

PRS Distribution Policy Guide

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DISTRIBUTION POLICY INTRODUCTION

Scope of the PRS Distribution Policy

We pay royalties to our members and rights holders in batches called distributions throughout the year. The PRS Distribution Policy relates to royalties paid for the performance of music - known as the 'performing right' in law.

This policy document explains how we work out the royalties and schedule when they'll be paid. It's not just about the technologies and methods we use, but also the principles we use for guidance.

Fairness, accuracy, cost effectiveness and transparency are all very important for our members. However, sometimes these principles are at odds. This policy document sets out how we strike a balance.

Before we get any further into the PRS Distribution Policy there are few important things to set out:

When we say 'we' in this document we're referring to *PRS for Music* and the Performing Right Society (PRS) specifically.

PRS for Music is the home of both PRS and the Mechanical-Copyright Protection Society (MCPS).

MCPS pay royalties to MCPS members and rights holders in a separate set of distributions throughout the year. These are for a number of rights, which are detailed separately in the MCPS Distribution Policy. MCPS typically look after mechanical rights, as referred to in law.

Why is this distinction important? In some cases we collect the licence fee for both PRS and MCPS under a joint licence, sometimes as one lump sum. Where this is the case we'll refer to PRS and MCPS specifically, so you can see how the proportion made available for the PRS Distribution is worked out.

While this document covers aspects of policy, it does not cover every aspect of the distribution process. Further details can be found on our website. Alternatively, members may raise queries via our website or contact our member services teams by email at writerquery@prsformusic.com or publisherquery@prsformusic.com. Affiliated collecting societies may contact internationalenquiry@prsformusic.com.

All policies, rates and information are valid as of October 2022, unless otherwise mentioned.

General distribution policy principles

Our general distribution policy is found in the PRS Constitution, specifically Rule 2 of the PRS Rules and Regulations which we refer to as 'the Rules':

www.prsformusic.com/-/media/files/prs-for-music/corporate/governance/prs-rules-and-regs.pdf

Rule 2 holds the Members' Council responsible for determining the specific methods used to allocate and distribute PRS revenue as royalties. The Members' Council delegates this responsibility to the Distribution Committee, a sub-committee of the Members' Council.

This committee decides how to distribute the income we collect to our members and members of affiliated societies. The committee's intent and purpose is to achieve a fair, accurate, transparent and cost-effective distribution.

We aim for all aspects of distribution rules and processes to be transparent and easily understood. Cost allocations should be clear, without any unknown or hidden cross-subsidies.

Access to data is also important. We need usage data to identify the licensed music being used and the rights-holders to pay. In some cases the people using music (known as 'licensees') are unable to provide complete usage data or supply it in a format we can process. We can use a variety of data collection methods in these situations.

Some methods, like music recognition technology companies and electronic fingerprinting techniques, can be very accurate yet also very expensive. It might be costly in terms of collecting or processing the data. This is why we consider principles like cost effectiveness as well as accuracy.

In some situations achieving 100% data accuracy for each individual performance might cost more than the revenue being collected - meaning there would be nothing left for royalties. Instead, we can use cost effective methods of data collection and analysis to provide statistically representative information about music use.

Likewise, we aim for the distributions themselves to be cost effective. For this reason we set minimum payment thresholds for our four main distributions. These thresholds are £30 for members in the UK, £60 for members outside the UK and £100 for affiliated societies. If a member or rights-holder has a royalty total below their threshold then we hold onto the payment until they reach it.

Our Distribution Committee ensures a balance between our principles to provide the greatest value for all our members and rights-holders.

Royalties for members of affiliated societies are calculated on precisely the same basis as those for our members.

PRS for Music has a commitment to inclusion of diversity and actively supports the [UK Music Diversity Taskforce](#) and its mission to make our industry a fair and inclusive space for everyone, at every level. Where possible we reflect this in our distribution policy.

Policy review and decision-making processes

The Members' Council is responsible for formulating and implementing specific distribution policy. The Council is required to (a) ensure this policy is fair, accurate, transparent and cost effective; and (b) put in place a system to ensure that data supporting royalty allocation is, and continues to be, based on statistically reliable sources. These sources must fairly represent the performing right usage of musical works in the UK.

PRS distribution policies are subject to regular review. PRS management works closely with the Distribution Committee so that policies in need of review are subject to thorough and timely examination. Many factors could lead to a policy review, including:

- a change in licence terms, which affects how royalties would be distributed under a certain policy
- a change in data availability, processing or cost, which affects how royalties would be distributed on a certain section
- member dissatisfaction with current policy

- a new way that licensed music is being used
- a change of legislation

One or more of these factors could lead to a policy review. We prioritise reviews based on factors including:

- value of distributions governed by the policy
- the potential benefit of a review, such as increased accuracy or cost efficiency
- potential risks of not reviewing current policy, such as the absence of a distribution policy for a new revenue stream

During a policy review, PRS management works closely with the Distribution Committee to determine a means of distribution that is considered as fair, accurate, cost effective, clear and straightforward as possible.

To achieve this, PRS management undertakes extensive analysis to understand the potential impacts of any proposed policy change on member and rights-holder earnings. We may consult with rights-holders if they are likely to be materially affected by any change in policy or implementation.

DISTRIBUTION CYCLES AND CONCEPTS

Standard distribution cycles and frequency

We pay royalties to our members and rights-holders in four main PRS distributions each year. These distributions are usually made in April, July, October and December.

By working to standard distribution cycles we can be as fair, accurate, transparent and cost effective as possible. This gives us the time we need to collect revenues, process music usage data, allocate royalties to specific musical works and pay these out in a distribution. You can think of these cycles as being like the seasons or quarters of a year.

In most cases revenues relating to performances in one quarter are paid out in royalties two quarters later. For example, revenues from performances in January, February and March would usually be paid in the July distribution.

One exception to this standard distribution frequency is for television. Revenues from television performances in July and August can be paid as soon as December in the same year. While revenues relating to performances in September, October, November and December are usually paid the following year in the April distribution.

Here are the distribution cycles for most, but not all, major revenue sources:

For television (except music TV channels)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
July distribution			October distribution			December distribution			April distribution		

For music TV channels, radio, all public performance (except concerts)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
July distribution			October distribution			December distribution			April distribution		

You can find distribution information for other revenue sources in the appendix section 'Standard distribution cycle'.

To ensure that distributions are cost effective, we set minimum payment thresholds for our four main distributions. These thresholds are £30 for members in the UK, £60 for members outside the UK and £100 for affiliated societies. If a member or rights-holder has a royalty total below their threshold then we hold onto the payment until they reach it.

For one distribution each year we reduce the threshold for members in the UK down to £1. Throughout the year we may also make 'mini-distributions' in between the main distributions described above. These distributions may be made for a range of reasons, for example for a specific source of royalty revenue or type of usage, and thresholds vary on an individual member or affiliated society basis.

Distribution basis

We base our distributions on the following methods, in order of preference:

Census – This is our preferred basis for all distribution sections. A census distribution involves data collection, processing and payment for every single performance, often referred to as pay-per-play, within the licence period.

Unfortunately, it is not always feasible for us to distribute on a census basis, due to the nature and volume of music usage by some licensees. Usually, this is where no cost-

effective solution for collecting and processing data is available, for example music played in the background by licensed pubs.

Sample – Where census distribution is not feasible, we seek to collect a representative sample of actual performances as the basis to distribute total section revenue. This method is effective when (a) music usage is highly repetitive or there is a small breadth of total repertoire used and (b) we can collect statistically relevant sample information cost effectively.

Sampling is not an appropriate distribution basis if data collection is expensive and there is a very high volume of music usage. For example, it would not be cost effective to collect a sample of background music played in pubs that is statistically representative. Please see the 'Broadcast sampling rates' section for more information on how we determine the cut off for cost effective sample distributions for broadcast.

Analogy – An analogy-based payment is used for any distribution section where census and sample methods are not feasible. This is usually because sufficient data is not readily available. The analogy method uses a similar, or analogous, data set as the basis for revenue distribution. Analogy is most frequently used for general public performance of non-featured recorded music and is described in the 'Public performance' section under 'Distribution policy' headings later in this document.

In some instances, combinations of these approaches may be used.

Should a licensee fail to supply usage data at the correct time to enable us to make a distribution from out of the royalties received from that licensee, we will hold the royalty revenue until such time as we have obtained the relevant data. If, after having taken reasonable steps to do so, we are still unable to obtain the data from the licensee, we reserve the right to distribute the revenue over analogous data.

Distribution sections

A distribution section is a pool of revenues collected from one or more sources and distributed together because they are related in some way. For example, the live performance distribution section may cover music performed live in different sorts of venues, such as hotels, pubs or concert halls. While these venues have different licensing tariffs, the revenues are pooled together for distribution because they all relate to live music use.

A distribution may contain hundreds of individual distribution sections which are identified separately on distribution statements.

Non-licence revenue

Non-licence revenue (NLR) is the interest earned on investments and royalties awaiting distribution. We apportion this revenue between rights-holders in direct proportion to their earnings. When there is sufficient NLR available, we pay it out in a July or December distribution in a separate distribution section.

We use NLR to pay donations to PRS Foundation and Members Benevolent Fund, but this is only taken from the portion due to PRS members, not from other rights-holders.

Administration recovery rates

We recover our operating costs from the revenue we collect. Because some revenue sources cost more to operate than others, our operating costs also vary. To reflect this we apply a range of administration recovery rates ('admin rates'), which we review regularly.

Our admin rates cover data collection and processing costs for the revenue source, plus our general operating costs. These general costs include many essential activities such as maintaining a database of copyright information, negotiating with industry bodies and issuing licences so that organisations can use licensed music.

We apply our admin rates at gross licence fee level to leave a net distributable revenue, which is then used in subsequent royalty calculations. You can find a list of our current admin rates online www.prsformusic.com/royalties/your-statement/admin-rates

Donation to the PRS Foundation and Members Benevolent Fund

We make a £3m donation to the PRS Foundation, the UK's leading funder of new music and talent development across all genres, each year. We also make an annual donation of £35,000 to the *PRS for Music* Members Benevolent Fund. Both of these donations are taken from the portion of non-licence revenue due to PRS members; none is taken from the portion of NLR due to other rights-holders.

Weightings

Generally, we follow an approach to royalty distributions where all music use from a particular revenue source, for the same period, is usually paid at the same rate.

To be more specific, we do not apply a weighting within a distribution section because of the music's source, its genre, its place of origin, its purpose, its instrumentation or the way in which it is used. All individual music usages within a single distribution section for a given period have the same value.

TV and Radio performances are one notable exception. TV and Radio audiences are typically larger at certain times of the day. We apply time of day weightings on TV (since 2007) and Radio (since 2019) broadcast distributions, where usage falls into Non-Peak, Low Peak or High Peak time bands. These bands take the size of audience into account and are split out into separate distribution sections because they each have their own usage values.

Points and point values

Some organisations prefer to negotiate a blanket licence fee to cover all of their music use for a set period. This fee is a lump sum rather than a predefined value per usage.

Because a blanket licence has no predefined value per usage, we use points and point values as the basis for royalty distributions.

We do this by allocating a number of points to each usage. A point represents a different value depending on the distribution section. For example, for radio and TV broadcasts the point is a minute of time, so a broadcast lasting three minutes 30 seconds becomes 3.5 points. For public performance the value might be, for example, the number of times a work is performed in a nightclub, so a work appearing 10 times in a nightclub would have 10 points.

Within each distribution section, the total points for each work are added up. Works that have more usages therefore accumulate more points. Each point within a distribution section will have the same value. Therefore, works that have accumulated more points will receive more money.

Fixed point values

Many distribution sections are paid using fixed point values (FPVs). These represent the value of a single unit of music usage for that distribution section and mean that music can be valued equally throughout the period. In its simplest form an FPV will be calculated as follows:

Broadcast: Total annual station distributable revenue ÷ total annual station music minutes

Public performance: Total annual section distributable revenue ÷ total performances in section

The reality is usually more complicated. When an FPV is set for the first distribution in a licence period, the final year's revenue and music use is not known. Predicting final revenue and usage incorrectly at the first distribution has an inherent risk. The wrong forecast could mean that more revenue is distributed than actually collected. To minimise the risk of over-distribution, we cautiously under-forecast the annual net revenue when making this calculation. Any residual revenues left over after the last standard distribution for a licensed period are distributed via a reconciliation payment.

Reconciliation payments

Sometimes more revenue is collected from a specific revenue source than is paid out in royalty distributions for that period. Typically, in instances like these, we may distribute the residual revenue in a reconciliation payment, rather than carry it forward into the next quarterly distribution.

We aim to distribute all revenues collected in a licence year, covering performances falling within the licence period¹, in the first distribution after the final quarterly distribution. If sufficient residual revenue remains after PRS has made all distributions for the licence period covered by a specific fee per source, it will be distributed as a reconciliation payment.

This payment pro-rates the residual revenue across all members featuring in the original distributions in proportion to the value generated by their performances.

¹ There are two exceptions to this:

a. Commercial radio: The commercial radio licence year runs from October to September, so the final performance period in any given licence year is July to September, paid in the December distribution. Due to the time constraints associated with the December distribution, it is not possible to include the reconciliation within the final payment. This reconciliation therefore takes place in April, the next available distribution.

b. Reserved revenue in respect of missing data: The only other scenario in which revenues are not reconciled at this distribution is where substantial gaps in performance data have been identified. In this case, revenue is only reconciled when outstanding data is received.

Example:

The distribution section for Licensee A, a music TV broadcaster, has net distributable revenue of £1,000, covering all 2017 music usage.

Initial distributions for the performances logged in the 2017 period are made in July 2017 for quarter one performances, October 2017 for quarter two performances, December 2017 for quarter three performances and April 2018 for quarter four performances. These initial distributions total £900, leaving residual distributable revenue of £100.

Member A initially earned £100 of the original £900, or 11%. Then, upon reconciliation, Member A will receive an additional reconciliation payment of £11, which is 11% of the £100 residual revenue. Therefore, Member A will receive £111 in total.

Where the residual revenue is insufficient to warrant reconciliation across the original usage, it is carried forward to the next year's distribution pool for that section. If we have over-distributed for a station for the year, the debt is usually resolved from available reconciliations from the same broadcast group. Small debts may be carried forward to the next year.

Music consumption

For distribution purposes, music consumption is a measure of audience hours containing music. This is used predominantly in TV or radio broadcast revenue apportionment calculations. It is usually calculated at station level by multiplying total audience hours by music percentage, which is total music hours divided by total broadcast hours.

Music consumption provides a consistent and meaningful basis to compare different online services, TV and radio stations for a single licensee, and the relative importance and value of music within that licensee's usage.

Distribution section values

The exact values of some distribution sections can vary significantly from year to year. In some instances, the licence details including the licence fee are contractually confidential between us and the licensee. Because of this no revenue total values are given in this document.

Unnotified works

We usually match music usage to specific musical works and distribute royalties according to the works registration details that our members and/or affiliated societies provide. However, in some instances work details are matched to works that have not been formally registered by anyone. For example, they may have been compiled from various performance usage returns. Such works are referred to as 'Unnotified works'.

Since April 2013 we have followed a specific process for unnotified works.

Where we identify that any particular British publisher might have an interest in an unnotified work, we pay 50% to the writers and hold the other 50% - the potential publisher share - back from distribution. The held share is released once the work has been formally registered.

For non-UK works we only withhold the publisher share where we have identified a particular potential sub-publisher.

In practice this means that if we are only able to identify one interested party and that interested party is a member of an affiliated society then we will pay the money to that society. This is in line with CISAC's binding professional rule CTR13-0250R1 (pertaining to Insufficient Documentation). Note that such payments are not specifically marked with the Warsaw Rule indicator on distribution statements although they are marked as unregistered works.

At present royalties are held - and therefore claimable - for three years from the date of intended distribution. In November 2014 the Distribution Committee decided that money remaining after three years should be paid to the identified writers or their foreign affiliated society.

For online usage, no royalties are held and we pay the publishers we have identified as well as the writers.

This policy was agreed by the Distribution Committee in November 2012, reconfirmed by the committee in March 2013, and later approved by members at the 2015 AGM. This brought us into line with CRM Regulations.

How we treat usage which is unmatchable is described in each distribution section of this document.

We undertake several stages of matching. This includes using unique identifiers, titles, interested parties and production details to automate usage matching. A dedicated team also manually matches reporting which has not been automatched, subject to thresholds mentioned individually elsewhere in this document. This is to ensure the greatest proportion of matched usage is achieved.

Exclusions

We issue music licences only for the rights we control in our members' music. This means that some rights are excluded from our licensing and, therefore, our distributions.

We can distribute royalties received in consideration of the licences we grant. If (and to the extent that) we do not control the rights in a work for a particular use - or the work itself does not form part of our licensable repertoire - no distribution can or will be made from our licence revenues to any persons interested in the rights or works concerned. The following is a non-exhaustive list of exclusions from our licensable repertoire and by extension, our normal distribution process:

Rights reserved to members generally:

- live performances and broadcasts of complete *Dramatico-Musical Works*;
- live performances and broadcasts of excerpts of *Dramatico-Musical Works* performed dramatically. Non-dramatically performed excerpts from dramatico-musical works are licensed by us provided that the duration of the excerpts does not exceed certain thresholds;
- live performances and broadcasts in whole or in part of any music composed or used for a *Ballet*, if accompanied by a visual representation of that *Ballet*;
- performances of music specially written for a dramatic work, such as incidental music to a play, when performed in, or in conjunction with that dramatic work; and
- performances of music written specially for *Son et Lumiere* productions when performed as part of those productions.

