

Company Registration No. 00134396 (England and Wales)

**Performing Right Society Limited**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2021**



# PERFORMING RIGHT SOCIETY LIMITED

## COMPANY INFORMATION

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### Directors

#### ***Writers***

F Bevan  
B Blue  
M Escoffery-Ojo  
T Gray  
C Hunt  
S Levine  
D Masters  
J Nott  
P Pope  
J Simmonds  
P Woodroffe

#### ***Publishers***

J Alway  
J Andersen  
S Anderson  
A Bebawi  
C Butler  
N Elderton  
A Kassner  
R King  
S Platz

#### ***Consultant Director***

J Minch

#### ***Executive Director***

A Czapary Martin

#### ***Independent Directors***

S Davidson  
E Ingham  
G Mansfield  
T Toumazis

### Company Secretary

J Aitken

### Company number

00134396

### Registered office

Goldings House, 2 Hays Lane  
London, United Kingdom  
SE1 2HB

### Independent auditor

Deloitte LLP  
1 New Street Square  
London, United Kingdom  
EC4A 3HQ

The definitions of subsidiaries, joint ventures and other partners are set out within the Accounting policies on page 27.

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# PERFORMING RIGHT SOCIETY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the Strategic report for Performing Right Society Limited ("the Company") and its subsidiary PRS for Music Limited ("PfM") (together, "the Group") for the year ended 31 December 2021.

#### Review of the business

##### *Financial results and key performance indicators*

2021 was another successful year for the Group overall, despite the continued challenges of the pandemic, further cementing PRS for Music's place as a world leading rights management organisation. Amidst constantly fluctuating and challenging circumstances, the PRS for Music team remained focused on its newly defined vision: to become a billion-pound society (in royalties paid out), to innovate across our business and joint ventures and reduce our cost-to-income ratio ("C:I ratio") to below 10%.

Andrea Czapary Martin entered a second full year as CEO of PRS for Music, with the support of the PRS Members' Council and PfM Board following 2020's historic governance re-structure. Under their leadership the Group drove forward its strategic imperatives, delivering excellent core services and support to members, maximising income, stabilising and scaling up our current distribution platform, and building a high-performing and engaged team. This drive and commitment provided the framework for a 19.5% year-on-year growth in revenue, and whilst overall revenues are below pre-pandemic levels, they represent a significant recovery compared to 2020. Royalty distributions declined by 3% against the previous year, but the Group's focus on processing royalties quickly and accurately ensured the royalties paid out were significantly above the initial forecasts; in what was always going to be a challenging year.

In absolute terms costs increased against 2020, although an increase was expected following some exceptional cost savings in 2020 as a result of the pandemic, and a one-off capitalisation adjustment of £2.7m required in 2021. The Group also implemented the next phase of its property strategy, moving its headquarters from Kings Cross to a more flexible Hub in London Bridge. Once completed later this year the property strategy is predicted to provide savings to members of up to £1 million annually.

On the Consolidated Statement of financial position, there is a net deficit on total reserves amounting to £13,338,000 (2020 - £63,397,000) and a deficit on the Statement of the financial position of the Company of £3,559,000 (2020 - £3,559,000), which is discussed in more detail in the Going Concern disclosures within the Directors report. The management and Board have a plan to reduce the Group deficit over time, while maintaining the maximum distributions to our members.

Performance against the Group's key financial performance indicators during the year was as follows:

	2021 £000	2020 £000	Change %
Revenue	777,116	650,468	19.5
Net Distributable Income (i)	687,061	575,280	19.4
Cost:Income ratio (ii)	11.6%	11.6%	-
Distributions (iii)	677,223	699,379	(3.2)

(i) Net Distributable Income is calculated as Profit before tax and funds attributable to members and affiliated societies, excluding the share of profit/(loss) of joint ventures, including the deduction of tax. It is directly impacted by the movements in revenue and costs.

(ii) The Cost to Income ratio is calculated as total costs (Licensing and Administrative expenses excluding FX Gain / loss, Finance costs, Donations, Tax), less: Other Operating Income, Investment Income and FX Gain/losses, as a % of Revenue. (C:I ratio excluding donations and subsidies is 11.2%, C:I ratio excluding donations, subsidies and capitalisation adjustment is 10.9%).

(iii) Distributions are measured as the gross amounts payable to members, before the application of Tax and VAT, aligned to the amounts disclosed in the Annual Transparency Report. This differs to the 'Amounts paid to members and affiliates' number included in the Consolidated Statement of Cash Flows, which is net of Tax, VAT and other deductions.

All KPIs are non-GAAP measures. Given the nature of the business, the Group's directors are of the opinion that disclosure of KPIs other than those stated above is not necessary for an understanding of the performance of the business.

# PERFORMING RIGHT SOCIETY LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### *Commercial achievements*

In 2021 PRS for Music appointed Dan Gopal as its new Chief Commercial Officer. He brings over 20 years' experience in commercial and strategy roles for global media and entertainment companies, including The Walt Disney Company, Miramax, ITV and most recently, Entertainment One.

Realising new commercial opportunities and strengthening relationships with existing customers is essential to maximising the value of members' works in an ever-evolving market. Over the last 12 months, PRS for Music has concluded new long-term agreements with Sky, BBC and Netflix, alongside new agreements with Disney+ and other recently launched video streaming services.

The pandemic significantly accelerated the online live concert market, with the full range from small-scale performances in homes to global festivals and gigs moving online. To meet the demands of this rapidly evolving new market, PRS for Music introduced an Online Live Concert licence for ticketed events, alongside our suite of existing licences covering free online events. Over 350 licences for ticketed livestreamed events were issued in 2021. Following a call-for-views and roundtables with key industry stakeholders, PRS for Music launched a discretionary licence for PRS members performing their own work, ensuring members had maximum flexibility to explore the opportunities of live streaming.

#### *Distributions*

The year-on-year decline in royalties paid-out was an inevitable outcome of the 19.8% decline in revenues in the previous year. PRS for Music was, however, able to minimise the decline through its robust distribution processes and investment in innovative technologies, whilst also ensuring year end accuracy of 99.6% and 99.8% timely distributions against distributable revenues.

The Oracle+ programme migrated PFM's existing IT distribution processing systems to a new flexible, scalable, and sustainable environment in the cloud. The additional processing capacity in the cloud allows works to be matched to usage, ensuring greater speed and accuracy in the distribution of royalties to members. Following the successful implementation in October 2021, a full cycle of distributions has now been successfully processed under the new systems. This is an important milestone in managing the exponential growth of usage data both now and in the future.

As part of our commitment to maximise the royalties paid to members, especially during a year in which income from live was significantly reduced, we introduced a new initiative to improve the speed of royalty distributions from overseas societies. Working closely with 18 societies, we implemented greater visibility of royalties on hold and instigated dialogue to address the barriers to payment. In one instance alone, we were able to accelerate the payment of around £900,000 from another society.

Achieving the essential balance between accuracy of distributions and the cost of procuring and processing usage data requires consistent application of policies and embracing emerging technologies. Census based distributions, often referred to as "pay per play", is our preferred method, as it provides for collection, processing and payment of every performance. This is the most common approach across broadcast and online distributions. It is, however, the most expensive option and relies upon users having the capacity to provide detailed performance reporting.

Where census is impractical, a statistically relevant and representative sample is applied. A sample is generally applied in sectors where this is likely to be highly repetitive repertoire used. Where even this is not cost effective, or it is considered usage is not sufficiently repetitive, distributions are made based on analogy. PRS for Music is committed to minimising the application of analogy-based distributions and is actively engaged with providers of Music Recognition Technology services to automatically identify and report music played.

Maximising the royalties paid has always been a key focus for PRS and meeting budgeted distributions is a Corporate Key Performance Indicator for the business and the Group. Despite PRS for Music's endeavours there can be delays in the distribution of royalties, sometimes resulting from issues outside of our direct control, such as data availability or completeness, distribution policy or the complexities surrounding online residuals. The royalties being held by PRS for these reasons reduced by around £13.5 million, partly due to concerted effort to resolve data issues and clear back logs throughout 2021. Delayed distributions are reported in PRS' Annual Transparency Report.

## PERFORMING RIGHT SOCIETY LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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Other held amounts, in particular distributions awaiting further information or documentation, such as bank details, from members, have remained at a similar value overall, although there has been substantial progress in specific areas, including a focus on addressing counterclaims, failed bank credits, fees received in error and returned member shares.

Due to the sheer volume of transactions processed we may, as part of our due diligence and engagement with members, identify historic errors in payments. In 2021, PRS for Music identified errors in the re-processing of online distributions received from SACEM and SUIA since 2019. In this instance, as the total estimated values of the errors was around 0.2% of the total distributions in those affected quarterly payments and around 90% of the errors were less than £10 in value, it was concluded that the cost and disruption to members as a whole of re-running the distributions to individually address any over or under payments would exceed the benefits to the individuals involved. This decision will be subject to review in the event that processing capability improves to a point where it will not cause significant cost or disruption to PRS. In this and in all cases of distribution errors, the value, reasons and corrections in procedures to prevent any further errors, are discussed with the Distribution Committee and reported to the PFM Board and any decisions on mitigating actions are subject to their approval. In addition, our ISO 20000-1 qualification ensures that PFM are following internal policies and procedures at all times and at all levels, as well as continually improving our processes. As we progress with the end-to-end review of the distribution ecosystem and capitalise on opportunities to automate, it is expected that errors will be minimised even further and in many cases ultimately eliminated.

We continue to review and improve our reporting around distributions and royalties payable and were pleased to have received feedback from the Intellectual Property Office that they found the 2020 Annual Transparency Report to be of a good standard.

#### *Joint ventures and partnerships*

The last year has seen PRS further embed its joint venture strategies to maximise the value of members' works and to provide efficiencies and costs savings through shared processing and licensing.

Our joint venture with PPL (PPL PRS Ltd), which combines public performance licensing for both the sound recording and musical works rights, celebrated three years since their launch of 'TheMusicLicence'. Through 2021, PPL PRS Ltd continued to deliver on our commitment to support businesses forced to close during the pandemic, as well as supporting those sectors returning as restrictions were lifted.

