with the General Data Protection Regulation (GDPR). Failure to comply with competition and data protection legislation can lead to significant fines. A committee is in place to oversee compliance across the Group and an ongoing programme of compliance measures is in place.

The Group is also subject to potential copyright law changes and given the changing nature of the industry this could have a significant impact on the Group’s revenue and operating procedures in the future.

Although the UK left the EU on 31 January 2020 and the transition period ended on 31 December 2020, there remains uncertainty as to the nature of the future relationship as negotiations continue. This could have a negative effect on PRS' income. A working group has been convened, consisting of members of the Audit Committee and internal experts, to keep the situation under review. PRS has also met with the UK based broadcasters operating in the EU to reassure them that PRS can, and will, continue to license their services.

Fraud risk

Criminal activities such as cybercrime, as well as the internal and external attempts at defrauding companies, are a constant threat. There is a risk that data could be illegally leaked, accessed or used and customers could be prevented from accessing required systems or funds could be misappropriated, resulting in damage to reputation as well as loss of member income.

Controls and awareness programmes are in place and a fraud response plan has been created for dealing with incidents of fraud or suspected fraud. Additional bespoke business processes and associated tools are being developed to provide extra levels of assurance in advance of each distribution.

Financial instrument risks

The Group has in place a framework to ensure that it has sufficient financial resources to meet its objectives and to manage financial risk. Foreign exchange risk is minimised through the timely exchange of foreign currency receipts for sterling and forward foreign exchange contracts are used to manage the exposure of non-sterling loans. Interest rate risk is managed by avoiding investing cash for periods of greater than 12 months. The use of financial derivatives is governed by the Group’s policies approved by the board, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Exposure to price, credit and liquidity risk

Price risk for the Group arises where new licence schemes are challenged. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, with well-established credit control processes and a requirement that deferred terms are only granted to licensees who demonstrate an appropriate payment history and satisfy credit checking procedures, or with which the Group is actively in negotiations.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation. In addition, royalties are only distributed once collected and the Group holds substantial cash balances.

Principal risks and uncertainties (continued)

Changing technology
With the increasing move towards digital usage of music, there is uncertainty over the future market for music and the implications on the costs of administering licences. These changing technologies will offer new market opportunities and active review of existing and potential new streams is a key area of focus for the Group. The Board and the Audit Committee are fully aware of the pressures and opportunities this changing market imposes on the future of the business and are acting accordingly to optimise beneficial effects where possible.

Royalty distribution – accuracy and timeliness
The exponential year-on-year growth in the volume of data handled by the Group presents an ongoing risk to the accuracy and timeliness of royalty distributions to the Membership. To mitigate the risk, an IT programme is underway to enhance the data processing capabilities of the systems that underpin royalty distributions, and additional layers of assurance have already been successfully embedded into the business process.

Covid-19 risk
Management have made a full assessment of the ongoing impact of Covid-19 on the business and this has been disclosed in the S172 statement and the Directors report.

Future developments
Revenue for 2021 is expected to increase upon 2020 although, due to the ongoing impact of Covid-19 into 2021, this is not expected to be a full recovery to 2019 revenues.

Authorised on behalf of the Board

Nigel Elderton

Nigel Elderton
Director

31 March 2021

PERFORMING RIGHT SOCIETY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the audited financial statements for the Group and the Company for the year ended 31 December 2020.

Principal activities
The principal activity of the Group is the aggregation and licensing of the performing rights vested in it by its members and affiliated societies, and the collection and distribution of the resulting royalties. The Company represents over 140,000 members collecting royalties from various sources, including from live performance, television and radio broadcasts, and streaming.

The principal activity of the Company's subsidiary, PRS for Music Limited ("PfM"), is to provide operational services to the Company and to act as a service provider to Mechanical-Copyright Protection Society Limited ("MCPS").

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Writers
B Blue
S Darlow
J Duguid
M Escoffery-Ojo
T Gray
E Gregson
C Hunt
S Levine
D Masters
P Pope
J Simmonds

Publishers
J Alway
S Anderson
A Bebawi
C Butler
N Elderton
S Hornall (resigned 18 August 2020)
A Kassner (appointed 18 August 2020)
R King
J Minch
R Neri
S Platz
J Smith

Independent Directors
S Cooke (appointed 18 August 2020)
S Davidson
M Poole
T Toumazis (appointed 18 August 2020)

Executive Director
A Czapary Martin

Nigel Elderton, Chair, Simon Darlow, Deputy Chair (writer) and Simon Platz, Deputy Chair (publisher), all continued in their positions throughout 2020.

Results and dividends
The results for the year are set out on page 15.

No interim dividends were paid. The directors do not recommend payment of a final dividend (2019: £nil).

Qualifying third party indemnity provisions

The Group 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 2006 S234. Such qualifying third party indemnity provision was in force during the financial year and at the date of approving the Directors' report.

Political donations

There were no political donations made during the year (2019 - £nil).

Disabled persons

The Group complies with the requirements of the Equality Act of 2010 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. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate.

Equal opportunity

The Group 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.

Employee involvement

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

To achieve a common understanding and awareness amongst all employees of the Group's plans, an extensive briefing and consultation process operates.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors
In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditor are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte as auditor will be proposed at the forthcoming Annual General Meeting.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. There is an agreed plan to reduce the Group deficit over time, while maintaining the maximum distributions to our members. This is actioned through the setting of administration rates, over which the PRS board exercises ultimate control and through control of the amounts charged by PfM to PRS. While the Group has a net deficit on its reserves, the Articles of PRS permit the retention from out of revenues of such amounts as are necessary for the expenses of the Company. The directors believe that the Group is well-placed to manage its business risks, given it has considerable financial resources including cash balances of £152,663,000 (2019 - £201,196,000) at the year end and only makes distributions when monies have been received, and hence believe the Group and Company are a going concern.

The Group Statement of financial position includes the PfM defined benefit scheme deficit and also reflects the impact of assuming £25,197,000 of historic liabilities when the MCPS-PRS Alliance dissolved in 2013. As a result, the Group has a net deficit of £63,397,000 at 31 December 2020 (2019 – £75,470,000). This has decreased from 2019 mainly as a result of the defined benefit scheme deficit decreasing from £39,470,000 to £25,412,000. PfM and the trustees of the pension schemes have agreed a recovery plan to fully fund the schemes by the end of 2030. Part of this plan is an agreed Group contribution per year of £3,500,000. There is also an investment strategy in place to reduce future volatility.

The directors have also considered the status of its joint ventures and associate undertakings:

ICE Operations is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2020, after offsetting any final adjustments from the previous year, was £19,000 (2019 – share of loss £75,000). ICE Operations is forecasting to cover its costs in future years and repay its loan finance over 10 years. At the year end, the value of the loans to be repaid by ICE Operations was £8,119,000 (2019 - £6,941,000) and the value of the equity investment was £2,958,000 (2019 - £2,958,000).

ICE Services is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2020, after offsetting any final adjustments from the previous year, was £526,000 (2019 - £374,000). ICE Services is forecasting to cover its costs in future years and repay its loan finance over 5 years. At the year end, the value of loans to be repaid by ICE Services was £210,000 (2019 - £1,327,000) and the value of the equity investment was £100,000 (2019 - £100,000).

SOLAR is fully and equally supported by its shareholders. The Group's share of the loss for the year to 31 December 2020 was £626,000 (2019 – share of profit £54,000). At the year end, the value of loans to be repaid by SOLAR was £429,000 (2019 - £429,000) and there was no equity investment (2019 - £nil).

NMP is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2020, before any cost reduction adjustments and after including any final adjustments from the prior year, was £989,000 (2019 - £nil). There was no repayment of capital from NMP during the year (2019 - £824,000) and the value of the equity investment at the year end was £960,000 (2019 - £974,000). At the year end, the value of the loans to be repaid by NMP was £nil (2019 - £nil).

Going concern (continued)
PPL - PRS is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2020, after offsetting any final adjustments from the previous year, was £13,000 (2019 - share of loss £437,000). PPL - PRS is forecasting to make profits in future years and repay its loan finance over 5 years from the date of commencement of licensing activities in the joint venture. At the year end, the value of loans to be repaid by PPL - PRS was £12,149,000 (2019 - £12,809,000) and the value of the equity investment was £50,000 (2019 - £50,000).

