Music Publishers Association Limited

Report and Financial Statements

31 December 2014

Company information

Board*
Chairman
C Butler

Directors
G Bhupsingh
P Cornish
N Elderton
C Evans
J Fitzherbert-Brockholes
M Forte
L Hawken
A Heath
P Hope
S Hornall
D Kassner
R King
P Long
J Minch
G Morris
B Newing
J Perry
S Platz
M Ranyard
J Simmonds
J Smith
J Tarpey

External Auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Coutts and Co
440 Strand
London WC2R 0QS

Registered Office
Two Pancras Square
London N1C 4AG

*All Board members are Directors for the purposes of the Companies Act 2006.

Chairman's Introduction

I draft these lines in interesting times. As the dust settles upon a perhaps surprising but undeniably conclusive general election result, the music publishing industry like all others is building relationships with new contacts in government and we wish the incoming administration well as we seek its help in maintaining the position of UK music publishing at the centre of the world's stage.

Our once simple business continues to challenge and surprise us. What once was clear and straightforward has become shaded and complex - fragmented by digital consumption, our world is globalised like never before, and deciphered by an array of competing metrics. Much, in fact, like the world of politics!

Mercifully, the act of composition remains relatively unchanged, as do the fundamentals of copyright and music publishing; but where those songs travel to and where they are licensed has multiplied extraordinarily. While fans access the history of music in a simple click, behind the screen billions of micropayments are triggered. Those at the business end are left to ingest and make sense of this tsunami of data. It is a huge and ongoing challenge.

Certainly, since becoming MPA Chairman in June 2011, the surge in digital consumption has been truly astonishing. That year, led by Adele's remarkable successes, CDs still accounted for three quarters of all UK album sales. By 2014, they contributed less than half - and even download sales are now maturing, as streaming services gain in popularity. Last year, the number of licensed audio streams in the UK doubled to almost 15bn, a trend that appears set to continue - albeit, online revenues account for only around 10% of combined PRS and MCPS revenues. To sustain growth, music publishers have had to diversify, to think outside the box, and to break new ground.

Their success was made evident by UK Music's comprehensive Measuring Music report - which now offers far greater insight of music publishing's overall contribution to the nation's economy – and particularly in terms of exports, where our sector leads the way, accounting for more than 25% of the industry's £2.2bn total.

Similarly, I am pleased to say that the MPA itself has successfully adapted to challenging circumstances. We have seen positive outcomes to a root-and-branch Government review of Intellectual Property, the restructuring of MCPS, the creation of IMPEL and the establishment of Printed Music Licensing Limited (PMLL). Under the stewardship of Jane Dyball, both MCPS and IMPEL are now fully operational - while PMLL goes from strength to strength, recently extending our national licence with the Department for Education to reach all state schools in England by 2021.

Equally, the association has really stepped up its service level to members - supporting trade missions to new territories, and hosting greater numbers of networking events, seminars and courses, including a recently announced songwriter retreat. Coincidentally, we have seen a renewed sense of engagement with our membership - epitomised by the surge of interest with the move to online voting for the board elections. More than ever, we feel that the MPA is a unifying voice for the UK's diverse spectrum of music publishers.

Much of the success of the association is due to the continued dedication and excellence of its staff led until very recently by Sarah Osborn who inherited the CEO mantle from Stephen Navin in December 2013. I want to pay special tribute to Stephen for his infectious enthusiasm and erudition, currently on show at St Hilda's Oxford, and to Sarah for taking on the challenge of succeeding Stephen and guiding the MPA through a period of considerable change during her short tenure.

I want to sincerely thank the membership and the board for giving me the opportunity to serve as chairman. It has been an honour and a pleasure and I now look forward to making a respectful but hopefully informed contribution from the back benches. I wish whoever has the privilege to follow me every success and I truly believe we have in place strong foundations for the MPA's future.

Registered No. 140248

Strategic report

The directors present their strategic report for the year ended 31 December 2014.

Principal activities and review of the business

The principal activity of the Music Publishers Association (MPA) is to promote and safeguard the interests of its members and to represent those interests to Government, industry and the public. With the ongoing threats and opportunities faced by our membership, the directors fully expect the MPA to continue this work in future years.

The principal activity of the company's subsidiary, Mechanical-Copyright Protection Society Limited (MCPS), is the licensing, collection and distribution of royalties and licence fees from mechanical copyrights. MCPS has one branch in Ireland. A contract for services is in place between MCPS and PRS for Music Limited (PfM) under which all operational services are provided in return for a pre-agreed fee.

