ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 December 2015

Performing Right Society Limited

PERFORMING RIGHT SOCIETY LIMITED

COMPANY INFORMATION

Directors	***Writers*** B Blue S Darlow G Fletcher N Graham E Gregson C Hunt M Leeson S Levine M Murray J Nott M Nyman ***Publishers*** J Alway W Booth C Butler E Cox N Elderton S Hornall R King P Long R Manners J Minch S Platz ***Executive Director*** R Ashcroft ***External Directors*** S Davidson M Poole
Secretary	D Stones
Company number	00134396
Registered office	2 Pancras Square London N1C 4AG
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

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PERFORMING RIGHT SOCIETY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the consolidated strategic report and financial statements for Performing Right Society Limited ("the Company") and its subsidiaries (together, "the Group") for the year ended 31 December 2015.

Review of the business

2015 continued the theme from recent years with strong growth being achieved alongside the continued transformation that is taking place within the Group.

The Group continues to strengthen its relationship with key European partners, including the German society, GEMA, acquiring a share in our ICE Operations business in July 2015 in line with the collaboration agreement between the organisations. In November 2015, the Group also announced the launch of the ICE licensing hub, which will provide consolidated licensing and associated services to the Group, GEMA and the Swedish society, STIM.

Alongside this focus on driving improvements in operations and licensing, the Group also continues to strive to achieve fair value for the usage of its members' music and move the industry towards a more level playing field in the online market as a whole. A notable achievement in 2015 was the settlement with Soundcloud for the usage of the Group's repertoire from the launch of the service. This brought to an end the legal proceedings that had been initiated by the Group during 2015 and demonstrates the Group's ongoing commitment to resolve the current ambiguity in the safe harbour legislation and ensure efficient licensing of online services.

In February 2016, the Company and Phonographic Performance Limited ("PPL") announced the intention to create a joint venture in the area of Public Performance licensing. It is anticipated that, subject to regulatory approval, the new organisation, jointly and equally owned by the Company and PPL, would start licensing in 2017 following a period of system development and work in preparation for such significant business change. This is a landmark event for the Group and is expected to be a positive development for both licensees and members, building on the successful joint working initiatives delivered in previous years.

Negotiations are currently underway between the Company and MCPS to review the terms of the service agreement that was originally entered into in April 2013.

There is a net deficit on reserves amounting to £50,434,000 (2014 - £64,373,000) on the Group balance sheet and an equivalent deficit on the balance sheet of the Company of £3,559,000 (2014 - £3,559,000). The Group deficit has arisen partly because of the deficits on the two defined benefit pension schemes funded by PfM. PfM has agreed with the Board of trustees of the two schemes a deficit recovery plan that is intended to fully fund the schemes before the end of 2024. The balance sheet deficit in PfM reduced during the year primarily because of an improvement in the funding deficits of the two defined benefit pension schemes. This improvement is due to a combination of favourable actuarial variances, scheduled contributions and better than expected asset returns.

These financial statements for the year ended 31 December 2015 are the first financial statements of the Group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The key transition adjustments have resulted in the discounting of the MCPS loan and the reclassification of certain fixed assets. A full explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 31.

Key performance indicators

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

	2015 £000	2014 £000	Change %
Revenue	537,377	513,500	4.7
Net distributable income	472,523	454,190	4.0

Principal risks and uncertainties
The Audit Committee of PfM evaluates the risks and uncertainties that may affect the Group's performance. The Audit Committee met four times in 2015. The principal risks and uncertainties are detailed below.

Competitive risk
Owing to the monopolistic nature of some of the Group's activities in the UK and of other societies in Europe there is a sustained focus on ensuring EC guidelines are met so as to avert any adverse rulings.

Changing working practices are currently opening up the market to more competition from societies abroad and the Group is at the forefront of these changes, and actively seeking strategic partnerships with societies in other countries.

Legislative risk
The monopolistic nature of some of the Group's activities leads it into a number of areas of risk concerned with the legislative process. The Group is also subject to copyright law changes and given the changing nature of the industry this could have a significant impact on the Group's revenue and operating procedures in the future.

Financial instrument risks
The Group has in place a financial management framework which ensures that the Group has sufficient financial resource to meet its objectives and to manage financial risk. Foreign exchange risk is minimised through the timely exchange of foreign currency receipts for sterling. Interest rate risk is managed by avoiding investing cash for periods of greater than 12 months.

Changing technology
With the increasing move towards digital usage of music, there is uncertainty over the future market for music and the implications on the costs of administering relevant licences. These changing technologies will offer new market opportunities in the future and active review of existing and potential new streams is therefore a key area of focus for the Group.

The Board and the Audit Committee are fully aware of the pressures and opportunities this changing market imposes on the future of the business and are acting accordingly to optimise beneficial effects where possible.

Exposure to price, credit and liquidity risk
Price risk for the Group arises where new licence schemes are challenged. Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, as such there is a well-established credit control process and a requirement that deferred terms are only granted to licensees who either demonstrate an appropriate payment history and satisfy credit checking procedures, or who the Group is actively in negotiations with subject to certain criteria. The Group's debtors are shown in note 19 to the financial statements.

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

By order of the Board

D Stones
Secretary
6 April 2016

PERFORMING RIGHT SOCIETY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and the audited financial statements for the Group and the Company for the year ended 31 December 2015.

Principal activities
The principal activity of the Group is the aggregation and licensing of the performing rights vested in it by its members and affiliated societies and the collection and distribution of the resulting royalties. The Company represents over 115,000 members collecting royalties from various sources, including from live performance, television and radio broadcasts, and streaming.

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

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

Writers

B Blue	M Leeson
S Darlow	S Levine
G Fletcher	M Murray
N Graham	J Nott
E Gregson	M Nyman
C Hunt	

Publishers

J Alway	R King
W Booth	P Long
C Butler	R Manners
E Cox	J Minch
N Elderton	S Platz
S Hornall	

External Directors
W Goldwag (resigned 19 May 2015)
E Morris (resigned 19 May 2015)
S Davidson (appointed 19 May 2015)
M Poole (appointed 19 May 2015)

Executive Director
R Ashcroft

Guy Fletcher, Chairman, Chris Butler, deputy chairman (publisher), and Simon Darlow, deputy chairman (writer), all continued in their positions throughout 2015.

Results and dividends
The results for the year are set out on page 9.

Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Disabled persons

The Company complies with the requirements of the Equality Act of 2010 and is keeping its employment policies and procedures under review to ensure that disabled persons are not treated any less favourably than able-bodied persons in regards to applications, employment, training and career development.

Equal opportunity

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

Employee involvement

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

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

Auditors

Following the resignation of Ernst & Young LLP, PricewaterhouseCoopers LLP were appointed auditors to the Group on 3 August 2015 and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be presented to a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Group and parent company financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The directors believe that the Group is well placed to manage its business risks and has considerable financial resources including cash balances.

The Group balance sheet includes the PfM defined benefit scheme deficit and also reflects the impact of impairing the goodwill arising on the acquisition of PfM of £25,197,000 in 2013. As a result, the Group balance sheet has a net deficit of £50,434,000 at 31 December 2015 (2014 – £64,373,000). This has reduced from 2014 mainly as result of the defined benefit scheme deficit reducing from £37,112,000 to £22,233,000. PfM and the trustees of the pension schemes have agreed a recovery plan to restore the funding level of the schemes to 100% by the end of 2024. Part of this plan is an agreed company contribution per year of £3,500,000. There is also a new investment strategy in place to reduce volatility in the future.