The directors do not believe it is appropriate to prepare downside scenarios, given the nature of the business and its cashflows and distribution policies. Therefore, after making enquiries and considering any subsequent events, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Covid-19
In response to the ongoing Covid-19 risk, the Group has defined its guiding principles as to protect the livelihood and safety of our employees in the first instance, in order to maintain services and key activities to ensure the livelihoods of the members we represent. During 2020 this has included successfully transitioning staff to working from home, stress-testing systems and network provision, revising processes and methods of operation and increasing company-wide communications via video conferencing. The collective efforts have enabled the distribution of royalties in line with published schedules, the creation of additional support mechanisms for those in need and the maintenance of core services to members.

An assessment of the financial impact of Covid-19 was carried out during 2020, including modelling various scenarios based on differing levels of reduced trading in 2020 and 2021, particularly in the area of public performance. The result of this and ongoing reviews of the situation is that the directors remain confident that the Group will have sufficient funds to continue its operations as a going concern, but will continue to look at ways to maximise cash levels as would be expected. In 2020 the Group made use of government support schemes up to a value of £47,000.

Events after the balance sheet date
Details of significant events since the balance sheet date are contained in note 29 to the financial statements. There are no events which require adjustments to the financial statements.

Research and development
During 2020, the Group continued projects to develop its intangible assets.

Corporate governance
The Company’s Board of Directors (known as Members Council) is ultimately responsible for the governance of the Company. The Members Council delegates much of the business decision-making to the PfM Board in accordance with agreed mandates. PfM is an operational services company which has been a wholly-owned subsidiary of the Company since 1 July 2013.

Financial risk management
The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The management of principal risks and uncertainties is disclosed within the Strategic report, as permitted under s414C(11) of the Companies Act 2006.

Authorised on behalf of the Board

Nigel Elderton

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Nigel Elderton
Director

31 March 2021

INDEPENDENT AUDITOR REPORT

TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Performing Right Society Limited (the 'Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income statement;
- the Consolidated Statement of comprehensive income;
- the Consolidated and Company Statements of financial position;
- the Consolidated and Company Statements of changes in equity;
- the Consolidated Statement of cash flows; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Statement of directors' responsibilities

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Streamlined Energy & Carbon Reporting regulations.

We discussed among the audit engagement team and relevant internal specialists such as tax, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

Cut-off of online revenues:

- we have evaluated the design and implementation of relevant controls associated with cut-off of online revenue;
- we have selected a sample of manual adjustments relating to pre and post year-end, responsive to the risk identified, and traced to the supporting documentation in order to test whether the revenue was recognised in the correct period; and
- we have also traced a sample of deferred and accrued balances to contract and recalculated the balances.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

PERFORMING RIGHT SOCIETY LIMITED

INDEPENDENT AUDITOR REPORT (CONTINUED)

TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

Report on other legal and regulatory requirements (continued)

In the light of the knowledge and understanding of the Group and of the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

Chris Donovan (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

31 March 2021

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000 (Restated)
Revenue	**3**	650,468	810,838
Licensing and administrative expenses		(85,130)	(101,004)
Other operating income		12,996	12,715
Operating profit	**4**	578,334	722,549
Other investment income	**8**	1,626	2,675
Finance costs	**9**	(775)	(835)
Amounts appropriated - donations		(3,634)	(3,035)
Share of profit/(loss) from joint ventures	**13**	921	(84)
Profit before taxation and funds attributable to members and affiliated societies		576,472	721,270
Funds attributable to members and affiliated societies		(575,933)	(721,712)
Profit/(loss) before taxation		539	(442)
Taxation	**10**	(271)	(227)
Group profit/(loss) after taxation and funds attributable to members and affiliated societies		268	(669)

The Consolidated Income statement has been prepared on the basis that all operations are continuing operations.

The presentation of the Consolidated Income statement has been revised in 2020 to include the deduction for funds attributable to members and affiliated societies, rather than within the Consolidated Statement of comprehensive income where it has previously been disclosed. As a result of the deduction now being taken in the Income statement, the profit before taxation for 2019 has been restated to show a loss before taxation of £442,000. The Group believes that this is more aligned to the nature of the deduction, improves visibility for the readers of the financial statements and is in line with the judgement around Principal versus Agent disclosed in Note 2.

The notes on pages 22 to 53 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000 (Restated)
Group profit/(loss) after taxation and funds attributable to members and affiliated societies		268	(669)
Actuarial gain/(loss) on defined benefit pension schemes	**24**	11,603	(12,638)
Foreign exchange gain on joint venture investments		202	386
Total comprehensive income/(expense) relating to the year		12,073	(12,921)

The notes on pages 22 to 53 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Note	**£000**	**£000**	**£000**	**£000**
Fixed assets					
Intangible assets	**11**		21,540		22,029
Tangible assets	**12**		10,089		11,496
Investments	**13**		2,975		2,098
			34,604		35,623
Current assets					
Trade and other receivables: amounts falling due after more than one year	**18**	18,235		16,284	
Trade and other receivables: amounts falling due within one year	**18**	132,624		202,237	
Investments - short-term deposits	**22**	29,089		97,323	
Cash at bank and in hand		123,574		103,873	
		303,522		419,717	
Creditors: amounts falling due within one year	**20**	(371,744)		(486,682)	
Net current liabilities			(68,222)		(66,965)
Total assets less current liabilities			(33,618)		(31,342)
Provisions for liabilities	**23**		(4,367)		(4,658)
Net liabilities excluding pension liability			(37,985)		(36,000)
Defined benefit pension liability	**24**		(25,412)		(39,470)
Net liabilities			(63,397)		(75,470)
Total reserves - deficit			(63,397)		(75,470)

The financial statements on pages 15 to 53 were approved by the Board of Directors and authorised for issue on 31 March 2021 and are signed on its behalf by:

Nigel Elderton

Nigel Elderton
Director
Company Registration No. 00134396

The notes on pages 22 to 53 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Note	**£000**	**£000**	**£000**	**£000**
Current assets					
Trade and other receivables: amounts falling due after more than one year	**18**	3,430		4,308	
Trade and other receivables: amounts falling due within one year	**18**	210,680		283,415	
Investments - short-term deposits	**22**	24,000		92,250	
Cash at bank and in hand		105,999		81,229	
		344,109		461,202	
Creditors: amounts falling due within one year	**20**	(347,668)		(464,761)	
Net current liabilities			(3,559)		(3,559)
Total reserves - deficit			(3,559)		(3,559)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The profit before taxation and funds attributable to members and affiliated societies for the Company for the year was £575,933,000 and the profit before taxation was £nil (2019: £721,712,000 and £nil respectively).

The financial statements on pages 15 to 53 were approved by the Board of Directors and authorised for issue on 31 March 2021 and are signed on its behalf by:

Nigel Elderton

Nigel Elderton
Director
Company Registration No. 00134396

The notes on pages 22 to 53 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Total Reserves £000 (Restated)
Opening reserves at 1 January 2019		(62,549)
Year ended 31 December 2019:		
Group loss after taxation and funds attributable to members and affiliated societies		(669)
Other comprehensive (expense)/income:		
Actuarial losses on defined benefit plans	**24**	(12,638)
Foreign exchange gains on investments		386
Total comprehensive expense for the year		(12,921)
Closing reserves at 31 December 2019		(75,470)
Year ended 31 December 2020:		
Group profit after taxation and funds attributable to members and affiliated societies		268
Other comprehensive income:		
Actuarial gains on defined benefit plans	**24**	11,603
Foreign exchange gains on investments	**13**	202
Total comprehensive income for the year		12,073
Closing reserves at 31 December 2020		(63,397)

The notes on pages 22 to 53 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Total Reserves £000 (Restated)
Opening reserves at 1 January 2019	(3,559)
Year ended 31 December 2019:	
Total comprehensive income for the year	-
Closing reserves at 31 December 2019	(3,559)
Year ended 31 December 2020:	
Total comprehensive income for the year	-
Closing reserves at 31 December 2020	(3,559)