Until 17 December 2014 MCPS owned 25% of SOLAR – Music Rights Management GmbH (formerly called CELAS GmbH), a joint venture with PRS and GEMA, the German Collective Management Organisation for musical performing and mechanical reproduction rights. SOLAR GmbH licenses a certain member's online rights on a pan-European basis. MCPS sold its 25% shareholding in SOLAR to PfM on 17 December 2014.

The principal activity of the company's subsidiary, Printed Music Licensing Limited (PMLL), is to manage the licensing of the copying of printed music in the UK on behalf of copyright owners. Using mandates obtained from copyright owners it issues licenses to copy and arrange sheet music, subject to certain conditions, and it collects and distributes monies generated by the issued licenses.

In December 2014, the MPA incorporated a new subsidiary, Independent Music Publisher's EL Limited (IMPEL).The company will manage online pan-European licensing on behalf of its independent music publisher members. The company did not trade during 2014.

There have been no other significant changes in principal activities during the year.

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

	2014	*2013*	*Change*
	£000	*£000*	*%*
Group turnover	17,118	14,992	14.2
(Loss)/gain on disposal of investments	(206)	12,596	-101.6
Interest receivable	637	852	-25.2
(Loss)/profit before tax	(176)	13,240	-101.3
Tax	–	(70)	100.0
(Loss)/profit after tax	(176)	13,170	-101.3

Group turnover increased by 14% during the year, owing to an increase in commission earned on royalties received and to the release of monies held in suspense within MCPS. The group made a loss of £176,000 in 2014, (2013 – profit of £13,170,000 of which £12,596,000 arose on the disposal of MCPS's 50% share of PfM). The 2013 comparatives also reflect MCPS's 50% share of PfM up to the point of its sale to Performing Right Society Limited ('PRS') on 30 June 2013; thereafter MCPS was charged a fixed service fee by PRS. Since 1 July 2013 MCPS has operated under a contract known as the Alliance Stability Deal (the 'Deal') with PRS, whereby PRS's subsidiary PfM provides substantially all of the company's operational services in return for a fixed fee. The Deal also requires MCPS to adjust its payments for the support provided under the Alliance Stability Deed to the extent that it generates net profits after tax to fund the additional contribution. Under this arrangement, a contribution of £2.3m was made in 2014 (2013 – £0.7m), therefore giving a breakeven result for the year. PMLL also operates at break-even.

Strategic report (continued)

The total net income for 2014 of the parent undertaking, MPA, was £623,000 (2013 – £675,000) including membership subscriptions totalling £355,000 (2013 – £319,000). There was an operating surplus amounting to £26,000 (2013 – £67,000). As in previous years we have provided additional disclosures of the financial activities of MPA as a separate company, which do not form part of the audited financial statements. These additional disclosures are on pages 31 and 32, including a detailed profit and loss account. The financial statements of MCPS and PMLL are made available separately.

Strategic report (continued)

Principal risks and uncertainties

The main issues and risks facing our industry and our members are discussed throughout this report. The MPA exists for its members and is financially dependent upon them. The main risk therefore facing the MPA is of losing the support of its members and our main strategy to mitigate this risk is to continue to provide vital and cost effective services to our members. The risks and uncertainties faced by our subsidiaries, MCPS and PMLL, and the directors' approach to them are set out below.

Market risks

MCPS's business is transforming from one that is dominated by physical product licensing to one in which this source of income makes a less significant financial contribution and in which online licensing and broadcast licensing are more economically significant. The Directors consider that MCPS will be able to avoid incurring losses for the foreseeable future. MCPS's financial forecasts may prove to be inaccurate if the actual rate of decline in physical product sales is higher than forecast or if the actual rate of growth in the broadcast and online licensing areas is lower than forecast.

Competitors successfully attracting members away from MCPS and members deciding to enter into direct agreements with licensees would also adversely affect levels of future income and the profitability of MCPS.

Legislative risks

MPA is subject to the risk of copyright law changing in the future to the detriment of MCPS and/or PMLL. MPA is not aware of any pending copyright legislation that would, if enacted, have an adverse impact on the company's business or prospects. However the MPA is aware of the Collective Rights Management Directive which will be enacted by April 2016 and is preparing for the impact of this legislation on MCPS and PMLL.