The directors have also considered the status of joint ventures and associate undertakings ICE Operations, ICE Services, SOLAR (formerly CELAS) and NMP.

ICE Operations is fully supported by its shareholders owing to the nature of services it supplies, without which the shareholders would not be able to provide services to their members. The Group's share of the loss for the year to 31 December 2015 was £1,411,000 (2014 – £371,000). ICE Operations is forecasting to cover its costs in future years and repay its loan finance over 10 years.

ICE Services is fully supported by its shareholders and started trading in 2015. The Group's share of the loss for the year to 31 December 2015 was £1,044,000 (2014 - £nil) due to start-up costs. ICE Services is forecasting to cover its costs in future years and repay its loan finance over 10 years.

SOLAR is fully supported by its shareholders. The Group's share of the profit for the year to 31 December 2015 was £2,000 (2014 – £nil). There was a repayment of capital during the year of £317,000 from SOLAR to PfM. SOLAR is also forecasting to make profits in future years.

NMP is fully supported by its shareholders, Nordisk Copyright Bureau A/S ("NCB") and PRS. The Group's share of the result for the year to 31 December 2015 was £nil (2014 – £nil). It recharges all of its costs not covered by income from other customers to its shareholders. There was a repayment of capital during the year of £148,000 from NMP to PfM.

Therefore, after making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Corporate governance
The Company's Board of Directors is ultimately responsible for the governance of the Company. The Board of Directors delegates much of the business decision-making to the PfM Board in accordance with agreed mandates. PfM is an operational services company which has been a wholly-owned subsidiary of the Company since 1 July 2013. The Company, through PfM, provides a range of services to MCPS including licensing and distribution administration, under the terms of a services agreement.

Code of Conduct
The Company carries on its membership and domestic licensing activities in line with the PRS for Music Code of Conduct, published in 2012 to meet the requirements of the British Copyright Council's Principles of Good Practice for Collective Management Organisations, the principal voluntary framework for UK collecting society best practice. The Company is committed to ongoing internal review of its Code and operations to ensure that they continue not only to meet BCC standards but are materially compliant with criteria specified in The Copyright (Regulation of Relevant Licensing Bodies) Regulations 2014.

By order of the Board

D Stones
Secretary
6 April 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

Report on the financial statements

Our opinion
In our opinion, Performing Right Society Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2015 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.The financial statements, included within the Annual Report, comprise:

What we have audited
The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company statement of financial positions as at 31 December 2015;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and Company Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report and Financial Statements for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group’s and the Company’s circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
London
6 April 2016

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £000	2014 £000
Revenue	3	537,377	513,500
Licensing and administrative expenses		(79,901)	(76,532)
Other operating income		19,191	18,325
Operating profit	4	476,667	455,293
Share of loss from joint ventures	14	(2,453)	(371)
Other investment income	8	2,036	1,685
Finance costs	9	(1,397)	(652)
Amounts appropriated - donations		(2,076)	(1,565)
Profit before taxation		472,777	454,390
Taxation	10	(254)	(200)
Net distributable income		472,523	454,190

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

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

The notes on pages 16 to 50 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £000	2014 £000
Net distributable income		472,523	454,190
Funds attributable to members and affiliated societies		(471,164)	(457,174)
Actuarial gain/(loss) on defined benefit pension schemes	**25**	12,947	(27,760)
Foreign exchange loss on joint venture investments		(367)	(704)
Movement on deferred tax relation to pension deficit		-	(117)
Total recognised gains/ (losses) relating to the year		13,939	(31,565)

The notes on pages 16 to 50 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		2015		2014	
	Notes	**£000**	**£000**	**£000**	**£000**
Fixed assets					
Negative goodwill	**11**		-		(412)
Other intangible assets	**11**		22,996		23,319
Total intangible assets			22,996		22,907
Property, plant and equipment	**12**		13,972		15,669
Investment properties	**13**		743		743
Investments	**14**		3,045		6,829
			40,756		46,148
Current assets					
Trade and other receivables falling due after one year	**19**	6,852		2,148	
Trade and other receivables falling due within one year	**19**	102,900		89,575	
Investments - short-term deposits	**23**	115,000		115,000	
Cash at bank and in hand		26,290		45,950	
		251,042		252,673	
Current liabilities	**20**	(313,528)		(319,253)	
Net current liabilities			(62,486)		(66,580)
Total assets less current liabilities			(21,730)		(20,432)
Creditors: amounts falling due after more than one year	**21**		(5,372)		(6,276)
Provisions for liabilities	**24**		(1,099)		(553)
Net liabilites excluding pension liability			(28,201)		(27,261)
Defined benefit pension liability	**24**		(22,233)		(37,112)
Net liabilities			(50,434)		(64,373)
Total equity			(50,434)		(64,373)

The financial statements on pages 9 to 15 were approved by the Board of Directors and authorised for issue on 6 April 2016 and are signed on its behalf by:

G Fletcher
Director
Company Registration No. 00134396

The notes on pages 16 to 50 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
Current assets					
Trade and other receivables falling due after one year	**19**	8,036		9,016	
Trade and other receivables falling due within one year	**19**	146,572		124,317	
Investments - short-term deposits	**23**	115,000		115,000	
Cash at bank and in hand		11,819		36,726	
		281,427		285,059	
Current liabilities	**20**	(279,614)		(282,342)	
Net current assets			1,813		2,717
Creditors: amounts falling due after more than one year	**21**		(5,372)		(6,276)
Net liabilities			(3,559)		(3,559)
Total equity			(3,559)		(3,559)

The financial statements on pages 9 to 15 were approved by the board of directors and authorised for issue on 6 April 2016 and are signed on its behalf by:

G Fletcher
Director
Company Registration No. 00134396

The notes on pages 16 to 50 form an integral part of these financial statements

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Distributable reserves £000
Balance at 1 January 2014		(32,808)
Period ended 31 December 2014:		
Net Distributable income		454,190
Other comprehensive income:		
Funds attributable to members and affiliated societies		(457,174)
Actuarial losses on defined benefit plans	**25**	(27,760)
Foreign exchange losses on investments		(704)
Deferred tax on defined benefit plans		(117)
Total comprehensive loss for the year		(31,565)
Balance at 31 December 2014		(64,373)
Period ended 31 December 2015:		
Net Distributable income		472,523
Other comprehensive income:		
Funds attributable to members and affiliated societies		(471,164)
Actuarial gains on defined benefit plans	**25**	12,947
Foreign exchange losses on investments	**14**	(367)
Total comprehensive income for the year		13,939
Balance at 31 December 2015		(50,434)

The notes on pages 16 to 50 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Retained earnings £000
Balance at 1 January 2014		(3,726)
Period ended 31 December 2014:		
Total comprehensive income for the year		457,341
Funds attributable to members and affiliated societies		(457,174)
Balance at 31 December 2014		(3,559)
Period ended 31 December 2015:		
Total comprehensive income for the year		471,164
Funds attributable to members and affiliated societies		(471,164)
Balance at 31 December 2015		(3,559)

The notes on pages 16 to 50 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	£000	2015 £000	£000	2014 £000
Cash flows from operating activities					
Cash generated from operations	**30**		462,231		418,784
Amounts paid to members and affiliated societies			(476,311)		(440,316)
Finance costs paid			(1,397)		(652)
Income taxes paid			-		(399)
Net cash outflow from operating activities			(15,477)		(22,583)
Investing activities					
Purchase of intangible assets		(5,853)		-	
Purchase of property, plant and equipment		(853)		(22,292)	
Purchase of joint venture investments		(100)		(200)	
Proceeds on disposal of joint venture investments		1,046		77	
Proceeds on joint venture capital repayments		465		-	
Proceeds on disposal of other investments		-		314	
Interest received		1,112		1,976	
Net cash used in investing activities			(4,183)		(20,125)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(19,660)		(42,708)
Cash and cash equivalents at beginning of year			160,950		203,658
Cash and cash equivalents at end of year			141,290		160,950
Represented by:					
Investments			115,000		115,000
Cash at bank and in hand			26,290		45,950
			141,290		160,950

The notes on pages 16 to 50 form an integral part of these financial statements.

