Annual Report & Financial Statements

For the year ended 31 December 2016
Performing Right Society Limited

PRS for MUSIC

Company Registration No. 00134396 (England and Wales)

Performing Right Society Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2016

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
	S Anderson
	W Booth
	C Butler
	N Elderton
	S Hornall
	R King
	M Lavin
	P Long
	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

The definitions of subsidiaries, joint ventures and other partners are set out within the Accounting policies on page 17.

PERFORMING RIGHT SOCIETY LIMITED

CONTENTS

The directors present the consolidated strategic report for Performing Right Society Limited ("the Company") and its subsidiaries (together, "the Group") for the year ended 31 December 2016.

Review of the business

2016 was another year of strong growth, involving planned investment to ensure that the Group is best placed to support members within an ever-changing music industry. The Group continues to focus on licensing and operational efficiency, with internal development being supplemented by increased collaboration with UK and European partners.

The ICE Licensing and Operational hubs (established as joint ventures between PRS, GEMA, the German society and STIM, the Swedish society) continue to develop, with a notable milestone being passed in 2016 with the announcement of the first ICE Core licence. The ICE processing and licensing hub brings together the combined repertories of the ICE partners with state of the art processing and matching capabilities and the most comprehensive copyright database in Europe which allows ICE partners to receive royalties when their combined 250,000 songwriter, composer and publisher members' works are used online.

Strong progress has also been made towards the setting up of the joint venture in the area of public performance licensing between the Company and Phonographic Performance Limited ("PPL"). Regulatory clearance was received from the Competition and Markets Authority and the parties have announced that the location of the new joint venture premises will be Leicester. Significant investment continues to be made by the parties in setting up the joint venture and developing the system that will be required to provide a simplified licensing experience.

Negotiations continue between the Company and MCPS with a view to replacing the service agreement that was originally entered into in April 2013 and negotiations are expected to come to an end by 30 June 2017.

The Group board and management teams continue to keep a close eye on the wider impact of the preparations for the United Kingdom to leave the European Union. Whilst leaving the European Union is not of itself expected to have a material impact on the Group, in the short term the weakening of the pound against other major currencies has led to favourable exchange rates gains which has contributed to the 2016 revenue growth and increased costs in some areas. From a regulatory point of view, the Group has continued to pursue, at both a local and European level, its aim of resolving the current ambiguity in the safe harbour legislation and ensuring efficient licensing of online services.

There is a net deficit on total equity amounting to £63,444,000 (2015 - £50,434,000) on the consolidated statement of financial position and a deficit on the statement of financial position of the company of £3,559,000 (2015 - £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 Boards of trustees of the two schemes a deficit recovery plan that is intended to fully fund the schemes before the end of 2030. The increase in the continued deficit of the two defined benefit pension schemes is mainly attributable to unfavourable actuarial variances primarily linked to the reduction in long term Gilt yields.

Key performance indicators

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

	2016 £000	2015 £000	Change %
Revenue	621,458	537,377	15.6
Net distributable income	544,829	472,523	15.3

Given the nature of the business, the Group's directors are of the opinion that analysis using KPIs other than revenue or net distributable income is not necessary for an understanding of the development, performance or position of the business.

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 2016. 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 European Commission 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, 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 resources to meet its objectives and to manage financial risk. Foreign exchange risk is minimised through the timely exchange of foreign currency receipts for sterling and forward foreign exchange contracts are used to manage the exposure of non-sterling loans. Interest rate risk is managed by avoiding investing cash for periods of greater than 12 months.

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 with which the Group is actively in negotiations, 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 2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and the audited financial statements for the Group and the Company for the year ended 31 December 2016.

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 to act as a service provider to Mechanical-Copyright Protection Society Limited ("MCPS").

Directors

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

Writers

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

Publishers

J Alway
S Anderson (appointed 26 May 2016)
W Booth
C Butler
E Cox (resigned 26 May 2016)
N Elderton
S Hornall
R King
M Lavin (appointed 20 July 2016)
P Long
R Manners (resigned 18 April 2016)
J Minch
S Platz

External Directors

S Davidson
M Poole

Executive Director

R Ashcroft

Guy Fletcher, Chairman, Chris Butler, Deputy Chairman (publisher), and Simon Darlow, Deputy Chairman (writer), all continued in their positions throughout 2016. Nigel Elderton replaced Guy Fletcher as Chairman on 1st January 2017.

Results and dividends

The results for the year are set out on page 10.

No interim dividends were paid. The directors do not recommend payment of a final dividend (2015: £nil).

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.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and 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 United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 of which the Company's auditors are unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are 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 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 Group statement of financial position has a net deficit of £63,444,000 at 31 December 2016 (2015 – £50,434,000). This has increased from 2015 mainly as a result of the defined benefit scheme deficit increasing from £22,223,000 to £34,410,000. PfM and the trustees of the pension schemes have agreed a recovery plan to fully fund the schemes by the end of 2030. Part of this plan is an agreed Group contribution per year of £3,500,000. There is also 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, NMP and PPL - PRS.

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 2016 was £523,000 (2015 – £1,411,000). 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 2016. The Group's share of the loss for the year to 31 December 2016 was £401,000 (2015 - £1,044,000). 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 2016 was £36,000 (2015 – £2,000).

NMP is fully supported by its shareholders. The Group's share of the result for the year to 31 December 2016 was £nil (2015 – £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 £463,000 from NMP to PfM.