The simplification and efficiencies in the licensing of rights, and collection and distribution of royalties from online provided by International Copyright Enterprise ("ICE"), our joint venture with STIM and GEMA, were essential elements of our revenue growth in 2021. ICE offers world leading solutions for rightsholders, and by investing in new technologies, mainly funded through loans provided by its shareholders, it is tackling many of the challenges of the streaming market. The ICE Cube Programme will deliver a replacement copyright system that is critical not only to PRS, but to the wider music industry in general. An authoritative record of works ownership is essential to both the collection and distribution of royalties online, and ICE Cube will provide this critical infrastructure.

In 2021, ICE also successfully delivered the initial phase of the ICE Apollo project, a key step in developing a new and enhanced online service delivery system that will increase the speed and accuracy of works matching and processing. ICE's focus on delivering these, and other, critical activities is supported by the announcement in December 2021 that Peter de Mönink will take the helm as CEO of ICE in March 2022. Peter brings a wealth of experience to the position from running several large media companies, with a proven track record of delivering new online products and services.

In the last year we announced a new service agreement with Mechanical Copyright Protection Society (MCPS), which will run until the end of 2025. The new agreement reaffirms this long-standing partnership and means PRS for Music will continue to provide its market-leading rights management services to MCPS and its members. It also allows MCPS and PRS to continue their joint licensing of mechanical and performing rights, simplifying the process of obtaining rights for thousands of customers, while providing significant administrative cost savings for rightsholders.

## PERFORMING RIGHT SOCIETY LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### *Members and Governance*

Phase two of the Customer Relationship Management (CRM) programme went live in December 2021. Building on foundations laid in 2020, the second phase extends our Salesforce platform to provide enhanced tools and services, including a new fully digital process for members to join PRS and MCPS which is paperless and highly automated.

To help those returning to the stage after a long hiatus, the 'On with the Show' initiative launched, with PRS' industry experts providing advice and support for those members beginning to perform live again. This initiative was delivered alongside ongoing Outreach and event activity in support of under-represented groups with organisations such as Women Connect, Girl Grind UK, Mothers in Music and Girls I Rate.

The re-opening of the live sector also allowed for the relaunching of our further improved proprietary MLCS (Major Live Concert Service) program that provides reduced fees and expedited distributions to qualifying members. Over the past year we have added eight new sister societies to the program which now covers most key markets around the world. The Group continued its support of key music industry awards and events throughout the year, including The Ivors, The Ivors Composer Awards, Music Week Awards, Women in Music Awards, Jazz FM Awards, Gramophone Awards, RPS Awards, Hospital Radio Awards, ARIAS, MG Alba Scots Trad Awards, NI Music Prize, Welsh Music Prize, Student Radio Awards, Production Music Awards, the Young Songwriter Competition, The Great Escape, Liverpool Sound City, Radio Festival, Brighton Music Conference and Focus Wales.

At the 2021 AGM (Annual General Meeting) we welcomed writer members Fiona Bevan, Julian Nott, and Pete Woodroffe on to the Members' Council. Janet Andersen was newly appointed as Designated Publisher Council Member, while Erica Ingham and, later in the year, Gill Mansfield, joined PRS as Independent Non-Executive Directors. John Minch, with his significant publishing experience, was appointed as a Consultant Director in December 2021. Of the 13 candidates that stood for election to the Members' Council in 2021, four were women, while a record number of Black and mixed ethnicity members were represented.

Michelle Escoffery began the first year of her new role as President of the PRS Members' Council with a focus on increasing and enhancing the dialogue with members both in person, in group webinars and listening circles. Michelle highlighted areas where PRS for Music could more provide even greater support, including a stronger focus on member networking, mentoring and outreach. These will be delivered throughout 2022.

##### *Diversity and Inclusion*

Diversity and inclusion continued to be a key focus for the Group throughout 2021, in line with its ongoing commitment to UK Music's Ten-Point Plan.

A PRS Diversity and Inclusion Survey was launched to better understand the music creators and publishers we represent. This was complemented by a series of Listening Circles, which provided members the opportunity to discuss how PRS can support greater diversity and inclusion. The findings of both informed the recommendations made by independent consultants Inspirational You.

In September, alongside its annual Gender Pay Gap Report, the Group published its first ever Ethnicity Pay Gap Report, enabling us to understand the PRS for Music team and better tailor our support and training for all employees.

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

This statement sets out below how the board of directors of Performing Right Society Limited (PRS) have had regard to the matters set out in s172(1)(a-f) of the Act when performing their duty under section 172 of the Companies Act. This requires directors to act in the way they consider, in good faith, would be most likely to promote the success of PRS for the benefit of its members as a whole having regard (amongst other matters) to certain factors including likely long term consequences, stakeholder interests and the desirability to maintain high standards of business conduct.

# PERFORMING RIGHT SOCIETY LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

The PRS board of directors, also known as the Members' Council, is, among other things, responsible for leading engagement with PRS' members, decision making in respect of membership strategy and policy, overseeing Group performance and approving annual budget and major capital expenditure. Other than the Chief Executive Officer (CEO), all directors of the Members' Council are non-executive directors, comprising writer members, publisher members and independent non-executive directors. PRS mandates certain authorities to its wholly owned subsidiary, PRS for Music Limited (PfM), which is responsible for operational matters. The PfM Board comprises a subset of the Members' Council made up of 4 writer council members, 4 publisher members, the 4 independent non-executive directors and the CEO. In addition, certain responsibilities are delegated to Members' Council committees (Audit, Remuneration and Nominations) and PfM board committees (Conflicts, Licensing and Distribution) which support the Members' Council in carrying out its duties and which are chaired by independent non-executive directors. As is usual with large companies, day to day management of the Group is carried out by an Executive Leadership Team (ELT) led by the CEO.

PRS is focused on ensuring good corporate governance and, following an external review in 2019/20, changes to the governance structure were approved at the 2020 Annual General Meeting with a view to improving efficiency, enhancing board effectiveness, increasing diversity and reducing cost. These governance changes started being embedded within the Group during 2021 and will be completed in 2024.

New directors inducted into PRS are made aware of their directors' duties including section 172(1) of the Companies Act 2006. Induction materials are regularly refreshed and made available to all directors via board portal software and further advice on directors' duties can be obtained from the company secretary.

The Members' Council holds regular scheduled meetings to consider matters relevant to the Group and five meetings were held during the year ended December 2021. Due to Covid-19, these meetings were either held virtually or in hybrid form. Through a series of strategy discussions, the Members' Council developed PRS' purpose, vision and 5 year plan which was launched during the year. At every meeting the Members' Council reviews financial performance against an annually approved budget, is updated by the CEO on the progress of the Group's strategic imperatives and corporate objectives, receives papers for decision from the CEO and ELT members and hears presentations on items of interest to the Group.

The Members' Council is committed to maintaining the reputation of the Group and exacting standards of conduct in all its business dealings and integrity is a key value. PRS has in place a number of compliance policies including anti-bribery, corruption and data privacy, and requires relevant employees to undertake mandatory training and assessments. The directors are also mindful of any conflicts of interest they may have and declare any interests they may have at meetings and in annual confirmations.

#### **Stakeholder engagement**

The Members' Council is conscious of the impact its business decisions has on its stakeholders and the long term consequences of those decisions. It believes in effective engagement with its stakeholders, understanding their views, and also acting fairly with regard to its members. PRS also strongly believes in promoting a culture of inclusion and collaboration, which are integral values underpinning the way in which the Group operates. The key stakeholders for the Group are:

#### **Members**

As a collection society, members are at the heart of PRS's business and are the reason that PRS exists. The Members' Council is comprised of mostly writer and publisher members who have been elected by members to represent their interests. Currently, the Chair of the Members' Council is a publisher member and the Deputy Chair is a writer member and this will rotate at the end of the Chair's term in December 2022. During 2021, an area of focus for the directors has been to engage with and support members to stand as candidates for Members' Council to encourage greater diversity. The new governance arrangements led to the creation of a President of the Members' Council, Michelle Escoffery, who during the year undertook outreach work to understand the key issues for members and their aspirations for PRS.



# PERFORMING RIGHT SOCIETY LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

In addition, PRS continues to make efforts to improve member experience. PRS maintains regular communication and interaction with its members through a number of channels including writer representatives and publisher briefings, genre specific member meetings, outreach activities for new and upcoming members, our own member events and supporting other industry events. The PRS board also commends the work carried out by the Members Benevolent Fund and PRS Foundation, which provide charitable support to PRS members and new music and talent,

#### *Employees*

Employees are central to the delivery of PRS' purpose, vision and long-term success. The impact of Covid-19 continued into 2021 and health, safety and support for employees' mental health and wellbeing remains a priority for the Members' Council. A key strategic imperative reviewed at each meeting of the Members' Council and PfM board is to build a high performing and engaged team. During the year, a PRS corporate engagement plan was developed and presented to employees to increase effectiveness of leadership, embed diversity and inclusion, raise employee engagement and satisfaction and expand opportunities for development. The Members' Council and PfM board approved the move to a new office hub to create a collaborative space for employees and support flexible ways of working.

PRS holds monthly all-staff briefings led by the CEO, has an active employee forum, runs an annual engagement survey and provides a strong and varied programme of engagement and wellbeing activities for employees. PRS also engages with employee representatives as appropriate and is supported by its own branch of Unite (the largest union in the UK).

#### *Licensees*

The Members' Council is committed to openly engaging with this stakeholder group and recognises the importance of continuing an effective dialogue with key licensees in order for PRS to achieve its purpose to grow and protect the value of our members rights and for PRS to maintain its reputation for high standards of business conduct. The Licensing Committee directs overall licensing policy and strategy, approves certain licences and schemes and provides an update to the Members' Council at each board meeting.

#### *Decision making*

At the Members' Council meetings during the year, together with any other consultation and approvals sought between board meetings, three of the key considerations have been:

##### *i. Covid-19 recovery plan*

In response to the pandemic the Group quickly defined its guiding principles as to protect the health, safety and wellbeing of its employees in the first instance, in order to maintain services and key activities to ensure the livelihoods of the members we represent. These guiding principles continued through 2021, with a focus on recovery, maximising revenue and distributions and cost savings. As a result, revenues increased by 19.5% and distributions were only down 3% against 2020, which was better than the >10% initially forecast following the decline in revenues in 2020.