For all of the points above, there are certain circumstances where we do control these rights and distribute royalties, such as from television broadcasts and public performances of them by means of televisions and radios.

Rights excluded at the request of individual members:

We do not distribute to the individual member for any use of their work in circumstances where in respect of that work:

- We have declined to license the rights in the member's work under our Article 7(f) procedure, which might include:
 - pre-existing works used in compilation shows or theatrical productions such as plays;
 - dramatic performances of *Music Theatre* or *Cantata Musicals*;
 - specially written music accompanying silent films;
- We have assigned to the member the right to perform the work live and in public under our Article 7(g) procedure;
- The member has requested, and we have authorised, grant of a non-exclusive licence for non-commercial uses of the work under our Article 7(h) procedure; and
- The member has excluded one or more categories of their rights under Article 7(cA), in respect of that category of rights.

Rights for which we choose not to make a charge for the use in question, including:

- performances during Divine Worship in churches or other places of worship; and
- performances to patients in hospitals, nursing homes and other similar establishments;
- Rights not controlled by us (for example, because at the time of the performance ownership or control thereof has not been vested in us by the member or affiliated society).

Exclusions by law:

- performances deemed not to have taken place in public under the Copyright, Designs and Patents Act 1988, such as performances given for the purpose of instruction at schools; and
- performances of works that are in the public domain.

For further detail about these exclusions, please contact writerquery@prsformusic.com or publisherquery@prsformusic.com

Adjustments

An adjustment is a change in where the royalties for a work are paid, after the original royalty distribution has taken place.

Rule 2(i) (i) says that distributions "...shall be final and binding, save in respect of any valid claims made by the persons interested within a period of three years from the date of the distribution concerned."

The practical policy application of this rule is that if a member or other affiliated society claims to be entitled under the PRS distribution policy a distribution in respect of a performance and/or claims not to have received a distribution to which believed to have been entitled under such policy within three years of the date of the distribution, we will

pay the claimant the sum concerned, usually by means of supplementary payment at the next main quarterly distribution.

Note that this does not mean that we will only make adjustments for up to three years. In some instances, it may take considerable time before an adjustment can be agreed and authorised but as long as the initial claim for the adjustment was made within three years of the date of distribution, we will then make the adjustment.

We will also make adjustments in respect of incorrect payments for so-called unnotified works if requested and the claim for adjustment is made within three years of the date of the distribution and the work had been (or could have been) notified prior to the distribution with different details.

We will only honour valid claims where the claimant would have been entitled to receive the payment claimed at the time of the original distribution. For example, we will not make adjustments because of backdated contracts, where if a work (notified or unnotified) is distributed as unpublished and subsequently a publisher acquires the work under a contract that grants control from earlier than the distribution, we will not make an adjustment because at the time it actually made the distribution the terms of the contract were not operative.

Shares

After deducting our administration expenses from the revenues we collect, we begin to work out how royalties are to be divided between the persons interested in the works exploited under our licences (Rule 2(c)).

The Allocation of Shares is how we divide the net revenue for a work between the parties interested in that work. That is between the member, the affiliated society and other rights holders as appropriate. These parties are entitled to participate in the relevant share of the net revenue attributed to the use of the work. If and where the Council is unable reasonably to determine the identity of the person interested, because the share in question is disputed by two or more persons claiming to be interested or otherwise entitled to the royalties, the net revenue will be dealt with under our rules governing Disputes and Duplicate Claims and related policies (as described below).

As and when required by us, each member must notify us of the allocation of shares and the full names of all interested parties, in sufficient detail, of each musical work in which they have an interest.

We will accept such notifications in respect of active works from affiliated societies when received from societies in the customary manner. For example, *fiche internationale*.

We will usually divide the royalties between the parties involved in the work in the proportions agreed between them, subject to the following:

The 'writer's share' in a PRS distribution is the share of monies allocated by us to the writer(s) of a work (or where the writer(s) is/are a member of an affiliated society, to that society). A member's right to an allocation of the writer's share under the Rules arises by virtue of his or her authorship of the work to which the distribution relates and regardless of whether or not the writer is entitled to retain that sum under the terms of his/or her contract (if any) with the publisher(s) and/or rightsholder(s) of the work).

Where a work has been written by one of our members or affiliates, we will not allocate more than 50% of the fee to be distributed in respect of a work to the

publisher(s) of the work. However, in accordance with Rule 2 (gc) (i), if and where there is no writer member interest in the work, then we will pay the notional 'writer share' to the publisher-member).

There is no inherent publisher share; a publisher share will only be allocated to a person claiming to be a publisher provided that it is the 'publisher' of the work concerned according to PRS Rule 1(o). Unless we have evidence or claims to the contrary, we will assume that publishers do meet our official definition of being a publisher as defined in our formal rules.

In certain circumstances the share allocated to a publisher will be limited to 16.67% (see Rule 2(f)(ii) in the Rules). Unless we have evidence or claims to the contrary, we will assume that publishers do meet the requirements of Rule 2(f)(ii) and so will not automatically limit the publisher share to 16.67%.

In the absence of any registered details to the contrary, we will allocate 50% of the total to the composers of the music and 50% to the authors of the original lyrics of unpublished works. Where an unregistered work is identified as having a publisher we will assume, in the absence of registered contract information, the split is 50% to the writer and 50% to the publisher.

Arrangements

For performances of an arrangement of a copyright musical work, we will not usually allocate a share to the arranger unless otherwise agreed by all the interested parties. In the absence of any such agreement, performances of such an arrangement will be credited to the persons interested in the original copyright work. When we do allocate a share to an arranger of a copyright work that share will not be more than 16.67% (2/12th) unless the arranger is a member of one of the American societies, BMI or ASCAP, in which case the arranger share will be 12.5% (1/8th).

For performances of a copyright arrangement of an otherwise non-copyright work we will credit the arranger as if he/she was the composer of an original composition.

Samples

'Samples' are distributed as registered but are subject to the rules about writer/publisher share splits outlined above.

Translations of Lyrics and Addition of Amended or Substituted Lyrics

Where an authorised translation of copyright lyrics is made, or lyrics are changed or substituted with the authority of the copyright owner, the share allocated to the Translator/Sub-Lyricist is 16.67% (or 12.5% if the Translator/Sub-Lyricist is American). This share is deducted from the shares of the composers and original lyricists in proportion. For example:

	Original Work	Translated Work	Translated Work (American)
Composer	25%	16.67%	18.75%
Author	25%	16.67%	18.75%
Translator	-	16.67%	12.5%
Original Publisher	-	-	-
Sub Publisher	50%	50%	50%

Where the original lyrics are non-copyright, translated or Substituted lyrics are treated as if they were original copyright lyrics. For example:

	Original Work	Translated Work
Composer	50%	25%
Author	-	-
Translator	-	25%
Publisher	50%	50%

In all other cases no share is provided for the translated, substituted, parodied or otherwise changed lyrics and the original work is credited.

In line with the CISAC's recommendation known as the 'Amalfi Resolution', we will only credit sub-lyric versions where either:

- it is known that the sub-lyric version has been performed or
- there is genuine doubt about which version or
- there is an instrumental performance under the title of the sub-lyric version.

Vocal or instrumental

All performances, whether instrumental or vocal, of works originally written as vocal works are deemed to be performances of both the words and the music. However, where words have been written for a pre-existing instrumental work, the words are not deemed to have been performed for instrumental performances

Non-member shares

Where a non-member interest is controlled directly by a PRS publisher member the share due to that non-member is paid to that publisher. 'Directly' means the agreement has no intermediaries between the non-member and the PRS publisher member. Where the PRS publisher member is the original publisher, we will distribute the non-member share to the PRS publisher member.

Shares are allocated to non-member interests of works originating in certain overseas territories where the share allocated for the non-member is paid to the territory's society. This is only done in respect of those societies that in theory also operate in this way reciprocally with us.

In all other cases no share is payable in respect of non-member interests. This is achieved in one of two ways:

- For concerts, and other 'straight-lined' distribution sections no share is attributable in respect the non-member interest. For example:

Composer 1 (member)	50%
Publisher (of Composer 1)	50%
Composer 2 (non-member)	Nil
- For all other distribution sections, a share is nominally attributable in respect the non-member interest, but this is credited to a special account (known as 'the 97 account') that redistributes the share to all participants in the distribution section. For example:

Composer 1 (member)	25%
Publisher (of Composer 1)	25%
Composer 2 (non-member)	50% (paid to 'the 97 account')

Recognition and application of publishing contracts

When making most distributions we apply officially documented contracts applicable at the mid-point of the previous quarter to generate the payable owner. For example:

Publisher gains control of works	First Distribution affected	Performance period covered by dist
July 2022	Dec 2022	Dependent on licence
Sept 2022	April 2023	Dependent on licence

Online - transactional (i.e. IMPEL) and some others do not follow this pattern. The payable owner is generated at point of invoicing, normally close after the sale period and then paid at a subsequent distribution (once the money has been received).

Infringements, disputes and counter claims

Although these are not strictly distribution policy matters it is worth noting that we have formal procedures for dealing with infringements, disputes and counter claims. These policies cover where we are entitled to hold on to distributable funds until the matters are resolved.

Disputes and Duplicate Claims

Details of our disputes and counter claims policy can be found here:

www.prsformusic.com/works/counterclaims/disputes-and-duplicate-claims

Samples

Details of our sampling disputes policy can be found here:

www.prsformusic.com/works/counterclaims/sample-disputes

Infringements

Details of our infringements policy can be found here:

www.prsformusic.com/works/counterclaims/infringements

BROADCAST REVENUE

Key concepts

The following concepts help ensure the way we distribute revenue to members is fair, accurate and transparent.

- Commercial licensee blanket revenues that cover more than one radio or TV station are divided between the stations using a two step process. Each station is allocated a fixed minimum amount per station. Any remaining money is divided between the stations in proportion to their relative music consumption.
- Works performed on broadcast sections are paid based on their total duration on that service multiplied by the calculated FPV for that service for that period.
- No distinctions are made between music used in programmes, commercials, station/channel idents, jingles or trailers.
- All audiovisual broadcasts are subject to time of day weightings and feature in separate distribution sections.
- We make no distinction in licensing or distribution terms between traditional terrestrial broadcasters and cable or satellite broadcasters that we license directly. (Retransmissions of such services in other countries are licensed by local societies and are subject to different administration recovery rates)

In a few instances, where we have licensed foreign language services broadcast from the UK but targeted at non-English speaking countries, for example Phoenix TV and Japan TV, we simply pass the licence revenue to the relevant society to distribute as they are better placed to identify the repertoire used.

Broadcast sampling

We aim for a census or pay-per-play based distribution. We only use sample data where it is not cost effective or feasible to obtain and process full census information. In these instances, we set sample rates for each station on the basis of the distributable revenue collected and cost incurred collecting and processing usage for that revenue. So a high value station with reasonable quality data will be asked for a larger sample set than a low value station, where the data is more costly to process.

The sample rate is set with a minimum sample of four days per annum. It is not cost effective to process any data for services with extremely low revenue, such as very small local radio services or student radio services.

Once a sample rate has been established, days are pro-rated across the four distributions, which take place annually, and selected at random from within each period. All logs from performances on a sample day will be collected and processed.

For many sampled stations the sample is augmented by using Soundmouse sound recognition to create a virtual census. This does not happen in respect of advertising which remains sampled.

For radio stations where the revenue is less than £5,000 per annum no data is processed and an analogy is used.

Time of day weighting

For broadcast distributions, we factor in the concept of time-of-day weightings, to reflect the likely size of the audience when a performance of music takes place. This was introduced for TV from 2007 and for Radio from 2019.

Our Distribution Committee reviewed this policy in November 2017 which resulted in updates to the weightings for TV and the introduction of weightings for Radio – these changes were phased in over three years. Prior to this update, TV weightings operated under two time bands ('Non Peak' and 'Peak').

TV Time of Day

We currently recognise three time bands – 'High Peak', 'Low' Peak', 'Non Peak'. The time bands are based on audience data sourced from BARB.

Current TV Time Bands
Non-Peak: midnight to 15:59 1x weighting on per minute rate
Low Peak: 16:00 to 17:59, and 23:00 to 23:59 2x weighting on per minute rate
High Peak: 18:00 to 22:59 3x weighting on per minute rate

Productions which straddle the border between time bands are classified on the basis of the time slot into which their mid-point falls. For example, all music used in a one-hour long production whose broadcast commenced at 5.45pm would be paid at the High Peak rate as the production's mid-point, 6.15pm, falls within the defined High Peak slot.

Radio Time of Day

Time bands have been applied to Radio broadcasts since 2019. The time bands are based on listening figures provided by RAJAR. As with TV broadcasts, radio productions which straddle the border between time bands are classified on the basis of the time slot into which their mid-point falls.

Current Radio Time Bands
Band one: Midnight to 05:59, and 19:00 to 23:59 1x weighting on per minute rate
Band two: 06:00 to 06:59, and midday to 18:59 2x weighting on per minute rate
Band three: 07:00 to 11:59 3x weighting on per minute rate

Worked example

Station 1 is apportioned £10,000 after administration. It is forecast to use 400 minutes of music in Non-Peak hours, 300 minutes in Low Peak hours and 300 minutes in High Peak hours.

One minute at Non-Peak has no weighting, one minute at Low Peak is worth double a minute at Non-Peak, and one minute at High Peak is worth three times a minute at Non-Peak.

Non-Peak = 400 minutes = $400 \times 1 = 400$ points

Low Peak = 300 minutes = $300 \times 2 = 600$ points

High Peak = 300 minutes = $300 \times 3 = 900$ points

Total points = $400 + 600 + 900 = 1900$ points

Value of one point = $\pounds 10,000 \div 1900$ points = $\pounds 5.26$

One minute at Non-Peak = $\pounds 5.26 \times 1 = \pounds 5.26$

One minute at Low Peak = $\pounds 5.26 \times 2 = \pounds 10.52$

One minute at High Peak = $\pounds 5.26 \times 3 = \pounds 15.78$

The amount per minute for each time band is sometimes referred to as the 'per minute rate' or, more technically, 'Fixed Point Value' ('FPV') as it is the value per point.

'Off Air' Performances

Following the Distribution Committee decision in February 2018, TV broadcast performances during 'Off Air' time periods on a channel will be subject to a specific weighting that reflects the low audience levels for the particular type of content made available at those hours. The definition of 'Off Air' is:

"Music broadcast while the channel displays a continuous holding screen"

The weighting for 'Off Air' music minutes is 4% of the associated channel's lowest rate for time-of-day weightings.

A similar policy has been introduced for Radio broadcast performances, confirmed at the July 2018 Distribution Committee. The type of content covered by Radio broadcasts during 'Off Air' periods is defined as:

"Music broadcast on radio in a looped manner in conjunction with holding content"

'Holding content':

- content stating that the station is currently outside scheduled programming hours that includes:
 - information on upcoming programming or other typical programming available on this station; or
 - any other content, including just a track, played in a looped manner outside of scheduled programming hours

BBC blanket licence – platform revenue splits

The BBC is the UK's only significant publicly funded public service broadcaster. It is also the only major UK broadcaster licensed for a single fee that covers music used on a number of national, local and regional radio and TV stations as well as online platforms.

The BBC licence agreement provides a single annual fee covering all music used in its public service output, for the rights covered by both PRS and MCPS.

Services are classed as audiovisual or radio depending on how they are branded, irrespective of their method of delivery. For example, BBC2 is considered the same audiovisual channel whether it is received on terrestrial TV, satellite TV or online. Similarly, Radio 3 is considered a radio station whether received by traditional radio broadcast, DAB digital radio or directly streamed from the BBC's website.

Dividing the fee

Firstly, we calculate amounts for BBC's online services, using a benchmark value achieved on commercial services.

The remainder is divided between BBC's linear broadcast TV and radio services. This split varies each licence year as the amount of music consumed on each platform changes. 50% of the linear value is split between TV and radio based on the amount of music each platform uses, regardless of audience. The remaining 50% is apportioned in relation to each platform's music consumption, which assesses both audience share and music use.

For TV and for radio, each part of the fee is also subdivided between PRS and MCPS. Details of these splits are given later in this document under headings 'BBC radio' and 'BBC TV'.

BBC Studios

This is the commercial arm of the BBC and its activities are not covered by the main BBC blanket licence (formerly known as BBC Worldwide). There is a separate licence for which the fee has to be split between MCPS and PRS. This licence includes the provision of BBC channels to the Republic of Ireland on the Sky platform. This particular element is a performing element only. The remainder of the fee is divided equally between the two societies in accordance with the standard practice for broadcast licences. This was agreed by the Distribution Committee in May 2012.

Distribution basis summary

A summary of the basis of broadcast distributions as of October 2011 is shown below:

Basis	Revenue
Census	90%
Sample	9%
Analogy	1%

Unmatchables and carry forwards

We do our best to identify all works appearing in our distribution analysis. The term 'unmatchable usage' is used to indicate where a licensee has reported use of music but we have been unable to match it to a work, whether registered or unregistered, or to identify the interested parties as members of a collecting society. The usage is therefore found to be unmatchable and is marked with a CUP code, which stands for Combined Undistributable Performances.

Certain categories of CUP coded usages, which might be identified by members or other rights-holders, are given in the unidentified performance list on our website:

Included on the unidentified performance list:

- Unpayable arrangements of public domain works
- Insufficient information or unidentifiable usage

Not included (as no rights are payable):

- Sound effects or speech
- Grand rights - performance not to be paid
- Public domain works or traditional works

Usages usually appear on the unidentified performances list one calendar month after each distribution. During this month, we review the unmatchable usages to find items that should have been matched, and ensures they are processed for the next distribution.