PPL - PRS is fully supported by its shareholders and is expected to start trading in 2017. The Group's share of the result for the year to 31 December 2016 was £nil. PPL - PRS is forecasting to make profits in future years and repay its loan finance over 5 years from the date of commencement of licensing activities in the joint venture.

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.

By order of the Board

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D Stones

Secretary

6 April 2017

INDEPENDENT AUDITORS' 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 2016 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.

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 2016;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated and Company statements of changes in equity for the year then ended
- the Consolidated statement of cash flows 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

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, based on the work undertaken in the course of the audit:

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

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the directors' report. We have nothing to report in this respect.

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of 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. With respect to the strategic report and directors' report, we consider whether those reports include the disclosures required by the applicable legal requirements.

Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 April 2017

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Revenue	**3**	621,458	537,377
Licensing and administrative expenses		(88,041)	(79,901)
Other operating income		13,920	19,191
Operating profit	**4**	547,337	476,667
Other investment income	**8**	2,020	2,036
Finance costs	**9**	(838)	(1,397)
Amounts appropriated - donations		(2,629)	(2,076)
Share of loss from joint ventures	**14**	(888)	(2,453)
Profit before taxation		545,002	472,777
Taxation	**10**	(173)	(254)
Net distributable income		544,829	472,523

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

The notes on pages 17 to 49 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Net distributable income		544,829	472,523
Funds attributable to members and affiliated societies		(543,718)	(471,164)
Actuarial (loss)/gain on defined benefit pension schemes	**26**	(14,677)	12,947
Foreign exchange gain/(loss) on joint venture investments		556	(367)
Total comprehensive (expense)/income relating to the year		(13,010)	13,939

The notes on pages 17 to 49 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		2016		2015	
	Note	**£000**	**£000**	**£000**	**£000**
Fixed assets					
Intangible assets	**11**		22,465		22,996
Tangible assets	**12**		12,859		13,972
Investment properties	**13**		743		743
Investments	**14**		2,300		3,045
			38,367		40,756
Current assets					
Trade and other receivables falling due after more than one year	**19**	9,295		6,852	
Trade and other receivables falling due within one year	**19**	107,720		102,900	
Investments - short-term deposits	**24**	134,000		115,000	
Cash at bank and in hand		57,539		26,290	
		308,554		251,042	
Current liabilities	**21**	(369,784)		(313,528)	
Net current liabilities			(61,230)		(62,486)
Total assets less current liabilities			(22,863)		(21,730)
Creditors: amounts falling due after more than one year	**22**		(4,470)		(5,372)
Provisions for liabilities	**25**		(1,701)		(1,099)
Net liabilities excluding pension liability			(29,034)		(28,201)
Defined benefit pension liability	**25**		(34,410)		(22,233)
Net liabilities			(63,444)		(50,434)
Total equity			(63,444)		(50,434)

The financial statements on pages 10 to 49 were approved by the Board of Directors and authorised for issue on 6 April 2017 and are signed on its behalf by:

....
N Elderton
Director
Company Registration No. 00134396

The notes on pages 17 to 49 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Current assets					
Trade and other receivables falling due after more than one year	**19**	7,073		8,036	
Trade and other receivables falling due within one year	**19**	154,141		146,572	
Investments - short-term deposits	**24**	129,000		115,000	
Cash at bank and in hand		40,390		11,819	
		330,604		281,427	
Current liabilities	**21**	(329,693)		(279,614)	
Net current assets			911		1,813
Creditors: amounts falling due after more than one year	**22**		(4,470)		(5,372)
Net liabilities			(3,559)		(3,559)
Total equity			(3,559)		(3,559)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The net distributable income for the Company for the year was £543,718,000 (2015: £471,164,000).

The financial statements on pages 10 to 49 were approved by the Board of Directors and authorised for issue on 6 April 2017 and are signed on its behalf by:

....
N Elderton
Director
Company Registration No. 00134396

The notes on pages 17 to 49 form an integral part of these financial statements

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Distributable reserves £000
Balance at 1 January 2015		(64,373)
Year ended 31 December 2015:		
Net distributable income		472,523
Other comprehensive (expense)/income:		
Funds attributable to members and affiliated societies		(471,164)
Actuarial gains on defined benefit plans	**26**	12,947
Foreign exchange losses on investments		(367)
Total comprehensive income for the year		13,939
Balance at 31 December 2015		(50,434)
Year ended 31 December 2016:		
Net distributable income		544,829
Other comprehensive (expense)/income:		
Funds attributable to members and affiliated societies		(543,718)
Actuarial losses on defined benefit plans	**26**	(14,677)
Foreign exchange gains on investments	**14**	556
Total comprehensive expense for the year		(13,010)
Balance at 31 December 2016		(63,444)

The notes on pages 17 to 49 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Distributable reserves £000
Balance at 1 January 2015		(3,559)
Year 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)
Year ended 31 December 2016:		
Total comprehensive income for the year		543,718
Funds attributable to members and affiliated societies		(543,718)
Balance at 31 December 2016		(3,559)

The notes on pages 17 to 49 form an integral part of these financial statements.