Liquidity and financial instrument risks

The nature of MCPS's operating model is such that it holds surplus cash; at 31 December 2014 the Group held cash of £47m (2013 – £14.4m) and amounts receivable from PfM and PRS of £22.6m (2013 - £53.4m). The Directors do not consider the amount receivable from PfM to be at risk. The Directors consider that the liquid resources of MCPS are sufficient to fund the operations for the foreseeable future. MCPS does not have material financial instrument risk.

Exposure to price and credit risk

MCPS and PMLL are exposed to pricing risk through the risk of licensing schemes being referred to the copyright tribunal. In the case of physical product licensing, market forces can result in the unit price on which the absolute level of royalty is calculated, reducing. Such a reduction in the price of the physical product would in turn adversely affect MCPS's income through the concomitant effect on commission income.

MCPS is also exposed to pricing risk through the risk of licensing schemes being referred to the Copyright Tribunal, such as the recent ITV referral.

MCPS is committed to the Cannes IV agreement which places a cap on commission rates for certain physical product license schemes within the market and so restricts the company's option of increasing commission rates to compensate for falling volumes. However, as a result of a change of status under the Cannes IV agreement society definitions, the company was allowed to increase some of its commission rates from August 2014.

Credit risk is the risk that a debtor will cause a financial loss for the other party by failing to discharge a payment obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness tests.

On behalf of the Board

C Butler
Chairman

28 May 2015

Registered No. 140248

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Dividends

The directors do not recommend a final dividend.

Future developments

The directors are confident that the changing nature of the industry will create a stable future for MCPS. The directors are also aware that the markets in which MCPS and PMLL operate, whilst giving rise to many challenges, are still a source of significant revenue for its customers.

Going concern

The MPA group's business activities together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to price, liquidity and cash flow risk are set out in this Report of the Board.

The MPA is a standalone financially viable entity supported by its members. The MPA finances are not complex and costs are closely controlled to ensure they are covered by income. The directors have also considered the status of the MPA's subsidiary, PMLL. PMLL collects and distributes license fees as agent for the members of the MPA, after deduction of administrative costs. It is expected to make neither a profit nor a loss and to only make distributions to the extent that monies are received.

The business of the MCPS is undergoing a major transition. As sales of physical products, such as compact discs and DVDs diminish, the commission that the company earns from licensing associated mechanical copyrights diminishes. The company's other sources of income - commission from licensing broadcasters' use of the mechanical right and commission from licensing the mechanical right for online uses - has increased and is expected to continue to increase. In 2014 royalties distributed have continued to decline, as the reduction of income from physical product licensing exceeds the increase from online and broadcast licensing. Commission income, however, has increased aided by additional licensing, as well as an exceptional members' reserve release, and an increase in certain commission rates.

In 2014, the Directors of MCPS continued to focus closely on the company's prospects, sources of income and cost saving opportunities and were in close dialogue with the Boards of PRS and PfM. On 17 April 2013, the company signed an agreement ('the Alliance Stability Deal') to reconfigure its relationship with PRS. Under the 2013 Agreement, the company sold its shares in PfM for £1 on 1 July 2013 and entered into a contract with PRS for the provision of operational support services. This contract has an initial term of three years and six months. The company is able, under certain circumstances, to extend the contract thereafter. The price payable by the company for the services delivered by PRS accelerates the return of the company to profit and incentivises both parties to improve the profitability of the company. The Alliance Stability Deal also requires MCPS to adjust its payments for the support provided under the Alliance Stability Deed to the extent that it generates a net profit after tax to fund the additional contribution. A contribution of £2.3m was made in 2014 (2013 – £0.7m), therefore giving a breakeven result for the year.

At 31 December 2014, the MCPS has net liabilities of £12.6m (2013: £12.6m). The Directors of MCPS have concluded that the working capital of the company and its cash reserves are likely to prove adequate to fund the company's activities for the foreseeable future. This conclusion is supported by the Directors' assessment of market developments, the Alliance Stability Deal, and financial forecasts. As a result the Directors have also concluded that MCPS remains a going concern and will continue to monitor the company's profitability and prospects within its changing markets.

Directors' report (continued)

Going concern (continued)

The MPA notes that in April 2014 the European Union has adopted the Collective Rights Management Directive which will now pass into UK Law by no later than 2016 and which may well have an impact on the respective businesses of its subsidiaries MCPS and PMLL. The MPA together with MCPS and PMLL will assess the impact of the Directive and take all necessary steps to ensure compliance.