Members and affiliated societies are able to claim these unmatched usages using the online facilities on our website.

Similarly, productions for which we have been unable to obtain a cue sheet are listed in the Films Lacking In Cue Sheets (FLICS) File so that members have the opportunity to provide these.

No money is reserved for any unmatchable usages. Any subsequent claims for unmatched usages are funded from the next year's revenue for the same revenue pool. Payment is at the £ per minute rate attributable at the rate in effect at the time the payment is made not at rate of the original performance period. No interest accrues or is paid to the interested parties in respect of such payments.

In all cases we reserve the right to calculate a revised £ per minute rate for previously missed performances especially where revenue for a particular source has been or will be exhausted. On those rare occasions when this is done it will usually be done by recalculating the rate as if the missed performances had been included in the original rate calculation.

Audiovisual and General Entertainment Online (GEOL) carry forwards

Some usages are carried forward to be processed in a subsequent distribution, rather than added to the undistributed performances list. This will usually happen so that complete distributions are not delayed, and for the following reasons:

- **More research time is needed:**
When research to confirm the correct match could not be finished in time for the distribution deadline, the usages will be carried forward to the next available distribution marked with a new target distribution (TDD).
- **Work is subject to an incomplete share picture:**
A usage can be carried forward after being successfully matched to a work if that work has an incomplete share picture. But to make this payment, the work must have shares that are equal to 100%. This will require action to update the work.
- **Cue sheets not received in time for distribution submissions:**
Usages can also be carried forward because they were received and loaded too late for processing.
- **Limits to usages carried forward:**
Usages will continue to be carried forward until they are matched or cup coded. They can, in theory, be carried forward for three years from the initial target distribution, after which time they will be removed from the system.

BBC radio

Introduction

Established by a Royal Charter, the BBC is a public service broadcaster funded by the licence fee paid by UK households. Income from the licence fee enables the BBC to broadcast national radio stations offering music and speech programming, national radio services for Scotland, Wales and Northern Ireland, and numerous local radio stations. BBC Radio stations are available via analogue and digital radio, digital television, and online via BBC Sounds, where programmes broadcast on the national stations are also available on-demand for 30 days after broadcast.

Royalty source

We license the use of PRS member, MCPS member and affiliated society repertoire on the BBC's non-commercial television, radio and online services under the terms of a joint blanket licence.

The split of the annual BBC blanket licence fee between TV and radio is recalculated annually. Additionally, BBC radio revenue is split 96.4% to PRS and 3.6% to MCPS, reflecting the longstanding proportions established when the societies had separate licence contracts with the BBC.

Distribution policy

Revenue apportionment/performance value calculation

The total net annual PRS BBC radio revenue amount is apportioned to individual BBC radio stations on the basis of each station's individual consumption and broadcast reach, split 70% consumption and 30% reach, with an added multiplier based on the amount of music broadcast by each station. Broadcast reach is based on the population living within the intended broadcast signal range of each station as measured in RAJAR's target survey area. We do not apply a specific talk station downweighting.

These rules were confirmed at the November 2017 Distribution Committee.

The total distributable annual revenue per station is divided by the forecast total annual music minutes for the station to arrive at an FPV for each station.

Distribution basis

All BBC radio stations are paid on a full census basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All radio usage, including but not limited to BBC radio services, is subject to a £5 manual match threshold. Any reported work that cannot be matched automatically and that does not provide a royalty of more than £5 across all radio services, within a single

distribution, will be deemed non-distributable. These usages will not be processed or paid and will not be added to the unidentified performances list.²

Other notes

The BBC licence year covers usage from April to March. Distributions for these usages are made from October to July.

The method for apportioning PRS BBC radio revenue to individual stations was last reviewed by the Distribution Committee in November 2017, and changes were phased in over a three-year period, reaching full implementation in 2020.

As well as its domestic radio output, the BBC blanket licence also covers the BBC World Service, which broadcasts BBC-produced programming across the globe and contains a separate sum of money to specifically cover these services.

² Automatch rates for radio usage average around 90%. Works requiring manual match falling under this threshold therefore account for only very low levels of revenue.

Commercial radio

Introduction

Most commercial radio stations are free-to-air services funded largely by advertising and sponsorship revenue. There are a few national commercial radio stations plus many that are broadcast locally. A number of local stations are local variations of a national group or brand, such as Heart, Capital and Smooth. There are significant crossovers in the playlists of different commercial radio stations.

Royalty source

The joint licence MCPS and PRS hold with commercial radio stations charges a fixed percentage of each station's net broadcasting revenue. This is an annual blanket licence fee covering all the station's performing and mechanical usage. This single fee is split 96% to PRS and 4% to MCPS because the mechanical licensing requirement from MCPS is significantly smaller than the performing requirement.

Distribution policy

Revenue apportionment/performance value calculation

Each station is invoiced individually based upon its net broadcast revenue. The licence revenue generated is apportioned directly to its individual distribution section. Administration is deducted from each station's licence revenue to give an annual net licence revenue per station.

The total distributable annual revenue per station is then divided by the forecast total annual music minutes for the station to arrive at an FPV for each station.

Distribution basis

The following table summarises the basis of commercial radio distributions as of October 2018.

Basis	No. Stations	% Revenue
Census	252	66%
Sample	22	6%
Analogy	107	28%

The appendix lists radio stations paid by census with the relevant data source.

For many census stations only the main track plays and idents are actually subject to census analysis – advertising commercials are often still only sampled.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

A third party, Soundmouse, uses music recognition technology to provide us with data about plays of commercially available musical works for 150 commercial radio stations.

Broadcasters provide performance data for music used in adverts and idents on these stations. We are investigating the use of music recognition technology for these usages too.

All performance data for stations not tracked by Soundmouse is provided by licensees, in both electronic and paper formats.

Processing thresholds and rules

All radio usage is subject to a £5 manual match threshold. Any reported work that cannot be matched automatically and that does not generate an aggregate royalty of more than £5 across all radio services within a single distribution will be deemed non-distributable. Such low value items will not be processed or paid upon and will not be added to our unidentified performances list.³

Other notes

The commercial radio licence year runs from October to September, and royalties are distributed from April to December, with end-of-year reconciliation paid in April. Revenue relating to plays of commercially available works for some low value stations is paid by analogy using data from similar stations. This approach is used where a strong similarity can be established between the playlists of the licensee station and a station for which census performance information is available and either the station is unable to provide census reporting or the revenue for the station is too small to make it cost effective to process even a sample of data.

No usage data is analysed for some small radio services, such as hospital and student radio services, where the revenue is very small.

The Distribution Committee agreed the PRS and MCPS split in November 2012 when the new joint licence was introduced, having agreed other aspects of the policy in previous years.

³ Automatch rates for radio usage average around 90%. Works requiring manual match falling under this threshold therefore account for only very low levels of revenue.

UCB Radio

Introduction

United Christian Broadcasters (UCB) are a charity that operates two radio stations in the UK – UCB1 and UCB2. The licensing and distribution approach for these two stations is largely similar to that for commercial radio services.

Royalty source

MCPS and PRS hold a joint licence with UCB covering all the station's performing and mechanical usage. The annual fee is split 96% to PRS and 4% to MCPS because the mechanical licensing requirement from MCPS is significantly smaller than the performing requirement.

Distribution policy

Revenue apportionment/performance value calculation

UCB stations are not invoiced individually. The licence revenue generated is instead apportioned based on the relative operating costs of the two stations, UCB1 and UCB2. Administration is deducted from each station's licence revenue to give an annual net licence revenue per station.

The rest of the process is exactly the same as commercial radio.

Distribution basis

UCB stations are distributed on a census basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

As with commercial radio, reporting is partially based on Soundmouse music recognition technology and station self-reporting.

Processing thresholds and rules

Please see Commercial Radio.

Other notes

UCB operates a slightly different licence and distribution year to the rest of radio, running from January to December, with royalties distributed in the quarterly distributions from July to April and end of year reconciliation occurring in May each year.

BBC TV

Introduction

Established by a Royal Charter, the BBC is a public service broadcaster funded by the licence fee paid by UK households. Income from the licence fee enables the BBC to broadcast national TV stations offering entertainment, news, current affairs and arts coverage for the whole of the UK, and provide additional regional programming and services. BBC Television channels are available via digital TV, and online via BBC iPlayer, where programmes are also available on-demand after broadcast. The BBC's interactive TV service also allows viewers to access additional television programmes and live coverage from major sporting and cultural events by pressing the red button on an internet-connected TV remote control.

Royalty source

We license the use of PRS member, MCPS member and affiliated society repertoire on the BBC's non-commercial television, radio and online services under the terms of a joint blanket licence.

The split of the annual BBC blanket licence fee between TV and radio is recalculated annually. BBC TV revenue is split 66.67% to PRS and 33.33% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The total annual PRS BBC TV net distributable revenue amount is apportioned to individual BBC TV stations using two measures. One third of the total revenue is apportioned to stations based upon their total music usage, effectively securing a minimum fee for a minute of music used on any of the nine BBC TV stations. The remaining two thirds of the revenue is apportioned using music consumption, which will lift the value of a minute's usage on stations with higher audience figures and music percentages. Channels where less than 15% of broadcast time uses music are down weighted by a factor of five.

The net result is divided by the forecast total of weighted annual music minutes to give FPs for High Peak, Low Peak and Non-Peak times of day (see section on Broadcast Revenue).

Distribution basis

All BBC TV stations are paid on a full census basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All BBC TV usage goes through an automatch and, where necessary, manual match process.

Other notes

The BBC licence year covers usage from April to March. Distributions in respect of those usages are made from October to July.

ITV

Introduction

ITV is the UK's largest commercial TV broadcaster offering free-to-air channels and an on-demand service.

Royalty source

ITV pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 66.67% to PRS and 33.33% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The PRS ITV fee is apportioned to the individual channels covered under the blanket agreement by a two-step calculation:

Step 1: Each channel is allocated a minimum amount based on the minimum channel charge. This is the minimum fee due for any additional channel or service, regardless of audience or music usage, and is set within the licence agreement.

Step 2: The remaining revenue, approximately 90%, is apportioned to individual stations on the basis of music consumption.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPs based on the time-of-day bands.

Distribution basis

ITV is distributed 100% on a census basis

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All ITV usage goes through an automatch and, where necessary, manual match process.

Other notes

The ITV licence year covers usage from January to December. Royalty distributions in respect of those usages are made from July to April.

Sky

Introduction

Sky (formerly BSkyB) offers subscription-based TV channels in the UK and Republic of Ireland, as well as on-demand services.

Royalty source

Sky pays an annual blanket licence fee covering all of its performing and mechanical usage. Small proportions of this are for specific mechanical only or performing only uses. The remainder is for UK broadcasting and split 66.67% to PRS and 33.33% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The PRS Sky fee is apportioned using the same two-step method as the ITV fee. The method to calculate final FPV is also the same.

Distribution basis

The following table summarises the basis of Sky distributions:

Basis	No. stations	Revenue
Census	41	90%
Sample	21	10%

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Sky usage goes through an automatch and, where necessary, manual match process.

Other notes

The Sky licence covers only those channels owned or run directly by Sky in the UK. It does not cover the services of other UK broadcasters that as a satellite operator it carries. For example, as a satellite carrier it broadcasts BBC and ITV services, but these are covered by their own direct licences and not by the Sky licence.

The Sky licence year covers usage from July to June. Distributions in respect of those usages are made from December to October.

Note that channels such as Sky Sports and Sky News will receive significant public reception allocations due to their common use in commercial premises like pubs and cafés.

Channel 4

Introduction

Channel 4 is the third largest UK free-to-air broadcaster. It offers several general entertainment channels and time-shifted equivalents, as well as a free-to-air film channel, and an on-demand service.

Royalty source

Channel 4 pays an annual blanket licence fee covering all of its performing usage and any mechanical rights needed for music copied into promos, plus limited production music rights and to cover programme repeats on the main 'Channel 4' channel. Some of this revenue is for specific mechanical only usage. The remaining revenue is split 90.32% to PRS and 9.68% to MCPS. This ratio is unique because Channel 4's mechanical licensing requirement from MCPS is significantly different from that of other broadcasters.

Distribution policy

Revenue apportionment/performance value calculation

The PRS Channel 4 fee is apportioned using the same two-step method as the ITV fee. The method to calculate final FPV is also the same.

Distribution basis

All Channel 4 stations are distributed on a full census basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Channel 4 usage goes through an automatch and, where necessary, manual match process.

Other notes

The Channel 4 licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

This policy was reconfirmed by the Distribution Committee in July 2016.

Channel 5

Introduction

Channel 5 is the fourth largest UK free-to-air broadcaster through traditional terrestrial broadcast means. It offers several general entertainment channels and time-shifted equivalents and an on-demand service.

Royalty source

Channel 5 pays an annual blanket licence fee. This covers all of its performing usage and the mechanical rights needed for any music copied into promos for mechanicals, plus limited production music rights. Small proportions of this revenue is for specific mechanical only usage. The remaining revenue is split 89.5% to PRS, 10.5% to MCPS. This ratio is unique because Channel 5's mechanical licensing requirement from MCPS is significantly different from that of other broadcasters.

Distribution policy

Revenue apportionment/performance value calculation

The PRS Channel 5 fee is apportioned using the same two-step method as the ITV fee. The method to calculate final FPV is also the same.

Distribution basis

All Channel 5 stations are distributed on a full census basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Channel 5 usage goes through an automatch and, where necessary, manual match process.

Other notes

The Channel 5 licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

This policy was reconfirmed by the Distribution Committee in February 2022.

Discovery

Introduction

Discovery broadcast TV channels in the UK for reception in the UK and across Europe, Middle East and Africa. We collect and process usage data for each of these individual feeds to ensure accurate distributions.

The PRS licence fee for overseas feeds covers direct-to-home satellite reception only.

We also receive revenues from affiliate societies for locally licensed retransmissions of Discovery feeds in the society's territory. Because we receive usage data for each direct to home feed, we can make a distribution based on accurate performance logs.

Royalty source

Discovery pays an annual blanket licence fee covering all performing and mechanical usage. The fee is split 55.56% to PRS and 44.44% MCPS to reflect the proportions of performance and mechanical licensing required.

Distribution policy

Revenue apportionment/performance value calculation

The PRS Discovery fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPs based on the time-of-day bands.

Distribution basis

The following table summarises the basis of Discovery distributions:

Basis	No. stations
Census	11
Sample	55

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Discovery usage goes through an automatch and, where necessary, manual match process.

Other notes

The Discovery licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

Turner

Introduction

Turner broadcast TV channels in the UK for reception in the UK and across Europe, Middle East and Africa. We collect and process usage data for each of these individual feeds to ensure accurate distributions.

The PRS licence fee for overseas feeds covers Turner for its direct-to-home broadcasts only.

We also receive revenues from affiliate societies, for locally licensed retransmission of Turner feeds in these territories. Because we receive performance data for each direct to home feed we can make a distribution based on accurate performance logs. Retransmission is explained in more detail in the international section.

Royalty source

Turner pays an annual blanket licence fee covering performing rights only.

Distribution policy

Revenue apportionment/performance value calculation

The PRS Turner fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPs based on the time-of-day bands.

Distribution basis

The following table summarises the basis of Turner distributions:

Basis	No. stations
Census	2
Sample	24

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Turner usage goes through an automatch and, where necessary, manual match process.

Other notes

The Turner licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

MTV

Introduction

As well as the popular MTV channels broadcast in the UK, MTV's licence covers its performing and mechanical right exploitation for its general entertainment, music and children's channels broadcast across Europe, the Middle East and Africa. We collect and process actual performance data from each of these individual feeds to ensure accurate distributions. The PRS licence fee for overseas feeds covers MTV for its direct-to-home broadcasts. We also receive revenues from affiliate societies, for locally licensed retransmission of Discovery feeds in these territories. Because we receive usage data for each feed we can make a distribution based on accurate performance logs. Retransmission is explained in more detail in the international section.

Royalty source

MTV pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 66.67% to PRS and 33.33% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The PRS MTV fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPGVs based on the time-of-day bands.

Distribution basis

The following table summarises the basis of MTV distributions:

Basis	No. stations
Census	11
Sample	49

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All MTV usage goes through an automatch and, where necessary, manual match process.

Other notes

The MTV licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

PBS America

Introduction

PBS America is broadcast in the UK much like BBC Studios is broadcast in other countries, and provides PBS content to UK viewers.

Royalty source

PBS pay an annual licence fee that covers all performing usage and production music only mechanical usage broadcast on PBS America in the UK. The licence fee is split 90% to PRS and 10% to MCPS, recognising the limited amount of mechanical usage covered by this licence.

Distribution policy

Revenue apportionment/performance value calculation

The PRS PBS America fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPVs based on the time-of-day bands.

Distribution basis

PBS America is distributed on a sample basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

PBS America usage goes through an automatch and, where necessary, manual match process.

Other notes

The PBS America licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

B4U

Introduction

B4U (Bollywood For You) broadcast programmes in the UK on two channels, B4U Music and B4U Movies.

Royalty source

An annual licence fee covers all performing and mechanical usage broadcast by B4U in the UK.

All programme content is acquired from India. As such, only the non-programme content is mechanically payable. The society split is 90% PRS and 10% MCPS to recognise the limited amount of mechanical usage payable under this licence.