1 Accounting policies

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

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

These financial statements for the year ended 31 December 2015 are the first financial statements of Performing Right Society Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 31.

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

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

Definitions:
'PRS' means Performing Right Society Limited.
'PfM' means PRS for Music Limited.
'MCPS' means Mechanical-Copyright Protection Society Limited.
'ICE Operations' means International Copyright Enterprise A.B.
'ICE Services' means International Copyright Enterprise Services Limited.
'NMP' means Network of Music Partners A/S.
'PEL' means Pan European Licensing.
'SOLAR' means SOLAR-Music Rights Management GmbH, formerly CELAS GmbH.

Accounting convention
The Group financial statements consolidate the financial statements of Performing Right Society Limited and all its subsidiary undertakings drawn up to 31 December each year. As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's total comprehensive income for the year was £471,164,000 (2014 - £457,341,000).

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures.

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements associates, which have been assessed as being immaterial to the Group, are accounted for at cost. In the parent undertaking financial statements investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

1 Accounting policies **(Continued)**

Basis of consolidation

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The directors believe that the Group is well placed to manage its business risks and has considerable financial resources including cash balances.

The consolidated statement of financial position includes the PfM defined benefit scheme deficit and also reflects the impact of impairing the goodwill arising on the acquisition of PfM of £25,197,000 in 2013. As a result, the consolidated statement of financial position has a net deficit of £50,434,000 at 31 December 2015 (2014 – £64,373,000). This has reduced from 2014 mainly as result of the defined benefit scheme deficit reducing from £37,112,000 to £22,323,000. PfM and the trustees of the pension schemes have agreed a recovery plan to restore the funding level of the schemes to 100% by the end of 2024. Part of this plan is an agreed company contribution per year of £3,500,000. There is also a new investment strategy in place to reduce volatility in the future.

The directors have also considered the status of joint ventures and associate undertakings ICE Operations, ICE Services, SOLAR (formerly CELAS) and NMP.

ICE Operations is fully supported by its shareholders owing to the nature of services it supplies, without which the shareholders would not be able to provide services to their members. The Group's share of the loss for the year to 31 December 2015 was £1,411,000 (2014 – £371,000). ICE Operations is forecasting to cover its costs in future years and repay its loan finance over 10 years.

ICE Services is fully supported by its shareholders and started trading in 2015. The Group's share of the loss for the year to 31 December 2015 was £1,044,000 (2014 - £nil) due to start-up costs. ICE Services is forecasting to cover its costs in future years and repay its loan finance over 10 years.

SOLAR is fully supported by its shareholders. The Group's share of the profit for the year to 31 December 2015 was £2,000 (2014 – £nil). There was a repayment of capital during the year of £317,000 from SOLAR to PfM. SOLAR is also forecasting to make profits in future years.

NMP is fully supported by its shareholders, Nordisk Copyright Bureau A/S ("NCB") and PRS. The Group's share of the result for the year to 31 December 2015 was £nil (2014 – £nil). It recharges all of its costs not covered by income from other customers to its shareholders. There was a repayment of capital during the year of £148,000 from NMP to PfM.

Therefore, after making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1 Accounting policies **(Continued)**

Revenue

Operating fees receivable

Revenue is accounted for on an accruals basis so that income is recognised in the period to which it relates.

Licence revenue

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

Income from overseas collecting societies is recognised in the period in which it is received or it becomes virtually certain of being received.

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

Intangible fixed assets other than goodwill

Computer software and internally generated software costs are stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life on straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that the residual value or useful life have changed, the residual value, useful economic life ("UEL") or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be changed.

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

Software	5 years

Property, plant and equipment ("PPE")

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

The Group's freehold and leasehold land and buildings were revalued at 31 December 2012. The additions in 2014 and 2015 relating to the new Kings Cross office and the refurbishment of the Streatham office are at cost.

Depreciation is provided on all PPE acquired at a cost of more than £1,000, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

The carrying values of PPE are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1 Accounting policies **(Continued)**

Property, plant and equipment ("PPE") (Continued)
Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will follow to the company and the cost can be measured reliably.

Investment properties
Investment property is property (land or a building, or part of a building, or both) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for:

(a) Use in the production or supply of goods or services or for administrative purposes, or
(b) Sale in the ordinary course of business.

Investment properties are held for long term rental yields or for capital appreciation or both, and are not occupied by companies within the Group.

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. After the initial recognition, investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the income statement.

The fair value assessment is conducted yearly using market value data supplied by an independent property consultant. If this assessment shows a material movement in valuation then a full valuation will be carried out by an independent Surveyor in the following year.

Non-current investments
Investments are valued at cost less provisions where, in the opinion of the directors, there has been impairment in value.

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

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

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

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

1 Accounting policies **(Continued)**

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

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

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Financial instruments

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

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

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

Taxation

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

Current tax

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

1 Accounting policies (Continued)

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions

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

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

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

Employee benefits

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

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

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

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

1 Accounting policies **(Continued)**

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the consolidated statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Leases

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

Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term. Lease incentives are released to the income statement on a straight-line basis over the lease term.

Foreign exchange

Company

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

Group

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

Provision for future legal costs

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

2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Retirement benefit schemes

The Group has an obligation to pay pension benefits to members of the defined benefit pension schemes. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, inflation, asset valuations and the discount on corporate bonds. Management estimates these factors in determining the net pension obligation on the balance sheet and these estimates are based on recommendations from the Group's actuary. See note 25 for the disclosures relating to the defined benefit pension schemes.

Investment property valuation

A fair value assessment is conducted annually using market value data supplied by an independent property consultant. If this assessment shows a material movement in the valuation then a full valuation will be carried out by an independent surveyor in the following year.

Impairment of joint ventures

The Group makes an estimate of the recoverable value of its investment in joint ventures. When assessing impairment the recoverable amount is compared to the carrying value of the investment. The recoverable amount is calculated by discounting the expected future cash flows from the joint venture entity. The expected future cash flows are based on forecasts and budgets provided by the management of the joint venture.

Internally capitalised intangible assets

Internally generated software costs are capitalised as intangible assets and are amortised over an estimated useful life of 5 years.