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

Board and committees

During the year, Roberto Neri continued as Chairman of the Pop Publishers Committee, Richard Paine as Chairman of the Classical Publishers Committee, Ben Selby as Chairman of the Printed Music Publishers Committee and Natalie Longden as Chair of the Education and Training Group.

Directors

The directors who served the company during the year were as follows:

P Barnes		(resigned 24 June 2014)	
G Bhupsingh	–	Designated Director	
C Butler	–	Designated Director	
S Clark	–	Designated Director	(resigned 21 May 2014)
P Connolly	–	Designated Director	(resigned 21 January 2014)
P Cornish			
A Cory-Smith	–	Designated Director	(resigned 20 March 2014)
N Elderton			
C Evans			
J Fitzherbert-Brockholes	–	Designated Director	
M Forte			
S Groves		(resigned 24 June 2014)	
L Hawken			
A Heath			
P Hope		(appointed 24 June 2014)	
S Hornall			
D Kassner			
A King		(resigned 24 June 2014)	
R King			
P Long			
S Osborn		(resigned 30 April 2015)	
J Minch			
G Morris			
B Newing			
J Perry		(appointed 24 June 2014)	
S Platz			
M Ranyard	–	Designated Director	(appointed 10 March 2014)
N Riddle		(resigned 20 March 2014)	
J Smith	–	Designated Director	(appointed 15 May 2014)
J Simmonds			
J Tarpey	–	Designated Director	(appointed 21 January 2014)
J Webb		(appointed 24 June 2014, deceased 9 January 2015)	

Directors' report (continued)

Directors (continued)

A Designated Director is a director who is nominated from within the six member companies with the highest gross annual income of the association. In accordance with the Articles of Association in 2014 the Designated Directors were reappointed.

The following members of the Board retire and are eligible under the Articles of Association for re-election if nominated:

P Cornish
N Elderton
M Forte
G Morris
B Newing
J Simmonds

Disclosure of information to the auditor

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

On behalf of the Board

C Butler
Chairman
28 May 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Music Publishers Association Limited

We have audited the financial statements of Music Publishers Association Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking 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.

A.J. Glover

Andy Glover (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 May 2015

Group profit and loss account

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover			
Turnover: group and share of joint venture's turnover		17,118	34,251
Less: share of joint venture's turnover		–	(19,259)
Group turnover	2	17,118	14,992
Administrative expenses	3	(18,841)	(16,927)
		(1,723)	(1,935)
Other operating income	3	952	1,176
Exceptional item – (loss)/profit on disposal of investments	11	(206)	12,596
Group operating (loss)/profit	3	(977)	11,837
Share of operating profit in joint venture		–	16
Share of operating profit in associates	11	164	667
Total operating (loss)/profit: group and share of joint venture and associates		(813)	12,520
Interest receivable and similar income		637	852
Interest payable and similar charges	6	–	(16)
Other finance costs	7	–	(116)
(Loss)/profit on ordinary activities before taxation		(176)	13,240
Tax on (loss)/profit on ordinary activities	8	–	(70)
(Loss)/profit for the financial year	15	(176)	13,170

All amounts relate to continuing activities.

Group statement of total recognised gains and losses

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
(Loss)/profit for the financial year attributable to members of the parent undertaking		(176)	13,170
Share of actuarial gain on joint venture pension plans	19	–	1,511
Share of deferred taxation on joint venture pension plans	11	–	(127)
Exchange difference on retranslation of net assets of joint venture and associates	11	(16)	(682)
Total recognised gains and losses relating to the year		(192)	13,872
Group		(192)	(12,667)
Joint venture	11	–	572
Associate	11	–	633
		(192)	13,872

Group balance sheet

at 31 December 2014

	Notes	2014 £000	Restated* 2013 £000
Fixed assets			
Tangible assets	10	7	10
Investment in associate	11(a)	–	258
Other investments	11(b)	1	6
		8	274
Current assets			
Debtors: amounts falling due after more than one year	12	7,000	7,500
Debtors: amounts falling due within one year	12	20,315	50,646
Investments – short-term deposits		20,000	–
Cash at bank and in hand		27,024	14,430
		74,339	72,576
Creditors: amounts falling due within one year	13	(4,312)	(4,261)
Royalties payable	14	(82,448)	(80,810)
		(86,760)	(85,071)
Net current liabilities		(12,421)	(12,495)
Net liabilities		(12,413)	(12,221)
Capital and reserves			
Profit and loss account	15	(12,413)	(12,221)
Shareholders' deficit	15	(12,413)	(12,221)

