

Public Performance Customer Consultation

Licensing not-for-profit
Amateur Sports Clubs



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Introduction

PRS for Music is holding a consultation on the charges and other terms of its licences for non-profit-making Amateur Sports Clubs “ASCs” that use *PRS for Music*-controlled copyright music.

Currently, *PRS for Music* applies Tariff JMC - its tariff for not-for-profit members’ clubs - when licensing ASCs. However, the society has been consulting with the Sport and Recreation Alliance, “the Alliance”, on proposed tariff changes and has now devised a separate tariff for ASCs which, subject to the outcome of this consultation, will be introduced in April 2012.

The key objective of this consultation is to publish the proposed changes and solicit views on the proposal from ASCs and other user groups that may be affected.

This document introduces the following areas for discussion:

1. Justification for the proposed change
2. Proposed charging structure
3. Impact on sector

The consultation will run for a period of six weeks from 24 January 2012 until 6 March 2012. The consultation period may be extended if there is significant demand from music users, creators or their representatives. *PRS for Music* will review all responses received on or before 6 March 2012. Details on how to respond to the consultation can be found on page nine.

The issue of this consultation does not obligate *PRS for Music* to implement any of the changes proposed in this document, or to meet the proposed timescale for introduction. *PRS for Music* may propose an alternative tariff in the light of responses this consultation.

What is *PRS for Music*?

PRS for Music is the trading name of the Performing Right Society Limited, a society of songwriters, composers and publishers. The society collects and distributes music royalties on their behalf. Organisations that play copyright music in public must, by law, obtain permission from the copyright owner to do so. *PRS for Music* helps organisations get the permissions they need by issuing licences on behalf of the songwriter, composer and publisher rightsholders.

The society operates on a many-to-many basis, meaning that it grants licences for the public performance of musical works composed and published by its members and those of its affiliated societies overseas to thousands of organisations throughout the UK.

What is the Sport and Recreation Alliance?

The Sport and Recreation Alliance is the umbrella organisation for the governing and representative bodies of sport and recreation in the UK, and represents more than 320 members including the Football Association, the Rugby Football Union, UK Athletics, the Ramblers Association and British Rowing.

What is PPL?

As well as a *PRS for Music* licence, most businesses who use recorded music will also require a music licence from PPL. PPL is an entirely separate collecting society from *PRS for Music* that collects and distributes fees for the use of recorded music on behalf of record companies and performers.

Following recent changes to copyright law, PPL can now license organisations in the community and voluntary sectors that use copyright music on their premises. This means that clubs previously exempt from requiring a PPL licence will need one from 2012.

Further information regarding these changes is available from the Intellectual Property Office at www.ipo.gov.uk. For more information about PPL please visit www.ppluk.com

Why does *PRS for Music* license amateur sports clubs?

The Copyright, Designs and Patents Act 1988 (as amended) states you need to get permission from the rightsholder if you 'perform' music in public, that is, outside of your home or domestic life. 'Performing' music includes playing music on CD and MP3 players, radios, televisions, internet or live performances of music at an ASC.

How does *PRS for Music* know who to pay?

PRS for Music surveys thousands of businesses, such as shops, hairdressers, restaurants and pubs, to find out what music they are playing. It also gets information from TV and radio broadcasters, as well as concert venues. Based on this information, *PRS for Music* distributes royalties to the composers and publishers of the music that's been played.

You can find further information on *PRS for Music* in our *Are You Listening* leaflet. Visit <http://bit.ly/y9vFcN>

[Click here to view *Are You Listening?*](http://bit.ly/y9vFcN)

Justification for proposed tariff changes

PRS for Music has commenced a review of all its tariffs, with the intention of ensuring that the charges and structure of those charges continue to fairly and reasonably reflect the value of *PRS for Music*'s licence to each market sector covered by the relevant tariff (and within each such sector, to individual users and/or class of use).