The notes on pages 22 to 53 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	£000	2020 £000	£000	2019 £000
Cash flows generated from/(used in) operating activities					
Cash generated from operations	30		652,090		706,737
Amounts paid to members and affiliates			(693,237)		(681,380)
Finance costs paid			(775)		(835)
Net cash (used in)/generated from operating activities			(41,922)		24,522
Cash flows from Investing activities					
Purchase of intangible assets		(6,457)		(4,934)	
Purchase of tangible assets		(138)		(674)	
Proceeds on disposal of investment property		-		297	
Proceeds on joint venture capital repayments		-		824	
Interest received		1,799		3,521	
Repayments from joint venture loans		2,021		7,577	
Draw downs on loans to joint ventures		(2,513)		(6,816)	
Redeemed/(invested in) from deposits held > 3m		30,250		(250)	
Net cash flows generated from/(used in) investing activities			24,962		(455)
Cash flows from Financing activities					
Defined benefit pension contributions paid		(3,500)		(3,500)	
Net cash flows used in financing activities			(3,500)		(3,500)
Net (decrease)/increase in cash and cash equivalents			(20,460)		20,567
Cash and cash equivalents at beginning of year			150,946		132,125
Effect of foreign exchange rates			2,177		(1,746)
Cash and cash equivalents at end of year			132,663		150,946
Represented by:					
Investments held < 3 months			9,089		47,073
Cash at bank and in hand			123,574		103,873
			132,663		150,946

Deposits held for 3 months or less are shown as cash and cash equivalents. In addition to cash and cash equivalents held above, the Group holds £20,000,000 (2019 - £50,250,000) in deposit accounts greater than 3 months. The notes on pages 22 to 53 form an integral part of these financial statements. The Company has elected to take the exemption under FRS102, paragraph 1 - 12 (b) not to present the Company Statement of cash flows.

1 Accounting policies

Company information

Performing Right Society Limited ("the Company") is a company limited by guarantee, domiciled and incorporated in England and Wales, United Kingdom. The registered office is 2 Pancras Square, London, N1C 4AG, United Kingdom.

Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted, which have been consistently applied to all the years presented, are set out below.

Format of Income statement and Statement of financial position

The formats of the Income statement and Statement of financial position have been adapted from that prescribed by the Companies Act 2006 in order to better reflect the nature of the business.

Definitions:

'PRS' means Performing Right Society Limited.
'PfM' means PRS for Music Limited.
'MCPS' means Mechanical-Copyright Protection Society Limited.
'ICE Operations' means International Copyright Enterprise A.B.
'ICE Services' means International Copyright Enterprise Services Limited.
'NMP' means Network of Music Partners A/S.
'SOLAR' means SOLAR-Music Rights Management GmbH.
'PPL - PRS' means PPL PRS Limited.
'PPL' means Phonographic Performance Limited.
'GEMA' means Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, a German collecting society.
'STIM' means Svenska Tonsättares Internationella Musikbyrå, a Swedish collecting society.

Accounting convention

The Group financial statements consolidate the financial statements of Performing Right Society Limited and all its subsidiary undertakings drawn up to 31 December each year. As permitted by s408 Companies Act 2006, the Company has not presented its own Income statement and Statement of cash flows.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the result of its joint ventures made up to 31 December. Associates which have been assessed as being immaterial to the Group, are accounted for at cost. In the Company financial statements investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

1 Accounting policies **(Continued)**

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. There is an agreed plan to reduce the Group deficit over time, while maintaining the maximum distributions to our members. This is actioned through the setting of administration rates, over which the PRS board exercises ultimate control and through control of the amounts charged by PfM to PRS. While the Group has a net deficit on its reserves, the Articles of PRS permit the retention from out of revenues of such amounts as are necessary for the expenses of the Company. The directors believe that the Group is well-placed to manage its business risks, given it has considerable financial resources including cash balances of £152,663,000 (2019 - £201,196,000) at the year end and only makes distributions when monies have been received, and hence believe the Group and Company are a going concern.

The Group Statement of financial position includes the PfM defined benefit scheme deficit and also reflects the impact of assuming £25,197,000 of historic liabilities when the MCPS-PRS Alliance dissolved in 2013. As a result, the Group has a net deficit of £63,397,000 at 31 December 2020 (2019 – £75,470,000). This has decreased from 2019 mainly as a result of the defined benefit scheme deficit decreasing from £39,470,000 to £25,412,000. PfM and the trustees of the pension schemes have agreed a recovery plan to fully fund the schemes by the end of 2030. Part of this plan is an agreed Group contribution per year of £3,500,000. There is also an investment strategy in place to reduce future volatility.

The directors have also considered the status of its joint ventures and associate undertakings:

ICE Operations is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2020, after offsetting any final adjustments from the previous year, was £19,000 (2019 – share of loss £75,000). ICE Operations is forecasting to cover its costs in future years and repay its loan finance over 10 years. At the year end, the value of the loans to be repaid by ICE Operations was £8,119,000 (2019 - £6,941,000) and the value of the equity investment was £2,958,000 (2019 - £2,958,000).

ICE Services is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2020, after offsetting any final adjustments from the previous year, was £526,000 (2019 - £374,000). ICE Services is forecasting to cover its costs in future years and repay its loan finance over 5 years. At the year end, the value of loans to be repaid by ICE Services was £210,000 (2019 - £1,327,000) and the value of the equity investment was £100,000 (2019 - £100,000).

SOLAR is fully and equally supported by its shareholders. The Group's share of the loss for the year to 31 December 2020 was £626,000 (2019 – share of profit £54,000). At the year end, the value of loans to be repaid by SOLAR was £429,000 (2019 - £429,000) and there was no equity investment (2019 - £nil).

NMP is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2020, before any cost reduction adjustments and after including any final adjustments from the prior year, was £989,000 (2019 - £nil). There was no repayment of capital from NMP during the year (2019 - £824,000) and the value of the equity investment at the year end was £960,000 (2019 - £974,000). At the year end, the value of the loans to be repaid by NMP was £nil (2019 - £nil).

PPL - PRS is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2020, after offsetting any final adjustments from the previous year, was £13,000 (2019 - £437,000). PPL - PRS is forecasting to make profits in future years and repay its loan finance over 5 years from the date of commencement of licensing activities in the joint venture. At the year end, the value of loans to be repaid by PPL - PRS was £12,149,000 (2019 - £12,809,000) and the value of the equity investment was £50,000 (2019 - £50,000).

The directors do not believe it is appropriate to prepare downside scenarios, given the nature of the business and its cashflows and distribution policies. Therefore, after making enquiries and considering any subsequent events, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1 Accounting policies **(Continued)**

Revenue

Operating fees receivable
Revenue relates to the provision of operating services to third parties and is accounted for on an accruals basis, so that income is recognised in the period to which it relates.

Licence revenue
License revenue is recognised gross, in line with the Group's judgement that it is the Principal in its arrangements with its members.

Broadcasting and Public Performance revenue is accounted for on an accruals basis over the period of the contract, so that income is recognised in the period to which it relates.

Online revenue is recognised over the period to which the licence or usage relates. Where online revenue is invoiced on a minimum guarantee basis, the recognition will ultimately be based on usage.

Income from overseas collecting societies is recognised in the period in which it is received or it becomes virtually certain of being received and is recognised net of non-refundable withholding tax deductions.

Where income is received as a result of audit activities it is recognised net of associated costs.

Interest Income
Interest income is recognised on an accruals basis when the Group’s right to receive payment have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Foreign exchange
Company
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Income statement for the period.

Group
The financial statements are translated at the rate of exchange ruling at the Statement of financial position date. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves. All other differences are taken to the Income statement for the period.

Funds attributable to members and affiliated societies
Funds attributable to members and affiliated societies represents the royalty income earned and recognised in the period, for rights licensed by the Company and net of operating costs, available to be distributed to members and affiliates of the society. These amounts are not allocated to individual members until payment of the royalties takes place. The deduction for the amounts attributable to the members and affiliates, some of which will not be allocated and distributed until a future period, is taken through the Consolidated Income statement.