2021 was another tough year for members, particularly those who rely on live music and public performance. To help those dealing with financial hardship as a result of the pandemic, the PRS Emergency Fund was launched in March 2020. A third phase of the funding was launched in March 2021 and overall the Emergency Relief Fund has helped over 4,500 songwriters and composers and paid out in excess of £2.1m.

##### *ii. Office location*

Contributing to the cost saving efforts, the decision to move out of 2 Pancras Square into a smaller hub in Central London was approved by the PfM Board during 2020 and in June 2021 the lease was assigned to a third party. The new Hub in London Bridge opened in November 2021, incorporating ideas and feedback from the business about the look and feel of the space and also reusing 60% of the furniture from the vacated premises at Kings Cross. Although the Hub opened with an initial footprint of 9,677 sq ft, PRS will expand its footprint to 28,212 sq foot later in the year and the plan is for all staff to be together in the one location by the end of 2022. In line with PRS corporate objectives, the new Hub is intended to promote a new way of working which offers greater flexibility to employees and to fully support hybrid working, whilst reducing the total footprint by c45% compared to 2020.

# PERFORMING RIGHT SOCIETY LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

##### Strategy & 5 year plan

During 2021, the Members' Council affirmed the strategic direction and 5-year plan for PRS, which was presented to and approved by the directors at the end of 2021. It focused on some key market trends and what PRS will do to address them. It also feeds into PRS' purpose and vision to provide world-leading music rights management services for our members and customers.

The strategy and five-year plan have been built based upon consultation and collaboration among directors, ELT and senior managers and will be supplemented and strengthened by the five-year plan financials delivered in Q2 2022. The importance of the need to work together to achieve the corporate objectives is regularly communicated to all employees. As part of the employee performance review process, all individual objectives will be aligned to the five-year plan vision, strategic imperatives, corporate objectives and KPIs.

Other major areas considered by the PFM Board and PRS Members' Council during the year have also been highlighted in the Review of the business and Energy consumption and sustainability sections of the Strategic report.

##### Energy consumption and sustainability

The Group is committed to sustainability and has taken measures to reduce its Carbon footprint and the consequent impact on climate change. Examples of incentives already in place prior to 2021 include:

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

These incentives continued during 2021 and PRS continued to commit to and promote sustainability in other ways, such as launching its new ways of hybrid working and recycling and reusing 60% of the existing furniture when it moved its office space from Kings Cross to London Bridge during the year.

##### GHG emissions and energy use for 2021 financial year

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

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

GHG emissions data for period 1 January 2021 to 31 December 2021:

	2021		2020
	Amounts in units	Tonnes of CO2e	Tonnes of CO2e
<b>Scope 1 &amp; 2</b>			
Purchase of electricity	447,252 kwh	155	104
Purchase of Gas	166,539 kwh	45	31
<b>Total</b>		<b>200</b>	<b>135</b>
<b>Scope 3</b>			
Travel related activities	43,998 km	6	0
<b>Total</b>		<b>6</b>	<b>0</b>
	Tonnes of CO2e	<b>206</b>	<b>135</b>
Tonnes of CO2e per employee		<b>0.44</b>	<b>0.29</b>
Tonnes of CO2e per £m of Revenue		<b>0.26</b>	<b>0.21</b>

## PERFORMING RIGHT SOCIETY LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### Energy consumption and sustainability (continued)

2020 was the first year of reporting and was also an exceptional year, with Covid-19 impacting both business operations and ways of working through office closures and remote working. Although 2021 was also exceptional in many ways, it was perhaps less so than 2020 and the main drivers for the increase in carbon emissions in 2021 are:

- PRS offices being open for longer periods during 2021 as a result of easing restrictions and fewer lockdowns.
- A small increase in staff travel as restrictions eased from Q2 2021.

The intensity ratios used are Tonnes of CO<sub>2</sub>e per employee and Tonnes of CO<sub>2</sub>e per £m of revenue, which are considered to be appropriate for the nature of the Group's operations. Tonnes of CO<sub>2</sub>e per £m of Revenue has not increased at the same proportion as the metric based upon number of employees. This is driven by an increase in revenue following recovery from Covid-19, whereas employee numbers have remained fairly consistent year on year.

Due to the ongoing presence of Covid-19 in 2021, the metrics reported do not yet give us a clear view of normalised emissions across the group. PRS will continue to monitor its carbon emissions closely during 2022, as it settles into new premises, embeds new ways of working and reviews its Travel policy, with a view to agreeing and reporting clear targets and ambitions for 2023 onwards.

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

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

##### Principal risks and uncertainties

The Audit Committee evaluates the risks and uncertainties that may affect the Group's performance and reports regularly back to the PFM Board and Members' Council. The Audit Committee met 4 times in 2021. The principal risks and uncertainties are detailed below.

##### *Legislative risk*

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

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

Although the UK left the EU on 31 January 2020 and the transition period ended on 31 December 2020, there remains uncertainty as to the nature of the future relationship as negotiations continue. This could have a negative effect on PRS income and so periodic reports are provided to the PFM Board and Members' Council as required. PRS has also met with the UK based broadcasters operating in the EU to reassure them that PRS can, and will, continue to license their services.

# PERFORMING RIGHT SOCIETY LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### Principal risks and uncertainties (continued)

#### *Competitive risk*

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

#### *Fraud risk*

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

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

#### *Financial instrument risks*

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

#### *Exposure to price, credit and liquidity risk*

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

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

#### *Changing technology*

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

#### *Royalty distribution – accuracy and timeliness*

The exponential year-on-year growth in the volume of data handled by the Group presents an ongoing risk to the accuracy and timeliness of royalty distributions to the Membership. To mitigate the risk, an IT programme is underway to enhance the data processing capabilities of the systems that underpin royalty distributions, with the foundation stage implemented in 2021, and additional layers of assurance have already been successfully embedded into the business process.

#### *Covid-19 risk*

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

## PERFORMING RIGHT SOCIETY LIMITED

### STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Future developments**

Revenue for 2022 is expected to increase upon 2021 and exceed 2019 at a total level although, due to the ongoing impact of Covid-19 we have seen in 2021, this is not expected to be a full recovery to 2019 revenues across all income streams.

The Group is cognisant of future changes to the UK Corporate Governance landscape and that it may be impacted by new regulations being considered by the Government for Public Interest Entities, following the BEIS consultation in 2021. The Group continues to monitor progress in this area and will act appropriately when any decisions have been formalised.

Authorised on behalf of the Board

*Nigel Elderton*

.....  
Nigel Elderton  
Director

6 April 2022

# PERFORMING RIGHT SOCIETY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their annual report and the audited financial statements for the Group and the Company for the year ended 31 December 2021.

#### 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 160,000 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

F Bevan	(appointed 19 May 2021)	C Hunt	
B Blue		S Levine	
S Darlow	(resigned 19 May 2021)	D Masters	
J Duguid	(resigned 19 May 2021)	J Nott	(appointed 19 May 2021)
M Escoffery-Ojo		P Pope	
T Gray		J Simmonds	
E Gregson	(resigned 19 May 2021)	P Woodroffe	(appointed 19 May 2021)

#### Publishers

J Alway		A Kassner	
J Andersen	(appointed 19 May 2021)	R King	
S Anderson		J Minch	(resigned 19 May 2021)
A Bebawi		R Neri	(resigned 16 August 2021)
C Butler		S Platz	
N Elderton		J Smith	(resigned 8 December 2021)

#### Consultant Director

J Minch	(appointed 8 December 2021)
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#### Independent Directors

S Cooke (resigned 31 March 2021)
S Davidson
E Ingham (appointed 19 May 2021)
G Mansfield (appointed 8 December 2021)
M Poole (resigned 19 May 2021)
T Toumazis

#### Executive Director

A Czapary Martin
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Nigel Elderton continued in the position of Chair during 2021, with Dru Masters as Deputy Chair (Writer) and Michelle Escoffery-Ojo as President.

## **PERFORMING RIGHT SOCIETY LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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##### **Results and dividends**

The results for the year are set out on page 20.

No interim dividends were paid. The directors do not recommend payment of a final dividend (2020: £nil).

##### **Items covered in the Strategic report**

The following items required by law to be included in the Directors Report have been covered in the Strategic report: Section 172(1) Statement, Energy & Carbon statement, Principal risks and uncertainties and Future developments.

##### **Qualifying third party indemnity provisions**

The Group has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 S234. Such qualifying third party indemnity provision was in force during the financial year and at the date of approving the Directors' report.

##### **Political donations**

There were no political donations made during the year (2020 - £nil).

##### **Disabled persons**

The Group complies with the requirements of the Equality Act of 2010 and is keeping its employment policies and procedures under review to ensure that disabled persons are not treated any less favourably than able-bodied persons in regards to applications, employment, training and career development. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate.

##### **Equal opportunity**

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

##### **Employee involvement**

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

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

## PERFORMING RIGHT SOCIETY LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

##### Auditor

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

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

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

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



# PERFORMING RIGHT SOCIETY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. There is an agreed plan to reduce the Group deficit over time, while maintaining the maximum distributions to our members. This is actioned through the setting of administration rates, over which the PRS board exercises ultimate control and through control of the amounts charged by PFM to PRS. While the Group has a net deficit on its reserves, the Articles of PRS permit the retention from out of revenues of such amounts as are necessary for the expenses of the Company. The directors believe that the Group is well-placed to manage its business risks, given it has considerable financial resources including cash balances and short-term deposits of £180,894,000 (2020 - £152,663,000) at the year end and only makes distributions when monies have been received, and hence believe the Group and Company are a going concern.

The Group Statement of financial position includes the PFM defined benefit scheme surplus and also reflects the impact of assuming £25,197,000 of historic liabilities when the MCPS-PRS Alliance dissolved in 2013. As a result, the Group has a net deficit of £13,338,000 at 31 December 2021 (2020 - £63,397,000). This has decreased from 2020 mainly as a result of the defined benefit scheme improving from a net deficit of £25,412,000 to a net surplus of £20,901,000. PFM and the trustees of the pension schemes have agreed a recovery plan which includes an annual Group contribution of £2.5m through to 2030, with the intention of both schemes achieving self-sufficiency by December 2032. There is also an investment strategy in place to reduce future volatility.

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

ICE Operations is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2021 was £115,000 (2020 - share of profit £19,000). ICE Operations is forecasting to cover its costs in future years and repay its loan finance over 10 years. At the year end, the value of the loans to be repaid by ICE Operations was £8,968,000 (2020 - £8,119,000) and the value of the equity investment was £2,958,000 (2020 - £2,958,000).