Over the last two years, *PRS for Music* has explored a number of options with the Alliance in relation to the licensing of ASCs. The Alliance suggested that such clubs were closer to traditional community centres in terms of their limited music usage than to conventional not-for-profit members' clubs and should therefore have a dedicated tariff. *PRS for Music*'s view was that ASCs share aspects of both community buildings (such as village halls and similar community centres run by voluntary organisations) and not-for-profit members clubs. The society explored the possibility of using its community buildings tariff (Tariff CB) and similar charging options to develop a suitable model. During discussions with the Alliance, the society also considered the views of individual ASC licensees and the opinions they shared through the Alliance, their representative bodies and directly with *PRS for Music*.

Key findings

- An ASC's primary purpose is the provision of facilities for, and promotion of participation in, sporting activities.
- ASCs are organised on a not-for-profit basis and are required to be open to the whole community with membership fees to be set accordingly.
- Music is typically used after the sporting event for recreation or fund-raising purposes.
- Many sport clubs are open seasonally or for a few hours a week typically before or after a sporting event.

Current *PRS for Music* charges

PRS for Music currently applies the JMC licensing tariff to bona fide not-for-profit members clubs. This tariff, in its present form, was set up following a Copyright Tribunal Order in 1991.

The principal elements of the tariff are:

- Background music charges, based on type and number of device(s) used (and jukeboxes per machine)
- Live music events, charged based on annual expenditure or per session based on capacity
- Recorded music events, charged per session based on capacity

Tariff JMC provides reduced rates compared with other tariffs applied to commercial businesses. There are, for example, significant reductions on standard charges for featured music use.

Reduced charges also apply for:

- Multiple background music devices, where more than one device is used

Please see Appendix A to view the full tariff.

Proposed charging structure

The proposed tariff settles between the CB and JMC tariffs and is consistent with the activities of an ASC, where all surplus funds must be reinvested in the club and may not be distributed in cash or in kind to members or third parties. Commercial uses that could not reasonably be considered part of the ordinary benefits provided by an ASC for its members and their guests are excluded from the scope of this tariff. The proposed charges also reflect that clubs often operate seasonally.

The suggested minimum charge is set in line with the CB tariff to reflect the limited music use at this level.

Clubs that do not qualify as ASCs under the proposed tariff's criteria will continue to be assessed using the appropriate *PRS for Music* tariffs. These include clubs that are established for profit or do not reinvest all surpluses into the club, and professional sports clubs.

Please see Appendix B to view the full tariff.

Background music

The proposed tariff allows unlimited use of background music at ASCs throughout the year for a flat fee and on whatever device the ASC chooses. To make life simpler and fair to all clubs, the charges are now based upon the number of club members. At present, ASCs are required to pay per device used, regardless of the potential size of the audience for the resulting performance.

Following *PRS for Music*'s discussions with the Alliance, the society intends to set its charges to reflect that background music is likely to perform a secondary function to an ASC's core sporting and ordinary membership activities. This will result in significant reductions for most clubs' background music charges,

and *PRS for Music* believes this approach will reduce confusion and ensure similar customers are paying the same level of charge irrespective of equipment used.

PRS for Music also suggests a reduced charge for those clubs that play background music but do not have a defined social area for their members to gather.

Charges range from just £37.50 to £250 per year.

Featured music

PRS for Music has proposed a new approach to licensing featured events with music, such as live music, discos, karaoke and music quizzes. The society understands that ASCs are often not able to easily determine how many events they will host in advance so it has developed a new charging mechanism to help reduce their administrative burden.

The proposed tariff enables clubs to purchase a licence covering an unlimited number of featured events for the year in return for a flat fee payable annually in advance. *PRS for Music* believes this will give peace of mind to clubs who hold several music events throughout the year but wish to avoid the administrative burden of recording and notifying the society of each occurrence.

Alternatively, clubs can opt to pay on a per event basis.

PRS for Music's view is that the value of featured music used within ASCs is comparable to uses within other non-profit-making members clubs. Therefore the per event charges within the proposed tariff mirror those within the JMC tariff.