Leases
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group are capitalised in the Statement of financial position and are depreciated over their useful lives.

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged in the Income statement on a straight-line basis over the lease term. Lease incentives are credited to the Income statement, to reduce the lease expense, on a straight-line basis over the lease term.

1 Accounting policies **(Continued)**

Intangible fixed assets other than goodwill

Computer software and internally generated software costs are stated at cost less accumulated amortisation and accumulated impairment losses. Internally generated software costs, which are predominantly the staff costs of individuals contributing to the development of the asset, are capitalised as intangible assets when technical feasibility and future economic benefits have been established.

Where factors, such as technological advancement or changes in market price, indicate that the residual value or useful life have changed, the residual value, useful economic life ("UEL") or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be changed.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following straight line basis:

Software	3 - 7 years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets acquired at a cost of more than £1,000, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset on a straight line basis as follows:

Leasehold land and buildings and building improvements	shorter of lease term and 40 years
Systems and equipment	3 - 7 years

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Operating profit/(loss)'.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Non-current 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 the investments are reviewed for impairment in the reporting period, if events or changes in circumstances indicate the carrying value may not be recoverable.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the Group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies (Continued)

Impairment of non-current assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Other deposits, held for greater than 3 months, are classed as current assets but are excluded from cash as cash equivalents as disclosed in the Consolidated statement of cash flows.

Financial instruments

The Group has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's Statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

1 Accounting policies (Continued)

Financial assets (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, amounts due to members and affiliated societies and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Amounts due to members and affiliated societies represent net obligations to pay out royalties collected for rights licensed by the Company.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (Continued)

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the reporting end 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 reporting end 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 reporting end 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 reporting end date.

Withholding tax

Withholding tax is a complex issue that requires analysis of domestic legislation, double tax treaties and the submission of forms and documents to relevant payers and tax authorities. Due to the inherent complexities, there is a risk that not all withholding tax has been accounted for correctly. The Group therefore continues to consult with tax specialists on a regular basis to consult and review the tax structuring arrangements. The Group only recognises refundable withholding taxes as revenue in the Income Statement when it is virtually certain that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Group has recognised a constructive obligation relating to litigation at the Statement of financial position date. The obligation has been calculated by estimating the most likely course of action pertaining to four litigation cases where the Group is the claimant. It is expected that most of these costs will have been incurred within one year of the Statement of financial position date.

The Group has recognised a provision for the estimated cost of returning its leasehold property in Kings Cross to the original condition at the end of the lease.

1 Accounting policies (Continued)

Retirement Benefits

Defined benefit pension plan

The Group 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) 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. The Schemes closed to future accrual on 31 December 2010 with all remaining active members at that point becoming deferred members and losing the link to final salary.

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 the Income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss that is recognised in the Income statement. 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.

The interest element of the defined benefit cost represents the change in present value of scheme obligations over 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 comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the Statement of financial position 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.

Defined contribution pension plan

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements and estimates

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Judgements

Principal versus Agent

PRS has determined that, by virtue of it being the legal owner of the rights that are being exploited, it is the Principal party in its agreements with its members and as such the financial statements have been prepared on this basis with the full gross royalty revenues accounted for as revenue in the Income Statement. When making this assessment, PRS has considered that it is a condition of membership that members assign the ownership of the performing rights in their musical works to PRS throughout their term of membership, subject to the provisions of PRS' Constitution, and that PRS is entitled to exercise independent decision-making and discretion in relation to the royalty sums it receives, including decisions relating to their distribution, investment, and application for the purposes of PRS business activities.

Funds attributable to members and affiliated societies

Funds attributable to members and affiliated societies is the recognised royalty income for the period that could be considered as distributable, after deduction of certain costs. It is management's judgement that the amounts that are distributed to individual members and affiliated societies, after the application by the society of its various distribution policies, are intrinsically linked to and conditional upon their respective roles as authors and/or publishers or (in the case of an affiliated society) other person interested in the various copyright works of the intellectual property rights in which they have each assigned or mandated to PRS. These are not payments made to such person by virtue only of their being members (i.e. owners) of the Society in company law, therefore the deduction for funds attributable to members and affiliated societies is presented in the Income Statement.

Estimates

Retirement benefit schemes

The Group has an obligation to pay pension benefits to members of the defined benefit pension schemes. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, inflation, asset valuations and the discount on corporate bonds. Management estimates these factors in determining the net pension obligation on the Statement of financial position and these estimates are based on recommendations from the Group's actuary, Aon. See note 24 for the disclosures relating to the defined benefit pension schemes.

Impairment of receivables

The Group makes an estimate of the recoverable amount of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the receivable, the ageing profile of receivable, historical experience and any other evidence or knowledge of current issues that the Group is experiencing. See note 18 for the net of the carrying amount of receivables and associated impairment provision.

2 Judgements and key sources of estimation uncertainty (Continued)

Provision for credit notes

The Group has made an estimate of the value of credit notes to be issued to public performance licensees as a result of periods of closure due to Covid-19. When calculating the estimate, management has considered factors including government guidance on the closures in various sectors, the impact of the tiering systems across different geographical locations and the knowledge and insight of internal subject matter experts at PRS and PPL-PRS on how specific tariffs will be impacted. The provision has been recognised in Other Payables, rather than offset against Amounts due from related parties, as the obligation for a refund to licensees exists but in most cases the invoices that are due to be credited have already been paid and so there is not the equivalent debtor balance to be reduced. See note 20 for the disclosure on Other Payables.

3 Revenue

An analysis of the Group's revenue is as follows:

	2020 £000	2019 £000
Revenue		
Public Performance	86,160	222,206
Broadcast	127,410	130,798
Online	188,315	179,132
International	248,583	278,702
	650,468	810,838

International revenue is stated net of £2,555,000 non-refundable withholding tax deductions (2019 - £4,037,000).

Revenue analysed by geographical market

	2020 £000	2019 £000
United Kingdom, Channel Islands and Isle of Man	240,832	374,988
Europe	300,952	318,377
North America	67,733	72,784
Asia	18,182	17,682
Central and South America	5,975	9,201
Australasia	13,448	14,233
Africa and Middle East	3,346	3,573
	650,468	810,838

4 Operating profit

	2020	2019
	£000	£000
Operating profit for the year is stated after (crediting)/charging:		
Exchange (gain)/losses	(2,177)	1,746
Depreciation/amortisation of fixed assets	7,744	7,816
Loss on disposal of tangible assets	8	25
Loss on disposal of intangible assets	739	31
Loss/(gain) on impairment of investments	232	(7)
Operating lease charges	2,526	3,010

5 Auditors' remuneration

	2020	2019
Fees payable to the Group's auditors and their associates:	£000	£000
For audit services		
Audit of the financial statements of the Group and parent company	65	66
Audit of the Company's subsidiaries	128	99
	193	165
For other services		
Taxation compliance services	-	18
Other taxation services	-	2
Other audit related services	25	-
All other non-audit services	-	73
	25	93

6 Employees

The average monthly number of persons (excluding Board directors) employed by the Group during the year was:

	2020	2019
	Number	Number
Licensing	45	48
Distribution and membership	163	167
Support services	256	260
	464	475

All employee costs are incurred by the Group and are presented on the following page. There are no Company employees. Employee costs have reduced in 2020 due primarily to the company-wide incentive scheme being largely cancelled for the year as a result of the impact of Covid-19.

6 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	24,282	28,407
Social security costs	2,574	3,031
Other pension costs	1,582	1,572
	28,438	33,010

7 Directors' remuneration

	2020 £000	2019 £000
Remuneration for qualifying services	921	1,896
Group pension contributions to defined contribution schemes	33	41
	954	1,937

The number of directors for whom retirement benefits were accruing under defined contribution schemes during the year amounted to 1 (2019 - 2). No directors (2019 - none) were members of the defined benefit schemes.

The directors are considered the key management personnel of the company. Remuneration disclosed above includes amounts paid to non-executive directors and the CEO, who was the highest paid director in the year.