3 Revenue

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

	2015 £000	2014 £000
Turnover		
Public Performance	175,155	168,285
Broadcast	124,234	119,213
Online	42,392	37,709
International	195,596	188,293
	537,377	513,500

Revenue analysed by geographical market

	2015 £000	2014 £000
United Kingdom, Channel Islands and Isle of Man	333,252	315,039
Europe	129,185	127,429
North America	41,287	35,443
Asia	11,686	12,964
Central and South America	10,773	11,944
Australasia	8,727	8,424
Africa and Middle East	2,467	2,257
	537,377	513,500

4 Operating profit

	2015 £000	2014 £000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(92)	500
Depreciation/amortisation of fixed assets	8,044	5,917
Loss on disposal of property, plant and equipment	187	-
Release of negative goodwill	(412)	-
Loss/(profit) on disposal of tangible and intangible assets	434	(41)
Gain on sale of joint venture investments	(365)	-
Operating lease charges	2,901	2,159

5 Auditors' remuneration

	2015	2014
Fees payable to the Company's auditor and its associates:	£000	£000
For audit services		
Audit of the financial statements of the Group and Company	45	10
Audit of the Company's subsidiaries	75	177
	120	187
For other services		
Audit-related assurance services	5	35
Taxation compliance services	19	33
Other taxation services	28	75
All other non-audit services	24	37
	76	180

6 Employees

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

	2015 Number	2014 Number
Licensing	181	173
Distribution and membership	179	197
Support services	251	245
	611	615

Their aggregate remuneration comprised:

	2015 £000	2014 £000
Wages and salaries	31,538	29,750
Social security costs	3,485	3,231
Pension costs	1,358	1,322
	36,381	34,303

7 Directors' remuneration

	2015	**2014**
	£000	**£000**
Remuneration for qualifying services	1,486	1,354
Company pension contributions to defined contribution schemes	22	19
	1,508	1,373

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2014 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	989	765
Company pension contributions to defined contribution schemes	22	19

Included within the above is a deferred bonus of £257,000 (2014 - £196,000), payable to the highest paid director.

The remuneration of non-executive directors, excluding pension contributions, was £497,000 (2014 - £589,000). There were 24 non-executive directors at 31 December 2015 (2014 - 24).

The position of Chairman and Deputy Chairmen of the Company was unchanged during the year. The remuneration of the Chairman, Guy Fletcher, was £80,000 (2014 - £80,000). The remuneration of the Deputy Chairman (Publisher), Chris Butler, was £21,000 (2014 - £20,000). The remuneration of Deputy Chairman (Writer), Simon Darlow, was £31,000 (2014 - £30,000). These are all included in the remuneration of non-executive directors amount shown above.

During the year ended 31 December 2015, the company had one executive director, Robert Ashcroft, who was employed and paid by PfM. The highest paid director in 2015 was Robert Ashcroft.

8 Other investment income

	2015	**2014**
	£000	**£000**
Interest income		
Interest on bank deposits	1,944	1,592
Other interest income	92	93
	2,036	1,685

9 Finance costs

	2015	2014
	£000	£000
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	84	94
Other finance costs:		
Interest on the net defined benefit liability	1,313	558
Total finance costs	1,397	652

10 Taxation

	2015	2014
	£000	£000
Origination and reversal of timing differences	254	200

The tax charge assessed for the year is lower than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%). The differences are explained below:

	2015	2014
	£000	£000
Profit before taxation	472,777	454,390
Expected tax charge based on a corporation tax rate of 20.25% (2014 - 21.50%)	95,737	97,694
Tax effect of expenses that are not deductible in determining taxable profit	491	64
Gains not taxable	-	97
Tax effect of utilisation of tax losses not previously recognised	1,323	-
Unutilised tax losses carried forward	-	3,508
Adjustments in respect of prior years	-	(66)
Permanent differences between capital allowances and depreciation	(90)	350
Depreciation on assets not qualifying for tax allowances	420	(1,014)
Effect of overseas tax rates	-	(18)
Deferred tax adjustments in respect of prior years	254	-
Deduction for allocable distributions	(95,411)	(98,029)
Adjustments relating to the pension fund	(2,470)	(2,345)
Profit on disposal of assets not allowable for tax purposes	-	(41)
Tax expense for the year	254	200

10 Taxation **(Continued)**

UK corporation tax rates changed on 1 April 2015 from 21% to 20%. Accordingly, current tax has been calculated at the pro rated effective rate for the year of 20.25%.

Future changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. As the changes had been substantively enacted at the balance sheet date the deferred tax asset has been calculated using a rate of 18%.

The Group has an unrecognised deferred tax asset of £8,974,000 (2014 - £8,537,000) made up of non-trading losses £374,000 (2014 - £397,000), trading losses £7,100,000 (2014 - £6,480,000), pension contribution spreading of £1,500,000 (2014 - £1,660,000). In addition, there is an unrecognised deferred tax asset arising on pension deficit of £2,700,000 (2014 - £5,400,000).

11 Intangible fixed assets

Group	Negative goodwill	Software	Total
	£000	**£000**	**£000**
Cost			
At 1 January 2015	(412)	45,875	45,463
Additions - separately acquired	-	5,853	5,853
Disposals	-	(434)	(434)
Revaluation	412	-	412
Reclassification of assets	-	362	362
At 31 December 2015	-	51,656	51,656
Amortisation and impairment			
At 1 January 2015	-	22,556	22,556
Amortisation charged for the year	-	6,104	6,104
At 31 December 2015	-	28,660	28,660
Carrying amount			
At 31 December 2015	-	22,996	22,996
At 31 December 2014	(412)	23,319	22,907

Intangible assets are long-term investments made in order to build or create IT systems or applications used by the organisation. This includes directly attributable costs of staff, contractors and consultants. The software was previously included in tangible fixed assets in accordance with FRS 10. They have been reclassified as intangible fixed assets at the transition date 1 January 2014 in accordance with FRS 102 section 18.

The Company had no intangible assets at 31 December 2015 or 31 December 2014.

As a result of capital contributions returned by SOLAR-Music Rights Management GmbH in the year the negative goodwill of £412,000 has been fully written back to administrative expenses in the income statement. The balance arose on the acquisition of a 25% share in that company from MCPS in 2014, and the amounts received in the year constitute recovery of all economic benefits relating to the balance.

12 Property, plant and equipment

Group	Leasehold land and buildings and building improvements	Systems and equipment	Motor vehicles	Total
	£000	£000	£000	£000
Cost				
At 1 January 2015	11,319	9,640	186	21,145
Additions	394	459	-	853
Disposals	(500)	(410)	-	(910)
Reclassification of assets	(26)	(336)	-	(362)
At 31 December 2015	11,187	9,353	186	20,726
Depreciation and impairment				
At 1 January 2015	2,074	3,223	179	5,476
Depreciation charged in the year	640	1,293	7	1,940
Eliminated in respect of disposals	(402)	(260)	-	(662)
Reclassification of assets	3	(3)	-	-
At 31 December 2015	2,315	4,253	186	6,754
Carrying amount				
At 31 December 2015	8,872	5,100	-	13,972
At 31 December 2014	9,245	6,417	7	15,669

The net book value of motor vehicles held under finance lease agreements is £nil (2014 – £7,000), with all lease obligations paid in advance.

A fair value assessment of leasehold land and buildings is conducted annually using market value data supplied by an independent property consultant. If this assessment shows a material movement in the valuation then a full valuation will be carried out by an independent Surveyor in the following year. No material differences were found during the current year's assessment.

The Company had no property, plant and equipment assets at 31 December 2015 or 31 December 2014.

13 Investment property

	Group	Company
	£000	£000
Fair value		
At 31 December 2014 and 31 December 2015	743	-

The Group has taken advantage of the exemption stated by section 35 paragraph 10 (c) of FRS 102 and adopts the fair value as deemed cost. The latest valuation was performed in November 2012. The directors reviewed the assumptions of the valuation at the transition date and subsequently at 31 December 2015 and no significant variances were identified. Therefore, the reported fair value still represents the market value at reporting date.

The Group currently holds 2 (2014 - 2) investment properties, one in Peterborough and one in Warrington. The Peterborough property is a leasehold property with 974 years of residual contract life and the Warrington property is a freehold property. They were previously classified as PPE under FRS 15. The net book value at 31 December 2013 for each of the properties were respectively: £308,000 for Warrington and £521,000 for Peterborough.