Impact on Amateur Sports Clubs?

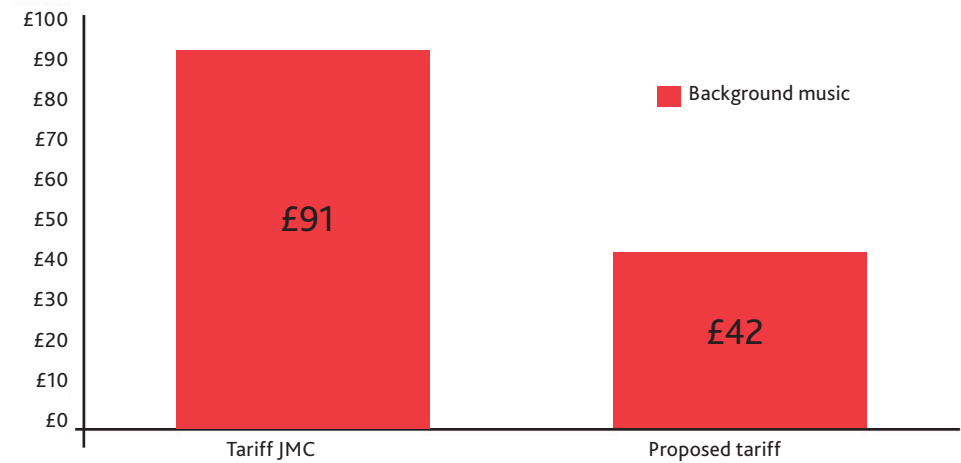
The proposed tariff will offer the following benefits:

- Significant background music charge reductions to many clubs
- Simple for clubs to calculate their licence fees
- Tailored to the particular circumstances of ASCs and reflective of their music usage
- Reduced administrative burden

PRS for Music has compared charges between the tariff JMC and the proposed tariff to illustrate how this may financially impact ASCs.

1. Small club, for example a cricket club without a social area. A radio is used only by staff who prepare refreshments for the players and spectators.

Fig 1. Comparison of a small* sports club assessed using JMC and the proposed tariff

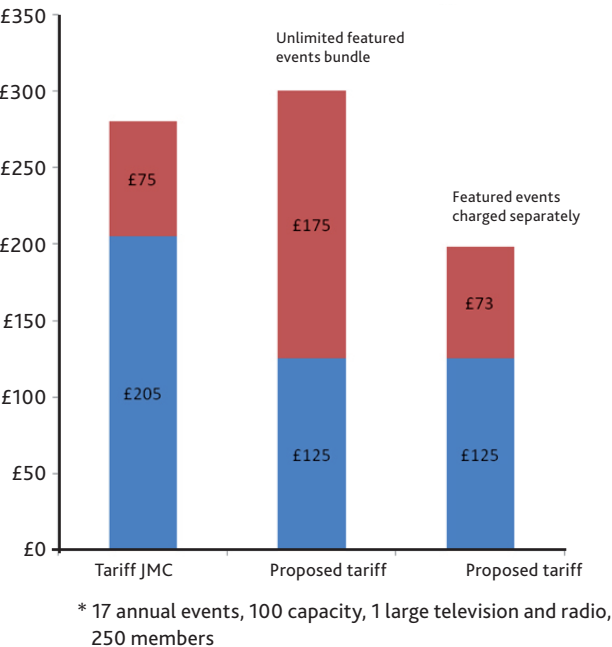


* 1 radio; club does not have a social area.

Impact on Amateur Sports Clubs? (continued)

2. Average sports club, for example, a rugby club with 250 members. The club’s social area has a 40-inch television and radio, 17 annual events, 100 capacity. Purchasing the featured events bundle allows your club to limit its charge to £175 while ensuring unlimited events are licensed. Again, the background music charge is greatly reduced.