Remuneration paid to the highest paid director:

	2020 £000	2019 £000
Remuneration for qualifying services	398	991
Group pension contributions to defined contribution schemes	33	22

Included within the remuneration of the highest paid director for the previous year was £294,000 of payments for compensation for loss of office. There were no equivalent amounts paid in 2020.

The remuneration of non-executive directors, excluding pension contributions, was £523,000 (2019 - £525,000). There were 26 non-executive directors at 31 December 2020 (2019 - 24).

The position of Chair was unchanged during the year. The remuneration of the Chair, Nigel Elderton, was £62,000 (2019 - £63,000). The positions of Deputy Chair (Publisher) and Deputy Chair (Writer) were unchanged during the year. The remuneration of the Deputy Chair (Publisher), Simon Platz, was £33,000 (2019 - £23,000). The remuneration of Deputy Chair (Writer), Simon Darlow, was £44,000 (2019 - £44,000). These are all included in the remuneration of non-executive directors' amount shown above.

8 Other investment income

	2020 £000	2019 £000
Interest income		
Interest on bank deposits	995	1,976
Other interest income	631	699
	1,626	2,675

9 Finance costs

	Note	2020 £000	2019 £000
Interest and other past service costs related to the net defined benefit liability	**24**	775	835
		775	835

10 Taxation

	2020 £000	2019 £000
Origination and reversal of timing differences	271	227

The tax charge assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit/(loss) before taxation	539	(442)
Expected tax charge based on a corporation tax rate of 19.00% (2019 - 19.00%)	102	(84)
Tax effect of expenses that are not deductible in determining taxable profit	222	353
Depreciation on assets not qualifying for tax allowances	201	196
Adjustments relating to the pension fund	2,475	(2,176)
Deferred tax not provided on current year movement	(2,729)	1,938
Tax expense for the year	271	227

10 Taxation **(Continued)**

Changes to the UK corporation tax rates were enacted as part of the Finance (No.2) Act 2015 which received Royal Assent on 18 November 2015 and Finance Bill 2016 which received Royal Assent on 15 September 2016. These include reductions to reduce the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020. On 11 March 2020 it was announced that the tax rate would remain at 19% for the financial years commencing 1 April 2020 and 1 April 2021. Accordingly, current tax has been calculated at the rate for the year of 19% and, as the changes had been substantively enacted at the Statement of financial position date, the unrecognised deferred tax asset has been calculated using a rate of 19%.

The Group has an unrecognised deferred tax asset of £14,186,000 (2019 - £16,929,000) made up of trading losses £7,228,000 (2019 - £6,605,000), pension contribution spreading of £717,000 (2019 - £1,203,000) and fixed asset and other timing differences of £1,984,000 (2019 - £2,628,000). In addition, there is an unrecognised deferred tax asset arising on the pension deficit of £4,257,000 (2019 - £6,493,000).

11 Intangible fixed assets

Group	**Software**
	£000
Cost	
At 1 January 2020	78,221
Additions	6,457
Disposals	(739)
At 31 December 2020	83,939
Accumulated amortisation	
At 1 January 2020	56,192
Amortisation charged for the year	6,207
At 31 December 2020	62,399
Carrying amount	
At 31 December 2020	21,540
At 31 December 2019	22,029

Intangible assets are long-term investments made in order to build or create IT systems or applications used by the organisation. This includes directly attributable costs of staff, contractors and consultants. Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Amortisation of intangible assets is included within Administrative expenses in the Income Statement.

The Company had no intangible assets at 31 December 2020 or 31 December 2019.

12 Tangible fixed assets

Group	Leasehold land and buildings and building improvements	Systems and equipment	Total
	£000	£000	£000
Cost			
At 1 January 2020	15,031	8,247	23,278
Additions	7	131	138
Disposals	-	(551)	(551)
At 31 December 2020	15,038	7,827	22,865
Accumulated depreciation			
At 1 January 2020	5,048	6,734	11,782
Depreciation	1,057	480	1,537
Eliminated in respect of disposals	-	(543)	(543)
At 31 December 2020	6,105	6,671	12,776
Carrying amount			
At 31 December 2020	8,933	1,156	10,089
At 31 December 2019	9,983	1,513	11,496

All leasehold agreements are short-term and for a period of less than 50 years.

The Company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

13 Investments

		Group		Company	
		2020	2019	2020	2019
	Notes	£000	£000	£000	£000
Investments in joint ventures	15	2,975	1,866	-	-
Unlisted investments	17	-	232	-	-
		2,975	2,098	-	-

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Investments **(Continued)**

Movements in non-current investments

Group	**Joint ventures £000**	**Other £000**	**Total £000**
Cost or valuation			
At 1 January 2020	1,866	232	2,098
Revaluation changes	(14)	-	(14)
Share of profit from joint ventures	921	-	921
Foreign exchange gain on joint venture net assets	202	-	202
At 31 December 2020	2,975	232	3,207
Impairment			
At 1 January 2020	-	-	-
Impairment losses	-	232	232
At 31 December 2020	-	232	232
Carrying amount			
At 31 December 2020	2,975	-	2,975
At 31 December 2019	1,866	232	2,098

The Group has agreed to relinquish its shareholding in FastTrack in 2021 for £nil sales proceeds. As such the value held in Other investments has been fully impaired at 31 December 2020.

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Subsidiaries

Details of the Group's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Company registration	Nature of business	Class of shareholding	% Held Direct	Indirect
Mechanical Copyright (Overseas) Limited	01342133	Dormant	Membership	100.00	
Music Copyright Operational Services Limited	03824955	Dormant	Ordinary Shares	100.00	
Musiclicensing.com Limited	03936115	Dormant	Ordinary Shares	100.00	
Musiclicensing.org Limited	04042187	Dormant	Ordinary Shares	100.00	
PRS for Music Limited	03444246	Service Company	Ordinary Shares	100.00	
The Music Alliance Limited	03537311	Dormant	Ordinary Shares	100.00	
GRD Prep Co Limited	08121496	Dormant	Ordinary Shares		100.00
Imprimatur Services Limited	03882134	Dormant	Ordinary Shares		100.00
PRS for Music (USA) Limited	06805434	Dormant	Ordinary Shares		100.00
Rightswatch Limited	04178447	Dormant	Membership		100.00
The MCPS-PRS Alliance Limited	06825354	Dormant	Ordinary Shares		100.00

The registered office address of all subsidiaries is 2 Pancras Square, London, N1C 4AG and the country of incorporation is England and Wales.

Performing Right Society Limited has guaranteed the liabilities of the above dormant subsidiaries, in order that they qualify for the exemption from audit under Section 394A or 479A (as appropriate) of the Companies Act 2006 in respect of the year ended 31 December 2020.

15 Joint ventures

Details of joint ventures at 31 December 2020 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business and registered office address	Class of shareholding	% Held Direct	Indirect
International Copyright Enterprise Services A.B	Sweden	Service Centre Gustavslundsvägen 135, Stockholm, 167 51 Bromma, Sweden	Ordinary Shares		33.33
Network of Music Partners A/S	Denmark	Service Centre, Rued Langgaards Vej 8, 2300 Copenhagen S, Denmark	Ordinary Shares		50.00
SOLAR-Music Rights Management GmbH	Germany	Pan-European Licencing, Rechtsanwältin, Rosenheimer Straße 11, D-81667 München	Ordinary Shares		50.00
Global Repertoire Database Limited	England and Wales	Global repertoire database, 2 Pancras Square, London United Kingdom, N1C 4AG	Membership		50.00
International Copyright Enterprise Services Limited	England and Wales	Multi-territorial Licencing, 2 Pancras Square, London, UK, N1C 4AG	Ordinary Shares		33.33
PPL PRS Limited	England and Wales	UK public performance licensing, Mercury Place, St George Street, Leicester, UK, LE1 1QG	Ordinary Shares		50.00

16 Associates

Details of associates at 31 December 2020 are as follows:

Name of undertaking	Country of Incorporation	Nature of business	Class of shareholding	% Held Direct	Indirect
British Music Rights Limited	England and Wales	Dormant	Ordinary Shares	25.00	

The registered office address of British Music Rights Limited is 2 Pancras Square, London, N1C 4AG.