Distribution policy

Revenue apportionment/performance value calculation

The B4U fee is apportioned using the specific fee agreed per station in the licence.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPVs based on the time-of-day bands.

Distribution basis

Both B4U Music and B4U Movies are distributed on a sample basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

B4U usage goes through an automatch and, where necessary, manual match process.

Other notes

The B4U licence year covers usage from April to March. Royalty distributions for these usages are made from July to April.

BT Sport

Introduction

BT Sports launched in 2013 and broadcasts a range of live sports across the UK although it focuses on football, mainly the Premier League.

Royalty source

BT Sports pays an annual blanket licence fee covering all of its performing and mechanical usage, plus limited production music rights. A small proportion of this revenue is for specific mechanical only usage. The remaining revenue is split 66.67% to PRS and 33.33% MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The BT Sports fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPVs based on the time-of-day bands.

Distribution basis

BT Sports channels are all distributed on a sample basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

BT Sport usage goes through an automatch and, where necessary, manual match process.

Other notes

The BT Sport licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

Fox Television

Introduction

Fox broadcast a range of American programming such as *Family Guy* and *Walking Dead* directly to the UK through its channel available on Sky and Virgin.

Royalty source

Fox pay an annual licence fee that covers all performing usage plus a specific allocation for a limited amount of production music mechanical usage broadcast on Fox in the UK. Allowing for the specific allocation within the licence to the mechanical usage, the remaining royalty is 100% PRS. The remaining royalty is split 92% to PRS, and 8% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The Fox fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPVs based on the time of day bands.

Distribution basis

Fox is distributed on a 100% census basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

Fox usage goes through an automatch and, where necessary, manual match process.

Other notes

The Fox licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

The Box Plus Network

Introduction

As of 2016, The Box Plus Network control music channels such as 4Music, Kerrang, and Magic. Through these channels, they broadcast a substantial and broad range of music across the UK and parts of Africa.

Royalty source

The Box Plus Network pays an annual blanket licence fee covering all of its performing and mechanical usage. Small proportions of this revenue is for specific mechanical only usage. The remaining revenue is split 66.67% to PRS and 33.33% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The Box Plus Network fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPs based on the time-of-day bands.

Distribution basis

The following table summarises the basis of Box Plus distributions:

Basis	No. stations
Census	1
Sample	6

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

Box TV usage goes through an automatch and, where necessary, manual match process.

Other notes

The Box Plus Network licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

UKTV

Introduction

UKTV is a commercial joint venture between BBC Studios (the commercial arm of the BBC) and Discovery, Inc. The broadcaster carries national television channels some of which are available free-to-air with others available via various pay-TV platforms. Viewers are also able to watch programmes broadcast on its free-to-air channels via UKTV's on-demand service, UKTV Play.

Royalty source

We license the use of PRS and MCPS members' repertoire on UKTV's television channels under the terms of a joint blanket licence. The PRS grant of rights covers the broadcast of the channels in the UK. The broadcast fee is split 57.14% to PRS and 42.86% to MCPS in recognition of the unique licensing history of this broadcaster.

Distribution policy

Revenue apportionment/performance value calculation

The PRS UKTV fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Distributions are on a census basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All UKTV usage goes through an automatch and, where necessary, manual match process.

Other notes

The UKTV licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

AMC Networks

Introduction

AMC Networks is an American TV specialist that controls channels such as CBS Reality. (AMC Networks was formerly known as Chellozone.)

Royalty source

AMC pays an annual blanket licence fee covering all of its performing and mechanical usage. The revenue is split 89% to PRS and 11% to MCPS in line with other broadcast licences which include limited use of MCPS repertoire.

Distribution policy

Revenue apportionment/performance value calculation

The AMC Networks fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPVs based on the time of day bands.

Distribution basis

All AMC channels are distributed on a census basis

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

AMC usage goes through an automatch and, where necessary, manual match process.

Other notes

The AMC licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

NBC Universal

Introduction

NBC Universal broadcasts in the UK for reception in the UK and across Europe, Middle East and Africa. We collect and process actual performance data from each of these individual feeds to ensure accurate distributions.

The PRS licence fee for overseas feeds covers NBC Universal for its direct-to-home broadcasts only.

We also receive revenues from affiliate societies, for locally licensed retransmission of NBC Universal feeds in these territories. Because we receive performance data for each direct to home feeds we can make a distribution based on accurate performance logs. Retransmission is explained in more detail in the international section.

Royalty source

NBC Universal pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 91.2% to PRS and 8.8% to MCPS to reflect the unique proportions of performance and mechanical licensing required.

Distribution policy

Revenue apportionment/performance value calculation

The NBC Universal fee is apportioned using the same two-step method as the ITV fee.

The net amount is divided by the forecast total of weighted annual music minutes to give the FPVs based on the time-of-day bands.

Distribution basis

All NBC Universal channels are distributed on a sample basis

Distribution cycle

Quarterly, one quarter after the end of the performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

NBC Universal usage goes through an automatch and, where necessary, manual match process.

Other notes

The NBC Universal licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

Walt Disney Co

Introduction

Walt Disney Co's licence covers its performing and mechanical rights on channels broadcast from the UK across Europe, the Middle East and Africa. We collect and process actual performance data from each of these individual feeds to ensure accurate distributions. The on-demand streaming service Disney+ is licensed separately as a standalone General Entertainment Online Licence (GEOL).

Royalty source

Walt Disney Co pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 65% to PRS and 35% to MCPS in recognition of the unique licensing history of this broadcaster.

Distribution policy

Revenue apportionment/performance value calculation

The PRS Walt Disney Co fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Distributions are on a census basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed under 'Standard distribution cycles and frequency' in the distribution cycles and concepts section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All usage for the Walt Disney Co channels goes through an automatch and, where necessary, manual match process.

Other notes

The Walt Disney Co licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

Other TV stations/channels

Introduction

We also license music use for many other TV companies/stations. They are all treated and processed as outlined below.

Royalty source

The licensee pays an annual blanket licence fee covering all of its performing usage and any mechanical exploitation associated with the copying of MCPS repertoire into programme or non-programme use. This single fee is split between PRS and MCPS in a ratio to reflect the ratio of mechanical and performing rights licensing required by the station(s).

Distribution policy

Revenue apportionment/performance value calculation

Where the licence fee covers more than one channel, the fee is apportioned using the same two step method as the ITV fee. In some cases the minimum per channel fee is specified in the licence and in others it is calculated by reference to the published GETV Scheme.

Distribution basis

Each licensed channel is distributed separately on a census basis unless only sample data is received in which case all sample data is distributed.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed under 'Standard distribution cycles and frequency' in the distribution cycles and concepts section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All usage goes through an automatch and, where necessary, manual match process.

Other notes

The licence year covers usage from January to December. Royalty distributions for these usages are made from July to April.

Educational Recording Agency

Introduction

The Educational Recording Agency (ERA) licences schools and teachers to make recordings of broadcast programmes containing copyright music for the purposes of the educational establishment. The ERA licence also allows the educational establishments to communicate those recordings and works to teachers and students connected with the establishment.

Royalty source

ERA pays us an annual blanket licence fee to cover the mechanical and performing rights in the music of the programmes it has licensed.

Distribution policy

Revenue apportionment/performance value calculation

This money is split 86.5% to MCPS and 13.5% to PRS to reflect the difference in physical media usage and streaming. This is the aggregate split from a previous ERA licensing system which charged separately for physical media and streaming.

Distribution basis

The money is allocated to those programmes which are likely to be educational from all the programming broadcast on BBC2, Channel 4, More4, Channel 5 and S4C

Distribution cycle

Quarterly, one quarter after the end of the broadcast period.

Processing policy

Data provider

ERA does not collect information from the schools it licenses about the material recorded under this licence so cannot report any usage. We attempt to manually identify those programmes which are likely to be educational from all the programming broadcast on BBC2, Channel 4, More4, Channel 5 and S4C.

Processing thresholds and rules

None

Other notes

This policy was agreed by the Distribution Committee in November 2014.

PUBLIC PERFORMANCE REVENUE

Key concepts

- We collect revenue for public performances under a variety of more than 40 different tariffs, largely based on the types of venue. Our tariffs are licences through our Joint Venture with PPL, under 'TheMusicLicence'. Full details are online <https://pplprs.co.uk/>
- Royalties collected under these tariffs are usually distributed in accordance with the type of music use. For example, all royalties collected for jukebox use, irrespective of tariff, are distributed under the jukebox distribution section.
- For some tariffs, for example those that cover holiday camps, educational establishments and churches, the distribution splits do not directly relate to different uses of music at these venues. We take an average from tariffs covering pubs, clubs and hotels that do charge for individual types of music use.

We seek to find the optimal balance between distribution accuracy and cost in distributing public performance revenue.

Distribution basis

A summary of the basis of public performance distributions is shown in the table below:

Basis	Revenue
Census	29%
Sample	18%
Analogy	53%

Unmatchables and carry forwards for live events

Usages treated as unmatchable, because they have been identified as a public domain work, will have their notional share of the royalty spread across the rest of the payable works on the set list or lists, and will not be added to the unidentified performance list.

Usage with insufficient information to enable identification of all interested parties will be added to the unidentified performance list.

Usages matched to works that do not have 100% distributable shares, and those not yet matched but not yet added to the unidentified performances list, are carried forward in the same way as broadcast items.

Public reception

Introduction

This revenue relates to TVs and radios used in licensed premises, such as pubs, restaurants, or cafés. Public reception usage is therefore related to broadcast usage. Since 2020 this has been classified as a public performance royalty; prior to 2020 public reception was included under broadcast royalties. The change was introduced following approval by our Distribution Committee in November 2019, to be phased in over a three-year period.

Royalty source

We collect revenue under a variety of tariffs relating to public performance venues such as pubs, clubs, shops and restaurants for their use of radios and TVs.

Distribution policy

Revenue apportionment/performance value calculation

Public reception revenue is initially broken into separate TV and radio pools, based upon the separate fees charged for each within our public performance licensing structure.

For radio, we use data from RAJAR which tells us which stations are being listened to in public premises, how many people are listening and for how long. We combine this with the data reported to us directly by the radio stations.

For TV, we use data from a survey of a statistically representative sample of licensed premises, which indicates which channels are being watched and we combine this information with the data reported to us directly by the TV stations. A large proportion of the TV public reception revenue is raised from pubs, much of which is apportioned to sports channels because many pubs show live sports coverage.

Distribution basis

Public reception revenues are used to calculate FPs per station or channel, with the usages of musical works reported by the broadcasters used as a basis for distribution.

Distribution cycle

Four times a year, usually one quarter after the end of the performance period.

Processing policy

Data provider and format

Information about the radio stations being used in public performance premises is supplied by RAJAR, and information about the TV channels being used is supplied via a survey conducted on behalf of PRS by a third party research company, using a statistically representative sample of licensed venues.

Broadcast logs showing usage of individual works are supplied by a variety of licensees and third parties.

Processing thresholds and rules

None.

Other notes

Public reception is not subject to any time-of-day adjustments.

This policy was confirmed by the Distribution Committee in May 2013 when it agreed to an increase in the size of the licensee survey, and updated in November 2019 when it was confirmed to separate public reception distributions from broadcast distributions.

Pop concerts

Introduction

Revenue collected under several licensing tariffs is distributed under various pop concert distribution sections. Most revenue comes from Tariff LP, the main pop concerts tariff, where revenue is collected on an event-by-event basis. The fee is calculated as a proportion of gross box office, 3% from 1988 to June 2018, and now 4% minimum from July 2018 onwards. These events included in this section range from a sell-out gig at Wembley Stadium to a ticketed event in a church hall.

Royalty source

The venue hosting the event will be charged on an event-by-event basis, with the fee calculated as a percentage of box office.⁴ In some cases, for example where there is no box office charge, other tariffs that contain alternative methods are used to calculate the licence fee, such as flat rate charges and percentages of expenditure on musicians.

Distribution policy

Revenue apportionment/performance value calculation

Pop concerts are paid on an event-by-event basis. The licence fee relating to the event is paid directly over the relevant event set lists after administration is deducted.

Concerts which are licensed under Tariff LP and which take place before 1 January 2019 have no distinction between headline and support acts with all works receiving royalty payments based on the relative performance duration of each musical work performed at the concert event.

Concerts which are licensed under Tariff LP which take place on or after 1 January 2019 are subject to the following:

- 80% of a concert event's royalties are allocated to works performed by the headline act.
- The remaining 20% will be allocated to works performed by the support acts.
- Within these two groups, the allocation for each work will then be determined by the relative performance duration of each work.

For those Tariff LP events with 'no headliners', 'all headliners' or where only 'one act performs', 100% of the royalties are allocated across all repertoire based on the relative performance duration of each musical work performed at the concert event.

This policy change does not apply to variety, revue or pantomime performances which are typically licenced under Tariff V or Tariff T. It also excludes events falling within the scope of our other tariffs – for example it does not cover events which are distributed under our gigs, clubs and small venues scheme.

The 80/20 headliner/support policy does not apply to festival performances. For festival performances royalties are divided between the stages based on stage capacity at each festival, and then the royalty allocation for each stage is split between the musical works

⁴ For more detail on tariff LP and other pop concert tariffs, please refer to pplprs.co.uk/business/other/

performed on that stage based on the relative performance duration of each musical work.

Residual revenue from events where no set list has been sourced is reconciled over known performances within the section. This occurs one year after the end of the annual licence period.⁵

Distribution basis

Pop concert revenue is distributed on a full census basis. As of the April 2019 distribution, every set list that we obtain within three years of the first eligible distribution of the licenced event in question is processed for distribution.

For example, if a licensed event took place on 1 January 2019 and we received payment on 14 February 2019, then the first eligible distribution would be April 2019 and we would accept set list claims for that event until April 2022.

Distribution cycle

We aim to include payments covering pop concerts by the second quarterly distribution after the event has taken place. For example, revenue from a May concert should be included in the October distribution, if set lists are returned rapidly.

We also offer a live concert service for larger events. These are usually paid outside of the quarterly PRS distributions as we aim to distribute these revenues within 60 days of the event taking place.

Processing policy

Data provider and format

The data provider will usually be the venue, the promoter or the artist's management.

Set lists are often received in paper format.

Processing thresholds and rules

There are no processing thresholds for pop concerts.

Only works that are actually performed live at concerts or are officially listed as part of a performer's set list are deemed distributable. Performances by recorded means are not considered distributable except in those instances where a DJ is listed as a performer on the promotional material and tickets for the event.

For all live concert events which we have identified, licensed and collected we limit the period during which we will accept set list claims to three years after the first eligible distribution. Note - the first eligible distribution would be the first distribution which takes place more than 60 days after the date the licence fee is paid.

For example, if a performance that took place on 1 January 2019 was invoiced and paid by 14 February 2019, then 60 days after this is 14 April 2019. So the first eligible distribution would be 15 April 2019 and we would accept set list claims until 14 April 2022.

Where members flag an unlicensed event, we do not propose to put a time limit on this as we would, if possible, seek to licence. If we successfully secure a licence, then the

⁵ This does not preclude payment for these events should set lists be received after this reconciliation payment. Such set lists will be paid using current revenue which is not directly attributable to specific performance data, for example general live revenue.

three-year period in which we accept set list claims starts from the first eligible distribution after that point.

This change takes effect from the April 2019 distribution.

Other notes

Revenue for pop festivals is distributed on a full census basis. Every set list that we obtain is processed for distribution.

Much of the data for live events is received in paper form and requires significant manual work to be entered onto the system for distribution. We continue to investigate more accurate and efficient methods of obtaining live performance information, including working with third parties, monitoring the effectiveness of music recognition technology and improving internal systems.

The Distribution Committee's decision to limit the return of set lists to three years after the first eligible distribution was made in the November 2018 committee.

Classical concerts

Introduction

Revenue distributed under this distribution section is collected under various tariffs but predominantly under Tariff LC, our classical concerts tariff.

Royalty source

It is collected on an event-by-event basis and calculated as a proportion of gross box office. This proportion, in many instances, depends upon the amount of controlled repertoire being performed.⁶

Distribution policy

Revenue apportionment/performance value calculation

The licence fee payment is spread across the relevant event set lists, after administration is deducted.

Revenue is apportioned to all individual controlled works performed within a licensed event, based on duration.

Residual revenue from events where no set list has been sourced is reconciled over known performances within the section. This occurs one year after the end of the annual licence period.⁷

Distribution basis

Classical concert event revenue is distributed on a full census basis. Every set list that we obtain is processed for distribution.

Distribution cycle

We aim to include payments covering classical concert events by the second quarterly distribution after the event has taken place. For example, revenue from a May concert should be included in the October distribution, if set lists are returned rapidly.

Processing policy

Data provider and format

The data provider will usually be the venue, the promoter or the artist's management.

Set lists are often received in paper format.

Processing thresholds and rules

There are no processing thresholds for classical concert events.

Other notes

⁶ For more detail on Tariff LC and other classical concert tariffs please refer to pplprs.co.uk/business/other/

⁷ This does not preclude payment for these events should set lists be received after this reconciliation payment. Such set lists will be paid using revenue relating to events with no specific performance details from more recent periods, for example general live.

Due to the nature of the repertoire used at classical concerts, each programme is assessed to determine the amount of copyright material has been used prior to invoicing for the event.

Unlike pop festivals, classical music festivals are usually licensed and distributed on a per concert basis.