PERFORMING RIGHT SOCIETY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Cash flows generated from operating activities					
Cash generated from operations	**31**		563,414		462,139
Amounts paid to members and affiliated societies			(509,025)		(476,311)
Finance costs paid			(838)		(1,397)
Income taxes refunded			352		-
Net cash inflow/(outflow) from operating activities			53,903		(15,569)
Investing activities					
Purchase of intangible assets		(6,697)		(5,853)	
Purchase of property, plant and equipment		(937)		(853)	
Purchase of joint venture investments		(50)		(100)	
Proceeds on disposal of joint venture investments		-		1,046	
Proceeds on joint venture capital repayments		463		465	
Interest received		1,317		1,112	
Net cash used in investing activities			(5,904)		(4,183)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			47,999		(19,752)
Cash and cash equivalents at beginning of year			141,290		160,950
Effect of foreign exchange rates			2,250		92
Cash and cash equivalents at end of year			191,539		141,290
Represented by:					
Investments			134,000		115,000
Cash at bank and in hand			57,539		26,290
			191,539		141,290

The notes on pages 17 to 49 form an integral part of these financial statements.

The Company has elected to take the exemption under FRS102, paragraph 1 - 12 (b) not to present the Company statement of cash flows.

1 Accounting policies

Company information

Performing Right Society Limited ("the Company") is a 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.

Basis of preparation

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

The financial statements have been prepared on the historical cost convention, modified to include 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.
'PPL - PRS' means PPL PRS Limited.
'GEMA' means Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, a German collecting society.
'STIM' means Svenska Tonsättares Internationella Musikbyrå, a Swedish collecting society.

Accounting convention

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

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

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. 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 Group 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 Group statement of financial position has a net deficit of £63,444,000 at 31 December 2016 (2015 – £50,434,000). This has increased from 2015 mainly as a result of the defined benefit scheme deficit increasing from £22,223,000 to £34,410,000. PfM and the trustees of the pension schemes have agreed a recovery plan to fully fund the schemes by the end of 2030. Part of this plan is an agreed 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, NMP and PPL - PRS.

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 2016 was £523,000 (2015 – £1,411,000). 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 2016. The Group's share of the loss for the year to 31 December 2016 was £401,000 (2015 - £1,044,000). 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 2016 was £36,000 (2015 – £2,000).

NMP is fully supported by its shareholders. The Group's share of the result for the year to 31 December 2016 was £nil (2015 – £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 £463,000 from NMP to PfM.

PPL - PRS is fully supported by its shareholders and is expected to start trading in 2017. The Group's share of the result for the year to 31 December 2016 was £nil. PPL - PRS is forecasting to make profits in future years and repay its loan finance over 5 years from the date of commencement of licensing activities in the joint venture.

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 a 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

Tangible assets

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

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

1 Accounting policies **(Continued)**

Tangible assets (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 the 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.

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.

1 Accounting policies **(Continued)**

Impairment of non-current assets (continued)
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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

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

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

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

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

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

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

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

1 Accounting policies **(Continued)**

Financial instruments (continued)

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

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

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

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

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

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

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

1 Accounting policies **(Continued)**

Deferred tax

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

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

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

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.

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 three litigation cases where the Group is the claimant. It is expected that most of these costs will have been incurred within one year of the balance sheet date.

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.

1 Accounting policies (Continued)

Retirement benefits

Defined benefit pension plan

The Company operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The MCPS-PRS Alliance Pension Scheme (MCPS) was closed to new entrants from 1 January 1999 and The MCPS-PRS Alliance Pension Scheme was closed to new entrants from 1 January 2003. The Schemes closed to future accrual on 31 December 2010 with all remaining active members at that point becoming deferred members and losing the link to final salary.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the profit or loss account on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss that is recognised in the income statement. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the Income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the Statement of comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Defined contribution pension plan

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

1 Accounting policies **(Continued)**

Leases

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

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

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.

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 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 26 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.

Impairment of debtors

The Group makes an estimate of the recoverable amount of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 19 for the net of the carrying amount of debtors and associated impairment provision.

3 Revenue

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

	2016 £000	2015 £000
Turnover		
Public Performance	183,179	175,155
Broadcast	124,105	124,234
Online	80,505	42,392
International	233,669	195,596
	621,458	537,377

Revenue analysed by geographical market

	2016 £000	2015 £000
United Kingdom, Channel Islands and Isle of Man	321,454	312,780
Europe	206,854	149,657
North America	48,109	41,287
Asia	14,086	11,686
Central and South America	15,872	10,773
Australasia	12,201	8,727
Africa and Middle East	2,882	2,467
	621,458	537,377

The 2015 revenue split for the United Kingdom and Europe have been re-presented to provide greater transparency and understanding following improvements in the level of granularity in our reporting.

4 Operating profit

	2016 £000	2015 £000
Operating profit for the year is stated after (crediting)/charging:		
Exchange gains	(2,250)	(92)
Depreciation/amortisation of fixed assets	8,705	8,044
Loss on disposal of tangible assets	60	187
Release of negative goodwill	-	(412)
Loss on disposal of intangible assets	513	434
Gain on sale of joint venture investments	-	(365)
Operating lease charges	3,194	2,901

5 Auditors' remuneration

Fees payable to the Group's auditors and its associates:	2016 £000	2015 £000
For audit services		
Audit of the financial statements of the Group and parent company	45	45
Audit of the Company's subsidiaries	75	75
	120	120
For other services		
Audit-related assurance services	-	5
Taxation compliance services	18	19
Other taxation services	2	28
All other non-audit services	52	24
	72	76

6 Employees

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

	2016 Number	2015 Number
Licensing	183	181
Distribution and membership	179	179
Support services	270	251
	632	611

Their aggregate remuneration comprised:

	2016 £000	2015 £000
Wages and salaries	33,479	31,538
Social security costs	3,611	3,485
Other pension costs	1,356	1,358
	38,446	36,381

All employee costs are incurred by the Group and are presented above. There are no Company employees.