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Significant undertakings

The Group also has significant holdings in undertakings which are not subsidiaries and are not classified as joint ventures or associated undertakings:

Name of undertaking and country of incorporation or residency		Nature of business and registered office address	Class of shareholding	% Held Direct	Indirect
UK Music 2009 Limited	England and Wales	Lobbying organisation, 4th Floor, 49 Whitehall, London, UK, SW1A 2BX	Membership		10.00
FT, The Digital Copyright Network SAS	France	Royalty information systems, 130 Rue Cardinet, 75017 Paris, France	Ordinary Shares		13.02

18 Trade and other receivables

	Group 2020	2019	Company 2020	2019
Amounts falling due within one year:	**£000**	**£000**	**£000**	**£000**
Trade receivables	42,431	54,413	26,733	24,264
Amounts owed by related parties	72,384	107,772	22,921	46,626
Amounts owed by group undertakings	-	-	151,316	186,065
Amounts owed by joint ventures	3,851	6,776	-	-
Amounts due from MCPS	-	2,070	-	-
Other receivables	10,754	27,945	9,710	26,460
Prepayments and accrued income	3,204	3,261	-	-
	132,624	202,237	210,680	283,415
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	3,430	4,308
Amounts owed by joint ventures	17,056	14,731	-	-
Other receivables	1,179	1,553	-	-
	18,235	16,284	3,430	4,308

The directors have considered the Trade and other receivables balance to approximate its fair value.

Trade receivables arise as a result of the Group raising invoices for Broadcast and UK online licensing. Trade receivables and Amounts owed from related parties are stated after provisions for impairment of £22,541,000 (2019 - £14,746,000).

Amounts owed by related parties arise as a result of invoicing via special purpose vehicles and joint ventures for multi-territory online and public performance licensing on behalf of the Group. Aside from the loans to joint ventures, which are detailed below, amounts due from related parties are interest free and payable when funds have been received from the licensee.

Other receivables represents reclaimable VAT, accrued interest receivable and other sundry receivables.

18 Trade and other receivables **(Continued)**

Within amounts falling due within one year in the Company, an amount of £878,000 (2019 - £901,000) relates to the current element of the interest free loan to PfM. The loan relates to exceptional contributions into the defined benefit pension schemes made by PfM in 2005 and funded by the Company. The balances are repayable over 20 years and are contractually not interest-bearing. The loan is measured at the present value of the future payments discounted at a market rate of interest for a similar financial instrument. Over the period of the loan, interest payable is calculated and added to the loan using the effective interest method. At the transition date the loan was discounted at 6.5% (Bank of England rate at the inception date, 2005, plus 2%) and the shortfall credited to profit and loss reserve. The effect of discounting will unwind over the period of the loan as interest charged to the Income statement.

Loans receivable – ICE Services

PfM had total loans of £0.2m receivable from ICE Services at 31 December 2020 (2019 - £1.3m), with the details of each loan disclosed below. The interest rate for these loans is set at the Bank of England Base rate +2%. Security is provided by a floating charge on the assets of ICE Services. Other related party balances with ICE Services are disclosed in Note 27.

	Local Currency				£000				
Loan	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**Terms**
Loan 1	EUR 0.7m	-	EUR 0.7m	-	545	-	545	-	Fully repaid
Loan 2	EUR 0.5m	-	EUR 0.5m	-	363	-	363	-	Fully repaid
Loan 3	EUR 0.5m	-	EUR 0.2m	EUR 0.3m	419	-	209	210	Repayment in equal instalments, with the final instalment due in 2021
					1,327	**-**	**1,117**	**210**	

Loans receivable - ICE Operations

PfM had total loans of £8.1m receivable from ICE Operations and its subsidiaries at 31 December 2020 (2019 - £6.9m), with the details of each loan disclosed below. The interest rate for all loans is set per annum and is equal to the six-month Stockholm Interbank offered rate, referred to as STIBOR 6M, +1 or +2%. Other related party balances with ICE Operations are disclosed in Note 27.

	Local Currency				£000				
Loan	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**B/fwd**	**Drawn**	**Repaid**	**C/Fwd**	**Terms**
Loan 1	SEK 4.4m	-	SEK 3.3m	SEK 1.1m	355	-	266	89	Repayment in equal instalments, with the final instalment due Q1 2021
Loan 2	SEK 2.4m	-	SEK 0.4m	SEK 2.0m	191	-	29	162	Repayment in equal instalments until 2024
Loan 3	SEK 0.1m	-	SEK 0.1m	-	8	-	8	-	Fully repaid
Loan 4	SEK 3.0m	-	SEK 2.2m	SEK 0.8m	243	-	182	61	Repayment in equal instalments, with the final instalment due Q1 2021
Loan 5	SEK 10.3m	-	SEK 6.0m	SEK 4.3m	873	-	518	355	Repayment in equal instalments until 2023
					1,670	**-**	**1,003**	**667**	
Loan 6	EUR 0.4m	-	EUR 0.2m	EUR 0.2m	366	-	217	149	Repayment in equal instalments, with the final instalment due Q1 2021
Loan 7	EUR 0.3m	-	EUR 0.1m	EUR 0.2m	191	-	60	131	Repayment in equal instalments until 2023
Loan 8	EUR 1.6m	-	-	EUR 1.6m	1,404	-	-	1,404	Repayment in equal instalments, until 2026
Loan 9	EUR 3.6m	EUR 2.4m	-	EUR 6.0m	3,120	2,050	-	5,170	
Loan 10	EUR 0.2m	EUR 0.5m	EUR 0.0m	EUR 0.7m	190	445	37	598	Repayment in equal instalments until 2023
					5,271	**2,495**	**314**	**7,452**	
					6,941	**2,495**	**1,317**	**8,119**	

18 Trade and other receivables (Continued)

Loans receivable – SOLAR Music Rights Management Limited

PfM had total loans of £0.4m receivable from SOLAR Music Rights Management Limited, a wholly owned subsidiary of SOLAR-Music Rights Management GmbH, at 31 December 2020 (2019 - £0.4m). The interest rate for this loan is set at the Bank of England Base rate +2%. Other related party balances with SOLAR are disclosed in Note 27.

	Local Currency				£000				
Loan	B/fwd	Drawn	Repaid	C/Fwd	B/fwd	Drawn	Repaid	C/Fwd	Terms
Loan 1	EUR 0.5m	-	-	EUR 0.5m	429	-	-	429	Full repayment due 2022

Loans receivable – PPL – PRS

PfM had total loans of £12.1m receivable from PPL - PRS at 31 December 2020 (2019 - £12.8m). The interest rate for this loan is set at the Bank of England Base rate +2%. Other related party balances with PPL-PRS are disclosed in Note 27

	Local Currency				£000				
Loan	B/fwd	Drawn	Repaid	C/Fwd	B/fwd	Drawn	Repaid	C/Fwd	Terms
Loan 1	GBP 12.8m	-	GBP 0.7m	GBP 12.1m	12,809	-	660	12,149	Repayment in instalments until 2023

Loans receivable – Members Benevolent Fund

During the year PfM loaned the Members Benevolent Fund £1.0m. This was fully repaid before 31 December 2020.

19 Financial Instruments

As of June 2016 PfM has entered into forward foreign currency contracts on all currency loans made to ICE Operations, ICE Services and SOLAR. A fixed rate is agreed for the term of each loan and forward contracts are entered into for a year at a time and rolled forward until the maturity date, currently set at various dates until 2024. All forward contracts are recognised in the statement of financial position and are measured at fair value through the Income statement, using the fixed market value exchange rates agreed at the start of each forward contract. The value of hedged loans recognised in the Statement of financial position as at 31 December 2020 was £8,758,000 (2019: £8,699,000).

20 Creditors: amounts falling due within one year

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Amounts owed to members and affiliated societies	260,392	377,696	260,392	377,696
Trade payables	1,415	1,102	-	-
Amounts owed to MCPS	7,889	1,254	-	1,254
Other taxation and social security	3,611	4,362	466	462
Deferred income	43,904	82,223	43,904	82,223
Other payables	42,906	3,126	42,906	3,126
Accruals	11,627	16,919	-	-
	371,744	486,682	347,668	464,761

The directors have considered the Trade payables balance to approximate its fair value. An amount of £7,889,000 (2019 - £nil) is included within amounts owed to MCPS, upon which the Group has no obligation to pay interest now or in the future and has no formal repayment terms.