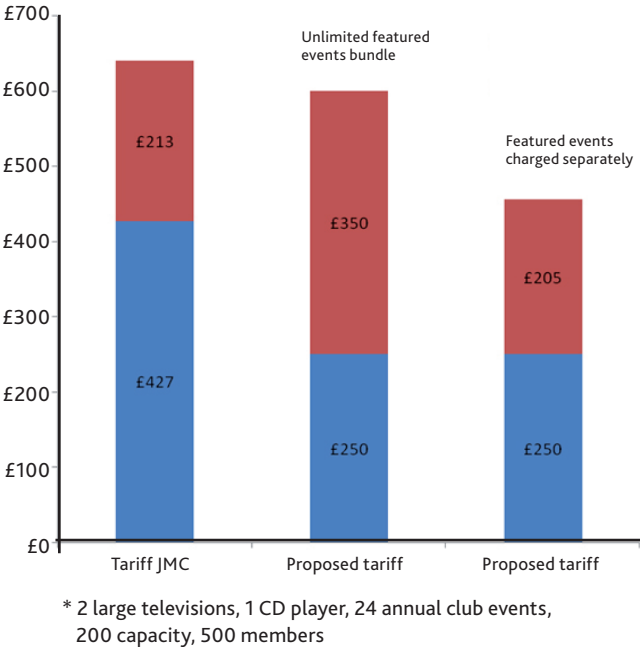
Fig 2. Comparison of a average sized* sports club assessed using JMC and the proposed tariff



■ Featured events charge
■ Background music charge

3. Large sports club, for example, a football club with 500 members. The club’s social area has two televisions, one CD player, 24 annual club events, 200 capacity. The background music charge is limited to £250 in comparison to £649 previously.

Fig 3. Comparison of a large* sports club assessed using JMC and the proposed tariff



■ Featured events charge
■ Background music charge

How to respond to the consultation

All the details of this review, and any updates, are available on the *PRS for Music* website.

[Click here for details and updates](#)

or visit: www.prsformusic.com/customerconsultation

An invitation to participate in the consultation will be sent to all identified ASC customers recently charged under Tariff JMC.

Respondents should complete a response form to allow *PRS for Music* to review their comments more efficiently.

Online responses are preferred.

[Click here to respond online](#)

or visit: <http://bit.ly/wyAa7n>

Written responses can be posted to:

Tariff Consultation Responses

PRS for Music

Copyright House

29-33 Berners Street

London W1T 3AB

Or by email to:

customer.consultation@prsformusic.com

[Click here to download a paper form](#)

or visit: www.prsformusic.com/customerconsultation

All responses should be received by 6 March 2012.

PRS for Music will consider any comments received, and we have provided some questions for you to consider when formulating your response (see page 10). If you would like *PRS for Music* to keep your response confidential, or if you wish to provide confidential data in support of your response, please let the society know, using the response form.

Consultation questions

1. Do you agree that a separate tariff for ASCs is required?
2. a) Do you agree with the use of a sliding scale based on a club's membership to charge background music?
b) If not, what alternatives do you think may be suitable?
3. a) What do you think about the proposal to offer a bundle of unlimited featured events for a flat annual charge?
b) How will this affect your club?
c) Do you prefer to pay on a per event basis?
4. Do you have any comments regarding the reduced minimum charge (£42) to fall in line with our community buildings tariff?
5. Do you have any further comments?

Appendix A: current JMC tariff

Members' Clubs Tariff 'JMC' (2011.08)



Effective from 1st August 2011
(Also showing previous year's details in brackets)

Contents

1. Scope of tariff
2. General conditions
3. Royalty rates
 - 3.1 Featured music
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 - 3.1.3 Cinema & featured video
 - 3.1.4 Minimum royalty for featured music
 - 3.2 Background or mechanical music
 - 3.3 Jukeboxes
4. Value Added Tax
5. Inflation adjustment
6. Definitions

1. Scope of tariff

This tariff applies to performances of copyright music within *PRS for Music's** repertoire* at clubs bona fide established and conducted in good faith as non profit-making members' clubs:

- ♦ capable of satisfying the conditions for determining a qualifying club for the purposes of Part 4 of the Licensing Act 2003 for England and Wales,
- ♦ or the mandatory conditions for the purposes of section 125 of the Licensing (Clubs) (Scotland) Regulations 2007 for Scotland,
- ♦ or registration under the Registration of Clubs (Northern Ireland) Order 1996 for Northern Ireland.