DJ events

Introduction

DJ events are licensed under a number of different tariffs, depending on the venue. Much of the DJ revenue comes from pubs and clubs under Tariff P, Tariff J and Tariff JMC.⁸

Royalty source

Revenue distributed under the DJ events section is often collected as a separate part of a pub or club's licence fee. Revenue for DJ events is not restricted to pubs and clubs but can be found across a broad range of tariffs and types of venue.

Distribution policy

Revenue apportionment/performance value calculation

Revenue comes from direct licence revenues for DJ or disco events and from the calculated apportionment of revenue sources that do not have charging mechanisms related to music use. Examples of these revenue sources include holiday camps, educational establishments and churches.

To apportion revenue to individual musical works we look at their proportionate share in the performance data for the distributable period, which is a calendar year.

Distribution basis

We use data from music recognition technology (MRT) devices installed in a number of venues where DJ events take place. The data is used in the following ways:

- As census data to directly distribute the revenues from the venues where MRT devices are installed.
- As a representative analogy for branded chains where MRT devices are installed in a selection of a chain's venues.
- As a representative analogy for specialist dance music clubs, the value of which has been determined to be 3% of DJ Events revenue. This percentage is reviewed annually. MRT devices are installed in a selection of specialist clubs which we have determined to be representative of the sector as a whole.

For revenues not distributed using MRT data, a sample survey is conducted on our behalf by market researchers. They visit licensed DJ events and record each work performed and the number of performances. This survey data is used in the following ways:

- The proportion of works that have been played three or more times is calculated against the total number of performances. This proportion of the total revenue is split between these works, based on the exact number of performances appearing in the survey.

⁸ Please refer to www.prsformusic.com for more details on the charging mechanisms within these tariffs.

- All the survey data is compared to broadcast sources, such as relevant music radio stations, to find a range of broadcast data that most accurately represents the repertoire used in DJ events. The revenue that remains after the split described in the point above is paid out based on an analogy to the broadcast data, once the works that have already been paid in the previous point are removed from this data set.

Distribution cycle

Revenues are distributed quarterly. For MRT-based distributions this will be two quarters after the period to which the performance data relates; for survey-based distributions this will be one quarter after the period to which the performance data relates.

Any residual revenues remaining at the end of the distributable period are reconciled at the final distribution. This is across all performances featuring in the relevant period, in proportion to their original earnings.

Processing policy

Data provider and format

DJ Monitor (DJM), an established music identification and rights monitoring organisation, provide audio recognition technology in venues where DJs perform across the UK. The DJM devices record audio files which are then transmitted to DJM and audio recognition technology is used to identify the tracks recorded. The files are then passed to us to be matched.

Ipsos MORI, an established market research organisation, collects sample data on our behalf and delivers it electronically.

Additional data comes from a statistically determined mix of data used for radio and TV broadcasting distributions.

Processing thresholds and rules

None – all submitted performances are processed.

Other notes

This distribution policy was agreed by the Distribution Committee in July 2018 and applied to distributions from October 2018 onwards.

General live

Introduction

This distribution section is designed for payments of non-concert, generally non-ticketed live performances of cover works. By cover works we mean music that has been composed by someone other than the performer/artist.

Royalty source

This revenue is collected from licensed venues for non-ticketed live events or sessions, typically in pubs, clubs and hotels.

Distribution policy

Revenue apportionment/performance value calculation

Revenue comes directly from licence revenues for relevant events, minus revenue used in funding gigs and clubs claims.

Revenue is apportioned to individual works within the performance data based on the number of performances within the distributable period, a calendar year.

Distribution basis

A sample survey approach, stratified on a revenue basis, is used to gather performance data. A market research company makes around 1,000 visits per annum, targeting events featuring covers repertoire. The researcher notes all tracks played within the event and submits these to us for processing and payment.

Distribution cycle

Revenue is distributed quarterly, one quarter after the performance period. Any residual revenues remaining at the end of the distributable period are reconciled at the final distribution. This is across all performances featuring in the relevant period in proportion to their original earnings.

Processing policy

Data provider and format

Ipsos MORI, an established market research organisation, collects sample data on our behalf and delivers it electronically.

Processing thresholds and rules

None – all submitted performances are processed.

Other notes

Until the July 2011 distribution, the general live section was used to target performances of both original and covers material at non-ticketed live events.

Following a comprehensive review, the Members' Council (then-called PRS Board) decided in September 2010 that the gigs and clubs scheme provided the most accurate means of capturing performances of original material. General live data collection is now targeted towards events likely to be featuring covers repertoire.

Although the survey is targeted towards covers, any original material captured in the sample is included in the distribution.

Gigs and clubs scheme

Introduction

The gigs and clubs scheme exists to allow our members and affiliate societies, on behalf of their members, to self-report set lists from qualifying licensed events that have not been captured under the general live survey. All live sets can be submitted but those distributed under the general live survey or covered by concert licensing will not receive payment under the gigs and clubs scheme. Similarly any gigs reported at unlicensable venues will not receive payment under the scheme.

Royalty source

This revenue is collected from licensed venues in respect of non-ticketed live events or DJ sessions.

Distribution policy

Revenue apportionment/performance value calculation

We allocate a flat rate for payment to each event or session claimed under the gigs and clubs scheme. This amount is divided between the set lists submitted for the event or sessions by claimants. The total event amount is apportioned to all tracks featuring in set lists submitted in relation to the event on the basis of reported duration.

Distribution basis

All valid claims are paid in full on a census basis.

Distribution cycle

Valid claims will be paid in the quarterly distribution following set list submission.

Processing policy

Data provider and format

Data is provided directly by rights-holders.

Data is only accepted electronically via claims made through our website.

Processing thresholds and rules

None - all submitted set lists on valid claims are processed. All claims are checked to ensure that public performance licences are in place to cover the claimed gig, and spot checks are made to ensure that the claimed gigs actually took place. We reserve the right to consider any claim as invalid, and therefore not distributable, if we have any reason to think that the reported gig or set list is incorrect.

Other notes

The gigs and clubs scheme was introduced in 2004 and has proved extremely popular. It allows rights-holders to make sure they are paid when their music is used in non-ticketed live and DJ events.

Claims under the gigs and clubs scheme must be made within a year of the performance date. Please see www.prsformusic.com/royalties/report-live-performances for more information.

Cinema

Introduction

We collect revenue from cinemas to cover five categories of music usage in their premises: films, trailers, adverts, idents and other such as foyer music.

Royalty source

We collect cinema revenue from cinema exhibitors under Tariff C, which is a specific cinemas tariff. Charges are based on cinemas' annual gross box office takings and/or admission numbers.

Distribution policy

Revenue apportionment/performance value calculation

The table below shows how the annual cinema revenue is divided and distributed between the five distinct categories:

Category	%	Distribution treatment
Films	85%	Paid as cinema films
Trailers	3%	Paid as cinema trailers
Idents	2%	Paid as cinema idents
Adverts	5%	Paid as cinema adverts
Other, inc. foyer music	5%	Added to 'General recorded – other'

Film revenue is apportioned to all films that have box office takings tracked by Rentrak EDI, the cinema industry's box office measuring company. This is based on box office takings in the relevant period in proportion to share of total period box office takings. Films without Rentrak EDI box office data are deemed non-distributable. This often includes films with small numbers of screenings and showings at film or arts festivals.

The revenue allocated to each film is apportioned to works based on duration reported in the film's cue sheet. No distinction is made in respect of how music is used in a film, so there are no weightings for featured, background or title music.

We receive few details regarding the use of idents in cinemas. Those received are apportioned their share (based on the number of reported screenings and music content) of the 2% from the particular cinema/cinema chain's revenue. This is distributed under the Individually Recorded Use section. Ident revenue for which no performance and or music details are received is added to the 85% apportionment to Films.

Cinema advert revenue is apportioned to each advert reported by Digital Cinema Media, the UK's largest distributor of cinema advertising, in proportion to its aggregate points. A point represents an advert being shown on a single screen for a single week. The revenue allocated to each advert is apportioned to works on the basis of duration.

Cinema trailers are distributed across analogous data drawn from trailers reported in TV broadcasts and information from MCPS licences with production companies using MCPS-controlled repertoire. A process of accepting verified member claims on trailers is also factored in.

Distribution basis

All cue sheets from cinema films in Rentrak EDI's box office reports are sought and paid in proportion to their relative box office takings.

All cinema ident information is sought and where received is paid on a full census basis.

All data concerning the music content of cinema adverts is sought and paid in proportion to their screenings, as reported by Digital Cinema Media.

Any residual cinema revenues are reconciled across the year's usage in the final distribution of the licence year.

Distribution cycle

Cinema performances are paid quarterly, one quarter after the end of the relevant performance period, except for cinema trailers.

Cinema trailers will be distributed on an annual basis in October each year, distributing the previous year's royalties. For example the October 2020 distribution will be for all royalties collected in 2019 for cinema trailers.

Processing policy

Data provider and format

Box office data is provided by Rentrak EDI.

Cinema film cue sheets are usually provided from affiliate societies via Fastrack, the CISAC document sharing system, or from production companies. Other sources, such as composers, publishers and film distribution companies, are used occasionally.

Cinema ident data is provided by the cinema exhibitors in paper format.
Cinema advert data is provided by Digital Cinema Media in electronic format.
ClearCast and MCPS provide trailer data in electronic format.

Processing thresholds and rules

A film must have its box office takings measured by Rentrak EDI to be eligible for inclusion in a distribution.

Unmatchables and carry forwards

Money allocated to films for which cue sheets have not been received is available for three years. After this time the money is returned to the latest cinema films pool if no cue sheet is received.

Other notes

Cinema has benefited from a steady reduction in administration rates following changes in distribution policy and data collection methods.

Simulcasts

Cinemas often screen simulcasts⁹ as well as film content. Some of these screenings are charged separately to the normal cinema tariff under a cinema-simulcast tariff, at 3% of the gross box office receipts (net of VAT). The exceptions are based on 'Cinematic

⁹ Cinema Simulcast - the public screening in a cinema of a live event taking place at a remote location and relayed to the cinema for simultaneous exhibition

presentations of live music events' – whether the live music event is being screened live or the live event is recorded and screened at a later date (unless extensively edited).

The following examples are covered in this tariff:

- Live opera
- Live ballet
- Live musicals
- Live concerts

The following screenings/simulcasts are **not** covered by the new tariff, but are declared and charged with normal cinema (film) performances:

- Sporting events
- Plays with music
- Exhibition tours

General recorded – pubs

Introduction

We collect this revenue from pubs for background recorded music usage only, which includes simple music systems, such as a CD player and speakers.

Revenue relating to TVs and radios at the premises is distributed as public reception revenue.

Royalty source

Revenue is collected directly from pubs ranging from major chains through to independent premises which utilise background recorded music, radios or TVs.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is allocated to the 'general recorded – pubs' distribution section directly from the licence fees pubs pay to cover playing recorded content on their audio equipment.

We apportion this revenue to individual works within the analogous data set on the basis of the number of performances in the analogous data.

Initial quarterly distributions are based on an estimate of total 'general recorded - pubs' revenue that will be available for the year.

After the four quarterly, estimate payments have been made, any residual revenue remaining is paid via reconciliation. This is pro-rated across all works featuring in previous distributions from the relevant licence period.

Distribution basis

Revenue is distributed on an analogy basis.

A market research company carries out visits to licensed premises on our behalf to collect performance information for the works being used. This data is recorded electronically and reported to us.

We run a statistical comparison between this small subset of actual usage data and all broadcast logs. This produces the most representative mix of broadcast stations upon which to base an analogous distribution, and the proportions in which each station should feature.

Performance data from the relevant period taken from the calculated mix of analogous broadcast sources is then used as the basis for the 'general recorded – pubs' revenue distribution.

Distribution cycle

'General recorded – pubs' revenue is distributed quarterly, one quarter after the end of the relevant performance period.

Processing policy

Data provider and format

Survey data is collected by Ipsos MORI, a market research company. Broadcast data is provided by either a third-party music recognition service or the broadcasting licensee itself. Analogy calculations are performed by us.

Processing thresholds and rules

None – all submitted analogous performances are processed.

The data collected in the sample survey is not included in the final distribution and is used only to inform the calculation of the analogy.

Unmatchables and carry forwards

Not applicable

General recorded – shops

Royalty source

We collect revenue directly from major chains to individual stores using background recorded music, radios or TVs under Tariff RS.

Distribution policy

Most revenue collected from shops follows all the aspects of the distribution policy for 'general recorded – pubs' except that a 'general recorded – shops' analogy is used. The revenue and sample usage data used for the construction of the shops analogy is collected from shops rather than pubs. However, revenue from some premises is distributed using the data supplied by the background music supplier for those specific premises.

Other notes

Music used in shops around Christmas time is subject to its own analogy distribution section due to the specialist nature of the music used in shops at Christmas.

General recorded – restaurants

Royalty source

We collect revenue directly from individual restaurants and restaurant chains using background recorded music, radios or TVs.

Distribution policy

Most revenue collected from shops follows all the aspects of the distribution policy for 'General recorded – pubs' except that a 'General recorded – restaurants' analogy is used. The revenue and sample usage data used for the construction of the restaurants analogy is collected from restaurants rather than pubs. However, revenue from some premises is distributed using the data supplied by the background music supplier for those specific premises.

PRS is dedicated to recognising diversity and this is represented in our distribution policies. Music used in South Asian restaurants is paid through a separate distribution section – see 'General recorded – South Asian restaurants' below

A percentage of money collected from Chinese restaurants is paid directly to CASH (Hong Kong), MCSC (China) and MUST (Taiwan) for distribution to their members for Chinese repertoire usage that we are not able to identify at work level.

General recorded – jukebox

Introduction

We collect this revenue from licensed premises offering a jukebox facility under a variety of tariffs.

Royalty source

We collect revenue from a variety of premises with jukeboxes, ranging from pubs to social clubs. All identifiable charges for jukeboxes are included in this distribution section.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is allocated to the 'general recorded – jukebox' distribution section directly from the licence fees premises pay to cover playing recorded content on their jukeboxes.

Revenue is apportioned to individual works within the sample data reported to us by one of the UK's leading Jukebox suppliers (details below).

Initial quarterly distributions are based on an estimate of total 'General recorded - jukeboxes' revenue that will be available for the year.

After the four quarterly estimate payments have been made, any residual revenue remaining is paid via reconciliation. This is pro-rated across all works featuring in previous distributions from the relevant licence period.

Distribution basis

As mentioned above, revenue is distributed based on reporting delivered by one of the UK's leading jukebox suppliers.

Many jukeboxes have their music delivered online – that is they do not need to store physical copies of music but get them transferred digitally. We receive usage data of music actually performed at premises from Soundnet, one of the UK's largest suppliers of repertoire to UK jukeboxes. This means our distributions use actual airplay data on UK jukeboxes.

As of July 2016, Soundnet covered almost 80% of the jukebox market. This was last reviewed in September 2015 by the Distribution Committee.

Distribution cycle

'General recorded – pubs' revenue is distributed quarterly, one quarter after the end of the relevant performance period.

General recorded – karaoke

Introduction

We collect this revenue from licensed premises hosting karaoke sessions under a variety of tariffs.

Royalty source

We collect revenue from a variety of premises using karaoke, including pubs, clubs and restaurants. All identifiable charges for karaoke sessions are included in this distribution section.

Distribution policy

All aspects of the distribution are the same as 'General recorded – pubs' except that a 'General recorded – karaoke' analogy is used. The revenue and sample usage data used for the construction of the karaoke analogy is collected from the range of premises that use karaoke rather than just pubs.

Other notes

This policy was confirmed by the Distribution Committee in April 2014.

General recorded – South Asian restaurants

Royalty source

We collect revenue directly from individual restaurants and restaurant chains using background recorded music, radios or TVs.

All such charges that relate to South Asian restaurants are included in this distribution section.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is apportioned to individual works within the performance data in proportion to each work's share of the performance data within the distributable period, a calendar year.

Distribution basis

A sample survey is conducted on our behalf by market researchers. They survey licensed South Asian restaurants and record each work performed and the number of performances. The total revenue is split between these works, based on the exact number of performances appearing in the survey.

Distribution cycle

Revenues are distributed quarterly, one quarter after the period to which the performance data relates.

Any residual revenues remaining at the end of the distributable period are reconciled at the final distribution. This is across all performances featuring in the relevant period, in proportion to their original earnings.

Processing policy

Data provider and format

Ipsos MORI, an established market research organisation, collects sample data on our behalf and delivers it electronically.

Processing thresholds and rules

None – all submitted performances are processed.

Other notes

This policy relates to restaurants that are predominantly South Asian according to available data. Identifying this repertoire supports PRS' dedication to recognise and give fair representation to diversity.

General recorded – East Asian restaurants

Royalty source

We collect revenue directly from individual restaurants and restaurant chains using background recorded music, radios, or TVs.

All such charges that relate to East Asian restaurants are included in this distribution section, with the exception of Thai restaurants which follows the same but separate process for restaurants predominantly Thai language according to available data.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is apportioned to individual works within the performance data in proportion to each work's share of the performance data within the distributable period, a calendar year.

Distribution basis

A sample survey is conducted on our behalf by market researchers. They survey licensed East Asian restaurants and study the proportion of works performed of East Asian origin. The total revenue is split between East Asian repertoire and all other repertoire.

Royalties for East Asian repertoire are allocated to the societies that control such music according to market share – CASH (Hong Kong), MCSC (People's Republic of China), MUST (Taiwan) and MACP (Malaysia). In accordance with CISAC guidelines, a deduction of 15% is made before distribution to account for PRS sub-publishers. Royalties for all other repertoire is distributed in the same manner as 'General Recorded – Restaurants'.