7 Directors' remuneration

	2016 £000	2015 £000
Remuneration for qualifying services	1,462	1,486
Company pension contributions to defined contribution schemes	25	22
	1,487	1,508

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1). No directors (2015: none) were members of the defined benefit schemes.

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

	2016 £000	2015 £000
Remuneration for qualifying services	962	989
Company pension contributions to defined contribution schemes	25	22

Included within the above is a deferred bonus of £245,000 (2015 - £257,000), payable to the highest paid director.

The remuneration of non-executive directors, excluding pension contributions, was £500,000 (2015 - £497,000). There were 24 non-executive directors at 31 December 2016 (2015 - 24).

The position of Chairman and Deputy Chairmen of the Company was unchanged during the year. The remuneration of the Chairman, Guy Fletcher, was £81,000 (2015 - £80,000). The remuneration of the Deputy Chairman (Publisher), Chris Butler, was £31,000 (2015 - £31,000). The remuneration of Deputy Chairman (Writer), Simon Darlow, was £41,000 (2015 - £41,000). These are all included in the remuneration of non-executive directors amount shown above.

8 Other investment income

	2016 £000	2015 £000
Interest income		
Interest on bank deposits	1,805	1,944
Other interest income	215	92
	2,020	2,036

9 Finance costs

	2016 £000	2015 £000
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	11	84
Other finance costs:		
Interest on the net defined benefit liability	827	1,313
	838	1,397

10 Taxation

	2016 £000	2015 £000
Origination and reversal of timing differences	173	254

The tax charge assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit before taxation	545,002	472,777
Expected tax charge based on a corporation tax rate of 20.00% (2015 - 20.25%)	109,000	95,737
Tax effect of expenses that are not deductible in determining taxable profit	808	759
Permanent differences between capital allowances and depreciation	-	(90)
Depreciation on assets not qualifying for tax allowances	130	422
Deferred tax adjustments in respect of prior years	173	254
Deduction for allocable distributions	(108,744)	(95,411)
Adjustments relating to the pension fund	(2,936)	(2,470)
Deferred tax not provided on current year movement	1,742	1,052
Tax expense for the year	173	254

Changes to the UK corporation tax rates were enacted as part of the Finance (No.2) Act 2015 which received Royal Assent on 18 November 2015 and Finance Bill 2016 which received Royal Assent on 15 September 2016. These include reductions to reduce the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020. As the changes had been substantively enacted at the balance sheet date the unrecognised deferred tax asset has been calculated using a blended rate of 18%.

The Group has an unrecognised deferred tax asset of £15,705,000 (2015 - £14,136,000) made up of non-trading losses £204,000 (2015 - £243,000), trading losses £4,903,000 (2015 - £5,610,000), pension contribution spreading of £2,093,000 (2015 - £(657,000)). In addition, there is an unrecognised deferred tax asset arising on the pension deficit of £4,472,000 (2015 - £5,102,000) and fixed asset and other timing differences of £4,033,000 (2015 - £3,838,000).

11 Intangible fixed assets

Group	Software
	£000
Cost	
At 1 January 2016	51,656
Additions	6,697
Disposals	(516)
At 31 December 2016	57,837
Accumulated amortisation	
At 1 January 2016	28,660
Amortisation charged for the year	6,715
Disposals	(3)
At 31 December 2016	35,372
Carrying amount	
At 31 December 2016	22,465
At 31 December 2015	22,996

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 Company had no intangible assets at 31 December 2016 or 31 December 2015.

12 Tangible assets

Group	Leasehold land and buildings and building improvements	Systems and equipment	Motor vehicles	Total
	£000	£000	£000	£000
Cost				
At 1 January 2016	11,187	9,353	186	20,726
Additions	26	911	-	937
Disposals	(18)	(1,254)	-	(1,272)
At 31 December 2016	11,195	9,010	186	20,391
Accumulated depreciation				
At 1 January 2016	2,315	4,253	186	6,754
Depreciation	641	1,349	-	1,990
Eliminated in respect of disposals	(2)	(1,210)	-	(1,212)
At 31 December 2016	2,954	4,392	186	7,532
Carrying amount				
At 31 December 2016	8,241	4,618	-	12,859
At 31 December 2015	8,872	5,100	-	13,972

The net book value of motor vehicles held under finance lease agreements is £nil (2015 – £nil), 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 tangible assets at 31 December 2016 or 31 December 2015.

13 Investment properties

	Group	Company
	£000	£000
Fair value		
At 31 December 2015 and 31 December 2016	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 valuations were performed in October and November 2016. The directors reviewed the assumptions of the valuation and no significant variances were identified. Therefore, the reported fair value still represents the market value at the reporting date.

The Group currently holds 2 (2015 - 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.