14 Fixed asset investments

			Group		Company
		2015	2014	2015	2014
	Notes	£000	£000	£000	£000
Investments in joint ventures	**16**	2,813	6,567	-	-
Investments in associates	**17**	-	30	-	-
Unlisted investments		232	232	-	-
		3,045	6,829	-	-

14 Fixed asset investments (Continued)

Movements in non-current investments

Group	**Joint ventures**	**Associates**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Cost or valuation				
At 1 January 2015	6,567	30	232	6,829
Additions	100	-	-	100
Share of loss retained by joint ventures	(2,453)	-	-	(2,453)
Disposal of share in joint venture	(569)	-	-	(569)
Capital repayment	(465)	-	-	(465)
Foreign exchange loss	(367)	-	-	(367)
At 31 December 2015	2,813	30	232	3,075
Impairment				
At 1 January 2015	-	-	-	-
Impairment losses	-	30	-	30
At 31 December 2015	-	30	-	30
Carrying amount				
At 31 December 2015	2,813	-	232	3,045
At 31 December 2014	6,567	30	232	6,829

On 16 July 2015 PfM sold one third of its shareholding in ICE Operations, a company registered in Stockholm, to GEMA, the German collection society, for €1.5m (£1,046,000). ICE Operations is now jointly owned by PfM, GEMA and STIM, a Swedish collecting society, and provides a joint service centre for operational services.

On 17 July 2015 PfM purchased a one third shareholding in ICE Services, a company registered in England and Wales, for £100,000. ICE Services is jointly owned by PfM, GEMA and STIM and provides multi-territorial services.

During the year the Group's investment in ISAN UK Limited was written down to nil giving an impairment loss of £30,000.

15 Subsidiaries

Details of the Company's subsidiaries at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	Indirect
PRS for Music Limited	England and Wales	Service Company	Ordinary shares	100.00	-
Music Copyright Operational Services Limited	England and Wales	Dormant	Ordinary shares	100.00	-
Musiclicensing.com Limited	England and Wales	Dormant	Ordinary shares	100.00	-
Musiclicensing.org Limited	England and Wales	Dormant	Ordinary shares	100.00	-
The Music Alliance Limited	England and Wales	Dormant	Ordinary shares	100.00	-
Imprimatur Services Limited	England and Wales	Dormant	Ordinary shares	-	100.00
GRD Prep Co Limited	England and Wales	Dormant	Ordinary shares	-	100.00
The MCPS-PRS Alliance Limited	England and Wales	Dormant	Ordinary shares	-	100.00
PRS for Music (USA) Limited	England and Wales	Dormant	Ordinary Shares	-	100.00
Rightswatch Limited	England and Wales	Dormant	Membership	-	100.00
Mechanical Copyright (Overseas) Limited	England and Wales	Dormant	Membership	100.00	-

16 Joint ventures

Details of joint ventures at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	Indirect
International Copyright Services AB	Sweden	Service Centre	Ordinary Shares	-	33.33
Network of Music Partners AB	Denmark	Service Centre	Ordinary Shares	-	50.00
SOLAR-Music Rights Management GmbH	Germany	Pan-European Licencing	Ordinary Shares	-	50.00
Global Repertoire Database Limited*	England and Wales	Global repertoire database	Membership	-	50.00
International Copyright Enterprise Services Limited	England and Wales	Multi-territorial Licencing	Ordinary Shares	-	33.33

*The Company has an indirect 50% interest in Global Repertoire Database Limited, which has not been equity accounted as it has not operated in the year and its carrying value is insignificant to both the results and the year end position of PRS.

17 Associates

Details of associates at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	% Held Indirect
British Music Rights Limited	England and Wales	Dormant	Ordinary Shares	25.00	-
ISAN UK Limited	England and Wales	Identification of audiovisual works	Ordinary shares	-	25.00

18 Significant undertakings

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

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	% Held Indirect
UK Music 2009 Limited	England and Wales	Lobbying organisation	Membership	-	11.10
FT, The Digital Copyright Network SAS	France	Royalty information systems	Ordinary Shares	-	13.02

19 Trade and other receivables

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Amounts falling due within one year:				
Trade receivables	78,701	67,455	54,950	48,138
Corporation tax recoverable	1,661	1,661	911	911
Amounts due from subsidiary undertakings	-	-	71,458	59,424
Amounts due from joint ventures	955	398	-	-
Other receivables	19,937	18,698	19,253	15,844
Prepayments and accrued income	1,646	1,363	-	-
	102,900	89,575	146,572	124,317
Amounts falling due after one year:				
Amounts due from subsidiary undertakings	-	-	8,036	9,016
Amounts due from joint ventures	6,852	2,148	-	-
	6,852	2,148	8,036	9,016

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

Within amounts falling due within one year, an amount of £980,000 (2014 - £997,000) within the amount due from subsidiary undertakings relates to the current element of the interest free loan to PfM. The loan relates to exceptional contributions into the defined benefit pension schemes made by the Company in 2005 and funded by PRS. The balances are repayable over 20 years and are contractually not interest bearing. Based on paragraph 11.13 of FRS 102, a zero rate loan constitutes, in effect, a financing transaction and therefore it shall be measured at the present value of the future payments discounted at a market rate of interest for a similar financial instruments. Over the period of the loan, interest payable will be calculated and added to the loan using the effective interest method. At the transition date the loan was discounted at 6.5% (Bank of England rate at the inception date, 2005, plus 2%) and the shortfall credited to profit and loss reserve. The effect of discounting will unwind over the period of the loan as interest charged to the income statement.

Trade receivables are stated after provisions for impairment of £4,501,000 (2014 - £4,226,000).

Loans receivable - ICE Operations
A loan of SEK 26.2m (£2,158,000) is carried forward from 2014 and will be repaid in equal quarterly instalments until the end of 2020. A further loan of SEK 4.7m (£388,000) is carried forward from 2014 and will be repaid in equal quarterly instalments until the end of 2024.

A number of new credit facilities were agreed with ICE Operations during 2015 to fund the expansion of services, the new office in Berlin and the relocation of the business to Berlin from Stockholm.

A loan of SEK 1.9m (£155,000) was advanced under a new facility signed on 13 April 2015 and this loan will be repaid in twenty equal quarterly instalments until the end of 2020.

A loan of €1.9m (£1,413,000) was advanced under two new facilities agreed on 17 July 2015 and this loan will be repaid in five instalments starting in 2017 and ending in 2020.

A loan of SEK 14.9m (£1,200,000) was advanced under a new facility agreed on 17 July 2015 and this loan will be repaid in twenty equal quarterly instalments starting in 2016 and ending in 2020.

A loan of SEK 4.9m (£393,000) was advanced under a new facility agreed on 17 July 2015 and this loan will be repaid in sixteen equal quarterly instalments starting in 2017 and ending in 2020.

A loan of SEK 1.7m (£137,000) was advanced under a new facility agreed on 22 September 2015 and this loan will be repaid in twenty equal quarterly instalments starting in 2016 and ending in 2021.

The interest rate for all loans is set per annum and is equal to the six month Stockholm Interbank offered rate, referred to as STIBOR 6M, + 1 or 2%.

The Company had total loans of £5,370,000 receivable from ICE Operations at 31 December 2015 (2014 - £2,546,000).

Loans receivable – ICE Services
Two new credit facilities were agreed with ICE Services on 17 July 2015 to fund the set-up of the new multi-territorialservices, shared equally with the Company's joint venture partners, GEMA and STIM.

Two loans totalling €3.3m (£2,437,000) were advanced under the new facilities and these loans will be repaid in five instalments starting in 2017 and ending in 2020.