Distribution cycle

Revenues are distributed quarterly, one quarter after the period to which the performance data relates.

Any residual revenues remaining at the end of the distributable period are reconciled at the final distribution. This is across all performances featuring in the relevant period, in proportion to their original earnings.

Processing policy

Data provider and format

Ipsos MORI, an established market research organisation, collects sample data on our behalf and delivers it electronically.

Processing thresholds and rules

None – all submitted performances are processed.

Other notes

This policy relates to East Asian restaurants that are predominantly Chinese language. Identifying this repertoire supports PRS' dedication to recognise and give fair representation to diversity.

General recorded – other

Introduction

We collect this revenue from a variety of venues for background recorded music usage only. This section covers all recorded background music usage not otherwise identified in the other distribution sections.

Revenue relating to TVs and radios at the premises is distributed as public reception revenue.

Royalty source

We collect revenue directly from a wide range of licensees across a number of different tariffs.

Distribution policy

All aspects of the distribution are the same as 'General recorded – pubs' except that a 'General recorded – other' analogy is used. The revenue and sample usage data used for the construction of the 'General recorded – other' analogy is collected from the range of premises contributing to the revenue pool rather than just pubs.

General recorded – aerobics

Introduction

We collect revenue for recorded music usage for fitness clubs and sessions from a wide variety of premises.

Revenue relating to TVs and radios at the premises is distributed as public reception revenue.

Royalty source

We collect revenue directly from the premises hosting the fitness session.

Distribution policy

Revenue is allocated to the 'General recorded – aerobics' distribution section directly from the licence fees collected from the range of premises that have aerobics and keep fit classes.

Revenue is distributed 100% via an analogy using the background music repertoire that Background Music Supplier 'Imagesound' supply to leisure centres, gyms, and fitness clubs.

Distribution basis

Image Sound provides usage data that contains comprehensive information about which works have actually been performed. The data also identifies in which outlets the works have been performed. This data is used to apportion revenue in the General recorded – aerobics analogy.

Distribution cycle

Initial quarterly distributions are based on an estimate of total 'General recorded - aerobics' revenue that will be available for the year.

After the four quarterly, estimate payments have been made, any residual revenue remaining is paid via reconciliation. This is pro-rated across all works featuring in previous distributions from the relevant licence period.

Other notes

This distribution policy was adopted in July 2019 after being agreed by the Distribution Committee in May 2019.

The committee felt that this approach provided an increase in distribution accuracy compared with the previous analogy. The repertoire used in fitness sessions is unique and cannot be accurately replicated by the usual analogy to general radio logs.

Statistical analogies for distributing public performance revenues provide an accurate means of payment. We continue to review data sources for all analogy-based sections to increase the accuracy of distribution should more suitable data sets become available.

General recorded – shops at Christmas

Introduction

This distribution section reflects the season-specific music used widely in shops and stores in the run up to Christmas.

Royalty source

We collect revenue directly from shops using recorded music in store.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is allocated to the 'General recorded – shops' distribution section directly from the licence fees covering shop use of recorded music. To reflect the works played over the Christmas season, revenue is apportioned to 'General recorded – shops at Christmas' from this overall amount, pro-rated on the proportion of the year considered as Christmas season.

PPL PRS launched a 'Shops at Christmas' tariff in December 2021. This is a licence specifically for shops that **only** play music in the Christmas period. Revenue for this usage is also included in the apportionment to 'General recorded – shops at Christmas'.

The analogy for shops at Christmas is built using a subset of the survey sample data collected for the 'General recorded – shops' analogy. This subset contains sample data collected during the six-week period running up to Christmas only. Because of this, the analogy captures the Christmas song bias found in stores at this time of year.

All other aspects of the distribution are the same as 'General recorded – shops', except that this distribution section is only distributed once each year, at the April distribution. No reconciliation payment is required.

General recorded – Welsh language analogy

Introduction

This stream of revenue represents Welsh language recorded repertoire used in any public performance analogy sections. It covers the use of Welsh language recorded repertoire in jukeboxes, karaoke sessions, restaurants, shops, pubs and other locations to reflect the use of this repertoire within Wales. Identifying this repertoire supports PRS' dedication to recognise and give fair representation to diversity.

Royalty source

We collect revenue directly from premises playing Welsh language repertoire across a broad section of premises types.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is apportioned to the Welsh language analogy section using a calculation based on surveys we commissioned and government figures showing the proportion of Welsh premises that use Welsh language music.

The calculation aggregates all relevant revenue collected from premises in Wales, then breaks this into revenue attributable to Welsh language repertoire. The proportion of premises in Wales using Welsh language repertoire is identified, then the proportion of Welsh language repertoire used in these premises.

Revenue collected from Welsh premises for relevant usage	X	Percentage of premises using Welsh language repertoire, as established by a government survey	X	Percentage of repertoire used within these premises accounted for by Welsh language, established by our survey
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Revenue is apportioned to individual works within the analogous data set based on the number of performances.

Initial quarterly distributions are based upon an estimate of total 'General recorded – Welsh language' revenue that will be available for the year. Any residual revenue remaining after the four equal quarterly, estimate-based distributions have been made is paid via reconciliation, which is pro-rated across all works featuring in previous distributions from the relevant licence period.

Distribution basis

This revenue is distributed by analogy to all Welsh language broadcast performance data that can be identified.

Distribution cycle

Royalties are paid quarterly, one quarter after the end of the relevant performance period.

Processing policy

Data provider and format

Broadcast data is provided by either a third-party music recognition service or the broadcast licensee itself.

We perform the analogy calculations.

Processing thresholds and rules

None - all submitted performances are processed.

Background music system suppliers

Introduction

Many public performance licensees use third party suppliers to provide background music systems on their premises. The background music supplier provides licensees with music that is appropriate to each specific venue. In these cases, the end user licensee will require a public performance licence from us to play music.

Some background music suppliers help PRS by providing music details that enable an accurate distribution of the revenue it collects from its licensees.

Royalty source

We collect this revenue from different premises, including large chains of shops.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is apportioned based upon licensee information. Each licensee is asked to provide information regarding its use of music when applying for a licence. If a licensee uses a background music supplier that provides us with performance information, then the revenue from this licence is apportioned according to usage data from that supplier.

Distribution basis

Where data is received from a supplier company, 50% of the revenue apportioned for that supplier is distributed using the supplied data obtained from each supplier and is allocated to individual works based upon the number of reported plays.

All the remaining revenue is added to the 'General Recorded (Other)' revenue pool and is distributed as part of that distribution group.

Distribution cycle

Background music supplier performances are paid quarterly, one quarter after the end of the relevant performance period.

Processing policy

Data provider and format

Data is provided by the background music supplier in electronic format.

Processing thresholds and rules

None - all submitted performances are processed.

Other notes

Background music suppliers do not require a licence for public performance purposes because this is held by their customer. However, in almost all instances, background music suppliers require an MCPS licence to copy the music they provide to the customers. They may also need a PRS licence, depending on how that music is delivered to customers. Where this supply is delivered online there is now a joint MCPS/PRS licence scheme. See the [Business to business Music Suppliers](#) section.

Sports stadiums

Introduction

Revenue collected for music used in sports stadia has been separately identifiable and has its own distribution section. The licence covers the stadium for music used for sporting events, from ground music to entry and exit music to featured music integral to the sporting event itself.

This does not cover music used in certain areas of the stadium such as cafés, social clubs, shops, restaurants, hotels or bars, or live performances taking place at the stadium.

Royalty source

We collect this revenue from sports stadium owners or management.

Distribution policy

Revenue apportionment/performance value calculation

Each stadium's fee is divided between the works on its playlists, detailing repertoire it uses most frequently for the sporting events taking place.

Weightings are applied at an individual work level based upon the reported frequency of usage.

Distribution basis

Usage data is a census of the data provided by the licensees.

If we are unable to obtain usage reporting from a stadium a year after the end of the licence period, the stadium's revenue is distributed in a reconciliation payment. This payment is pro-rated across all received data within the distribution section for the relevant period.

Distribution cycle

Licensed venues are only required to report once per annum, at the end of the licence period. Most stadia will be licensed to correspond with their sports season. In the UK, football stadia provide the most revenue. The football season runs from August, so the licence period ends in July and distribution is scheduled for December. Actual distribution timing at an individual stadium level depends upon the timeliness of reporting.

Processing policy

Data provider and format

Data is provided by the licensee in a spreadsheet using our template.

Processing thresholds and rules

None - all submitted performances are processed.

UK Airlines

Introduction

We collect revenue for performances of our repertoire in aircraft registered in the United Kingdom by any means other than by live performance.

Royalty source

We collect this revenue from different airlines. This revenue contains separate charges for:

- Boarding and/or disembarkation music performed by loudspeakers
- In-flight entertainment music, which is all other music, whether audio or audio-visual and whether or not it is made available via headsets

Distribution policy

Revenue apportionment/performance value calculation

There is no apportionment as such for boarding and disembarkation music as each airlines money for this usage is distributed across the usage items reported by the airlines.

Money for in-flight entertainment is divided into three equal pots to represent audio only, usage via showings of television programmes and usage via showings cinema films.

Distribution basis

Money for boarding and disembarkation usage is distributed across usage reported by the airlines

The three sections of in-flight entertainment are divided across the data reported by the individual airlines as follows:

- Audio is distributed across the usage items reported by the airlines.
- Film is distributed across the usage items reported by the airlines but where no such returns are received, the money for films is added into the UK Cinema Films section. As with Cinema Films, if no cue sheet is received the allocated money is returned to the current year's cinema films pool.
- TV: The money for TV programmes is split equally between BBC1, BBC2, ITV, Channel 4 and Sky Showcase/Sky Max and added to the relevant distribution pools. It is therefore paid within and whenever those channels are paid.

Distribution cycle

UK aircraft royalties are distributed once a year.

Processing policy

Data provider and format

Data is provided by the airlines in electronic format.

Processing thresholds and rules

None - all submitted performances are processed.

Other notes

Not all airlines use boarding and disembarkation music.

Where no returns are made, the money is added into the 'General Recorded' pool.

UK Churches

Introduction

We do not seek to licence the use of music as part of divine worship. Revenue collected under our Church Music Licence is for the use of music in churches outside of acts of worship.

Royalty source

Licences are issued and revenue is collected on our behalf by Christian Copyright Licensing Europe (CCLE). Charges are based on the size of the congregation.

Distribution policy

Revenue apportionment/performance value calculation

Every three years we conduct a survey of music used in churches outside of worship. The revenue we collect under our Church Music Licence is apportioned in the proportions established by the survey. The survey identifies 'Background use of devotional music', 'Background use of other music', 'Disco use', 'Concert use', 'Other Live use', 'Music used in Keep fit classes' and 'Miscellaneous Recorded use'. With one exception these revenues are simply added into the distribution pools for 'General Live', 'Jukebox', 'Karaoke', 'Aerobics & Keep Fit Events' and 'General Recorded (Other)'. The money apportioned to devotional music is distributed under the separate 'UK Churches' distribution section.

Distribution basis

The UK Churches allocation is distributed by analogy across data supplied by CCLE in a 6 monthly workbook, and radio broadcast data from Premier Christian Radio and Premier Gospel Radio.

Distribution cycle

UK Churches royalties are distributed twice a year.

Processing policy

Data provider and format

Data is provided in spreadsheet format by CCLE and electronically by the two radio services.

Processing thresholds and rules

None - all submitted performances are processed.

UK Schools

Introduction

The Copyright, Designs and Patents Act 1988, specifically excludes the curricular use of music in schools as licensable public performances. However, we are able to license other music use in schools including the use of music in school assemblies to which parents and guardians are invited.

Royalty source

Licences are issued and revenue is collected on our behalf by the Centre for Education and Finance Management (CEFM). Charges are based on the number of pupils.

Distribution policy

Revenue apportionment/performance value calculation

We have joined with PPL to conduct an annual survey of how music is used in schools. The survey identifies music being used in 'Assemblies, dance and exercise classes', 'Disco/DJ events', 'Background use of other music', 'Other Live use' and 'Radio use'. The survey also allows us to calculate appropriate proportions for each type of use.

Distribution basis

With one exception the apportioned revenues are simply added into appropriate distribution pools for 'General Live', 'DJ Events', 'Aerobics & Keep Fit Events' and 'General Recorded (Other)'.

The money apportioned to assemblies is distributed under the separate 'UK School assemblies' distribution section, across data provided by Christian Copyright Licensing International (CCLI) who are able to collect usage data from schools about the music used in class and school assemblies.

Distribution cycle

UK School Assemblies royalties are distributed twice a year.

Processing policy

Data provider and format

Data is provided in spreadsheet format by CCLI.

Processing thresholds and rules

None - all submitted performances are processed.

TFL Busking

Introduction

Transport for London (TFL) pay a licence fee for live music performed at designated busking pitches in London Underground stations. We have formulated a specific policy to enable buskers to receive royalties for these licensed performances.

Royalty source

We collect royalties from TFL via PPLPRS (acting as an agent on our behalf) on an annual licence basis. This covers all music performed at the designated pitches, including any original material as well as any covers performed.

Distribution policy

Revenue apportionment/performance value calculation

A specific per session/day rate is calculated from the licence fee collected from the TFL divided by the total number of licensed performances at London Underground (LU) busking pitches.

Distribution basis

Members can make claims through the Set List Hub online for performances at LU busking pitches and expect each claimed session to be paid at the current per session/day rate calculated for that year's licence fee and licensed performances. PRS perform distributions based on the submission date of performances, not the performance dates in the claims.

Distribution cycle

Claims submitted for busking performances will be distributed on a quarterly basis.

Processing policy

Data provider and format

Via Set List Hub member claims.

Processing thresholds and rules

None - all submitted performances are processed.

ONLINE REVENUE

Key concepts

- Most online revenues come from joint licences, which we collect on behalf of both PRS and MCPS members and rights-holders. This document details the share related to the PRS distribution.
- Blanket UK revenues received for online music services are, as of March 2017, split between PRS and MCPS based on service type, in accordance with this matrix:

Service type	PRS	MCPS
Download	25%	75%
Streaming*	50%	50%
Mixed**	50%	50%
Webcast	75%	25%
Karaoke – Download***	17.4%	82.6%
Karaoke – On-demand streaming***	34.8%	65.2%
Ringtones ****	33.33%	66.67%
Cloud locker services	25%	75%

* The split for YouTube is calculated at work level, see YouTube section below.

** If it is not possible to break service down into the component parts, this split is used.

*** Some karaoke services have a split that takes into account UGC content – see 'Online Karaoke Services' for more details

**** Not all Ringtones services are split this way, some have bespoke splits, e.g.

Vodafone 48/52 in favour of MCPS

- We apportion transactional-invoiced revenue for online music services using the same principles as blanket revenues. In this instance, however, we apply the apportionment at an individual transaction level and not to the overall fee. This allows for the fact that control of the repertoire and the rights being licensed by MCPS and PRS vary at work level.
- UK-focused services are licensed on a blanket basis and revenues are distributed by data-matching music usage reports against repertoire. For low-value services, such as LOML licensees with a royalty value of less than £12,500 per annum, revenues are distributed using analogous data. LOML+ services are distributed by data matching usage against repertoire quarterly.
- ICE Services operate licensing for multi-territory online services and process the usage data, which they pass to us for distribution to our members.
- For multi-territory services, including those operating in the UK under multi-territorial licensing agreements, ICE Services processes usage reports from each service to identify relevant repertoire. In respect of the UK, the processing excludes those repertoires specifically excluded from ICE Services mandate and licenses the remainder, providing a 'residual blanket' licence. Outside of the UK, ICE Services licenses those specific works that it is mandated to license for those territories at the time of invoicing.
- Online music usages are matched and invoiced following the territory of destination's copyright policy and performing and mechanical rights splits.

- Full reporting is sought from all but the smallest of online licensees (such as LOML licensees). The quality of the data usually enables the systems to automatch usage for a very high proportion of the revenue. Manual matching also takes place for high value works.
- Ringtones and ringbacks are licensed and distributed in the same way as other online usages.

Unmatchables and carry forwards

Carry forwards for the General Entertainment Online Licence (GEOL) operate using the same method as used for broadcast.

For transactional and blanket online sections, we do not adopt a carry forward approach. This is due to the nature of the revenue received and the cost of implementing back claim capability on systems.

For multi-territory transactional online usage, we collect revenue relating to usage of works that could not be identified (Unmatchables), or for shares of matched works where the owner cannot be identified (Copyright Control).

For most online services, we collect revenue relating to UK usage and for only the repertoire we administer directly. This is distributed at the earliest opportunity after the initial distributions of matched repertoire royalties. We distribute it pro rata over all identified repertoire for the relevant service and usage period.

For some smaller services, we collect revenue relating to UK usage for all repertoire, including repertoire from owners whose multi-territory online rights PRS does not otherwise administer directly. For this, a different approach is followed to help facilitate and administer royalty payments to those repertoire owners. This money is distributed as follows:

- Unmatchables:
 - 75% of the money for unmatched usage is distributed pro rata over the identified repertoire on an annual basis for the relevant service and period. Such distributions will be made across all matched data for all rights-holders, including direct licensors.
 - The remaining money is held for three years to fund claims and disputes, after which it is distributed pro rata over all identified repertoire for the relevant service and usage period.
- Copyright Control:
 - All money for unidentified shares is held for the three years before being distributed pro rata. This allows us to attempt to make adjustments for unidentified shares which are subsequently registered.

'Pro rata': in this context, this means money is distributed using the identified (matched) repertoire. Therefore, to all those who participated in the original distribution, we will distribute an equivalent share of the unmatchable and copyright control revenue.