ICE Services is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2021, after offsetting any final adjustments from the previous year, was £3,320,000 (2020 - £526,000). ICE Services is forecasting to continue to be profitable in future years. At the year end, the value of loans to be repaid by ICE Services was £nil (2020 - £210,000) and the value of the equity investment was £100,000 (2020 - £100,000).

SOLAR is fully and equally supported by its shareholders. The Group's share of the profit for the year to 31 December 2021 was £480,000 (2020 - share of loss £626,000). At the year end, the value of loans to be repaid by SOLAR was £429,000 (2020 - £429,000) and there was no equity investment (2020 - £nil).

NMP is fully and equally supported by its shareholders. The Group's share of the result to be recognised in the year to 31 December 2021, before any cost reduction adjustments for 2021 and after including any final cost adjustments from the prior year, was a loss of £134,000 (2020 - profit of £989,000). The value of the equity investment at the year end was £976,000 (2020 - £960,000). At the year end, the value of the loans to be repaid by NMP was £nil (2020 - £nil).

PPL - PRS is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2021 was £282,000 (2020 - share of profit £13,000). PPL - PRS is forecasting to make profits in future years and repay its loan finance over 10 years from the date of commencement of licensing activities in the joint venture. At the year end, the value of loans to be repaid by PPL - PRS was £9,738,000 (2020 - £12,149,000) and the value of the equity investment was £50,000 (2020 - £50,000).

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

# PERFORMING RIGHT SOCIETY LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Covid-19**

In response to the ongoing Covid-19 risk, the Group defined its guiding principles as to protect the livelihood and safety of our employees in the first instance, in order to maintain services and key activities to ensure the livelihoods of the members we represent. During 2021 this has included the continuation of staff working effectively from home and continuing to review and improve processes and methods of operation, alongside the safe opening of a new office space for hybrid working in line with government guidelines. The collective efforts have enabled the distribution of royalties in line with published schedules, the continuation of support mechanisms for those in need and the maintenance of core services to members.

An assessment of the ongoing financial impact of Covid-19 into 2022, in particular the Omicron variant in the area of Public Performance, was carried out towards the end of 2021. The result of this, and ongoing reviews of the situation, is that the directors remain confident that the Group will have sufficient funds to continue its operations as a going concern, but will continue to look at ways to maximise cash levels as would be expected. In 2021 the Group made no use of government support schemes (2020: £47,000).

### **Events after the balance sheet date**

There are no events which require adjustments to the financial statements.

### **Research and development**

During 2021, the Group continued projects to develop its intangible assets.

### **Corporate governance**

The Company's Board of Directors (known as Members' Council) is ultimately responsible for the governance of the Company. The Company has a corporate governance framework in place, including matters reserved for Board and Members' Council approval and a scheme of delegated authority. There are to be three scheduled Members' Council meetings during each year, along with a number of other meetings with senior management, during which matters of strategic, commercial, operational and financial importance are discussed. Board meetings are supported by a robust level of reporting from the Company's executive management team, in the form of written papers and presentations at each meeting. The Members' Council delegates much of the business decision-making to the PfM Board in accordance with agreed mandates. PfM is an operational services company which has been a wholly-owned subsidiary of the Company since 1 July 2013.

### **Financial risk management**

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

Authorised on behalf of the Board

*Nigel Elderton*

.....  
Nigel Elderton  
Director

6 April 2022

# PERFORMING RIGHT SOCIETY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

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#### Report on the audit of the financial statements

##### Opinion

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

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income statement;
- the Consolidated Statement of comprehensive income;
- the Consolidated and Company Statements of financial position;
- the Consolidated and Company Statements of changes in equity;
- the Consolidated Statement of cash flows; and
- the related notes 1 to 29.

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

##### Basis for opinion

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

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

##### Conclusions relating to going concern

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

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

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

## **PERFORMING RIGHT SOCIETY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED**

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##### **Other information**

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

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

We have nothing to report in this regard.

##### **Statement of directors' responsibilities**

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

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

##### **Auditor responsibilities for the audit of the financial statements**

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

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

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

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

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

## PERFORMING RIGHT SOCIETY LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

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

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

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

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

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

##### *Valuation of accrued income relating to online revenues:*

- we have evaluated the design and implementation of relevant controls associated with the valuation of online revenue;
- we have traced a sample of accrued balances to contract and recalculated the balances to test accuracy; and
- we have challenged estimations made by management at the year-end by taking account of historical billing and settlements and checking historical estimation accuracy

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

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

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

##### **Report on other legal and regulatory requirements**

##### *Opinions on other matters prescribed by the Companies Act 2006*

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

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

## PERFORMING RIGHT SOCIETY LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF PERFORMING RIGHT SOCIETY LIMITED

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##### **Report on other legal and regulatory requirements (continued)**

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

##### *Matters on which we are required to report by exception*

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

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

We have nothing to report in respect of these matters.

##### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

6 April 2022

**PERFORMING RIGHT SOCIETY LIMITED****CONSOLIDATED INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Revenue	3	777,116	650,468
Licensing and administrative expenses		(100,366)	(85,130)
Other operating income		13,163	12,996
<b>Operating profit</b>	<b>4</b>	<b>689,913</b>	<b>578,334</b>
Other investment income	8	1,001	1,626
Finance costs	9	(341)	(775)
Amounts appropriated - donations		(2,749)	(3,634)
Share of profit from joint ventures	13	4,063	921
<b>Profit before taxation and funds attributable to members and affiliated societies</b>		<b>691,887</b>	<b>576,472</b>
Funds attributable to members and affiliated societies		(684,730)	(575,933)
<b>Profit before taxation</b>		<b>7,157</b>	<b>539</b>
Taxation	10	4,616	(271)
<b>Group profit after taxation and funds attributable to members and affiliated societies</b>		<b>11,773</b>	<b>268</b>

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

The notes on pages 27 to 58 form an integral part of these financial statements.

**PERFORMING RIGHT SOCIETY LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Group profit after taxation and funds attributable to members and affiliated societies</b>		11,773	268
Actuarial gain on defined benefit pension schemes	23	43,917	11,603
Foreign exchange (loss)/gain on joint venture investments		(252)	202
Deferred tax on actuarial variances		(5,379)	-
<b>Total comprehensive income relating to the year</b>		<u>50,059</u>	<u>12,073</u>

The notes on pages 27 to 58 form an integral part of these financial statements.



# PERFORMING RIGHT SOCIETY LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		2021	2020
	Note	£000	£000
<b>Fixed assets</b>			
Intangible assets	11	19,603	21,540
Tangible assets	12	5,890	10,089
Investments	13	6,802	2,975
Defined benefit pension surplus	23	25,218	-
		<u>57,513</u>	<u>34,604</u>
<b>Current assets</b>			
Trade and other receivables: amounts falling due after more than one year	18	14,871	18,235
Trade and other receivables: amounts falling due within one year	18	145,469	132,624
Investments - short-term deposits	21	120,841	29,089
Cash at bank and in hand		60,053	123,574
		<u>341,234</u>	<u>303,522</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(405,017)</u>	<u>(371,744)</u>
Net current liabilities		(63,783)	(68,222)
<b>Total assets less current liabilities</b>		(6,270)	(33,618)
<b>Provisions for liabilities</b>	22	(2,751)	(4,367)
<b>Net liabilities excluding pension liability</b>		(9,021)	(37,985)
<b>Defined benefit pension liability</b>	23	(4,317)	(25,412)
<b>Net liabilities</b>		<u>(13,338)</u>	<u>(63,397)</u>
<b>Total reserves - deficit</b>		<u>(13,338)</u>	<u>(63,397)</u>

The financial statements on pages 20 to 58 were approved by the Board of Directors and authorised for issue on 6 April 2022 and are signed on its behalf by:

*Nigel Elderton*

.....  
Nigel Elderton

Director

Company Registration No. 00134396

The notes on pages 27 to 58 form an integral part of these financial statements.

# PERFORMING RIGHT SOCIETY LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Current assets</b>			
Trade and other receivables: amounts falling due after more than one year	18	2,578	3,430
Trade and other receivables: amounts falling due within one year	18	202,080	210,680
Investments - short-term deposits	21	115,750	24,000
Cash at bank and in hand		49,567	105,999
		<u>369,975</u>	<u>344,109</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(373,534)</u>	<u>(347,668)</u>
<b>Net current liabilities</b>			<u>(3,559)</u>
<b>Total reserves - deficit</b>			<u>(3,559)</u>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The profit before taxation and funds attributable to members and affiliated societies for the Company for the year was £684,730,000 and the profit before taxation was £nil (2020: £575,933,000 and £nil respectively).

The financial statements on pages 20 to 58 were approved by the Board of Directors and authorised for issue on 6 April 2022 and are signed on its behalf by:

*Nigel Elderton*

.....

Nigel Elderton

Director

Company Registration No. 00134396

The notes on pages 27 to 58 form an integral part of these financial statements.

**PERFORMING RIGHT SOCIETY LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Total Reserves £000
<b>Opening reserves at 1 January 2020</b>		(75,470)
<b>Year ended 31 December 2020:</b>		
Group profit after taxation and funds attributable to members and affiliated societies		268
Other comprehensive income:		
Actuarial gain on defined benefit plans	23	11,603
Foreign exchange gain on investments		202
Total comprehensive income for the year		12,073
<b>Closing reserves at 31 December 2020</b>		(63,397)
<b>Year ended 31 December 2021:</b>		
Group profit after taxation and funds attributable to members and affiliated societies		11,773
Other comprehensive income:		
Actuarial gain on defined benefit plans	23	43,917
Foreign exchange loss on investments	13	(252)
Deferred tax on actuarial differences		(5,379)
Total comprehensive income for the year		50,059
<b>Closing reserves at 31 December 2021</b>		(13,338)

The notes on pages 27 to 58 form an integral part of these financial statements.

**PERFORMING RIGHT SOCIETY LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<b>Total Reserves £000</b>
<b>Opening reserves at 1 January 2020</b>	(3,559)
<b>Year ended 31 December 2020:</b>	
Total comprehensive income for the year	-
	<hr/>
<b>Closing reserves at 31 December 2020</b>	(3,559)
	<hr/>
<b>Year ended 31 December 2021:</b>	
Total comprehensive income for the year	-
	<hr/>
<b>Closing reserves at 31 December 2021</b>	(3,559)
	<hr/> <hr/>

The notes on pages 27 to 58 form an integral part of these financial statements.