It does not apply to establishments whose main object is bingo nor to youth or proprietary clubs.

2. General conditions

This tariff is subject to *PRS for Music's* General Conditions Applicable to Tariffs and Licences, available on request from *PRS for Music*.

* See Definitions, section 6

Appendix A (continued)

3. Royalty rates

Where the music user *has* applied for and obtained *PRS for Music's* licence before musical performances commence, the **standard** royalty rate will be charged and payable for the first year of the licence.

Where the music user *has not* applied for and obtained *PRS for Music's* licence before musical performances commence, the **higher** (standard plus 50%) royalty rate will be charged and payable for the first year of the licence.

After the first year of the licence, in either case, the **standard** royalty rate will be charged and payable.

The following rates of charge apply to all royalties falling due from 1st August 2011.

	Higher royalty	Standard royalty
3.1 Featured music*		
3.1.1 Live music		
3.1.1.1 Where the annual expenditure on the provision of music* by performers* is £8,759 (£8,422) or more the royalty in respect of performances of music by those performers is	3.75% of such expenditure (3.75%)	2.5% of such expenditure (2.5%)
3.1.1.2 Where the annual expenditure on the provision of music is less than £8,759 (£8,422) the royalty per function for the first 100 persons capacity* in respect of performances of music by performers in person is at the rate of	£6.63 (£6.38)	£4.42 (£4.25)
and per 25 persons capacity (or part thereof) thereafter	£1.67 (£1.61)	£1.11 (£1.07)
provided that:		
The maximum annual royalty for performances in category 3.1.1.2 is	£328.47 (£315.83)	£218.98 (£210.55)

* See Definitions, section 6

Appendix A (continued)

Page 3

(Tariff 'JMC' 2011.08)

3.1.2 Featured recorded music*

For all featured performances by record, compact disc or tape player* primarily for entertainment by means of discotheque equipment or otherwise for dancing and for karaoke performances*, the royalty per function for the first 100 persons capacity is ..

Higher royalty	Standard royalty
£6.63 (£6.38)	£4.42 (£4.25)

and for each 25 persons capacity (or part thereof) thereafter

£1.67 (£1.61)	£1.11 (£1.07)
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provided that:

Where such featured performances are given at a function, and in the same room, where performances are also given in person and in respect of which royalties are paid under paragraph 3.1.1 above, the royalty in respect of performances by record, compact disc or tape player per function for the first 100 persons capacity is

£3.23 (£3.11)	£2.15 (£2.07)
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and for each 25 persons capacity (or part thereof) thereafter

£0.81 (£0.78)	£0.54 (£0.52)
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3.1.3 Cinema & featured video

For performances (whether by means of the sound track or otherwise) during film or video shows in a room or place being specially used for the primary purpose of video or cinema exhibition, and with seating arranged accordingly the royalty per function for the first 100 persons capacity is

£3.23 (£3.11)	£2.15 (£2.07)
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and for each 25 persons capacity (or part thereof) thereafter

£0.81 (£0.78)	£0.54 (£0.52)
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* See Definitions, section 6

Appendix A (continued)

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(Tariff 'JMC' 2011.08)