The interest rate for all loans is set at the Bank of England Base rate + 2%. Security is provided by a floating charge on the assets of ICE Services.

The Group had total loans of £2,437,000 receivable from ICE Services at 31 December 2015 (2014 - £nil).

20 Current liabilities

	Notes	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Amounts due to members and affiliated societies		217,240	222,387	217,240	222,387
Trade payables		1,601	3,113	-	-
Due to MCPS	22	16,090	15,554	1,000	500
Other taxation and social security		1,742	1,645	410	586
Deferred revenue		56,001	52,776	56,001	52,776
Other payables		4,059	5,189	4,059	5,189
Accruals		16,795	18,589	904	904
		313,528	319,253	279,614	282,342

An amount of £15,090,000 (2014 - £15,054,000) included within amounts due to MCPS upon which the Group has no obligation to pay interest now or in the future and has no repayment obligation.

21 Non-current liabilities

	Notes	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Borrowings	22	5,372	6,276	5,372	6,276

22 Borrowings

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Loan from MCPS	6,372	6,776	6,372	6,776
Payable within one year	1,000	500	1,000	500
Payable after one year	5,372	6,276	5,372	6,276

The loan from MCPS is repayable in instalments over the period 1 January 2015 to 1 January 2021 and is free from interest. On adoption of FRS 102 the present value of the future payments discounted at a market rate of interest for similar financial instruments At the transition date the loan was discounted at 2.5% (Bank of England rate at the inception date, 2013, plus 2%) and the shortfall debited to profit and loss reserve. The effect of discounting will unwind over the period of the loan as interest charged to the income statement.

23 Investments

Investments are short-term bank deposits consisting of £5,000,000 (2014 - £10,000,000) held in an overnight deposit account, £74,000,000 (2014 - £69,000,000) held in a 6 month notice account and £36,000,000 (2014 - £36,000,000) held in a 12 month notice account.

24 Provisions for liabilities

		Group		Company	
		2015	2014	2015	2014
	Notes	£000	£000	£000	£000
Relocation Costs		254	553	-	-
Legal provisions		845	-	-	-
		1,099	553	-	-
Retirement benefit obligations	25	22,233	37,112	-	-
		23,332	37,665	-	-

Movements on provisions apart from deferred tax liabilities:

	Relocation Costs	Legal provisions	Total
Group	£000	£000	£000
At 1 January 2015	553	-	553
Additional provisions in the year	-	845	845
Reversal of provision	(65)	-	(65)
Utilisation of provision	(234)	-	(234)
At 31 December 2015	254	845	1,099

The Group has recognised a provision for the estimated cost of the consequences of relocating staff. The costs represent contractual or similar past obligations at the balance sheet date. It is expected that most of these costs will have been incurred within a year.

The Group has recognised a constructive obligation relating to litigation at the statement of financial position date. The costs represent an estimate of the legal fees that will be incurred by the Group in following the most likely course of action pertaining to two litigation cases where PfM is the claimant. It is expected that most of these costs will have been incurred within two years of the statement of financial position date.

25 Retirement benefit schemes

Defined contribution schemes	**2015 £000**	**2014 £000**
Charge to income statement in respect of defined contribution schemes	1,358	1,323

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. From January 2003, a new defined contribution pension scheme called The Alliance Defined Contribution Pension Scheme was open to all employees not in an existing scheme.

Defined benefit schemes

The Group operates two separately administered defined benefit pension schemes. The MCPS-PRS Alliance Pension Scheme (MCPS) (formerly the MCPS scheme) was closed to new entrants from 1 January 1999 and The MCPS-PRS Alliance Pension Scheme (formerly the PRS scheme) was closed to new entrants from 1 January 2003. On 31 December 2010 the schemes were closed to future accrual with active members losing the link to final salary.

Valuation

In March 2013, the triennial valuation of the pension schemes was completed. The deficit funding plan was reconfirmed between the Group and the trustees of the schemes, with funding remaining at the same level as in prior years. This plan involves the Group making annual payments into the schemes in order to address the deficit by 2024.

Key assumptions

	2015 %	**2014 %**
Discount rate	3.7	3.5
Expected rate of increase of pensions in payment	3.1	3.0
Expected rate of salary increases	n/a	n/a
Expected rate of revaluation of deferred pensions	2.1	2.0
Expected rate of decrease of pensions in payment	n/a	n/a
Inflation	3.2	3.1

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2015 Years	**2014 Years**
Retiring today		
- Males	22.4	22.2
- Females	24.5	24.7
Retiring in 20 years		
- Males	24.1	23.5
- Females	26.4	26.2

25 Retirement benefit schemes (Continued)

This decrease in the discount rate is a consequence of a reduction in prevailing corporate bond rates between 31 December 2014 and 31 December 2015.

The post-retirement mortality assumptions allow for expected decrease in longevity. The “current” disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with “future” being that relating to an employee retiring in 2030.

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

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Present value of defined benefit obligations	24,120	39,253	-	-
Deficit in scheme	24,120	39,253	-	-
Deferred taxation balance relating to pension schemes	(1,887)	(2,141)	-	-
Total liability recognised	22,233	37,112	-	-

The defined benefit obligation comprises of £247,508,000 (2014 – £260,005,000) from plans that are wholly or partly funded.

There were no continuing contributions to MCPS-PRS Alliance Pension Scheme for on-going future accrual due to the scheme’s closure in 2010. Fixed annual contributions of £3,100,000 have been made to reduce the deficit in the scheme as agreed during the 2013 triennial valuation.

There were no continuing contributions to MCPS-PRS Alliance Pension Scheme (MCPS) for on-going future accrual due to the scheme’s closure in 2010. Fixed annual contributions of £400,000 have been made to reduce the deficit in the scheme as agreed during the 2013 triennial valuation.

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

25 Retirement benefit schemes **(Continued)**

Movements in the present value of defined benefit obligations:

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000
At 1 January	(221,151)	(188,078)	(38,854)	(31,641)	(260,005)	(219,719)
Benefits paid	6,310	5,424	764	345	7,074	5,769
Interest cost	(7,630)	(8,156)	(1,347)	(1,385)	(8,977)	(9,541)
Actuarial gains/ (losses)	10,992	(30,341)	3,408	(6,173)	14,400	(36,514)
At 31 December	(211,479)	(221,151)	(36,029)	(38,854)	(247,508)	(260,005)

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

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

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000
Interest on net defined benefit pension liabilities	1,049	459	264	99	1,313	558

25 Retirement benefit schemes **(Continued)**

The fair value of plan assets at the reporting period end was as follows:

	MCPS-PRS Alliance Pension Scheme	
	2015	**2014**
	£000	**£000**
Equity instruments	59,264	86,681
Debt instruments	73,210	63,800
Property	2,847	12,292
Cash	15,514	26,543
Hedge funds	41,065	-
Other	562	286
Fair value of scheme assets	192,462	189,602
Present value of scheme liabilities	(211,479)	(221,151)
	(19,017)	(31,549)
Related deferred tax asset	1,887	1,698
Net deficit	(17,130)	(29,851)

	MCPS-PRS Alliance Pension Scheme (MCPS)	
	2015	**2014**
	£000	**£000**
Equity instruments	3,213	16,546
Debt instruments	9,590	4,601
Property	60	2,654
Cash	209	7,296
Hedge funds	17,854	-
Other	-	55
Fair value of scheme assets	30,926	31,152
Present value of scheme liabilities	(36,029)	(38,854)
	(5,103)	(7,702)
Related deferred tax asset	-	441
Net deficit	(5,103)	(7,261)
Total net pension deficit	(22,233)	(37,112)