14 Investments

		Group		Company	
	Notes	2016 £000	2015 £000	2016 £000	2015 £000
Investments in joint ventures	**16**	2,068	2,813	-	-
Unlisted investments	**18**	232	232	-	-
		2,300	3,045	-	-

Movements in non-current investments

Group	Joint ventures £000	Associates £000	Other £000	Total £000
Cost or valuation				
At 1 January 2016	2,813	30	232	3,075
Additions	50	-	-	50
Disposals	-	(30)	-	(30)
Share of loss from joint ventures	(888)	-	-	(888)
Capital repayment	(463)	-	-	(463)
Foreign exchange gain	556	-	-	556
At 31 December 2016	2,068	-	232	2,300
Impairment				
At 1 January 2016	-	30	-	30
Disposals	-	(30)	-	(30)
At 31 December 2016	-	-	-	-
Carrying amount				
At 31 December 2016	2,068	-	232	2,300
At 31 December 2015	2,813	-	232	3,045

15 Subsidiaries

Details of the Company's subsidiaries at 31 December 2016 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.org Limited	England and Wales	Dormant	Ordinary Shares	100.00	
Musiclicensing.com 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	

The registered office address of all subsidiaries is 2 Pancras Square, London, N1C 4AG.

Performing Right Society Limited has guaranteed the liabilities of the above dormant subsidiaries, in order that they qualify for the exemption from audit under Section 394A or 479A (as appropriate) of the Companies Act 2006 in respect of the year ended 31 December 2016.

16 Joint ventures

Details of joint ventures at 31 December 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business and registered office address	Class of shareholding	% Held Direct	% Held Indirect
International Copyright Enterprise Services AB	Sweden	Service Centre Gustavslundsvägen 135, Stockholm, 167 51 Bromma, Sweden	Ordinary Shares		33.33
Network of Music Partners A/S	Denmark	Service Centre Rued Langgaards Vej 8, 2300 Copenhagen S, Denmark	Ordinary Shares		50.00
SOLAR-Music Rights Management GmbH	Germany	Pan-European Licencing Rechtsanwältin, Rosenheimer Straße 11, D-81667 München	Ordinary Shares		50.00
Global Repertoire Database Limited*	England and Wales	Global repertoire database 2 Pancras Square, London, United Kingdom, N1C 4AG	Membership		50.00
International Copyright Enterprise Services Limited	England and Wales	Multi-territorial Licencing 2 Pancras Square, London, United Kingdom, N1C 4AG	Ordinary Shares		33.33
PPL PRS Limited	England and Wales	UK public performance licensing 1 Upper James Street, London, United Kingdom, W1F 9DE	Ordinary Shares		50.00

*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 2016 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	

The registered office address of British Music Rights Limited is British Music House, 26 Berners Street, London, W1T 3LR.

During the year ISAN UK Limited, in which PRS for Music Limited held a share of 25%, was wound up. The investment had been fully impaired in previous years.

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 4th Floor, 49 Whitehall, London, United Kingdom, SW1A 2BX	Membership		11.10
FT, The Digital Copyright Network SAS	France	Royalty information systems 130 Rue Cardinet, 75017 Paris, France	Ordinary Shares		13.02

19 Trade and other receivables

	Group 2016	2015	Company 2016	2015
Amounts falling due within one year:	**£000**	**£000**	**£000**	**£000**
Trade receivables	67,348	78,701	49,819	54,950
Amounts owed by related parties	7,162	-	-	-
Corporation tax recoverable	1,309	1,661	558	911
Amounts owed by subsidiary undertakings	-	-	83,452	71,458
Amounts owed by joint ventures	3,228	955	-	-
Other receivables	26,436	19,937	20,312	19,253
Prepayments and accrued income	2,237	1,646	-	-
	107,720	102,900	154,141	146,572

Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	7,073	8,036
Amounts owed by joint ventures	7,773	6,852	-	-
Other receivables	1,522	-	-	-
	9,295	6,852	7,073	8,036

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

Within amounts falling due within one year in the Company, an amount of £962,000 (2015 - £980,000) within the amount owed by 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 PfM in 2005 and funded by the Company. The balances are repayable over 20 years and are contractually not interest-bearing. The loan is measured at the present value of the future payments discounted at a market rate of interest for a similar financial instruments. Over the period of the loan, interest payable is calculated and added to the loan using the effective interest method. At the transition date the loan was discounted at 6.5% (Bank of England rate at the inception date, 2005, plus 2%) and the shortfall credited to profit and loss reserve. The effect of discounting will unwind over the period of the loan as interest charged to the income statement.

Trade receivables are stated after provisions for impairment of £4,029,000 (2015 - £4,501,000).

Loans receivable - ICE Operations
Three Swedish krona loans carried forward from 2015 are being paid in equal instalments until the end of 2020. The balances receivable at 31 December 2016 were SEK 18.5m (£1,508,000), SEK 1.4m (£111,000) and SEK 12.7m (£1,033,000).

A Swedish krona loan carried forward from 2015 is being paid in equal instalments until the end of 2024. The balance receivable at 31 December 2016 is SEK 3.9m (£315,000).

A Swedish krona loan is carried forward from 2015 with a further amount of SEK 5.8m (£471,000) advanced in 2016. The loan will be paid in equal instalments starting in 2017 and ending in 2020. The balance receivable at 31 December 2016 is SEK 10.7m (£873,000).