# PERFORMING RIGHT SOCIETY LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	£000	2021 £000	£000	2020 £000
<b>Cash flows generated from/(used in) operating activities</b>					
Cash generated from operations	29		704,741		652,090
Amounts paid to members and affiliates			(662,512)		(693,237)
Finance costs paid			(341)		(775)
<b>Net cash inflow/(outflow) from operating activities</b>			<b>41,888</b>		<b>(41,922)</b>
<b>Cash flows from investing activities</b>					
Purchase of intangible assets		(5,839)		(6,457)	
Purchase of tangible assets		(2,291)		(138)	
Interest received		1,200		1,799	
Repayments from joint venture loans		3,251		2,021	
Draw downs on loans to joint ventures		(1,434)		(2,513)	
Redeemed from deposits held > 3m		20,000		30,250	
<b>Net cash flows generated from investing activities</b>			<b>14,887</b>		<b>24,962</b>
<b>Cash flows from financing activities</b>					
Defined benefit pension contributions paid		(3,500)		(3,500)	
<b>Net cash flows used in financing activities</b>			<b>(3,500)</b>		<b>(3,500)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>53,275</b>		<b>(20,460)</b>
Cash and cash equivalents at beginning of year			132,663		150,946
Effect of foreign exchange rates			(5,044)		2,177
<b>Cash and cash equivalents at end of year</b>			<b>180,894</b>		<b>132,663</b>
<b>Represented by:</b>					
Investments held < 3 months			120,841		9,089
Cash at bank and in hand			60,053		123,574
			<b>180,894</b>		<b>132,663</b>

Deposits held for 3 months or less are shown as cash and cash equivalents. In addition to cash and cash equivalents held above, the Group holds £nil (2020 - £20,000,000) in deposit accounts greater than 3 months. The notes on pages 27 to 58 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.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### Company information

Performing Right Society Limited ("the Company") is a company limited by guarantee, domiciled and incorporated in England and Wales, United Kingdom. The registered office is Goldings House, 2 Hays Lane, London, SE1 2HB, United Kingdom.

##### Statement of compliance

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

##### Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the Group and 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 investment properties and certain financial instruments at fair value. The principal accounting policies adopted, which have been consistently applied to all the years presented, are set out below.

##### Format of Income statement and Statement of financial position

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

##### Definitions:

'PRS' means Performing Right Society Limited.

'PfM' means PRS for Music Limited.

'MCPS' means Mechanical-Copyright Protection Society Limited.

'ICE Operations' means International Copyright Enterprise A.B.

'ICE Services' means International Copyright Enterprise Services Limited.

'NMP' means Network of Music Partners A/S.

'SOLAR' means SOLAR-Music Rights Management GmbH.

'PPL - PRS' means PPL PRS Limited.

'PPL' means Phonographic Performance Limited.

'GEMA' means Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, a German collecting society.

'STIM' means Svenska Tonsättares Internationella Musikbyrå, a Swedish collecting society.

##### Accounting convention

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

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

##### Basis of consolidation

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

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. There is an agreed plan to reduce the Group deficit over time, while maintaining the maximum distributions to our members. This is actioned through the setting of administration rates, over which the PRS board exercises ultimate control and through control of the amounts charged by PfM to PRS. While the Group has a net deficit on its reserves, the Articles of PRS permit the retention from out of revenues of such amounts as are necessary for the expenses of the Company. The directors believe that the Group is well-placed to manage its business risks, given it has considerable financial resources including cash balances and short-term deposits of £180,894,000 (2020 - £152,663,000) at the year end and only makes distributions when monies have been received, and hence believe the Group and Company are a going concern.

The Group Statement of financial position includes the PfM defined benefit scheme surplus and also reflects the impact of assuming £25,197,000 of historic liabilities when the MCPS-PRS Alliance dissolved in 2013. As a result, the Group has a net deficit of £13,338,000 at 31 December 2021 (2020 - £63,397,000). This has decreased from 2021 mainly as a result of the defined benefit scheme improving from a net deficit of £25,412,000 to a net surplus of £20,901,000. PfM and the trustees of the pension schemes have agreed a recovery plan which includes an annual Group contribution of £2.5m through to 2030, with the intention of both schemes achieving self-sufficiency by December 2032. There is also an investment strategy in place to reduce future volatility.

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

ICE Operations is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2021 was £115,000 (2020 - share of profit £19,000). ICE Operations is forecasting to cover its costs in future years and repay its loan finance over 10 years. At the year end, the value of the loans to be repaid by ICE Operations was £8,968,000 (2020 - £8,119,000) and the value of the equity investment was £2,958,000 (2020 - £2,958,000).

ICE Services is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2021, after offsetting any final adjustments from the previous year, was £3,320,000 (2020 - £526,000). ICE Services is forecasting to continue to be profitable in future years. At the year end, the value of loans to be repaid by ICE Services was £nil (2020 - £210,000) and the value of the equity investment was £100,000 (2020 - £100,000).

SOLAR is fully and equally supported by its shareholders. The Group's share of the profit for the year to 31 December 2021 was £480,000 (2020 - share of loss £626,000). At the year end, the value of loans to be repaid by SOLAR was £429,000 (2020 - £429,000) and there was no equity investment (2020 - £nil).

NMP is fully and equally supported by its shareholders. The Group's share of the result to be recognised in the year to 31 December 2021, before any cost reduction adjustments for 2021 and after including any final cost adjustments from the prior year, was a loss of £134,000 (2020 - profit of £989,000). The value of the equity investment at the year end was £976,000 (2020 - £960,000). At the year end, the value of the loans to be repaid by NMP was £nil (2020 - £nil).

PPL - PRS is fully and equally supported by its shareholders. The Group's share of the profit recognised for the year to 31 December 2021 was £282,000 (2020 - share of profit £13,000). PPL - PRS is forecasting to make profits in future years and repay its loan finance over 10 years from the date of commencement of licensing activities in the joint venture. At the year end, the value of loans to be repaid by PPL - PRS was £9,738,000 (2020 - £12,149,000) and the value of the equity investment was £50,000 (2020 - £50,000).

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

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### Revenue

##### *Operating fees receivable*

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

##### *Licence revenue*

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

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

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

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

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

#### Interest income

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

#### Foreign exchange

##### *Company*

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

##### *Group*

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

#### Funds attributable to members and affiliated societies

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

#### Leases

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

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



# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### Intangible fixed assets other than goodwill

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

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

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

Software	3 - 7 years
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#### Tangible fixed assets

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

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

Leasehold land and buildings and building improvements	shorter of lease term and 40 years
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Systems and equipment	3 - 7 years
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Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Operating profit/(loss)'.

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

#### Non-current investments

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

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

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

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

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### **Impairment of non-current assets**

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

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

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

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

##### **Cash and cash equivalents**

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

##### **Financial instruments**

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

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

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

##### **Financial assets**

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

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

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### *Financial assets (continued)*

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

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

#### *Financial liabilities*

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

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

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

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

#### *Derivatives*

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

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

#### *Taxation*

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

#### *Current tax*

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

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Deferred tax**

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

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

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

#### **Withholding tax**

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

#### **Provisions**

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

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

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

#### **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.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### Retirement Benefits

##### **Defined benefit pension plan**

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

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

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

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

The defined benefit pension surplus 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. Under FRS102, the Group is permitted to recognise a defined benefit pension surplus if the rules of the scheme entitle the Group to recover the surplus either through reduced contributions in the future or through refunds from the plan. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

##### **Defined contribution pension plan**

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

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

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

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

#### **Critical judgements and estimates**

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

#### *Judgements*

##### ***Principal versus Agent***

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

##### ***Funds attributable to members and affiliated societies***

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

#### *Estimates*

##### ***Retirement benefit schemes***

The Group has an obligation to pay pension benefits to members of the defined benefit pension schemes. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, inflation, asset valuations and the discount on corporate bonds. Management estimates these factors in determining the net pension obligation on the Statement of financial position and these estimates are based on recommendations from the Group's actuary, Aon. See note 23 for the disclosures relating to the defined benefit pension schemes.

##### ***Impairment of receivables***

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

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Revenue

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

	2021 £000	2020 £000
<b>Revenue</b>		
Public Performance	137,603	86,160
Broadcast	129,282	127,410
Online	267,823	188,315
International	242,408	248,583
	<u>777,116</u>	<u>650,468</u>

International revenue is stated net of £3,864,000 non-refundable withholding tax deductions (2020 - £2,555,000).

#### Revenue analysed by geographical market

	2021 £000	2020 £000
United Kingdom, Channel Islands and Isle of Man	307,616	240,832
Europe	362,689	300,952
North America	68,721	67,733
Asia	15,875	18,182
Central and South America	5,058	5,975
Australasia	13,408	13,448
Africa and Middle East	3,749	3,346
	<u>777,116</u>	<u>650,468</u>

### 4 Operating profit

	2021 £000	2020 £000
Operating profit for the year is stated after charging/(crediting):		
Exchange loss/(gain)	5,044	(2,177)
Depreciation/amortisation of fixed assets	7,751	7,744
Loss on disposal of tangible assets	5,345	8
Loss on disposal of intangible assets	1,170	739
Loss on impairment of investments	-	232
Operating lease charges	667	2,526
	<u></u>	<u></u>

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5 Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Group's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the Group and parent company	57	65
Audit of the Company's subsidiaries	139	128
	<u>196</u>	<u>193</u>
<b>For other services</b>		
Other audit related services	<u>26</u>	<u>25</u>

#### 6 Employees

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

	2021 Number	2020 Number
Licensing	44	45
Distribution and membership	163	163
Support services	260	256
	<u>467</u>	<u>464</u>

All employee costs are incurred by the Group and are presented below. There are no Company employees. Employee costs, including the CEO as the highest paid Director, have increased in 2021 due primarily to a capped company-wide incentive scheme being reinstated. The scheme was largely cancelled in 2020 as a result of the impact of Covid-19.