25 Retirement benefit schemes **(Continued)**

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

	MCPS-PRS Alliance Pension Scheme	MCPS-PRS Alliance Pension Scheme (MCPS)	Total
	£000	£000	£000
As at 1 January 2014	176,095	29,191	205,286
Expected return on plan assets	7,697	1,286	8,983
Employer contributions	3,100	400	3,500
Benefits paid	(5,424)	(345)	(5,769)
Actuarial gains	8,134	620	8,754
	-	-	-
As at 1 January 2015	189,602	31,152	220,754
Expected return on plan assets	6,579	1,082	7,661
Employer contributions	3,100	400	3,500
Benefits paid	(6,310)	(764)	(7,074)
Actuarial losses	(509)	(944)	(1,453)
	-	-	-
As at 31 December 2015	192,462	30,926	223,388

Actuarial gains/losses

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000
(Losses)/gains on plan assets	(509)	8,134	(944)	620	(1,453)	8,754
Gains/(losses) on plan liabilities	10,992	(30,341)	3,408	(6,173)	14,400	(36,514)
	10,483	(22,207)	2,464	(5,553)	12,947	(27,760)

26 Financial commitments, guarantees and contingent liabilities

Capital expenditure authorised and contracted for at 31 December 2015 was £nil (2015 – £nil).

In October 2014, the Board of Directors agreed to a commitment to increase the annual donation to the Foundation from £1,500,000 to £3,000,000 across the following three years by an additional £500,000 per annum. The annual donation to the Foundation was £2,000,000 (2014 - £1,500,000).

27 Operating lease commitments

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

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

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Within one year	1,306	567	-	-
Between two and five years	14,213	12,031	-	-
In over five years	29,808	33,548	-	-
	45,327	46,146	-	-

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2015	2014
	£000	£000
Aggregate compensation	1,508	1,373

28 Related party transactions **(Continued)**

Group

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

During 2015, total royalties paid by PRS to the directors and to parties related to the directors amounted to £88,975,000 (2014 – £87,489,000). £88,376,000 (2014 – £86,959,000) of this was paid to publisher directors and parties related to the publisher directors, and £599,000 (2014 – £530,000) was paid to the writer directors and parties related to the writer directors. These royalties were calculated on the same basis as royalties paid to all members and are paid in accordance with the society's normal procedures.

PfM received services from ICE Operations to the value of £5,168,000 (2014 – £5,564,000). PfM also charged ICE Operations an amount of £253,000 (2014 – £88,000) for services provided and was owed a balance of £nil (2014 – £20,000) and had costs to recharge of £113,000 (2014 - £nil) at the year end.

A number of new credit facilities were agreed with ICE Operations during 2015 to fund the expansion of services, the new office in Berlin and the relocation of the business to Berlin from Stockholm. Full details can be found in note 19.

During the year PfM charged ICE Services an amount of £4,232,000 (2014 - £nil) for services provided. PfM was owed a balance of £4,232,000 (2014 - £nil) and had costs to recharge of £117,000 (2014 - £nil) at the year end.

Two new credit facilities were agreed with ICE Services during 2015 to fund the set-up of the new multi-territorial services, shared equally with PfM's joint venture partners, GEMA and STIM. Full details can be found in note 19.

28 Related party transactions **(Continued)**

PfM received services from NMP to the value of £2,457,000 (2014 – £2,695,000). PfM also charged NMP an amount of £240,000 (2014 – £219,000) for services provided and was owed a balance of £83,000 (2014 – £39,000) at the year end.

During the year PfM charged SOLAR GmbH £501,000 (2014 - £458,000) for services provided. PfM was owed a balance of £490,000 (2014 - £134,000) at the year end.

During the year PfM paid fees to UK Music Limited of £724,000 (2014 – £695,000) and also charged an amount of £nil (2014 – £11,000) for services provided. PfM was owed a balance of £nil (2014 – £158,000) at the year end.

PfM also received services from FT, The Digital Copyright Network SAS of £267,000 (2014 – £257,000). PfM owed £nil (2014 – £nil) at the year end.

During the year, PfM provided subsidised services including accommodation to Music Publishers Association Limited (MPA), an organisation chaired by Jackie Alway, a Director of PRS for Music Limited and PRS Limited. MPA is the parent undertaking of MCPS. The value of the subsidy for 2015 has been estimated as £122,000 (2014 – £82,000). PfM was owed a balance of £nil (2014 - £nil) at year end.

During the year, PfM provided subsidised services including accommodation to The PRS Members' Benevolent Fund. The value of the subsidy for 2015 has been estimated as £58,000 (2014 – £39,000). PfM also charged an amount of £233,000 (2014 - £241,000) for other services provided. PfM was owed a balance of £11,000 (2014 - £87,000) and had costs to recharge of £41,000 (2014 - £nil) at the year end.

During the year, PfM provided subsidised services including accommodation to The Performing Right Society Foundation Limited. The value of the subsidy for 2015 has been estimated as £93,000 (2014 – £63,000). PfM also charged an amount of £6,000 (2014 - £5,000) for other services provided. PfM was owed a balance of £2,000 (2014 - £1,000) at the year end.

Due to the highly integrated nature of the industry, many directors will also be related to customers of the Group, either through the provision of music related services to them, or as employees of the same group of companies. All transactions with any such related customers are carried out on an arm's length basis.

29 Directors' transactions

The following information is provided, in relation to loans to directors, pursuant to section 413 to the Companies Act 2006, as amended.

A season ticket loan was made available to a director interest-free, repayable in 12 monthly instalments.

Description	% Rate	Opening Balance £000	Amounts Advanced £000	Interest Charged £000	Amounts Repaid £000	Closing Balance £000
Season ticket loan	-	-	1,472	-	1,472	-
		-	1,472	-	1,472	-

30 Cash generated from operations

	2015 £000	2014 £000
Net distributable income	472,523	454,190
Adjustments for:		
Finance costs recognised in profit or loss	1,397	652
Investment income recognised in profit or loss	(2,036)	(1,685)
Loss on disposal of property, plant and equipment	248	1,175
Loss on disposal of intangible assets	434	-
Amortisation and impairment of intangible assets	6,104	-
Depreciation and impairment of property, plant and equipment	1,940	5,947
Impairment of investments	30	(154)
Gain on sale of joint venture investments	(477)	-
Share of loss in joint ventures	2,453	371
Pension scheme non-cash movement	(1,932)	(2,742)
Write back of goodwill	(412)	-
Increase/(decrease) in provisions	546	(1,608)
Movements in working capital:		
Increase in trade and other receivables	(17,105)	(13,484)
Decrease in trade and other payables	(1,482)	(23,878)
Cash generated from operations	462,231	418,784

31 Reconciliations on adoption of FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

In addition to the transition adjustments identified in this note which affect profit for the financial year the following adjustments have arisen which have had no effect on net equity or profit and loss account but which have affected the presentation of these items on the balance sheet. The main items are:

Statement of cash flows
The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand.