	Higher royalty	Standard royalty
3.1.4 Minimum royalty for featured music		
The minimum royalty for an annual licence for featured music under this section of the tariff is	£164.19 (£157.88)	£109.46 (£105.25)
provided that:		
Where there are no more than three functions in a licence year this minimum charge will not apply. The charges for those functions - whether in terms of permits or an annual licence - will however be subject to a minimum of	£41.06 (£39.48) per function	£27.37 (£26.32) per function
3.2 Background or mechanical music*		
The annual royalty for performances by the following is:		
3.2.1 Television screen (without video)		
with a screen no greater than 26 inches (66 cms)	£136.86 (£131.60) per screen	£91.24 (£87.73) per screen
with a screen greater than 26 inches (66 cms).....	£205.23 (£197.34) per screen	£136.82 (£131.56) per screen
3.2.2 Radio	£136.86 (£131.60) per set	£91.24 (£87.73) per set

* See Definitions, section 6

Appendix A (continued)

Page 5

(Tariff 'JMC' 2011.08)

	Higher royalty	Standard royalty
3.2.3 Video player (with or without television facilities through the same screen) except performances where there are special seating arrangements for viewing, or when the player is used for discotheque performances:		
with a screen no greater than 26 inches (66 cms)	£205.23 (£197.34) per player	£136.82 (£131.56) per player
with a screen greater than 26 inches (66 cms)	£273.71 (£263.18) per player	£182.47 (£175.45) per player
3.2.4 Record and/or compact disc and/or tape player and/or music centre	£301.07 (£289.49) per player	£200.71 (£192.99) per player

provided that:

Where two or more such instruments (or screens in the case of televisions and video players) are used in the same premises, whether those instruments are of the same or of different kinds, the combined charges for those instruments will be reduced by 10%.

	Higher royalty	Standard royalty
3.3 Jukeboxes		
The annual royalty per machine for performances by the following is:		
3.3.1 Audio jukebox*	£339.65 (£326.58)	£226.43 (£217.72)
3.3.2 Audio jukebox with background music facility*	£478.17 (£459.78)	£318.78 (£306.52)
3.3.3 Video jukebox*		
with a screen no greater than 26 inches (66 cms)	£446.97 (£429.78)	£297.98 (£286.52)
with a screen greater than 26 inches (66 cms)	£536.37 (£515.75)	£357.58 (£343.83)

* See Definitions, section 6

Appendix A (continued)

Page 6

(Tariff 'JMC' 2011.08)

	Higher royalty	Standard royalty
3.3.4 Video jukebox with background music facility*		
with a screen no greater than 26 inches (66 cms)	£554.22 (£532.91)	£369.48 (£355.27)
with a screen greater than 26 inches (66 cms)	£621.29 (£597.39)	£414.19 (£398.26)
3.3.5 Combined audio/video jukebox with background music facility*		
with a screen no greater than 26 inches (66 cms)	£612.32 (£588.77)	£408.21 (£392.51)
with a screen greater than 26 inches (66 cms)	£668.31 (£642.60)	£445.54 (£428.40)
3.3.6 For each additional coin-entry point for 3.3.1, 3.3.2, 3.3.3, 3.3.4 or 3.3.5 above	£44.70 (£42.98)	£29.80 (£28.65)

4. Value Added Tax

Every Licensee under *PRS for Music's* tariffs will pay to *PRS for Music* in addition to the royalty due, a sum in respect of Value Added Tax calculated at the relevant rate on the royalty payable.

5. Inflation adjustment

Every year on 1st August the monetary sums in this tariff will be adjusted for inflation. The adjustment formula will apply to the standard rates, using the mean (to the nearest whole percentage point) of the percentages by which the Retail Prices Index and Average Weekly Earnings index (unadjusted) change in the year to the previous March.

March is the latest month prior to the anniversary date for which figures are likely to be published for both indices

After application of the inflation adjustment any expenditure threshold figure will be rounded to the nearest pound, with all other royalty rates rounded to the nearest penny.

All royalties will be charged at the royalty rate in force at the beginning of the licence year.