Other payables includes an amount of £32,604,000 (2019 - £nil) for the estimated impact up to December 2020 of credit notes still expected to be raised to licensees for venues that have closed for a period as a result of Covid-19.

21 Amounts owed to MCPS

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Loan from MCPS	-	1,254	-	1,254
Payable within one year	-	1,254	-	1,254

The loan from MCPS was repayable in instalments up to 30 June 2020 and was free from interest. As part of the renegotiation of the service agreement in 2017 the repayment period was shortened from 1 January 2021. On adoption of FRS 102 the present value of the future payments were discounted at a market rate of interest for similar financial instruments. At the transition date the loan was discounted at 2.5% (Bank of England rate at the inception date, 2013, plus 2%) and the shortfall debited to profit and loss reserve. The effect of discounting was unwound over the period of the loan as interest charged to the Income statement. In 2020, interest charged was £80,000 (2019 - £78,000).

22 Investments - short-term deposits

Investments are short-term bank deposits consisting of £9,089,000 (2019 - £42,073,000) held in an overnight deposit account, £nil (2019 - £5,000,000) held in 95 days notice accounts and £20,000,000 (2019 - £50,250,000) held in 6 and 12 months notice accounts. £5,089,000 of these deposits are held in PfM (2019 - £5,073,000). The amounts held for 3 months or less are shown as cash and cash equivalents in the Consolidated statement of cash flows. The interest rates ranged between 0.10 % - 1.60% (2019 - 0.50 % to 1.60%).

23 Provisions for liabilities

	Group		Company	
	2020	**2019**	**2020**	**2019**
	£000	**£000**	**£000**	**£000**
Legal provisions	1,405	1,221	-	-
Restructuring provisions	-	475	-	-
Dilapidations provisions	2,962	2,962	-	-
	4,367	4,658	-	-

Movements on provisions:

	Legal provisions	Restructuring provisions	Dilapidations provisions	Total
Group	**£000**	**£000**	**£000**	**£000**
At 1 January 2020	1,221	475	2,962	4,658
Additional provisions in the year	1,167	-	-	1,167
Reversal of provision	(172)	(299)	-	(471)
Utilisation of provision	(811)	(176)	-	(987)
At 31 December 2020	1,405	-	2,962	4,367

The Group has recognised a provision for the estimated cost of returning its leasehold property in Kings Cross to the original condition at the end of the lease.

The Group recognised a provision for the estimated cost of restructuring the organisation in the previous year, following the announcement and the commencement of a collective consultation process in 2018. At the Statement of financial position date all costs relating to this provision had been incurred and the unutilised provision released.

The Group has recognised a constructive obligation relating to litigation at the Statement of financial position date. The obligation has been calculated by estimating the most likely course of action pertaining to four litigation cases where the Group is the claimant. It is expected that most of the costs will have been incurred within one year of the Statement of financial position date.

PERFORMING RIGHT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Retirement benefit schemes

Defined contribution schemes	**2020 £000**	**2019 £000**
Charge to Income statement in respect of defined contribution schemes	1,582	1,572

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. £223,000 (2019 - £222,000) relating to defined contribution payments has been accrued for at the year-end.

Defined benefit schemes

The Group operates two separately administered defined benefit pension schemes. 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. On 31 December 2010 the schemes were closed to future accrual with active members losing the link to final salary.

Valuation

In March 2019, the triennial valuations of the pension schemes were completed. The deficit funding plan was reassessed between the Group and the trustees of the schemes, with the deficit funding remaining at the same combined level overall as in prior years. The plan involves the Group making annual payments into the schemes in order to address the deficit by October 2027 for the MCPS-PRS Alliance Pension Scheme and June 2030 for the MCPS-PRS Alliance Pension Scheme (MPCS).

Key assumptions

	2020 %	**2019 %**
Discount rate	1.4	2.0
Pension increases (RPI max 5%)	2.7	3.0
Expected rate of salary increases	n/a	n/a
Price inflation (CPI)	2.1	2.0
Expected rate of decrease of pensions in payment	n/a	n/a
Price inflation (RPI)	2.7	3.0

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2020 Years	**2019 Years**
Retiring today		
- Males	22.1	21.9
- Females	24.0	23.8
Retiring in 20 years		
- Males	23.4	23.3
- Females	25.5	25.3

24 Retirement benefit schemes **(Continued)**

This decrease in the discount rate is a consequence of the fall in interest rates between 31 December 2019 and 31 December 2020.

The post-retirement mortality assumptions allow for expected decrease 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 2030. 2019 CMI mortality projections have been adopted in the assumptions, on the basis that this reflects the latest market data, with a smoothing factor which makes broadly the same allowance for expected higher life expectancy for pension scheme populations compared with the national population.

The amounts included in the Statement of financial position arising from obligations in respect of defined benefit plans are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	£000	**£000**	**£000**	**£000**
Present value of defined benefit obligations	26,175	40,504	-	-
Deficit in scheme	26,175	40,504	-	-
Deferred taxation balance relating to pension schemes	(763)	(1,034)	-	-
Total liability recognised	25,412	39,470	-	-

The defined benefit obligation comprises of £342,271,000 (2019 – £315,559,000) from plans that are wholly or partly funded.

The MCPS-PRS Alliance Pension Scheme closed to future accrual on 31 December 2010. A fixed annual contribution of £2,950,000 has been made to reduce the deficit in the scheme, following the decision at the triennial valuation completed in 2019 for deficit funding to remain at the same combined level as in prior years, but for the split between the PRS and MCPS schemes to be adjusted.

The MCPS-PRS Alliance Pension Scheme (MCPS) closed to future accrual on 31 December 2010. A fixed annual contribution of £550,000 has been made to reduce the deficit in the scheme following the decision at the triennial valuation completed in 2019 for deficit funding to remain at the same combined level as in prior years, but for the split between the PRS and MCPS schemes to be adjusted.

Total contributions to the defined benefit plans in the next year are expected to be £3,500,000.

24 Retirement benefit schemes **(Continued)**

Movements in the present value of defined benefit obligations

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
At 1 January	(265,558)	(233,790)	(50,001)	(42,830)	(315,559)	(276,620)
Benefits paid	9,334	6,664	887	600	10,221	7,264
Interest cost	(5,218)	(6,683)	(991)	(1,233)	(6,209)	(7,916)
Past service costs	-	-	-	-	-	-
Actuarial losses	(25,207)	(31,749)	(5,517)	(6,538)	(30,724)	(38,287)
At 31 December	(286,649)	(265,558)	(55,622)	(50,001)	(342,271)	(315,559)

The pension plans have not invested in any of the Group's reserves, or any of its own properties or other assets used in its operations.

The amounts recognised in the Income statement for the year are:

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Interest on net defined benefit pension liabilities	602	649	173	186	775	835
Past service costs	-	-	-	-	-	-
	602	649	173	186	775	835

24 Retirement benefit schemes (Continued)

The fair value of assets and liabilities at the reporting period end were as follows:

	MCPS-PRS Alliance Pension Scheme	
	2020	**2019**
	£000	**£000**
Equity instruments	55,113	49,110
Debt instruments	111,979	91,439
Property	10,534	10,758
Cash	21,878	15,560
Hedge funds	53,289	50,513
Other	16,401	16,604
Fair value of scheme assets	269,194	233,984
Present value of scheme liabilities	(286,649)	(265,558)
	(17,455)	(31,574)
Related deferred tax asset	763	1,034
Net deficit	(16,692)	(30,540)

	MCPS-PRS Alliance Pension Scheme (MCPS)	
	2020	**2019**
	£000	**£000**
Equity instruments	11,050	7,206
Debt instruments	19,959	15,267
Property	-	-
Cash	83	523
Hedge funds	15,810	18,075
Fair value of scheme assets	46,902	41,071
Present value of scheme liabilities	(55,622)	(50,001)
	(8,720)	(8,930)
Related deferred tax asset	-	-
Net deficit	(8,720)	(8,930)
Total net pension deficit	(25,412)	(39,470)

24 Retirement benefit schemes **(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 2019	209,940	36,148	246,088
Expected return on plan assets	6,035	1,047	7,082
Employer contributions	2,987	513	3,500
Benefits paid	(6,664)	(600)	(7,264)
Actuarial gains	21,686	3,964	25,650
As at 1 January 2020	233,984	41,072	275,056
Expected return on plan assets	4,616	818	5,434
Employer contributions	2,950	550	3,500
Benefits paid	(9,334)	(887)	(10,221)
Actuarial gains	36,978	5,349	42,327
	269,194	46,902	316,096

Actuarial gains/(losses)

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Gains on plan assets	36,978	21,686	5,349	3,963	42,327	25,649
Losses on plan liabilities	(25,207)	(31,749)	(5,517)	(6,538)	(30,724)	(38,287)
	11,771	(10,063)	(168)	(2,575)	11,603	(12,638)

The Company had no post-employment benefits at 31 December 2020 (2019: £nil).