* See notes 1 and 12 relating to the reclassification of debtor due from PRS

The accounts were signed on behalf of the Board by:

Chris Butler

Chairman

28 May 2015

Company balance sheet

at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	10	7	10
Current assets			
Debtors	12	44	43
Cash at bank and in hand		895	1,022
		939	1,065
Creditors: amounts falling due within one year	13	(728)	(883)
Net current assets		211	182
Total assets less current liabilities		218	192
Capital and reserves			
Profit and loss account	15	218	192

The accounts were signed on behalf of the Board by:

Chris Butler

Chairman

28 May 2015

Group statement of cash flows

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Net cash inflow/(outflow) from operating activities	16(a)	31,759	(16,691)
Returns on investments and servicing of finance			
Interest receivable		637	830
Net cash inflow from returns on investments and servicing of finance		637	830
Capital expenditure			
Payments to acquire tangible fixed assets		(2)	(4)
Net cash outflow from capital expenditure		(2)	(4)
Net cash inflow from investing activities	16(b)	200	514
Net cash inflow/(outflow) before management of liquid resources		32,594	(15,351)
Management of liquid resources			
(Increase)/decrease in short-term deposits	16(c)	(20,000)	28,000
Increase in cash		12,594	12,649

Reconciliation of net cash flow to movement in net funds

		2014 £000	2013 £000
Increase in cash		12,594	12,649
Cash outflow/(inflow) from movement in liquid resources		20,000	(28,000)
Movement in net funds in the year	16(d)	32,594	(15,351)
Net funds at 1 January		14,430	29,781
Net funds at 31 December	16(d)	47,024	14,430

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with UK applicable accounting standards. Because of the differing activities of the MPA and its main subsidiary, MCPS, the accounting policies presented here combine the policies of the two companies on the basis the directors consider most appropriate to the circumstances of the group as a whole.

Going concern

The MPA group's business activities together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to price, liquidity and cash flow risk are set out in this Report of the Board.

The MPA is a standalone financially viable entity supported by its members. The MPA finances are not complex and costs are closely controlled to ensure they are covered by income. The directors have also considered the status of the MPA's subsidiary undertaking, PMLL. PMLL collects and distributes license fees as agent for the members of the MPA, after deduction of administrative costs. It is expected to make neither a profit nor a loss and to only make distributions to the extent that monies are received.

The business of the MCPS is undergoing a major transition. As sales of physical products, such as compact discs and DVDs diminish, the commission that the company earns from licensing associated mechanical copyrights diminishes. The company's other sources of income - commission from licensing broadcasters' use of the mechanical right and commission from licensing the mechanical right for online uses - has increased and is expected to continue to increase. In 2014 royalties distributed have continued to decline, as the reduction of income from physical product licensing exceeds the increase from online and broadcast licensing. Commission income, however, has increased aided by additional licensing, as well as an exceptional members' reserve release, and an increase in certain commission rates.

In 2014, the Directors of MCPS continued to focus closely on the company's prospects, sources of income and cost saving opportunities and were in close dialogue with the Boards of PRS and PfM. On 17 April 2013, the company signed an agreement ('the Alliance Stability Deal') to reconfigure its relationship with PRS. Under the 2013 Agreement, the company sold its shares in PfM for £1 on 1 July 2013 and entered into a contract with PRS for the provision of operational support services. This contract has an initial term of three years and six months. The company is able, under certain circumstances, to extend the contract thereafter. The price payable by the company for the services delivered by PRS accelerates the return of the company to profit and incentivises both parties to improve the profitability of the company. The Alliance Stability Deal also requires MCPS to adjust its payments for the support provided under the Alliance Stability Deed to the extent that it generates net profits after tax to fund the additional contribution. A contribution of £2.3m was made in 2014 (2013 – £0.7m), therefore giving a breakeven result for the year.

At 31 December 2014, the MCPS has net liabilities of £12.6m (2013: £12.6m).The Directors of MCPS have concluded that the working capital of the company and its cash reserves are likely to prove adequate to fund the company's activities for the foreseeable future. This conclusion is supported by the Directors' assessment of market developments, the Alliance Stability Deal, and financial forecasts. As a result the Directors have also concluded that MCPS remains a going concern and will continue to monitor the company's profitability and prospects within its changing markets.