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	27,763	24,282
Social security costs	3,182	2,574
Other pension costs	1,639	1,582
	<u>32,584</u>	<u>28,438</u>



# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Directors' remuneration

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Remuneration for qualifying services:					
Chair	63	62	63	61	60
Other non-executive Directors	687	461	462	445	444
CEO	702	398	1,371	870	974
Pension contributions	33	33	41	33	24
	<u>1,485</u>	<u>954</u>	<u>1,937</u>	<u>1,409</u>	<u>1,502</u>
Number of:					
non-executive Directors	25	26	24	24	24
CEO's	1	1	2	1	1

The number of directors stated above also includes the directors of PRS for Music Limited. The number of directors for whom retirement benefits were accruing under defined contribution schemes during the year amounted to 1 (2020 - 1). No directors (2020 - none) were members of the defined benefit schemes.

The directors are considered the key management personnel of the company. Remuneration disclosed above includes amounts paid to non-executive directors and the CEO, who was the highest paid director in the year. As of 2021, the fees of the independent non-executive directors are being included in the PRS disclosure, to reflect the governance changes made in late 2020.

The nature of the role makes it impossible to be specific about the maximum time commitment as unexpected matters may arise from time to time. The annual fees paid and approximate expected time commitments for the different categories of non-executive directors are set out below:

- Writer President, annual fee of £45,000 for an expected time commitment of an average of 4 days per month
- Members' Council Chair, annual fee of £63,000 for an expected time commitment of an average of 4 days per month
- Members Council Deputy Chair, annual fee of £44,491 for an expected time commitment of an average of 4 days per month
- PfM Board Chair, annual fee of £109,300 for an expected time commitment of 5-6 days per month (for both Members' Council and Board responsibilities)
- Independent non-executive directors (excluding PfM Board Chair), annual fee of £41,480 - £42,000 for expected time commitments varying from 16-20 days per year, including Committee Chair and PfM Board responsibilities
- Writer & Publisher non-executive directors – Members Council only, annual fee of £16,991 for an expected time commitment of 8-10 days per year
- Writer & Publisher non-executive directors – Members Council and PfM Board, annual fee of £28,095 for an expected time commitment of 14-20 days per year

During 2021, the actual time incurred by many of the directors listed above exceeded the approximate expected time commitment.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Directors' remuneration

(Continued)

#### Remuneration paid to the highest paid director:

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Remuneration for qualifying services:					
Salary	404	398	245	404	395
Bonus and other benefits	298	-	452	466	579
Compensation for loss of office	-	-	294	-	-
Pension contributions	33	33	22	33	24
	<u>735</u>	<u>431</u>	<u>1,013</u>	<u>903</u>	<u>998</u>

The CEO's bonus is a combination of corporate and personal performance and is based upon a range of stretching targets measured across the year. The objectives are both set, and the results reviewed and approved, by the Remuneration Committee on an annual basis.

### 8 Other investment income

	2021 £000	2020 £000
Interest income		
Interest on bank deposits	266	995
Other interest income	735	631
	<u>1,001</u>	<u>1,626</u>

### 9 Finance costs

	Note	2021 £000	2020 £000
Interest and other past service costs related to the net defined benefit liability	23	341	775
		<u>341</u>	<u>775</u>

### 10 Taxation

	2021 £000	2020 £000
Origination and reversal of timing differences	(4,616)	271
	<u>(4,616)</u>	<u>271</u>

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Taxation

(Continued)

The tax charge assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	7,157	539
Expected tax charge based on a corporation tax rate of 19.00% (2020 - 19.00%)	1,360	102
Tax effect of expenses that are not deductible in determining taxable profit	(131)	222
Effect of change in tax rates	(1,291)	-
Depreciation on assets not qualifying for tax allowances	132	201
Adjustments relating to the pension fund	-	2,475
Deferred tax not provided on current year movement	(4,686)	(2,729)
Tax (credit) / expense for the year	(4,616)	271

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £000	2020 £000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	5,379	-

Future changes to the UK corporation tax rates were announced in the Chancellor's Budget on 3 March 2021. These include proposed increases to the main rate from 19% to 25% with effect from 1 April 2023. Accordingly, current tax has been calculated at the rate for the year of 19% and, as the changes had been substantively enacted at the balance sheet date, the unrecognised deferred tax asset has been calculated using a rate of 25%.

The Group has an unrecognised deferred tax asset of £9,150,000 (2020 - £14,186,000) made up of trading losses £5,568,000 (2020 - £7,228,000), pension contribution spreading of £961,000 (2020 - £717,000) and fixed asset and other timing differences of £2,621,000 (2020 - £1,984,000). In addition, there is an unrecognised deferred tax asset arising on the pension balance of £nil (2020 - £4,257,000). Of the total unrecognised deferred tax asset, £2,369,000 is in the Company (2020 - £nil) and £6,781,000 is in PFM (2020 - £14,186,000).

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Intangible fixed assets

Group	Software £000
<b>Cost</b>	
At 1 January 2021	83,939
Additions	5,839
Disposals	(1,463)
At 31 December 2021	88,315
<b>Accumulated amortisation</b>	
At 1 January 2021	62,399
Amortisation charged for the year	6,606
Disposals	(293)
At 31 December 2021	68,712
<b>Carrying amount</b>	
At 31 December 2021	19,603
At 31 December 2020	21,540

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

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

The loss on disposal relates to amounts previously capitalised in 2020 for cloud computing developments. To align with updated IFRS guidance on treatment of cloud computing expenditure, these costs were written-off in 2021.

The Company had no intangible assets at 31 December 2021 or 31 December 2020.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Tangible fixed assets

Group	Leasehold land and buildings and building improvements	Systems and equipment	Total
	£000	£000	£000
<b>Cost</b>			
At 1 January 2021	15,038	7,827	22,865
Additions	1,679	612	2,291
Disposals	(8,051)	(481)	(8,532)
At 31 December 2021	8,666	7,958	16,624
<b>Accumulated depreciation</b>			
At 1 January 2021	6,105	6,671	12,776
Depreciation	694	451	1,145
Eliminated in respect of disposals	(2,736)	(451)	(3,187)
At 31 December 2021	4,063	6,671	10,734
<b>Carrying amount</b>			
At 31 December 2021	4,603	1,287	5,890
At 31 December 2020	8,933	1,156	10,089

All leasehold agreements are short-term and for a period of less than 50 years. The loss on disposals relates to write-offs of leasehold improvements made by PFM following the surrendering of the lease on the 8th and 9th floors of the Kings Cross premises in 2021.

The Company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

### 13 Investments

		2021	Group	2021	Company
	Note	£000	2020	£000	2020
		£000	£000	£000	£000
Investments in joint ventures	15	6,802	2,975	-	-

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Investments	(Continued)		
<b>Movements in non-current investments</b>			
<b>Group</b>	<b>Joint ventures</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>			
At 1 January 2021	2,975	232	3,207
Revaluation changes	16	-	16
Disposals	-	(232)	(232)
Share of profit from joint ventures	4,063	-	4,063
Foreign exchange loss on joint venture net assets	(252)	-	(252)
	<u>6,802</u>	<u>-</u>	<u>6,802</u>
At 31 December 2021			
<b>Impairment</b>			
At 1 January 2021	-	232	232
Disposals	-	(232)	(232)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021			
<b>Carrying amount</b>			
At 31 December 2021	<u>6,802</u>	<u>-</u>	<u>6,802</u>
At 31 December 2020	<u>2,975</u>	<u>-</u>	<u>2,975</u>

The Group relinquished its shareholding in FT, The Digital Copyright Network SAS (known as FastTrack) in 2021 for £nil sales proceeds. The value of the investment was £nil at 31 December 2020 and 31 December 2021.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Subsidiaries

Details of the Group's subsidiaries at 31 December 2021 are as follows:

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

The registered office address of all subsidiaries is Goldings House, Hays Lane, London, SE1 2HB and the country of incorporation is England and Wales.

Performing Right Society Limited has guaranteed the liabilities of the above dormant subsidiaries, in order that they qualify for the exemption from audit under Section 394A or 479A (as appropriate) of the Companies Act 2006 in respect of the year ended 31 December 2021.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Joint ventures

Details of joint ventures at 31 December 2021 are as follows:

Name of undertaking and country of incorporation or residency	Country of incorporation or residency	Nature of business and registered office address	Class of shareholding	% Held	
				Direct	Indirect
International Copyright Enterprise Services A.B	Sweden	Service Centre Gustavslundsvägen 135, Stockholm, 167 51 Bromma, Sweden	Ordinary Shares		33.33
Network of Music Partners A/S	Denmark	Service Centre, Rued Langgaards Vej 8, 2300 Copenhagen S, Denmark	Ordinary Shares		50.00
SOLAR-Music Rights Management GmbH	Germany	Pan-European Licencing, Rechtsanwältin, Rosenheimer Straße 11, D-81667 München	Ordinary Shares		50.00
Global Repertoire Database Limited	England and Wales	Global repertoire database, Goldings House, 2 Hays Lane, London, UK, SE1 2HB	Membership		50.00
International Copyright Enterprise Services Limited	England and Wales	Multi-territorial Licencing, Russell Square House, 10-12 Russell Square, London, UK, WC1B 5EH	Ordinary Shares		33.33
PPL PRS Limited	England and Wales	UK public performance licensing, Mercury Place, St George Street, Leicester, UK, LE1 1QG	Ordinary Shares		50.00

### 16 Associates

Details of associates at 31 December 2021 are as follows:

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

The registered office address of British Music Rights Limited is Goldings House, 2 Hays Lane, London, UK, SE1 2HB

### 17 Significant undertakings

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

Name of undertaking and country of incorporation or residency	Country of incorporation or residency	Nature of business and registered office address	Class of shareholding	% Held	
				Direct	Indirect
UK Music 2009 Limited	England and Wales	Lobbying organisation, 4th Floor, 49 Whitehall, London, UK, SW1A 2BX	Membership		10.00



# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Trade receivables	42,224	42,431	32,297	26,733
Amounts owed by related parties	78,813	72,384	27,279	22,921
Amounts owed by group undertakings	-	-	126,552	151,316
Amounts owed by joint ventures	5,426	3,851	-	-
Other receivables	16,862	10,754	15,952	9,710
Prepayments and accrued income	2,144	3,204	-	-
	<u>145,469</u>	<u>132,624</u>	<u>202,080</u>	<u>210,680</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	2,578	3,430
Amounts owed by joint ventures	13,709	17,056	-	-
Other receivables	1,162	1,179	-	-
	<u>14,871</u>	<u>18,235</u>	<u>2,578</u>	<u>3,430</u>

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

Trade receivables arise as a result of the Group raising invoices for Broadcast and UK online licensing. Trade receivables and Amounts owed by related parties are stated after provisions for impairment of £23,394,000 (2020 - £22,541,000).