This policy has been reviewed by the Distribution Committee in June 2014, July 2015, November 2016, March 2017 and October 2022.

Apple Music and Apple iTunes

Introduction

Apple holds significant market share in the online music market. ICE Services operate licensing for this service and process the usage data, which they pass to us for distribution to our members.

Royalty source

Apple revenue is invoiced monthly based upon processed usage under the terms of Apple's licence with ICE Services.

Distribution policy

Revenue apportionment/performance value calculation

For streaming via Apple Music each usage has a 50% to PRS and 50% to MCPS split applied, in line with splits established for streaming services.

For downloads via Apple iTunes, each usage has a 25% to PRS and 75% to MCPS split applied, in line with splits established for download services.

Revenues are invoiced based on what falls within our mandated repertoire and paid on net of administration costs.

Distribution basis

Revenue is distributed on a census basis where work registrations have been in place at the time of invoicing (subject to a minimum value requirement). The volume of data in the reporting is high and the quality is generally good as so much of the reported data is automatched. Where a match cannot be established automatically, ICE Services will seek to manually match high value usages.

Distribution cycle

We aim to distribute revenue quarterly, six months after the end of the quarterly performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All reported usage is loaded and passed through the automatch process. Works with insufficient streams to generate at least €0.01 are not loaded into ICE Services systems and do not, therefore become distributable.

YouTube

Introduction

A significant proportion of YouTube streams are accounted for by music videos, both in the form of official videos uploaded by record companies and within user generated content. ICE Services operate licensing for this service and process the usage data, which they pass to us for distribution to our members.

Royalty source

YouTube pays a blanket licence fee to ICE Services for the rights we administer via ICE Services throughout the term of the licence.

Distribution policy

Revenue apportionment/performance value calculation

YouTube revenue apportionment between MCPS and PRS works on a points basis. This reflects the individual usages between MCPS and PRS, and the different set of rights (performing and mechanical rights) that we administer.

Each stream of a society-controlled work generates a single point. Controlled content varies between PRS and MCPS, so these points are weighted to take account of the established 50/50 streaming split between the two. The MCPS side is further upweighted by 3:13 to compensate for the synchronisation rights in a YouTube video.

This creates a weighting of 5:8 (that is 5/13:8/13) in favour of MCPS for each controlled stream.

Each performing right point generated is worth one while each mechanical point generated is worth 1.6.

This ratio does not represent the apportionment of the total licence fee. We control a broader spectrum of performing right repertoire used on YouTube, which is paid in the PRS distribution, than we do for mechanical right repertoire, which is paid in the MCPS distribution. At the level of split between PRS and MCPS, this dilutes the impact of the higher weighting given to mechanical usages.

We also apply a weighting based on the territory in which the streaming takes place. This accounts for the varying value of the same music, which we control, in different countries. Based on market forces, the same amount of music used in different territories generates different values.

These weightings are maintained by ICE Services as the administrator for our licence deal with YouTube.

Revenue is apportioned to individual works on the basis of the number of streams each work accumulates within the streamed content made available on YouTube.

Distribution basis

YouTube is paid on a census basis, subject to a minimum stream threshold requirement. Only videos that have accumulated sufficient streams to generate a payment of at least €0.01 are loaded into ICE Services systems and run through an automatch process.

Distribution cycle

We aim to distribute revenue quarterly, six months after the end of the quarterly performance period.

Processing policy**Data provider and format**

Data is provided by the licensee in an electronic format. YouTube also uses music recognition technology to provide ICE Services with accurate and comprehensive data.

Processing thresholds and rules

All reported YouTube videos exceeding the minimum stream threshold are loaded and passed through the automatch process. Videos with insufficient streams to generate at least €0.01 are not loaded into ICE Services systems and do not, therefore become distributable.

Other notes

This policy was confirmed by the Distribution Committee in April 2014. An amendment was made in November 2015 related to territory weightings.

Spotify

Introduction

Spotify holds significant market share in the online music market in the UK and across other territories. ICE Services operate licensing for this service and process the usage data, which they pass to us for distribution to our members. ICE Services charges for and distributes Spotify's use of the repertoire we control across each territory, for each service type separately, using different criteria.

Royalty source

There are different fees or licence fee calculations for each of the service types, which use a mixture of different criteria and minimum payment thresholds.

Distribution policy

Revenue apportionment/performance value calculation

Spotify revenue is apportioned 50% to PRS and 50% to MCPS in accordance with established splits for streaming services.

The blanket fees and criteria established in the Spotify licence mean that an amount of revenue is directly attributable to each service type and period. Within service types and periods, revenue is apportioned to individual tracks on the basis of share in total streams.

Distribution basis

Spotify is distributed on a near census basis. It would be prohibitively expensive for ICE Services to load and process all reported data - the lesser streamed tracks would not generate sufficient streams to trigger a payment, so thresholds are used.

Distribution cycle

We aim to distribute revenue quarterly, six months after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by Spotify in electronic format.

Processing thresholds and rules

Some load thresholds are employed to reduce file size and avoid unnecessary cost.

GEOL within broadcast blanket

Introduction

Many major TV broadcasters offer their audiovisual content for consumption online, often after the content has been broadcast on TV. In most instances, the licence fee for this online service is negotiated within the blanket licence fee paid by the broadcaster.

This section covers General Entertainment Online Licence (GEOL) fees included within the broadcast blanket licences of BBC, Channel 4, Five, and ITV amongst others.

Royalty source

The fees are set on either an individual basis for the online service or as part of the broadcaster's blanket licence and they take into account factors such as viewer hours consumed, music hours consumed, and level of music use.

Distribution policy

Revenue apportionment/performance value calculation

Revenue for these services is split depending on the type of exploitation involved and is in accordance with the splits detailed in the '[Key Concepts](#)' of this 'Online Revenue' section. Examples of the major GEOL services licensed within a blanket broadcast licence are All4, BBC iPlayer, BBC Sounds, ITV Hub and My5.

Annual fees are established within the negotiated broadcast blanket licence. Revenue is apportioned to productions by pro-rating the total amount available for the service over all points generated within the period. One point represents a stream containing one minute of music, for example a production accumulating 10,000 streams and containing 25 minutes of music would generate 250,000 points.

Revenue is apportioned to usage from the total portion of the blanket licence fee that is allocated to TV (or Radio in the case of BBC Sounds). The allocation of royalties is benchmarked against the value per viewer hour achieved by blanket GEOL standalone licences, reviewed annually. All4 and My5 have a minimum allocation based on a fixed allocation derived from historical licence negotiation but are allocated more if so determined by the value per music hour calculation.

Distribution basis

Distributions are made on a census basis.

Distribution cycle

We distribute these revenues quarterly, one quarter after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All usage goes through both an automatch and, where necessary, manual match process.

Other notes

This policy was reviewed by the Distribution Committee in February 2021 with a change made for revenue allocation to be based on viewer hours.

Previously reviews took place in November 2017 and January 2017.

Blanket GEOL standalone licences

Introduction

The Blanket GEOL standalone licence is issued to online audiovisual content providers that are not covered by a broadcast blanket licence. Examples of major services covered by this licence include Apple iTunes, Amazon Prime, BT TV, Disney+, Microsoft Xbox and Netflix.

Distribution policy

Revenue apportionment/performance value calculation

GEOL revenue is split between MCPS and PRS based upon the type of service offered. All productions generate performing right and mechanical royalties.

We apportion revenue between MCPS and PRS in line with the mechanical and performing right splits detailed in the 'Key Concepts' section for 'Online Revenue' depending on the type of GEOL service.

Revenue is pro-rated across all productions within the fixed performance term, based on the duration of music in each production streamed or downloaded. Because the total amount of music consumed within each performance period can vary, the value of one minute of music can vary from one period to another. For calculation purposes we use a points-based system where one point represents one minute of music in a production. For example, a production containing 25 minutes of music that is streamed/downloaded 10,000 times would generate 250,000 points. This ensures a consistent valuation for music featured in productions streamed or downloaded within a given time period.

Distribution basis

All reported usage run through an automatic matching process. High value usages that the system is unable to match are matched manually.

Distribution cycle

We distribute these revenues quarterly, two quarters after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All usage goes through an automatch and/or manual match process.

Other notes

This policy was reviewed in January 2017. Previously, we made adjustments regarding the extent of controlled usage for PRS and MCPS. As of January 2017, we no longer make these adjustments.

BBC iPlayer

Introduction

BBC iPlayer is a significant online audiovisual content provider in the UK. Access is free to its on-demand or live online simulcast services via a range of devices including PCs, mobile devices, and tablet computers.

Royalty source

We cover the BBC iPlayer service in the UK under the terms of our broadcast blanket licence agreement with the BBC, on behalf of both MCPS and PRS.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is apportioned to usage from an overall allocation that is benchmarked against the value per hour streamed on blanket standalone GEOL licences, reviewed annually.

Distribution basis

BBC iPlayer is paid on a census basis.

Distribution cycle

BBC iPlayer revenue is distributed quarterly, one quarter after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by the BBC in electronic format.

Processing thresholds and rules

All reported data is passed through an automatch process, with manual matching where it is deemed cost efficient to do so. Currently, a production value of approximately £5 is deemed cost effective, and we continue to review the appropriate threshold levels to ensure an optimal balance between cost and accuracy.

Other notes

There is a separate licence for the BBC Studios Global iPlayer. This is apportioned and distributed as a standard UK streaming service. The basis of revenue allocation was reviewed in November 2017 by the Distribution Committee.

Multi-territory online licences

Introduction

We represent some rightsholders' interests for transactional online services across multiple territories, on behalf of PRS and MCPS. ICE Services operate licensing and process the usage data for multi-territory online licences, which they pass to us for distribution to our members.

Royalty source

Revenues collected for distribution under this section are collected per transaction, line by line.

Distribution policy

Revenue apportionment/performance value calculation

Revenues are invoiced on a transactional basis to value individual usages. No other apportionments are made and items are distributed as invoiced, net of administration charge.

Distribution basis

Distributions are made in accordance with the invoice on a census basis.

Distribution cycle

We aim to distribute on a quarterly basis, one quarter after the end of a quarterly performance period if invoices are settled in time for this distribution to take place.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All usage goes through an automatch and, where necessary, manual match process so that ICE Services can invoice for as much of its mandated repertoire as possible.

Cloud locker services

Introduction

Cloud Locker Services have 'scan and match' functionality which scans an end user's device and attempts to identify tracks which are already stored by the service. Where a match is found, the server copy is made available, by streaming or download, to a variety of the end user's devices rather than the user's copy being uploaded.

ICE Services operate licensing for this service and process the usage data, which they pass to us for distribution to our members.

Royalty source

Cloud Locker Services are charged on a per subscriber basis.

Distribution policy

Revenue apportionment/performance value calculation

Revenue for cloud locker services is split 25% to PRS and 75% to MCPS on the basis that the end user experience of the service is essentially one of 'ownership' rather than just 'streaming'.

Distribution basis

All reported usage above the threshold is run through an automatic matching process. High value usages that the system is unable to match are matched manually.

Distribution cycle

We distribute these revenues quarterly, six months after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

Cloud locker services produce vast amounts of data for relatively small licence fees making it completely uneconomical to process everything. For this reason a threshold sampling mechanism is used whereby the highest value (most used) works are processed and distributed and the remainder are considered non-distributable. The actual value of the threshold varies but for each service is pitched to give a 3% cost to revenue ratio.

Other notes

This policy was agreed by the Distribution Committee in May 2013 and reconfirmed by them in June 2014.

Limited Online Music Licence

Introduction

There are two types of Limited Online Music Licence – LOML and LOML+¹⁰

LOML is applicable to online services generating less than £12,500 gross revenue per annum. Licence cost depends upon the type of service, whether this is streaming or download or general entertainment, and the extent of usage, based on number of streams, downloads, and music hours consumed.

LOML+ scheme deals with online services which generate between £12,500 and £200,000 gross revenue per annum. The same considerations as LOML are used to determine the licence fee.

The difference between LOML and LOML+ is that only LOML+ licensees are required to provide reporting of the music they used. This is because it is not cost effective to obtain and process all the uses from small services that generate less than £12,500 of their own gross revenue per annum.

Royalty source

Licence fees are collected from licensees whose service generates less than £200,000 per annum, either through the LOML or LOML+ scheme.

Distribution policy

Revenue apportionment/performance value calculation

LOML licensees are not required to supply reporting to go with their licence fees, so no calculations are performed.

LOML+ licensees need to supply music reporting. We apportion revenue between MCPS and PRS in line with the mechanical and performing right splits as detailed in the '[Key Concepts](#)' section for 'Online Revenue' depending on the type of service.

Distribution basis

It is not cost effective to obtain music reporting from LOML licensees, and this can deter very small DSPs from using our music or licensing music with us. The revenue is aggregated and distributed over representative data from the 'Small & Community Radio Station' analogy, built from a large range of stations.

LOML+ licensees do provide reporting. In this instance, all reported usage above the threshold is run through an automatic matching process. High value usages that the system is unable to match are matched manually.

Distribution cycle

We aim to distribute LOML revenue annually in July. We seek to distribute LOML+ revenue on a quarterly basis, one quarter after the end of a quarterly performance period, if invoices have been settled in time for distributions to take place.

¹⁰ View a matrix detailing the structure here:

www.prsformusic.com/licences/using-music-online/limited-online-music-licence

www.prsformusic.com/licences/using-music-online/limited-online-music-licence-plus

Processing policy

Data provider and format

LOML licensees do not provide actual data.

LOML+ licensees provide data in electronic format.

Processing thresholds and rules

Where applicable, all usage goes through an automatch and, where necessary, manual match process so that we can invoice for as much of our mandated repertoire as possible.

Online karaoke services

Introduction

We issue joint licences to a number of online karaoke services, for streaming and permanent downloading.

These licences cover the performing and mechanical rights in the musical work, and also the right to present the lyrics in graphic form in conjunction with the sound recording of the musical work.

Royalty source

The majority of licence fees are calculated as a flat rate fee, ranging from £142 to £18,042 as of January 2019, for different units of usage:

1,450 - 125,000	karaoke downloads
30,000 - 3,813,559	karaoke streams.

If a service generates more than £200k the licence fee is calculated as the greater of a percentage of revenue or a minima per track.

Distribution policy

Revenue apportionment/performance value calculation

The standard splits between MCPS and PRS are adjusted to reflect the graphic use of lyrics resulting in the following apportionment:

- Streaming: 34.8% to PRS, 65.2% to MCPS
- Permanent downloads: 17.4% to PRS, 82.6% to MCPS

Where synchronisation rights are included in online karaoke licences the adjustment is increased further to:

- Streaming: 28.8% to PRS, 71.2% to MCPS
- Permanent downloads: 14.4% to PRS, 85.6% to MCPS

Distribution basis

All reported usage data is processed for distribution.

Distribution cycle

As with other online services, we aim to distribute on a quarterly basis, one quarter after the end of a quarterly performance period, if invoices are settled in time for this distribution to take place.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All identifiable data will be processed for distribution. All usages that automatch are distributed. All usages that require manual matching and are worth at least £5 are

distributed. Items worth less than £5 and that requiring manual matching do not feature in the distribution. Money for works not included in the distribution is pro-rated across works that are included.

Other notes

This policy was agreed by the Distribution Committee in February 2014.

Business to business music suppliers (MSB2B)

Introduction

Suppliers of background music systems to businesses are increasingly moving to online content delivery methods to their customers. This method of supply requires a joint licence from us, on behalf of both MCPS and PRS. A licensing scheme has been recently introduced which requires many of these companies to supply us with actual usage data.

Royalty source

The licence fee is calculated as the greater of a percentage of revenue or a minimum per site/per month.

Distribution policy

Revenue apportionment/performance value calculation

Where licensees supply usage data each licensee's revenue is distributed directly over the usage data they report. Where no data is obtainable the money is distributed pro-rata over a suitable alternative data source.

Distribution basis

Distributions are made on a census basis where usage data is supplied or an analogy basis where no data is supplied.

Distribution cycle

We aim to distribute on a quarterly basis, one quarter after the end of a quarterly performance period, if invoices are settled in time for this distribution to take place.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All reported data is processed for distribution.

Other notes

This policy was agreed by the Distribution Committee in November 2012.

This revenue source should not be confused with the money we collect for the public performance end use of music supplied to businesses under the terms of this licence. For details of this see the '[Background Music Suppliers](#)' section.

Performing right online

Introduction

The 'performing right online' licence is issued for online music usage where the relevant rightsholder has licensed the mechanical right directly, usually for online advertising. The licence cost depends upon the type of service - streaming or general entertainment - and the extent of usage, based on number of streams and music hours consumed.

Royalty source

Flat rate fees, currently £67 plus VAT as of 2019, for different units of usage, are collected from licensees. See www.prsformusic.com/PRSONline

Distribution policy

Revenue apportionment/performance value calculation

Each licensee's revenue is distributed directly over the performance data they report.

Distribution basis

Distributions are made on a census basis.

Distribution cycle

Distributions are made annually in July for the prior year's usage.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

This licence is usually issued for usage of a very low number of tracks. All reported data is processed for distribution.

INTERNATIONAL REVENUE

Key concepts

- The value of most International performances – i.e. performances in foreign territories – is determined by the local collection society rather than by us.
- Where possible, in the vast majority of cases, revenue received from affiliate societies is distributed in accordance with the copyright picture held on our systems.
- Revenue received from affiliate societies is paid in the next quarterly distribution in the majority of cases.
- We also collect money from some overseas territories where it is the directly responsible licensing body. These collections may be direct or via specially appointed agents acting specifically on our behalf. We continue to invest in increasing the accuracy of distributions made for these managed revenues.