The MPA notes that in April 2014 the European Union has adopted the Collective Rights Management Directive which will now pass into UK Law by no later than 2016 and which may well have an impact on the respective businesses of its subsidiaries MCPS and PMLL. The MPA together with MCPS and PMLL will assess the impact of the Directive and take all necessary steps to ensure compliance.

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

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Group financial statements

The group financial statements consolidate the financial statements of Music Publishers Association Limited and its trading subsidiary undertakings, Mechanical-Copyright Protection Society Limited and Printed Music Licensing Limited, drawn up to 31 December each year. No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

Entities in which the group holds an interest on a long-term basis and which are jointly controlled by the group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

In the parent undertaking financial statements investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

Definitions

'MCPS' means Mechanical-Copyright Protection Society Limited.

'PRS' means Performing Right Society Limited.

'PfM' means PRS for Music Limited.

'ICE' means International Copyright Enterprise A.B.

'SOLAR' means SOLAR – Music Rights Management GmbH (formerly - CELAS GmbH.)

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

'PMLL' means Printed Music Licensing Limited.

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 at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Furniture and fittings	–	25% per annum
Office machinery/software	–	25%-33⅓% per annum

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

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Revenue recognition

Subscription income is included in the profit and loss account on an accruals basis in accordance with members' declarations as to subscription category. All other income is accounted for on an accruals basis except reproduction fees which are accounted for as they are received.

Commission on royalties is based on distributions made within the financial year.

All revenue is stated net of value added tax.

Minor sums

Minor sums relate to micro payments received that are too small to distribute to individual members, and hence are accounted for at the time of distribution.

Suspense balances

Suspense balances occur when royalties have been received and their ownership cannot be identified or where it is not possible to distribute the royalties for other reasons. Whilst MCPS makes every effort to distribute these monies, if not in dispute, or where ownership cannot be established, commission is recognised at a rate of 100% once the monies have been held for more than six years.

Deferred taxation

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

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

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

Foreign currencies

Company

All transactions during the year are translated at the rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies have been retranslated into sterling at the middle market rate at the balance sheet date. All differences are taken to the profit and loss account.

Group

The financial statements are translated at the rate of exchange ruling at the balance sheet date, other than those of the Irish branch of MCPS, which have been translated at the average rate for the year. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves. All other differences are taken to the profit and loss account.

Operating leases

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Pensions

Until 30 June 2013 the Group participated in two multi-employer defined benefit pension schemes and one multi-employer defined contribution pension scheme, operated by PfM, of which MCPS held a 50% share for the first half of the year. Appropriate proportions of pension costs were recharged to MCPS and these costs were charged to the profit and loss account. Following MCPS's sale of its share of PfM to PRS on 30 June 2013, MCPS had no ongoing obligations in relation to the pension schemes and hence the consolidated financial statements did not include a liability in respect of the pension deficit as at 31 December 2013. The 2013 profit and loss account and statement of recognised gains and losses include the group's 50% share of pension scheme finance costs and actuarial gains to the date of disposal.

Additional disclosures are included in note 19 to these accounts in relation to the schemes.

Prior year restatement

The 2013 group balance sheet and debtors note (note 12) have been restated to separately disclose a loan of £7,500,000 to PRS which is due after more than one year. The loan was previously included as part of amounts due from PfM. There have been no changes to 2013 results, or other balance sheet totals as a result of the restatement.

2. Turnover

Turnover all relates to continuing activities and is exclusive of Value Added Tax.

Type of activity

	2014	*2013*
	£000	*£000*
Commission/charge levied on distributions	16,763	14,673
Subscriptions	355	319
	17,118	14,992

Geographical area

	2014	*2013*
	£000	*£000*
United Kingdom	16,095	13,703
Ireland	280	208
Rest of the world	743	1,081
	17,118	14,992

During the year, MCPS released monies held in suspense in accordance with the accounting policy on revenue recognition as set out in note 1. The table below shows the effect this had on reported income:

	2014	*2013*
	£000	*£000*
Commission income	14,139	12,773
Suspense account releases	2,624	1,900
	16,763	14,673

Notes to the financial statements

at 31 December 2014

3. Group operating (loss)/profit

This is stated after charging/(crediting):