A Swedish krona loan is carried forward from 2015 with a further amount of SEK 760,000 (£62,000) advanced in 2016. The loan will be repaid in equal instalments starting in 2017 and ending in 2021. The balance receivable at 31 December 2016 is SEK 2.4m (£198,000).

A Euro loan is carried forward from 2015 with a further amount of €152,000 (£116,000) advanced in 2016. The loan will be paid in equal instalments starting in 2017 and ending in 2020. The balance receivable at 31 December 2016 is €1.7m (£1,315,000).

A Euro loan is carried forward from 2015 with a further amount of €460,000 (£350,000) advanced in 2016. The loan will be paid in equal instalments starting in 2017 and ending in 2020. The balance receivable at 31 December 2016 is €0.5m (£398,000).

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%. PfM had total loans of £5,751,000 receivable from ICE Operations at 31 December 2016 (2015 - £5,370,000).

Loans receivable – ICE Services
A Euro loan is carried forward from 2015 and will be paid in equal instalments starting in 2017 and ending in 2020. The balance receivable at 31 December 2016 is €2.2m (£1,704,000).

A Euro loan is carried forward from 2015 with a further amount of €400,000 (£304,000) advanced in 2016. The loan will be paid in equal instalments starting in 2017 and ending in 2020. The balance receivable at 31 December 2016 is €1.5m (£1,134,000).

A new Shareholder Loan credit facility was agreed with ICE Services on 19 December 2016, shared equally with the PfM's joint venture partners, GEMA and STIM. A loan of €1m (£839,000) was advanced under the new facility and will be repaid in equal instalments starting in 2017 and ending in 2021.

19 Trade and other receivables (Continued)

Loans receivable – ICE Services (continued)
The interest rate for these loans is set at the Bank of England Base rate +2%. Security is provided by a floating charge on the assets of ICE Services. PfM had total loans of £3,677,000 receivable from ICE Services at 31 December 2016 (2015 - £2,437,000).

Loans receivable – SOLAR
A new credit facility was agreed with SOLAR on 5 July 2016 to aid with cash flow and is shared equally with the PfM joint venture partner GEMA. A loan of €1.25m (£1,073,000) was advanced under the new facility and will be repaid in equal instalments in 2017. The interest rate for this loan is set at the Bank of England Base rate + 2%. PfM had total loans of £1,073,000 receivable from SOLAR at 31 December 2016 (2015 - £nil)

Loans receivable – PPL - PRS
A new credit facility was agreed with PPL - PRS on 20 December 2016 and is shared equally with the PfM joint venture partner Phonographic Performance Limited. A loan of £500,000 was advanced under the new facility and will be repaid in equal instalments over five years following the commencement of licensing activity in the joint venture. The interest rate for these loans is set at the Bank of England Base rate +2%. PfM had total loans of £500,000 receivable from PPL - PRS at 31 December 2016 (2015 - £nil).

20 Financial Instruments

As of June 2016 PfM has entered into forward foreign currency contracts on all loans made to ICE Operations, ICE services and SOLAR. A fixed rate is agreed for the term of each loan and forward contracts are entered into for a year at a time and rolled forward until the maturity date. The maturity dates for these loan repayments are at various dates until 2023. All forward contracts are recognised in the statement of financial position and are measured at fair value through the income statement, using the fixed market value exchange rates agreed at the start of each forward contract. The value of forward contracts recognised in the statement of financial position as at 31 December 2016 was £10,501,000 (2015: £nil).

21 Current liabilities

		Group		Company	
		2016	2015	2016	2015
	Notes	£000	£000	£000	£000
Amounts owed to members and affiliated societies		251,933	217,240	251,933	217,240
Trade payables		2,485	1,601	-	-
Amounts owed to MCPS	23	12,904	16,090	1,000	1,000
Other taxation and social security		2,206	1,742	306	410
Deferred revenue		71,759	56,001	71,759	56,001
Other payables		4,695	4,059	4,695	4,059
Accruals		23,802	16,795	-	904
		369,784	313,528	329,693	279,614

An amount of £11,904,000 (2015 - £15,090,000) is 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.

22 Creditors: amounts falling due after more than one year

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Notes	**£000**	**£000**	**£000**	**£000**
Borrowings	**23**	4,470	5,372	4,470	5,372

23 Borrowings

	Group		Company	
	2016	**2015**	**2016**	**2015**
	£000	**£000**	**£000**	**£000**
Loan from MCPS	5,470	6,372	5,470	6,372
Payable within one year	1,000	1,000	1,000	1,000
Payable after one year	4,470	5,372	4,470	5,372

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 were discounted at a market rate of interest for similar financial instruments. At the transition date the loan was discounted at 2.5% (Bank of England rate at the inception date, 2013, plus 2%) and the shortfall debited to profit and loss reserve. The effect of discounting will unwind over the period of the loan as interest charged to the income statement.

24 Investments

Investments are short-term bank deposits consisting of £5,000,000 (2015 - £5,000,000) held in an overnight deposit account, £83,000,000 (2015 - £74,000,000) held in 6 months notice accounts and £46,000,000 (2015 - £36,000,000) held in 12 months notice accounts. £5,000,000 (2015 - £5,000,000) of these short-term bank deposits are held by PfM in cash at bank and in hand.