* See Definitions, section 6

Appendix A (continued)

6. Definitions

- **annual expenditure on the provision of music** means the total of:

gross salaries, gross wages; plus fees, expenses or other emoluments paid to performers (excluding any disc jockeys);

and gross fees (net of any Value Added Tax) paid to third parties for the services of performers .
- **audio jukebox** means a machine (other than a video jukebox) for playing recorded music, capable of being operated by the insertion of a coin, token or card.
- **audio jukebox with background music facility** or **video jukebox with background music facility** or **combined audio/video jukebox with background music facility** or **music centre and/or radio cassette player** means a combination of units of equipment capable of reproducing sound from more than one source through a single sound system.
- **background or mechanical music** means music when performed by a record player, compact disc player, tape player, or video player otherwise than for featured purposes, or music performed by a radio or television set operated on the premises or diffused through a loud-speaker from another part of the premises or a source outside the premises.
- **capacity** shall be calculated as follows:

where the accommodation of a room is limited to the number of seats, the capacity will be calculated by reference to the total number of seats; but where, as in the case of discotheque performances, there is no formal means of calculating the accommodation of a room, that capacity will be assessed by reference to the maximum number of persons which can reasonably be accommodated in the room or which is permitted under any regulation by Fire Authorities or under the Club's Rules. Where the capacity exceeds 100 persons one quarter of the charge will be levied on each 25 persons.
- **featured music** or **featured recorded music** means music performed by:

performers in person, or

a record, compact disc or tape player primarily for entertainment such as by means of discotheque equipment or otherwise for dancing or in conjunction with cabaret or similar entertainment, or

cinematograph equipment or video player.

Appendix A (continued)

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(Tariff 'JMC' 2011.08)

- **karaoke performances** means those performances given by unpaid singers in conjunction with specially produced recorded music, with or without the provision of video-presented synchronised lyrics.
- **music centre** means instruments combining a radio and a tape player and/or record player.
- **performers** means singers and performers of musical instruments, including orchestra conductors or leaders, whether or not they combine in their performance other activities such as dancing or acting as comperes.
- **PRS for Music** is the trading name of the Performing Right Society Limited
- **PRS for Music's repertoire** means all and any musical works (including any words associated therewith), the right of public performance in which is controlled by *PRS for Music* or by any of the societies in other countries with which *PRS for Music* is affiliated.
- **record, compact disc or tape player** means any gramophone, compact disc, tape or cassette player, or other mechanical/electronic contrivance for playing musical works, except:
 - a video player, or
 - a contrivance, such as a jukebox, capable of being operated by the insertion of a coin, token or card.
- **video jukebox** means a machine for playing recorded music synchronised with a video or similar visual display and capable of being operated by the insertion of a coin, token or card.

2011.08 edition

Appendix B: proposed tariff

Public Performance Tariff 'AMS'



Not-for-profit amateur sports clubs

Effective 1st [Month] 2012

PROPOSED

Applies to: the public performance of copyright music* at premises owned/run by not-for-profit amateur sports clubs ("ASC") during the usual activities of the club as indicated in paragraphs 3(1),(2) and (3) of schedule 18 of the Finance Act 2002 ("the 2002 Act"). The provision of sport must be the core activity of the club and all surplus funds must be reinvested in the club.

The following are excluded from the tariff and charged using the *PRS for Music* tariff applicable to the performance in question:

- performances at sports clubs that do not meet the requirements of the 2002 Act, for example profit-making sports clubs;
- featured music at events, or in facilities, run on the club's premises by a party other than the club OR where any profit or benefit does not go entirely to the club or other ASC OR where the charge for admission is greater than £20. This includes, but is not limited to, concerts, festivals, theatrical performances, dance and aerobic classes;
- gyms or leisure centres, in dedicated areas or buildings, open to individuals not associated with the club or its members and/or operated commercially;
- any other commercial uses that could not reasonably be considered as an adjunct to the provision of the ordinary benefits of the club or undertaken for the benefit of the club or other ASCs;
- performances at any other premises;

1. Royalty rates

The rates apply to all royalties falling due from the effective date of this tariff and are shown **exclusive of VAT**. VAT is applicable at the relevant rate.