			2014	2013
			£000	£000
Auditor's remuneration	–	audit services relating to the company	21	6
	–	audit services relating to subsidiaries	16	31
Depreciation of owned tangible fixed assets			4	5
Operating lease rentals	–	land and buildings	14	16
	–	other	2	3
Administrative expenses:				
PRS service charge			14,966	8,850
Direct Costs			1,590	10,343
			16,556	19,193
Net contribution/(support) under the Alliance Stability Agreement			2,285	(2,266)
Total administrative expenses			18,841	16,927
Other operating income:				
Minor sums			(708)	(926)
Fees receivable and other income			(244)	(250)
			(952)	(1,176)

4. Directors' remuneration

	2014	2013
	£000	£000
Remuneration	91	175
Contributions paid to defined contribution pension schemes	8	8
	No.	No.
Members of defined contribution pension schemes	1	1

5. Staff costs

	2014	2013
	£000	£000
Wages and salaries	235	203
Social security costs	31	30
Other pension costs – defined contribution scheme	11	13
	277	246

Notes to the financial statements

at 31 December 2014

5. Staff costs (continued)

The average monthly number of employees during the year was made up as follows:

	No.	*No.*
Administration	11	7

In 2013 MCPS had no employees during the year other than its directors. Staff who worked on the affairs of MCPS were employed by PfM, with a service fee paid to its parent company PRS as part of the Alliance Stability Deal.

6. Interest payable and similar charges

	2014	*2013*
	£000	*£000*
Share of associates' bank interest	–	(16)

7. Other finance costs

	2014	*2013*
	£000	*£000*
Share of joint venture's interest:		
Expected return on pension scheme assets	–	2,081
Interest on pension scheme liabilities	–	(2,197)
	–	(116)

8. Tax

(a) Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows:

	2014	*2013*
	£000	*£000*
Current tax:		
UK corporation tax on the result for the year	–	–
Group current tax	–	–
Share of associate's current tax	–	(170)
Adjustment in respect of prior years	–	12
Total current tax (note 8(b))	–	(158)
Deferred tax:		
Share of joint venture's deferred tax	–	228
Group deferred tax (note 8(c))	–	228
Tax on (loss)/profit on ordinary activities	–	70

Notes to the financial statements

at 31 December 2014

8. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%). The differences are explained below:

	2014	*2013*
	£000	*£000*
(Loss)/Profit on ordinary activities before tax	(176)	13,240
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	(38)	3,078
Effects of:		
Adjustments for transfer pricing	–	100
Pension contributions	–	(978)
Expenses not deductible for tax purposes	1	48
Capital allowances in advance of depreciation	–	(104)
Losses arising in the year	27	–
Loss/(profit) on disposal of assets not taxable	45	(3,049)
Current year loss not utilised	–	1,072
Utilisation of tax losses	(35)	(149)
Losses carried back to prior year	–	(188)
Prior year adjustment	–	12
Current tax for the year (note 8(a))	–	(158)

(c) Deferred tax

The group has not recognised a deferred tax asset relating to its subsidiary MCPS of £1,900,060 (2013 – £1,880,000) in respect of losses due to insufficient certainty of future trading profits.

(d) Factors that may affect future tax charges

The directors are not aware of any factors that may affect future tax charges, other than as follows:

Due to legislative changes, the corporation tax rate will reduce by a further 1% from 1 April 2015 from 21% to 20%. This change had been substantively enacted by the balance sheet date and is therefore included in the figures within these financial statements.

9. Profit attributable to members of parent undertaking

The profit dealt with in the financial statements of the parent undertaking is £26,000 (2013 – profit of £71,000).

Notes to the financial statements

at 31 December 2014

10. Tangible fixed assets

Group and company

	Software	*Office machinery/ furniture and fittings*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 2014	27	25	52
Additions	2	–	2
Disposals	(8)	(24)	(32)
At 31 December 2014	21	1	22
Depreciation:			
At 1 January 2014	17	25	42
Provided during the year	4	–	4
Disposals	(7)	(24)	(31)
At 31 December 2014	14	1	15
Net book value:			
At 31 December 2014	7	–	7
At 1 January 2014	10	–	10

11. Investments

	2014	*2013*
	£000	*£000*
Associates (a)	–	258
Other investments (b)	1	6
	1	264

(a) Associates

	£000
At 1 January 2014	258
Share of total recognised gains retained by the associate up to date of disposal	164
Exchange difference on retranslation of net assets	(16)
Disposal	(406)
At 31 December 2014	–

The group disposed of its 25% share in SOLAR GmbH (formerly CELAS GmbH) for sale proceeds of £200,000 on 17 December 2014, giving rise to a loss on disposal of £206,000.