25 Provisions for liabilities

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Notes	**£000**	**£000**	**£000**	**£000**
Relocation costs		30	254	-	-
Legal provisions		1,671	845	-	-
		1,701	1,099	-	-
Retirement benefit obligations	**26**	34,410	22,233	-	-
		36,111	23,332	-	-

25 Provisions for liabilities **(Continued)**

Movements on provisions apart from deferred tax liabilities:

Group	Relocation costs £000	Legal provisions £000	Total £000
At 1 January 2016	254	845	1,099
Additional provisions in the year	-	1,302	1,302
Reversal of provision	(184)	-	(184)
Utilisation of provision	(40)	(476)	(516)
At 31 December 2016	30	1,671	1,701

The Group has recognised a provision for the estimated cost of the consequences of relocating staff, following an office move in 2014. The costs represent contractual or similar past obligations at the reporting end date.

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 three litigation cases where PfM is the claimant. It is expected that most of these costs will have been incurred within one year of the statement of financial position date.

26 Retirement benefit schemes

Defined contribution schemes	**2016 £000**	**2015 £000**
Charge to income statement in respect of defined contribution schemes	1,356	1,358

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.

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 2016, the triennial valuations of the pension schemes were completed. The deficit funding plan was reassessed between the Group and the trustees of the schemes, with the deficit funding remaining at the same level as in prior years. The plan involves the Group making annual payments into the schemes in order to address the deficit by February 2028 for the MCPS-PRS Alliance Pension Scheme and June 2030 for the MCPS-PRS Alliance Pension Scheme (MPCS).

Key assumptions

	2016 %	**2015 %**
Discount rate	2.7	3.7
Expected rate of increase of pensions in payment	3.2	3.1
Expected rate of salary increases	n/a	n/a
Expected rate of revaluation of deferred pensions	2.2	2.1
Expected rate of decrease of pensions in payment	n/a	n/a
Inflation	3.3	3.2

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2016 Years	**2015 Years**
Retiring today		
- Males	22.5	22.4
- Females	24.6	24.5
Retiring in 20 years		
- Males	24.2	24.1
- Females	26.5	26.4

26 Retirement benefit schemes **(Continued)**

This decrease in the discount rate is a consequence of a reduction in prevailing corporate bond rates between 31 December 2015 and 31 December 2016.

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	
	2016	2015	2016	2015
	£000	£000	£000	£000
Present value of defined benefit obligations	36,124	24,120	-	-
Deficit in scheme	36,124	24,120	-	-
Deferred taxation balance relating to pension schemes	(1,714)	(1,887)	-	-
Total liability recognised	34,410	22,233	-	-

The defined benefit obligation comprises of £297,202,000 (2015 – £247,508,000) from plans that are wholly or partly funded.

The MCPS-PRS Alliance Pension Scheme closed to future accrual on 31 December 2010. Fixed annual contributions of £3,100,000 have been made to reduce the deficit in the scheme, following the decision at the 2016 triennial valuation for deficit funding to remain at the same level as in prior years.

The MCPS-PRS Alliance Pension Scheme (MCPS) closed to future accrual on 31 December 2010. Fixed annual contributions of £400,000 have been made to reduce the deficit in the scheme following the decision at the 2016 triennial valuation for deficit funding to remain at the same level as in prior years.

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

26 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
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
At 1 January	(211,479)	(221,151)	(36,029)	(38,854)	(247,508)	(260,005)
Benefits paid	6,294	6,310	634	764	6,928	7,074
Interest cost	(7,708)	(7,630)	(1,321)	(1,347)	(9,029)	(8,977)
Actuarial (losses)/gains	(38,876)	10,992	(8,717)	3,408	(47,593)	14,400
At 31 December	(251,769)	(211,479)	(45,433)	(36,029)	(297,202)	(247,508)

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
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
Interest on net defined benefit pension liabilities	646	1,049	181	264	827	1,313

26 Retirement benefit schemes **(Continued)**

Fair value of plan assets at the reporting period end

	MCPS-PRS Alliance Pension Scheme	
	2016	**2015**
	£000	**£000**
Equity instruments	70,913	59,264
Debt instruments	79,311	73,210
Property	4,484	2,847
Cash	4,715	15,514
Hedge funds	61,138	41,065
Other	3,372	562
Fair value of scheme assets	223,933	192,462
Present value of scheme liabilities	(251,769)	(211,479)
	(27,836)	(19,017)
Related deferred tax asset	1,714	1,887
Net deficit	(26,122)	(17,130)

	MCPS-PRS Alliance Pension Scheme (MCPS)	
	2016	**2015**
	£000	**£000**
Equity instruments	3,134	3,213
Debt instruments	12,258	9,590
Property	4	60
Cash	89	209
Hedge funds	21,660	17,854
Fair value of scheme assets	37,145	30,926
Present value of scheme liabilities	(45,433)	(36,029)
	(8,288)	(5,103)
Related deferred tax asset	-	-
Net deficit	(8,288)	(5,103)
Total net pension deficit	(34,410)	(22,233)

26 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 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 1 January 2016	192,462	30,926	223,388
Expected return on plan assets	7,062	1,140	8,202
Employer contributions	3,100	400	3,500
Benefits paid	(6,294)	(634)	(6,928)
Actuarial gains	27,603	5,313	32,916
As at 31 December 2016	223,933	37,145	261,078

Actuarial gains/losses

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
Gains/(losses) on plan assets	27,603	(509)	5,313	(944)	32,916	(1,453)
(Losses)/gains on plan liabilities	(38,876)	10,992	(8,717)	3,408	(47,593)	14,400
	(11,273)	10,483	(3,404)	2,464	(14,677)	12,947

The Company had no post employment benefits at 31 December 2016 (2015: £nil).