25 Financial commitments, guarantees and contingent liabilities

Group and Company

Capital expenditure authorised and contracted for at 31 December 2020 was £153,000 (2019 – £nil).

The annual donation to the PRS for Music Foundation in 2020 was £2,750,000 (2019 - £3,000,000) and the Company has committed to an annual donation of £2,500,000 in 2021.

26 Operating lease commitments

Operating lease payments represent rentals payable by the Group for certain of its properties. Leases are negotiated for an average term of 15 years.

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Within one year	3,227	3,242	-	-
Later than one year and not later than five years	12,882	12,942	-	-
In over five years	11,003	14,290	-	-
	27,112	30,474	-	-

27 Related party transactions

Group

The remuneration of key management personnel, who are also directors, is disclosed in note 7.

All members of the Group, the directors and parties related to them are entitled to royalties from the Group in respect of the performance of any copyright works owned by them. Parties related to directors include family members and companies controlled by these directors including, where appropriate, publishing companies and their subsidiaries.

During 2020, total royalties paid by PRS to the directors who held office during the year, and to parties related to the directors, amounted to £94,977,000 (2019 - £120,107,000). £94,436,000 (2019 - £119,393,000) of this was paid to publisher directors and parties related to the publisher directors, and £541,000 (2019 – £714,000) 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.

27 Related party transactions **(Continued)**

PfM received services from ICE Operations and its subsidiaries to the value of £4,720,000 (2019 – £4,760,000). PfM also charged ICE Operations an amount of £nil (2019 – £nil) for services provided and was owed a balance of £nil (2019 – £nil) and had costs to recharge of £nil at the year end (2019 - £nil).

Full details on loans made to ICE Operations can be found in note 18.

During the year PfM charged ICE Services an amount for services provided of £2,140,000 (2019 - £1,980,000), paid commissions of £7,219,000 (2019 - £7,184,000) and paid service charges of £21,000 on PRS legacy deals (2019 - £124,000). PfM was owed a balance of £462,000 (2019 - £128,000) and had costs to recharge of £nil (2019 - £277,000) at the year end.

Full details on loans made to ICE Services can be found in note 18.

PfM received services from NMP to the value of £1,563,000 (2019 – £2,199,000). PfM also charged NMP an amount of £179,000 (2019 – £163,000) for services provided and was owed a balance of £27,000 (2019 – £30,000) at the year end.

During the year PfM charged SOLAR an amount of £nil (2019 - £nil) for services provided and paid commissions of £6,434,000 (2019 - £3,209,000). PfM was owed a balance of £nil (2019 - £nil) at the year end.

Full details on loans made to SOLAR can be found in note 18.

During the year PfM made a contribution to UK Music 2009 Limited of £490,000 (2019 – £576,000). PfM owed a balance of £48,000 (2019 – £nil) at the year end.

During the year PfM received services from FT, The Digital Copyright Network SAS of £98,000 (2019 – £212,000). PfM owed £nil (2019 – £nil) at the year end.

During the year, PfM provided operational services to MCPS, a company with common directors, under the terms of a service level agreement. The value of the service was £12,996,000 (2019 - £12,715,000). At the year end PfM was owed a balance of £1,374,000 (£1,246,000) from MCPS and had fees to charge of £1,613,000 (2019 - £2,138,000).

During the year, PfM made a contribution to Music Publishers Association Limited (MPA), an organisation chaired by Roberto Neri, a director of PRS for Music Limited and Performing Right Society Limited. MPA is the parent undertaking of MCPS. The value of contribution for 2020 was £113,000 (2019 – £113,000). PfM was owed a balance of £nil (2019 - £nil) at the year end.

During the year the Company made donations of £500,000 (2019 - £35,000) and PfM provided subsidised services including accommodation to The PRS Members' Benevolent Fund. The value of the subsidy for 2020 has been estimated as £39,000 (2019 – £33,000). PfM also charged an amount of £249,000 (2019 - £254,000) for other services provided. PfM was owed a balance of £nil (2019 - £nil) and had costs to recharge of £15,000 (2019 - £16,000) at the year end.

During the year the Company made donations of £2,750,000 (2019 - £3,000,000) and PfM provided subsidised services including accommodation to The Performing Right Society Foundation Limited. The value of the subsidy for 2020 has been estimated as £87,000 (2019 – £63,000). PfM also charged an amount of £6,000 (2019 - £16,000) for other services provided. PfM was owed a balance of £22,000 (2019 - £9,000) at the year end.

27 Related party transactions **(Continued)**

During the year, PfM made a contribution to the British Academy of Songwriters, Composers and Authors, (trading as The Ivors Academy), an organisation with common directors. The value of the contribution for 2020 was £113,000 (2019 - £113,000). During the year PfM was also charged an amount of £42,000 (2019 - £149,000) for sponsorship. There were no amounts outstanding at the end of the current or previous year.

During the year PfM recharged PPL - PRS an amount for costs incurred of £318,000 (2019 - £423,000) and had costs to recharge of £nil (2019 - £4,000) at the year end. Additionally, the Group incurred service charges of £12,673,000 (2019 - £16,435,000) during the year. The Company was owed a balance of £1,644,000 (2019 - £4,818,000) at the year end for public performance collections made by PPL-PRS.

Full details on loans made to PPL - PRS can be found in note 18.

Due to the highly integrated nature of the industry, many directors will also be related to customers of the Group, 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 an arm’s length basis.

28 Controlling party

Performing Right Society Limited (PRS) is a company limited by guarantee and has no share capital. The directors regard PRS as the ultimate controlling party of the Group and it is the highest and lowest level of consolidation.

29 Subsequent events

During 2020, the Group entered into heads of terms with a third party to assign its lease of the 8th and 9th floors of 2 Pancras Square in 2021. The agreement is conditional upon the Group vacating the premises and no consideration will be received until this condition has been met. As at 31 December 2020, the premises were still occupied and in use by the Group, with the earliest date for vacating expected to be May 2021.

30 Cash flows generated from operations

	2020 £000	2019 £000
Profit before taxation and funds attributable to members and affiliated societies	576,472	721,270
Adjustments for:		
Income tax expense	(271)	(227)
Finance costs	775	835
Investment income	(1,626)	(2,675)
Loss on disposal of tangible assets	8	25
Gain on disposal of investment property	-	(7)
Loss on disposal of intangible assets	739	31
Amortisation and impairment of intangible assets	6,207	6,022
Depreciation and impairment of tangible assets	1,537	1,794
Impairment of investments	232	-
Foreign exchange (gains)/losses on cash equivalents	(2,177)	1,746
Revaluation of investment	14	-
Share of (profit)/loss in joint ventures	(921)	84
Pension scheme non-cash movement	(2,455)	(2,439)
Decrease in provisions	(291)	(339)
Defined benefit pension contributions paid	3,500	3,500
Movements in working capital:		
Decrease/(increase) in trade and other receivables	67,981	(3,533)
Increase/(decrease) in trade and other payables	2,366	(19,350)
Cash flows generated from operations	652,090	706,737

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