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

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

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

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 18 Trade and other receivables

(Continued)

##### Loans receivable – ICE Services

PfM had total loans of £nil receivable from ICE Services at 31 December 2021 (2020 - £0.2m), with the details of each loan disclosed below. The interest rate for these loans is set at the Bank of England Base rate +2%. Security is provided by a floating charge on the assets of ICE Services. Other related party balances with ICE Services are disclosed in Note 26.

Loan	Local Currency				£000				Terms
	B/fwd	Drawn	Repaid	C/Fwd	B/fwd	Drawn	Repaid	C/Fwd	
Loan 1	-	-	-	-	-	-	-	-	Fully repaid
Loan 2	-	-	-	-	-	-	-	-	Fully repaid
Loan 3	EUR 0.3m	-	EUR 0.3m	EUR 0.3m	210	-	210	-	Repayment in equal instalments, with the final instalment paid in 2021
					210	-	210	-	

##### Loans receivable - ICE Operations

PfM had total loans of £9.0m receivable from ICE Operations and its subsidiaries at 31 December 2021 (2020 - £8.1m), with the details of each loan disclosed below. A small reclassification of £0.1m has been made between the opening balances of loans 6 and 7. The interest rate for all loans is set per annum and is equal to the six-month Stockholm Interbank offered rate, referred to as STIBOR 6M, +1 or +2%. Other related party balances with ICE Operations are disclosed in Note 26.

Loan	Local Currency				£000				Terms
	B/fwd	Drawn	Repaid	C/Fwd	B/fwd	Drawn	Repaid	C/Fwd	
Loan 1	SEK 1.1m	-	SEK 1.1m	-	89	-	89	-	Repayment in equal instalments, with the final instalment paid Q1 2021
Loan 2	SEK 2.0m	-	SEK 0.6m	SEK 1.4m	162	-	47	115	Repayment in equal instalments until 2024
Loan 3	-	-	-	-	-	-	-	-	Fully repaid
Loan 4	SEK 0.8m	-	SEK 0.8m	-	61	-	61	-	Repayment in equal instalments, with the final instalment paid Q1 2021
Loan 5	SEK 4.3m	-	SEK 1.6m	SEK 2.7m	355	-	137	218	Repayment in equal instalments until 2023
					667	-	334	333	
Loan 6	EUR 0.1m	-	EUR 0.1m	-	73	-	73	-	Repayment in equal instalments, with the final instalment paid Q1 2021
Loan 7	EUR 0.3m	-	EUR 0.1m	EUR 0.2m	207	-	59	148	Repayment in equal instalments until 2023
Loan 8	EUR 1.6m	-	-	EUR 1.6m	1,404	-	-	1,404	Repayment in equal instalments until 2027, starting from 2023
Loan 9	EUR 6.0m	EUR 1.6m	-	EUR 7.6m	5,170	1,442	-	6,612	
Loan 10	EUR 0.7m	-	EUR 0.1m	EUR 0.6m	598	-	127	471	Repayment in equal instalments until 2025
					7,452	1,442	259	8,635	
					8,119	1,442	593	8,968	

##### Loans receivable – SOLAR Music Rights Management Limited

PfM had total loans of £0.4m receivable from SOLAR Music Rights Management Limited, a wholly owned subsidiary of SOLAR-Music Rights Management GmbH, at 31 December 2021 (2020 - £0.4m). The interest rate for this loan is set at the Bank of England Base rate +2%. Other related party balances with SOLAR are disclosed in Note 26.

Loan	Local Currency				£000				Terms
	B/fwd	Drawn	Repaid	C/Fwd	B/fwd	Drawn	Repaid	C/Fwd	
Loan 1	EUR 0.5m	-	-	EUR 0.5m	429	-	-	429	Full repayment due 2023

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Trade and other receivables

(Continued)

#### Loans receivable – PPL – PRS

PfM had total loans of £9.7m receivable from PPL - PRS at 31 December 2021 (2020 - £12.1m). The interest rate for this loan is set at the Bank of England Base rate +2%. Other related party balances with PPL-PRS are disclosed in Note 26.

Loan	Local Currency				£000				Terms
	B/fwd	Drawn	Repaid	C/Fwd	B/fwd	Drawn	Repaid	C/Fwd	
Loan 1	GBP 12.1m	-	GBP 2.4m	GBP 9.7m	12,149	-	2,411	9,738	Repayment in instalments until 2028

### 19 Financial Instruments

Since June 2016 PfM has entered into forward foreign currency contracts on all currency loans made to ICE Operations, ICE Services and SOLAR. A fixed rate is agreed for the term of each loan and forward contracts are entered into for a year at a time and rolled forward until the maturity date, currently set at various dates until 2024. All forward contracts are recognised in the Statement of financial position and are measured at fair value through the Income statement, using the fixed market value exchange rates agreed at the start of each forward contract. The value of hedged loans recognised in the Statement of financial position as at 31 December 2021 was £9,397,000 (2020: £8,758,000).

### 20 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts owed to members and affiliated societies	282,610	260,392	282,610	260,392
Trade payables	482	1,415	-	-
Amounts owed to MCPS	12,315	7,889	-	-
Other taxation and social security	4,278	3,611	-	466
Deferred income	80,276	43,904	80,276	43,904
Other payables	10,648	42,906	10,648	42,906
Accruals	14,408	11,627	-	-
	<u>405,017</u>	<u>371,744</u>	<u>373,534</u>	<u>347,668</u>

The directors have considered the Trade payables balance to approximate its fair value. An amount of £12,315,000 (2020 - £7,889,000) is included within amounts owed to MCPS, upon which the Group has no obligation to pay interest now or in the future, has no formal repayment terms and is in accordance with the service level agreement between the parties.

Other payables includes an amount of £4,662,000 (2020 - £32,604,000) for the estimated impact up to December 2021 of credit notes still expected to be raised to licensees for venues that have closed for a period as a result of Covid-19.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 21 Investments - short-term deposits

Investments are short-term bank deposits consisting of £120,841,000 (2020 - £29,089,000) held in same day or overnight notice deposit accounts and £nil (2020 - £20,000,000) held in 6 and 12 months' notice accounts. £5,091,000 of these deposits are held in Pfm (2020 - £5,089,000). The amounts held for 3 months or less are shown as cash and cash equivalents in the Consolidated statement of cash flows. The interest rates ranged between 0.01 % - 0.30% (2020 - 0.10 % to 1.60%).

### 22 Provisions for liabilities

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Legal provisions	2,466	1,405	-	-
Dilapidations provisions	285	2,962	-	-
	<u>2,751</u>	<u>4,367</u>	<u>-</u>	<u>-</u>

Movements on provisions:

Group	Legal provisions £000	Dilapidations provisions £000	Total £000
At 1 January 2021	1,405	2,962	4,367
Additional provisions in the year	1,923	285	2,208
Reversal of provision	(462)	(2,962)	(3,424)
Utilisation of provision	(400)	-	(400)
At 31 December 2021	<u>2,466</u>	<u>285</u>	<u>2,751</u>

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

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

Discounting has not been applied to the provisions for liabilities as the impact of this is not considered to be material.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Retirement benefit schemes

Defined contribution schemes	2021 £000	2020 £000
Charge to Income statement in respect of defined contribution schemes	1,639	1,582

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. £237,000 (2020 - £223,000) relating to defined contribution payments has been accrued for at the year-end.

#### Defined benefit schemes

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

The scheme rules allow the Group to recognise a surplus but as two separately administered schemes there are no automatic provisions to offset the deficit in one scheme against a surplus in the other, hence the need to separately disclose the surplus and deficit on the Consolidated Statement of financial position.

#### Valuation

In March 2022, the latest triennial valuations of the pension schemes were completed. The deficit funding plan has been reassessed between the Group and the trustees of the schemes, following a significant improvement in the valuation of the schemes. The approved plan involves the Group continuing to make annual payments into both schemes through to June 2030, albeit at a reduced combined annual contribution value, with the intention of both schemes reaching self sufficiency by December 2032.

#### Key assumptions

	2021 %	2020 %
Discount rate	2.0	1.4
Pension increases (RPI max 5%)	3.1	2.7
Expected rate of salary increases	n/a	n/a
Price inflation (CPI)	2.1	2.1
Expected rate of decrease of pensions in payment	n/a	n/a
Price inflation (RPI)	3.0	2.7

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Retirement benefit schemes

(Continued)

#### Mortality assumptions

Assumed life expectations on retirement at age 65:

	2021 Years	2020 Years
Retiring today		
- Males	22.2	22.1
- Females	24.5	24.0
Retiring in 20 years		
- Males	23.5	23.4
- Females	26.0	25.5

The increase in the discount rate is linked to the increase in the yield on corporate bonds between 31 December 2020 and 31 December 2021.

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. 2020 CMI mortality projections have been adopted in the assumptions, on the basis that this reflects the latest market data, with a smoothing factor which makes broadly the same allowance for expected higher life expectancy for pension scheme populations compared with the national population.

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

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Net present value of defined benefit (assets) / obligations	(20,901)	26,175	-	-
(Surplus) / deficit in scheme	(20,901)	26,175	-	-
Deferred taxation balance relating to pension schemes	-	(763)	-	-
Net total (asset) / liability recognised	(20,901)	25,412	-	-
Recognised as:				
Defined benefit scheme surplus	(25,218)	-	-	-
Defined benefit scheme liability	4,317	25,412	-	-
	(20,901)	25,412		

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 23 Retirement benefit schemes

(Continued)

The defined benefit obligation comprises of £306,049,000 (2020 – £342,271,000) from plans that are wholly or partly funded.

The MCPS-PRS Alliance Pension Scheme closed to future accrual on 31 December 2010. A fixed annual contribution of £2,950,000 has been made during 2021 to reduce the deficit in the scheme, following the decision at the triennial valuation completed in 2019 for deficit funding to remain at the same combined level as in prior years, but for the split between the PRS and MCPS schemes to be adjusted.