Unmatchables and carry forwards

All usages that automatch are distributed. All usages that require manual matching and are worth at least £5 are distributed. Items worth less than £5 and that requiring manual matching do not feature in the distribution. Money for works not included in the distribution is pro-rated across works that are included.

In the event that a usage is not successfully matched in time for the distribution, this will be carried forward to feature in the next quarterly distribution.

Revenue received from affiliate societies

Introduction

We appoint other societies to license usage of PRS controlled repertoire in other countries, usually by a reciprocal contract of representation. These contracts acknowledge that the collection and distribution policies of the collecting societies apply for the mandated usage.

Royalty source

Revenue is collected by the local affiliate society in the territory of performance from a wide variety of licensees covering all of its copyright music use. Subsequently the affiliate society remits to us the portion of the collected revenue it has identified as attributable to our members.

Distribution policy

Revenue apportionment/performance value calculation

The society that collected the revenue also values the performances it has processed. This means that performance valuation is subject to the affiliate society's rules. The affiliate society submits revenue to us with sufficient information to enable us to identify the works and interested parties to pay in a PRS distribution.

Distribution basis

All data submitted by affiliate societies is loaded into our systems for matching.

The local society's policies and procedures determine the data used to value the usage.

Distribution cycle

We distribute this revenue on a quarterly basis, usually at the first distribution after the revenue and data is received.

The time gap between performance and distribution is subject to the distribution timetable of the affiliate society.

Processing policy

Data provider and format

Data provided to us by an affiliate society includes interested party information as well as work detail and the appropriate share of the royalty value.

Data is provided in electronic format.

Processing thresholds and rules

The data is pre-processed by the collecting affiliate society. However, we conduct a further matching process to ensure that payment is made according to the current copyright picture. In most instances, the high quality of the pre-processed data enables auto-matching. Where manual matching is required, we will only manually match royalty payments worth more than £5.

PRS processing rules for royalties received from affiliate societies

Background

The royalties we receive from affiliate societies have been pre-processed by each affiliated society as part of its distribution process. Data is provided with key payment information, for example work title, interested parties, shares, CAEs, plus an amount of money for each payee.

In many instances we do not expect to receive payments for all of the interested parties on a work, for example if the work is sub-published abroad, or if any of the writers are members of another society. In these situations, it is important that the money is paid to the correct parties and not simply across the full UK distribution key – as happens with domestic processing. Because of this, all reporting from affiliate societies is processed through a re-work shares process before becoming distributable. This process involves the application of foreign business rules.

In essence, for each work, the process compares the received picture with the expected picture. Depending on the result of the comparison a particular category rule or rules are applied to create the distributable share picture. The process is automated except where shown below:

Foreign business rules

	Category	Rule
1	Underpayment, writer's share	Pro-rata the received writer's share amongst all the expected PRS writers and claim the missing share from the remitting society
2	Overpayment	\$20+ Return the excess to the remitting society <\$20, add the excess to the distributable revenue pool
3	Fees in error	\$20+ Return the incorrect fee to the remitting society <\$20, add to the distributable revenue pool
4	Publisher non-payment	Assume that the work is sub-published in the remitting society's territory and the publisher share has already been paid to the local sub-publisher
5	Publisher underpayment	Manual investigation
6	Publisher only payment	Pay as expected if complete match
7	Warsaw rule, that is 100% share remitted for only one payee	Pay 100% as expected across the full distribution key
8	Traditional works	Pay as received, with the assumption that local copyright rules apply

9	Non-members share	If the remitting society is one with which we exchange non-member writer shares, pay share to the linked publisher For all other societies: \$20+ Return the non-member share to the remitting society <\$20, add the non-member share to the distributable revenue pool
10	USA processing	Check USA licensing status before determining whether the payment is an under or over payment
11	Adjustments	Writer adjustments: pro-rata amongst all the expected PRS writers Publisher adjustments: forward to the relevant publisher
12	Sub author deductions	Allow sub author deduction provided that conditions have been met, for example that the share retained by the remitting society is no greater than 2:12. This is in line with CISAC's Amalfi Resolution.

Returning royalties to affiliated societies

In instances where royalties have been sent to the wrong society, that is fees in error, the CISAC guidelines recommend that these royalties are returned to the remitting society. This guideline is based on the royalty value being more than \$20. Amounts less than \$20 are placed in the revenue pool where, they slightly boost the sums received by all the other recipients. Except where we have been asked to do otherwise by the remitting society, we follow the CISAC guidelines.

Debits

Where debits are received from a society, an attempt is made to off-set these debits against any corresponding credits in the same distribution. Any debits that are not actioned in this way are absorbed by the revenue pool where, in essence, they slightly reduce the sums received by all other recipients.

Processing thresholds

All foreign data, irrespective of value, is loaded and processed through the automatch and auto re-work batch routines. However, any cases that require manual processing are subject to a £5 tolerance threshold. The value of these usages is placed in the revenue pool for that particular foreign section where, in essence, they slightly boost the sums received by all the other recipients.

Unnotified works

At the time of publishing, if we are unable to match a usage to a notified work, then a new work will be created in order to pass the money on to the member for whom it was originally remitted.

Unidentified performances list

Unmatched foreign usages are not put onto our unidentified performances list because the majority of usages remaining unmatched are those that fall below the tolerance threshold.

Carry forwards

Foreign usages are not carried forward. Processing is completed for the designated performance period prior to distribution. Only in exceptional circumstances would a foreign usage be carried forward, for example an incomplete copyright registration or if the work is in dispute. On those rare occasions, the usage is included at the earliest available quarterly distribution.

Retransmission revenue

Introduction

Retransmission revenue is collected by an affiliate society in its territory where a channel that is broadcast from another territory is retransmitted locally by cable, satellite, IPTV network or other platform. We license the direct-to-home broadcast across Europe and parts of the Middle East and Africa for a number of major networks, including Discovery, Disney, MTV, and Turner. We have an established relationship with the source of the content and most importantly, an arrangement to collect and process actual performance logs for each of the feeds. These direct to home broadcasts licensed directly by us are not themselves retransmissions but are broadcasts.

Royalty source

Revenue collected by the affiliate society from the retransmitting licensee is remitted to us so that a distribution can be made over actual performance logs which we have already processed for the original broadcast. The collecting society can opt to retain up to 15% for distribution to its local publishers.

Distribution policy

Revenue apportionment/performance value calculation

The affiliate society supplies a schedule detailing the channel-by-channel breakdown of the revenue it has remitted. The value of each service is subject to the local society rules and licensing fees.

Revenue allocated to a specific channel is paid directly over the broadcast logs we have already processed for that channel. This ensures that the relevant feed for the territory of reception is used.

Distribution basis

We are committed to making accurate distributions of retransmission revenue. And we are making strong progress towards applying the following value-based approach to distribution sample sizes for channels not already subject to census processing:

Channel revenue	Sample size
More than £500,000	100%
Between £100,000 - £500,000	50%
Between £25,000 - £100,000	25%
Less than £25,000	10%
Less than £5,000	1%

Distribution cycle

We aim to include received retransmission revenues in the next quarterly PRS distribution after revenue receipt. The time gap between performance and distribution is subject to the collecting society's distribution schedules.

Processing policy

Data provider and format

The data is provided by the licensee, usually in electronic format.

Processing thresholds and rules

All usage goes through an automatch and, where necessary, manual match process.

Other notes

If a sub-publisher share has been previously deducted by an affiliate society then the publisher share in the PRS distribution reduced accordingly. This applies for broadcasts originating in PRS territory that are subsequently retransmitted in other territories.

In rare cases we receive retransmission royalties from affiliated societies for channels for which no UK broadcast licence exists. In these cases we have no usage data from the broadcaster over which to distribute the royalties. When this happens, we will consider buying usage data from a third-party supplier which monitors programme usage across various European TRV services. Such data is usually limited to identifying programme usage only and contains no cue sheet data. We will process the programme usage against whatever cue sheets already exist on our database and distribute the money against that data. It should be noted that there will be no interstitial data included in distributions made this way.

For administration deductions we follow the guidelines of the CISAC recommendation known as 'The Dublin Agreement' that administration recovery rates in respect of retransmission revenues should not be more than half of the rate used for the original broadcasts. For example if the rate for the original broadcast was 12% the rate for retransmission revenues will not exceed 6%. For details of the current admin recovery rates see online <https://www.prsformusic.com/royalties/your-statement/admin-rates>

For UK services that retransmit broadcasts originating in territories administered by affiliate societies, such as a UK satellite and cable operator's retransmission of European broadcast services in the UK, the reverse applies. We license the retransmitting company on a per channel basis and, for the purposes of enabling us to carry out the distribution, remit the money collected net of administration recovery, but without making a sub-publisher deduction directly to the affiliate society operating in the territory of the originating broadcasts.

Revenue collected in PRS managed territories

Introduction

We have a mandate to collect royalties directly in certain territories which do not have their own collection societies. We refer to these as 'managed territories': Bahamas, Bermuda, Cayman Islands, Cyprus, Malta.

Royalty source

We collect revenue in managed territories in the same way we collect revenue in the UK. PRS does not discriminate based on location or territory. Tariffs are set as appropriate for the territory of operation, but our principles are employed consistently. Radio and TV stations, live concerts and the use of recorded background music are the major sources of income from these territories.

Distribution policy

Revenue apportionment/performance value calculation

Revenue collected for broadcast sections is distributed directly over reported performance data for these services.

Where an identifiable major live concert is licensed, this revenue is distributed directly across the set lists received for this event. Smaller gigs are distributed through claims made via the 'gigs and clubs scheme'.

Revenue received for public performance of recorded music is distributed by analogy across available broadcast data and live set list information.

Distribution basis

The 'gigs and clubs scheme' is available in the larger managed territories for live events. For larger concerts, set lists are collected and used to distribute the events licence fee.

For broadcasting, a census-based distribution is sought wherever possible, provided that this is warranted by the value of the distribution section. Otherwise a sample analysis, usually 10% of broadcast days or three days a month, is undertaken. Revenue for the individual station is distributed across the supplied data.

In addition, the major cruise lines provide details of set lists and films screened. Background music usage on cruise ships is distributed as if it were 'General Recorded (Other)'. Revenue for music usage in cabins on cruise ships is apportioned to TV channels carried by local cable operators.

Distribution cycle

From 2011, we distribute managed revenues twice annually, in December for January to June performances and in July for July to December performances from the previous year. Note that cruise ship film royalties are distributed only once each year.

Processing policy

Data provider and format

The data is provided by a range of licensees. We also track broadcast usage in Malta through music recognition technology.

Processing thresholds and rules

All usage goes through an automatch and, where necessary, manual match process.

Unmatchables and carry forwards

These are dealt with in the same way as UK broadcasts and are added to the unidentified performances list where appropriate.

Other notes

We continue to focus on increasing the accuracy of managed territory revenues and distributions, to bring in the principles of UK domestic distributions and the same high standards. Significant progress has been made, for example in Malta and in Cyprus we make use of music recognition technology to monitor broadcast performances.

APPENDIX

Standard distribution cycle

	Source	Distribution				
		April	July	October	December	Reconciliation
R e p o r t i n g P e r i o d	BBC radio	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sept	July
	BBC TV	Sept - Dec	Jan - Mar	Apr - Jun	Jul - Aug	July
	Sky TV	Sept - Dec	Jan - Mar	Apr - Jun	Jul - Aug	October
	All other TV (exc. music TV channels)	Sept - Dec	Jan - Mar	Apr - Jun	Jul - Aug	April
	All other radio (and music TV channels)	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sept	April
	Public performance *	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sept	April
	Online **	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sept	N/A
	International (agencies)		Jul-Dec		Jan-Jun	N/A
	International (affiliate societies)	Varies depending on affiliate society timetable				N/A

*Concerts using the live concert service are distributed outside the four major distributions with a target of within 60 days of the concert

**It is not always possible to adhere to this timetable for some online services

Broadcast sampling rates

Since 2010 new TV and radio services are sampled at the following minimum rates.

TV Sampling Threshold

Sample Days	Band
4	0-15K
10	15-30K
37	30-60K
91	60-100K
181	100-200K
365	200K+

Radio Sampling Threshold

Sample Days	Band
4	£0-£50K
8	£50-£100K
16	£100-£200K
32	£200-£500K
365	£750K+

At present services that existed before 2010 are still sampled at minimum rates calculated using a complex statistical formula. In practice, because of electronic reporting and the use of music recognition technology, many services have much higher sample rates, bordering on census for non-advertising plays.

*A sample of 365 days is a census

How we distribute UK Radio and Audio Visual services

Up to date quarterly lists of how Radio and Audio Visual stations are distributed can be found online (with member log in required)

<https://www.prsformusic.com/royalties/your-statement/royalty-rates-and-sample-days>

These lists show Station IDs, Station name, if they are census or sample (and how many sample days), plus total per minute rate.

GLOSSARY

Admin rate	The percentage of licensed revenue deducted by <i>PRS for Music</i> in order to cover costs of collection, distribution and the relevant share of society overheads
Affiliate society	Performing right organisation based outside of the UK with whom PRS has a reciprocal agreement
Analogy	A set of data deemed to be representative of actual usage processed for distribution purposes, instead of any actual usage data
Annual station value	The total revenue available to cover a year's music use for a specific broadcast station
Audience hours	The aggregate number of hours consumed by all viewers of a TV station or listeners to a radio station within a given time period
Automatch	Automatch is where the <i>PRS for Music</i> system can establish a match between performance reporting and the relevant work registration without human intervention
AV	Audiovisual
Background music supplier	A commercial organisation specialising in the provision of background music services to commercial organisations.
Blanket licence	A licence granting the licensee the right to use all the licensed repertoire without prior approval
Broadcast logs	The combination of both the transmission schedule of a broadcaster and, where appropriate, the accompanying cue sheets
Carried forward	Taking an item through to subsequent distributions not having fully processed it in time for its originally scheduled distribution
Census	A method of calculating music usage for royalty distributions, which attempts to include every instance of music use of every musical work used
Covers repertoire	Works performed where the performer is not a rights-holder of the work
Cue sheet	The list of works used in a certain production, combined with the related usage durations
CUP code	A code used to identify that although research has finished a musical usage is not being included in the distribution. Some CUP codes cause items to be included on the unidentified performances list, others do not because they are items, such as birdsong for example, that are not actually distributable
Distribution basis	The rules governing the data set used to make a distribution
Distribution committee	A sub-committee of the Members' Council, responsible for distribution policy decisions
Distribution policy	The set of rules governing the methods, processes and data sets used in distributions to assign monetary value to music usage
Distribution section	The grouping of music usages. In the case of broadcast, this will be a TV or radio station, for public performance repertoire it will be the sharing a common means of exploitation and for online, an individual service
DSP	Digital service provider
Fitness music service	A commercial organisation specialising in the provision of music for organised fitness sessions
Fixed Point Value (FPV)	The per-unit valuation within a distribution section
GEOL service	General Entertainment Online service e.g. Netflix
Gross annual revenue	The total annual revenue allocated to a specific distribution section, prior to admin deductions

Idents	A short visual image or soundbite used between programming, which identifies the particular TV station or radio channel to the audience
Ipsos MORI	A market research company that provides music survey services to <i>PRS for Music</i>
Manual match	Establishing a match between performance reporting and the relevant work registration by a human being. Manual match occurs where automatch has failed.
Manual match threshold	The minimum value at which manual effort will be employed to match performance reporting to works registrations
Music percent	The proportion of total broadcast time featuring music
Music consumption	Aggregate audience hours multiplied by music percentage; giving a result of audience hours containing music
Music recognition technology	An algorithm-based method of automatically matching audio performance to a database of sound recordings
Music usage	Can mean either an individual play, performance or broadcast of an individual work or the amount of music used, e.g. for broadcasters this can mean the duration of the music used
Net annual revenue	The total annual revenue allocated to a specific distribution section, following the deduction of admin
Non-licence revenue (NLR)	The interest earned on investments and royalties awaiting distribution.
Original material/original repertoire	Works performed where one of the performers is a rights-holder of the work - the opposite of covers repertoire
Performance data	A file supplied to <i>PRS for Music</i> by either a licensee or third party, which collects all music usage information for a specific distribution section and time period
Points	A point is a single unit employed for distribution purposes. This differs from music usage as it also encompasses any weightings, such as duration, as determined by distribution policy. A point is a minute of broadcast time, a single public performance, plus a number of other units in online distribution areas, including a streamed minute and a price-weighted download
Processing (of performance data)	The process of matching performance reporting to works registrations
Public reception	The use of radios and TVs in public premises
Reconciliation	The distribution of residual revenues across all applicable usage data, following the end of a licence period
Residual revenue	Revenue remaining at the end of a licence period following distributions made in respect of all performance data
Sample/sample rate	A proportion of actual performance data
Set list	The list of works and durations within a live event
Survey	A collection of visits to licensees in order to gather performance data
Talk radio station	A radio station on which less than 15% of broadcast time contains music
Time of day weightings	The distribution policy applied to all TV and Radio broadcast distributions, which dictates that a minute of music broadcast during High Peak hours will be worth three times as much as a minute during Non-Peak hours, and a minute of music broadcast during Low Peak hours will be worth two times as much as a minute during Non-Peak hours.
Transactional licence	A licence where the terms are laid out on a unit-by-unit basis and invoiced after the processing of performance data, in order to calculate an aggregate value
Tunecode	A unique identifier for each work held on the works database