The **higher royalty rate** (standard plus 50%) is payable for the first year of the licence where the music user **has not** obtained *PRS for Music's* licence before musical performances commence.

1.1 Background music (e.g. TV, Radio, CD, MP3) in any part of the club premises

			Standard Rate
1.1.1	Clubs <u>without</u> a social area*		£37.50
1.1.2	Clubs <u>with</u> a social area* (whether or not background music is played in the social area)	Up to 75 members*	£37.50
		76 to 500 members*	£12.50 per 25 members* (or part thereof)
		501 members* or above	£250.00

1.2 Featured music* (e.g. live music, disco, karaoke, film shows)

You may elect, at the start of the licence period for your featured music events within the scope of this tariff to be charged as a bundle (section 1.2.1) or individually (sections 1.2.2 and 1.2.3). This choice cannot be altered retrospectively for any period.

Bundle of events charging option:

		Standard Rate
1.2.1	Unlimited number of events with featured music* within the scope of the tariff, includes featured film & video shows.	£17.50 per annum, per 25 members*

* See Definitions, section 4

Appendix B (continued)

Page 2

Tariff 'ASC' 2012.[MM]

Individual event charging option:

		Standard Rate
1.2.2	Events with featured music* within the scope of the tariff (e.g. live music, disco, karaoke, music quizzes etc) where Section 1.2.1 has not been applied. Excludes featured film and video shows.	£1.07 per event, per 25 persons capacity* (or part thereof)
1.2.3	Featured film & video shows in a room or place being specially used for the primary purpose of film or video exhibition. Music provided by soundtrack or otherwise. Used when Section 1.2.1 has not been applied.	£0.54 per event, per 25 persons capacity* (or part thereof)

1.3 Minimum charge

		Standard Rate
1.3.1	Minimum annual royalty per premises	£42.00
1.3.2	Minimum permit royalty for an occasional performance	£14.50

2. GENERAL CONDITIONS

This tariff is subject to *PRS for Music's* General Conditions Applicable to Tariffs and Licences, available on request.

3. INFLATION ADJUSTMENT

Every year on 1st [Applicable Month] the monetary sums in this tariff will be adjusted for inflation. The adjustment formula will apply to the standard rates, using the mean (to the nearest whole percentage point) of the percentages by which the Retail Prices Index and Average Weekly Earnings index (unadjusted) change in the year to the previous [Applicable Month].

[Applicable Month] is the latest month prior to the anniversary date for which figures are likely to be published for both indices.

After application of the royalty rates will be rounded to the nearest penny.

4. DEFINITIONS

- **background music** means music the performance of which is:
 - secondary to the provision of the ordinary benefits of the club*;
 - and
 - is not featured music.
- **capacity** shall be calculated as follows: where the accommodation of a room is limited to the number of seats, the capacity will be calculated by reference to the total number of seats; but where, as in the case of discotheque performances, there is no formal means of calculating the accommodation of a room, that capacity will be assessed by reference to the maximum number of persons which can reasonably be accommodated in the room or which is permitted under any regulation by Fire Authorities or under the Club's Rules.

- **featured music** means music performed by:
 - performers in person;
 - or
 - by any means which is performed as a prominent feature and/or characteristic part of an event or entertainment provided by or on behalf of the club, including but not limited to performances of music in the course of a discotheque, karaoke, music quiz or film show.

- **ordinary benefits of the club** means the benefits as indicated in paragraph 3(3)(a), (d), (f),(h) and (i) of Schedule 18 of the Finance Act 2002.
- **members** are calculated as the total number of registered adult and junior members (whether playing/non-playing members) of all not-for-profit amateur sports clubs run at the premises. For the avoidance of doubt, family memberships should include the total number of members considered within the family membership.
- **performances of copyright music** means performances of copyright music within *PRS for Music's* repertoire*
- **PRS for Music** is the trading name of the Performing Right Society Limited.
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