The MCPS-PRS Alliance Pension Scheme (MCPS) closed to future accrual on 31 December 2010. A fixed annual contribution of £550,000 has been made during 2021 to reduce the deficit in the scheme following the decision at the triennial valuation completed in 2019 for deficit funding to remain at the same combined level as in prior years, but for the split between the PRS and MCPS schemes to be adjusted.

As part of the triennial valuation in progress, a proposal has been approved by the Board to reduce the total annual contribution from £3,500,000 to £2,500,000, split equally between the two schemes.

Movements in the present value of defined benefit obligations

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
At 1 January	(286,649)	(265,558)	(55,622)	(50,001)	(342,271)	(315,559)
Benefits paid	8,579	9,334	1,014	887	9,593	10,221
Interest cost	(3,953)	(5,218)	(772)	(991)	(4,725)	(6,209)
Actuarial gains / ( losses)	27,538	(25,207)	3,816	(5,517)	31,354	(30,724)
At 31 December	<u>(254,485)</u>	<u>(286,649)</u>	<u>(51,564)</u>	<u>(55,622)</u>	<u>(306,049)</u>	<u>(342,271)</u>

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

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

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Interest on net defined benefit pension liabilities	<u>223</u>	<u>602</u>	<u>118</u>	<u>173</u>	<u>341</u>	<u>775</u>

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Retirement benefit schemes

(Continued)

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

	<b>MCPS-PRS Alliance Pension Scheme</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Equity instruments	40,639	55,113
Debt instruments	114,723	111,979
Property	12,517	10,534
Cash and other	70,770	38,279
Hedge funds	41,054	53,289
	<hr/>	<hr/>
Fair value of scheme assets	279,703	269,194
Present value of scheme liabilities	(254,485)	(286,649)
	<hr/>	<hr/>
	25,218	(17,455)
Related deferred tax asset	-	763
	<hr/>	<hr/>
Net surplus / (deficit)	25,218	(16,692)
	<hr/>	<hr/>

  

	<b>MCPS-PRS Alliance Pension Scheme (MCPS)</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Equity instruments	11,300	11,050
Debt instruments	21,000	19,959
Cash and other	(653)	83
Hedge funds	15,600	15,810
	<hr/>	<hr/>
Fair value of scheme assets	47,247	46,902
Present value of scheme liabilities	(51,564)	(55,622)
	<hr/>	<hr/>
	(4,317)	(8,720)
	<hr/>	<hr/>
Net deficit	(4,317)	(8,720)
	<hr/>	<hr/>
Total net pension surplus / (deficit)	20,901	(25,412)
	<hr/>	<hr/>



# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Retirement benefit schemes

(Continued)

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

	MCPS-PRS Alliance Pension Scheme  £000	MCPS-PRS Alliance Pension Scheme (MCPS)  £000	Total  £000
As at 1 January 2020	233,984	41,072	275,056
Expected return on plan assets	4,616	818	5,434
Employer contributions	2,950	550	3,500
Benefits paid	(9,334)	(887)	(10,221)
Actuarial gains	36,978	5,349	42,327
As at 1 January 2021	269,194	46,902	316,096
Expected return on plan assets	3,730	654	4,384
Employer contributions	2,950	550	3,500
Benefits paid	(8,579)	(1,014)	(9,593)
Actuarial gains	12,408	155	12,563
	<u>279,703</u>	<u>47,247</u>	<u>326,950</u>

#### Actuarial gains/(losses)

	MCPS-PRS Alliance Pension Scheme		MCPS-PRS Alliance Pension Scheme (MCPS)		Total	Total
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Gains on plan assets	12,408	36,978	155	5,349	12,563	42,327
Gains/(losses) on plan liabilities	27,538	(25,207)	3,816	(5,517)	31,354	(30,724)
	<u>39,946</u>	<u>11,771</u>	<u>3,971</u>	<u>(168)</u>	<u>43,917</u>	<u>11,603</u>

The Company had no post-employment benefits at 31 December 2021 (2020: £nil).

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 24 Financial commitments, guarantees and contingent liabilities

#### Group and Company

Capital expenditure authorised and contracted for at 31 December 2021 was £180,000 (2020 – £153,000).

The annual donation to the PRS for Music Foundation in 2021 was £2,500,000 (2020 - £2,750,000) and the Company has committed to an annual donation of £2,500,000 in 2022.

### 25 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.

The Group has committed to lease an additional c18,000 square foot of office space at London Bridge from June 2022. 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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Within one year	1,635	3,227	-	-
Later than one year and not later than five years	12,856	12,882	-	-
In over five years	23,196	11,003	-	-
	<u>37,687</u>	<u>27,112</u>	<u>-</u>	<u>-</u>

### 26 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 2021, total royalties paid by PRS to the directors who held office during the year, and to parties related to the directors, amounted to £90,241,000 (2020 - £94,977,000). £88,809,000 (2020 - £94,436,000) of this was paid to publisher directors and parties related to the publisher directors, and £1,432,000 (2020 – £541,000) 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, however this information is commercially sensitive and therefore related party transactions by director have not been disclosed.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 26 Related party transactions

(Continued)

PfM received services from ICE Operations and its subsidiaries to the value of £5,100,000 (2020 – £4,720,000). PfM also charged ICE Operations an amount of £nil (2020 – £nil) for services provided and was owed a balance of £nil (2020 – £nil) and had costs to recharge of £nil at the year end (2020 – £nil).

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

During the year PfM charged ICE Services an amount for services provided of £810,000 (2020 – £2,140,000), paid commissions of £8,525,000 (2020 – £7,219,000) and paid service charges of £719,000 on PRS legacy deals (2020 – £21,000). PfM was owed a balance of £60,000 (2020 – £462,000) and had costs to recharge of £501,000 (2020 – £nil) at the year end.

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

PfM received services from NMP to the value of £1,334,000 (2020 – £1,563,000). PfM also charged NMP an amount of £96,000 (2020 – £179,000) for services provided and was owed a balance of £24,000 (2020 – £27,000) at the year end.

During the year PfM charged SOLAR an amount of £nil (2020 – £nil) for services provided and paid commissions of £8,236,000 (2020 – £6,434,000). PfM was owed a balance of £nil (2020 – £nil) at the year end.

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

During the year PfM made a contribution to UK Music 2009 Limited of £543,000 (2020 – £490,000). PfM owed a balance of £nil (2020 – £48,000) at the year end.

During the year PfM received services from FT, The Digital Copyright Network SAS of nil (2020 – £98,000). PfM owed £nil (2020 – £nil) at the year end. PfM relinquished its investment in FT, The Digital Copyright Network SAS in 2021.

During the year, PfM provided operational services to MCPS, a company with common directors, under the terms of a service level agreement. The value of the service was £13,163,000 (2020 – £12,996,000). At the year end PfM was owed a balance of £1,344,000 (2020 – £1,374,000) from MCPS and had fees to charge of £1,082,000 (2020 – £1,613,000).

During the year, PfM made a contribution to Music Publishers Association Limited (MPA). MPA is the parent undertaking of MCPS. The value of contribution for 2021 was £113,000 (2020 – £113,000). PfM was owed a balance of £nil (2020 – £nil) at the year end.

During the year the Company made donations of £nil (2020 – £500,000) and PfM provided subsidised services including accommodation to The PRS Members' Benevolent Fund. The value of the subsidy for 2021 has been estimated as £10,000 (2020 – £39,000). PfM also charged an amount of £189,000 (2020 – £249,000) for other services provided. PfM was owed a balance of £nil (2020 – £nil) and had costs to recharge of £16,000 (2020 – £15,000) at the year end.

During the year the Company made donations of £2,500,000 (2020 – £2,750,000) and PfM provided subsidised services including accommodation to The Performing Right Society Foundation Limited. The value of the subsidy for 2021 has been estimated as £26,000 (2020 – £87,000). PfM also charged an amount of £2,000 (2020 – £6,000) for other services provided. PfM was owed a balance of £nil (2020 – £22,000) at the year end.

## PERFORMING RIGHT SOCIETY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 26 Related party transactions

(Continued)

During the year, PfM made a contribution to the British Academy of Songwriters, Composers and Authors, (trading as The Ivors Academy), an organisation with common directors. The value of the contribution for 2021 was £113,000 (2020 - £113,000). During the year PfM was also charged an amount of £124,000 (2020 - £42,000) for sponsorship. There were no amounts outstanding at the end of the current or previous year.

During the year PfM recharged PPL - PRS an amount for costs incurred of £338,000 (2020 - £318,000) and had costs to recharge of £nil (2020 - £nil) at the year end. Additionally, the Group incurred service charges of £14,409,000 (2020 - £12,673,000) during the year. The Company was owed a balance of £7,551,000 (2020 - £1,644,000) at the year end for public performance collections made by PPL-PRS.

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

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

#### 27 Controlling party

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

#### 28 Subsequent events

On 7 February 2022, the Group surrendered to the landlord the Group's remaining lease of the 6th floor of 2 Pancras Square, London N1C. In return for the surrender, the landlord released the Group from all residual liabilities owed by the Group as principal and guarantor under and in respect of its leases of the 7th, 8th and 9th floors. The Group's agreement to act as guarantor of the leases had been required as a condition of the landlord's licence to assign those leases to the third party purchaser on 24 June 2021.

# PERFORMING RIGHT SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 29 Cash flows generated from operations

	2021 £000	2020 £000
Profit before taxation and funds attributable to members and affiliated societies	691,887	576,472
Adjustments for:		
Income tax expense	4,616	(271)
Finance costs	341	775
Investment income	(1,001)	(1,626)
Loss on disposal of tangible assets	5,345	8
Loss on disposal of intangible assets	1,170	739
Amortisation and impairment of intangible assets	6,606	6,207
Depreciation and impairment of tangible assets	1,145	1,537
Impairment of investments	-	232
Foreign exchange losses/(gains) on cash equivalents	5,044	(2,177)
(Gains)/losses on revaluation of investment	(16)	14
Share of profit in joint ventures	(4,063)	(921)
Pension scheme non-cash movement	(7,775)	(2,455)
Decrease in provisions	(1,616)	(291)
Defined benefit pension contributions paid	3,500	3,500
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(11,497)	67,981
Increase in trade and other payables	11,055	2,366
<b>Cash flows generated from operations</b>	<b>704,741</b>	<b>652,090</b>