31 Reconciliations on adoption of FRS 102 **(Continued)**

Reconciliation of equity - Group

		At 1 January 2014			At 31 December 2014		
		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	Notes	£000	£000	£000	£000	£000	£000
Fixed assets							
Goodwill		-	-	-	(412)	-	(412)
Other intangibles	a	-	18,432	18,432	-	23,319	23,319
Property, plant and equipment	a, b	24,561	(19,261)	5,300	39,685	(24,016)	15,669
Investment properties	b	-	743	743	-	743	743
Investments		7,529	-	7,529	6,829	-	6,829
		32,090	(86)	32,004	46,102	46	46,148
Current assets							
Trade and other receivables due after one year		2,794	-	2,794	2,148	-	2,148
Trade and other receivables due within one year		75,337	-	75,337	89,575	-	89,575
Investments		160,000	-	160,000	115,000	-	115,000
Bank and cash		43,658	-	43,658	45,950	-	45,950
		281,789	-	281,789	252,673	-	252,673
Creditors due within one year							-
Other payables	c	(325,467)	(314)	(325,781)	(318,947)	(306)	(319,253)
Net current liabilities		(43,678)	(314)	(43,992)	(66,274)	(306)	(66,580)
Total assets less current liabilities		(11,588)	(400)	(11,988)	(20,172)	(260)	(20,432)
Creditors due after one year							
Borrowings	e	(7,500)	818	(6,682)	(7,000)	724	(6,276)
Provisions		(2,161)	-	(2,161)	(553)	-	(553)
		(9,661)	818	(8,843)	(7,553)	724	(6,829)
Provisions for liabilities							
Pension obligations		(11,977)	-	(11,977)	(37,112)	-	(37,112)
Deferred income		-	-	-	-	-	-
Pension surplus		-	-	-	-	-	-
Net deficit on reserves		(33,226)	418	(32,808)	(64,837)	464	(64,373)
Total equity		33,226	(418)	32,808	64,837	(464)	64,373

31 Reconciliations on adoption of FRS 102 **(Continued)**

Reconciliation of equity - Company

		At 1 January 2014			At 31 December 2014		
		Previous UK GAAP	**Effect of transition**	**FRS 102**	**Previous UK GAAP**	**Effect of transition**	**FRS 102**
	Notes	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fixed assets							
Investments		46	-	46	-	-	-
		46	-	46	-	-	-
Current assets							
Trade and other receivables due after one year	**f**	14,558	(4,544)	10,014	13,299	(4,283)	9,016
Trade and other receivables due within one year		73,199	-	73,199	124,317	-	124,317
Investments		160,000	-	160,000	115,000	-	115,000
Bank and cash		19,160	-	19,160	36,726	-	36,726
		266,917	(4,544)	262,373	289,342	(4,283)	285,059
Creditors due within one year							
Taxation		(549)	-	(549)	(586)	-	(586)
Other payables		(208,302)	-	(208,302)	(228,980)	-	(228,980)
Deferred income		(50,612)	-	(50,612)	(52,776)	-	(52,776)
		(259,463)	-	(259,463)	(282,342)	-	(282,342)
Net current assets		7,454	(4,544)	2,910	7,000	(4,283)	2,717
Total assets less current liabilities		7,500	(4,544)	2,956	7,000	(4,283)	2,717
Creditors due after one year							
Borrowings	**e**	(7,500)	818	(6,682)	(7,000)	724	(6,276)
		(7,500)	818	(6,682)	(7,000)	724	(6,276)
Net liabilities		-	(3,726)	(3,726)	(553)	(3,559)	(3,559)
Equity							
Total equity	**e, f**	-	(3,726)	(3,726)	-	(3,559)	(3,559)
		-	(3,726)	(3,726)	-	(3,559)	(3,559)

31 Reconciliations on adoption of FRS 102 **(Continued)**

Reconciliation of profit or loss for the year - Group

		Year ended 31 December 2014			
		Previous UK GAAP	Prior year adjustment	Effect of transition	FRS 102
	Notes	£000	£000	£000	£000
Revenue		513,500	-	-	513,500
Other income - operating fees		17,250	-	-	17,250
		530,750	-	-	530,750
Administrative expenses	b, c	(76,672)	-	140	(76,532)
Operating profit		454,078	-	140	454,218
Gain on sale of property		1,075	-	-	1,075
Interest receivable and similar income		1,685	-	-	1,685
Share of operating loss in joint venture		(371)	-	-	(371)
Other finance income	d, e	3,525	-	(4,177)	(652)
Donations		(1,565)	-	-	(1,565)
Profit before taxation		458,427	-	(4,037)	454,390
Taxation		(200)	-	-	(200)
Net distributable income		458,227	-	(4,037)	454,190

31 Reconciliations on adoption of FRS 102 **(Continued)**

Notes to reconciliations on adoption of FRS 102 - Group

a. Intangible fixed assets

Internally developed software assets were historically classified as tangible fixed assets based on FRS 10 of the previous version of UK GAAP. Expenditure incurred under this heading has now been reclassified as intangible assets in line with section 18 of FRS 102.This has no effect on the Company net assets nor on the result of the year, except that the previous depreciation charge is now described as amortisation.

b. Investment property

The investment properties are: Peterborough which is a leasehold with 974 years of residual contract life and Warrington which is a freehold. They were previously classified as PPE under FRS 15. The net book value at 31 December 2013 for each of them were respectively: £308,000 for Warrington and £521,000 for Peterborough. The Company takes advantage of the exemption stated by section 35 paragraph 10 (c) of FRS 102 and adopts the fair value as deemed cost. The latest valuation was performed in November 2012. The directors reviewed the assumptions of the valuation at the transition date and subsequently at 31 December 2014 and no significant variances were identified. The fair value as per the valuation report amounts to £743,000. The net book value has been adjusted in order to be in line with the fair value. The total effect of FRS 102 transition at year ended 31 December 2014 has been a £46,000 increase (2013 - £86,000 decrease). The deferred tax impact is not significant.

c. Annual leave accrual

FRS 102 requires short term employee benefits to be charged to the income statement as the employee service is received. This has resulted in the Company recognising a liability for holiday pay of £314,000, on the transition date. Previously holiday pay accruals were not recognised and were charged to the income statement as they were paid. At year ended 31 December 2014 the accrual at transition date was reversed and a charge of £306,000 was accounted for, giving a credit of £8,000 for the year ended 31 December 2014.

d. Post-employment benefits

Under previous UK GAAP the Company recognised an expected return on post-employment benefits plan assets in the income statement. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the income statement. There has been no change in the defined benefit liability at either 1 January 2014 or 31 December 2014. The effect of this change has been to reduce the credit to income statement in the year end 31 December 2014 by £4,083,000 and increase the credit in other comprehensive income by an equivalent amount.

e. Interest free loan from MCPS

The loan from MCPS is repayable in instalments over the period 1 January 2015 to 1 January 2021 and is free from interest. Based on paragraph 11.13 of FRS 102, a zero rate loan constitutes, in effect, a financing transaction and therefore it shall be measured at the present value of the future payments discounted at a market rate of interest for a similar financial instruments. Over the period of the loan, interest payable will be calculated and added to the loan using the effective interest method. At the transition date the loan was discounted at 2.5% (Bank of England rate at the inception date, 2013, plus 2%) and the shortfall credited to profit and loss reserve. The effect of discounting will unwind over the period of the loan as interest charged to the profit and loss account. The total impact at transition date amounts to £818,000. The interest payable as a result of unwinding the discount for the year ended 31 December 2014 was £94,000.

31 Reconciliations on adoption of FRS 102 **(Continued)**

Notes to reconciliations on adoption of FRS 102 - Company

f. Interest free loan to PfM

The PfM loan is subject to discounting as stated by FRS 102, the impact at the date of transition is £4,544,000. The shortfall is accounted for against retained profit at the date of transition and over the period of the loan, interest receivable will be calculated and added to the loan using the effective interest method. The interest rate used for discounting purpose is 6.5% (Bank of England rate at the inception date, 2005, plus 2%). Interest receivable of £262,000 was calculated for the year ended 31 December 2014.

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