27 Financial commitments, guarantees and contingent liabilities

Group and Company

Capital expenditure authorised and contracted for at 31 December 2016 was £nil (2015 – £nil).

In October 2014, the Board of Directors agreed to a commitment to increase the annual donation to the PRS for Music 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 PRS for Music Foundation was £2,500,000 (2015 - £2,000,000).

28 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	
	2016	2015	2016	2015
	£000	£000	£000	£000
Within one year	3,594	1,306	-	-
Between two and five years	14,330	14,213	-	-
In over five years	26,514	29,808	-	-
	44,438	45,327	-	-

29 Related party transactions

Group

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

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

During 2016, total royalties paid by PRS to the directors who held office during the year, and to parties related to the directors, amounted to £113,624,000 (2015 – £88,975,000). £112,974,000 (2015 – £88,376,000) of this was paid to publisher directors and parties related to the publisher directors, and £650,000 (2015 – £599,000) 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 £5,474,000 (2015 – £5,168,000). PfM also charged ICE Operations an amount of £179,000 (2015 – £253,000) for services provided and was owed a balance of £92,000 (2015 – £nil) and had costs to recharge of £nil at the year end (2015 - £113,000).

Further advances on existing loans were made to ICE Operations in 2016. Full details can be found in note 19.

During the year PfM charged ICE Services an amount for services provided of £2,518,000 (2015 - £4,232,000). PfM was owed a balance of £2,467,000 (2015 - £4,232,000) and had costs to recharge of £703,000 (2015 - £117,000) at the year end.

In addition to a new credit facility loan, further advances on existing loans were made to ICE Services in 2016. Full details can be found in note 19.

PfM received services from NMP to the value of £3,182,000 (2015 – £2,457,000). PfM also charged NMP an amount of £216,000 (2015 – £240,000) for services provided and was owed a balance of £36,000 (2015 – £83,000) at the year end.

During the year PfM charged SOLAR an amount of £552,000 (2015 - £501,000) for services provided. PfM was owed a balance of £nil (2015 - £490,000) at the year end.

A new credit facility was agreed with SOLAR during 2016. Full details can be found in note 19.

During the year PfM paid fees to UK Music Limited of £556,000 (2015 – £724,000) and also charged an amount of £nil (2015 – £nil) for services provided. PfM owed a balance of £nil (2015 – £nil) at the year end.

PfM also received services from FT, The Digital Copyright Network SAS of £266,000 (2015 – £267,000). PfM owed £nil (2015 – £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 Performing Right Society Limited. MPA is the parent undertaking of MCPS. The value of the subsidy for 2016 has been estimated as £116,000 (2015 – £122,000). PfM was owed a balance of £nil (2015 - £nil) at the year end.

During the year, PfM provided subsidised services including accommodation to The PRS Members' Benevolent Fund. The value of the subsidy for 2016 has been estimated as £41,000 (2015 – £58,000). PfM also charged an amount of £164,000 (2015 - £233,000) for other services provided. PfM was owed a balance of £59,000 (2015 - £11,000) and had costs to recharge of £nil (2015 - £41,000) at the year end.

29 Related party transactions **(Continued)**

During the year, PfM provided subsidised services including accommodation to The Performing Right Society Foundation Limited. The value of the subsidy for 2016 has been estimated as £69,000 (2015 – £93,000). PfM also charged an amount of £162,000 (2015 - £6,000) for other services provided. PfM was owed a balance of £nil (2015 - £2,000) at the year end.

During the year, PfM provided subsidised services including accommodation to the British Academy of Songwriters, Composers and Authors, an organisation with common directors. The value of the subsidy for 2016 has been estimated as £65,000 (2015 - £72,000). During the year PfM was also charged an amount of £218,000 (2015 - £224,000) for sponsorship. The balance owed by PfM at the year end was £nil (2015 - £nil).

PfM had costs of £3,906,000 to recharge to PPL PRS Limited (2015: £nil) and was owed a balance of £nil (2015 - £nil) 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.

30 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	-	-	2	-	2	-
		-	2	-	2	-

See note 7 for disclosure of directors' remuneration.

31 Cash flows generated from operations

	2016 £000	2015 £000
Net distributable income	544,829	472,523
Adjustments for:		
Finance costs	838	1,397
Investment income recognised in profit or loss	(2,020)	(2,036)
Loss on disposal of tangible assets	60	248
Loss on disposal of intangible assets	513	434
Amortisation and impairment of intangible assets	6,715	6,104
Depreciation and impairment of tangible assets	1,990	1,940
Impairment of investments	-	30
Foreign exchange gains on cash equivalents	(2,250)	(92)
Gain on sale of joint venture investments	-	(477)
Share of loss in joint ventures	888	2,453
Pension scheme non-cash movement	(2,500)	(1,932)
Write back of goodwill	-	(412)
Increase in provisions	602	546
Movements in working capital:		
Increase in trade and other receivables	(6,912)	(17,105)
Increase/(decrease) in trade and other payables	20,661	(1,482)
Cash flows generated from operations	563,414	462,139

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