Notes to the financial statements

at 31 December 2014

11. Investments (continued)

(b) Other investments

	£000
At 1 January 2014	6
Impairment	(5)
At 31 December 2014	1

The group's other investments are stated at historical cost. MCPS holds 100% of the shares in Ampleform Limited and 50% of the shares in National Discography Limited. The investment in National Discography Limited was impaired to £nil during the year.

Company

	Subsidiary undertaking £000
Cost:	
At 1 January 2014 and 31 December 2014	73
Amounts provided:	
At 1 January 2014 and 31 December 2014	(73)
Net book value:	
At 1 January 2014 and 31 December 2014	–

Details of the investments in which the group and the parent undertaking holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*	*Country of incorporation*
Subsidiaries				
Mechanical-Copyright Protection Society Ltd	Ordinary shares	100%	Collection and distribution of royalties	England and Wales
European Music Rights Organisation Ltd (EMRO)	Ordinary shares	100%	Dormant	England and Wales
Independent Music Publishers' EL Ltd (IMPEL)	Ordinary shares	100%	Non-trading	England and Wales
Printed Music Licensing Ltd (PMLL)	Ordinary shares	100%	Licensing of printed music	England and Wales
British Copyright Protection Association (BRITICO) Ltd	Ordinary Shares	100%	Dormant	England and Wales
Ampleform Ltd	Ordinary shares	100% †	Dormant	England and Wales
Joint venture				
National Discography Ltd	Ordinary shares	50%†	Dormant	England and Wales
Associates				
British Music Rights Ltd	Ordinary shares	25%†	Dormant	England and Wales

† Held by or via a subsidiary undertaking

Notes to the financial statements

at 31 December 2014

11. Investments (continued)

In August 2012, the MPA incorporated a new wholly-owned subsidiary, Printed Music Licensing Limited (PMLL), to manage the licensing of the right by schools to copy printed music. PMLL became operational in 2013.

In December 2014, the MPA incorporated a new subsidiary, Independent Music Publisher's EL Limited (IMPEL).The company will manage online pan-European licensing on behalf of its independent music publisher members. The company did not trade during the year.

As explained in Note 11(a) above, the group disposed of its 25% share in SOLAR GmbH during 2014 for £0.2m giving rise to a consolidated loss on disposal of £206,000.

MCPS owns 25% of British Music Rights Ltd a company limited by guarantee. This company does not trade.

MPA owns 10% of UK Music 2009 Ltd, a company limited by guarantee.

12. Debtors

		Group		*Company*
		2013		
	2014	*Restated*	*2014*	*2013*
Amounts falling due within one year:	*£000*	*£000*	*£000*	*£000*
Trade debtors	1,747	1,114	35	17
Due from PfM	15,062	45,912	–	–
Due from PRS	500	–	–	–
Amounts owed by subsidiary undertaking	–	–	–	1
Other taxes	2,887	3,296	–	–
Prepayments and accrued income	116	14	6	–
Other debtors	3	310	3	25
	20,315	50,646	44	43
Amounts falling due after more than one year:				
Due from PRS	7,000	7,500	–	–

The balance due from PfM in 2013 has reduced by £7,500,000 from £53,412,000 as previously stated to £45,912,000 as shown above, following the reclassification referred to in note 1. A balance of £7,000,000 is now shown separately as due from PRS in more than one year. The loan to PRS is repayable in instalments over the period 1 January 2015 to 1 January 2021 and is interest-free.

13. Creditors: amounts falling due within one year

		Group		*Company*
	2014	*2013*	*2014*	*2013*
	£000	*£000*	*£000*	*£000*
Trade creditors	102	109	86	108
Amounts owed to subsidiary undertaking	–	–	179	253
Scholarship fund	11	10	11	10
Other taxes and social security costs	252	1,530	18	37
Other creditors, accruals and deferred income	3,947	2,612	434	475
	4,312	4,261	728	883

Notes to the financial statements

at 31 December 2014

14. Royalties payable

The group's liability to account for royalties payable accrues when amounts due from the corresponding users of the copyright works are received. Of the £82.4m royalties payable as at 31 December 2014, £80.8m related to MCPS and £1.6m related to PMLL (2013 – £79.5m and £1.3m respectively). As at 31 December 2014, potential amounts both receivable and payable were £7.9m (2013 – £8.9m).

15. Reconciliation of shareholders' deficit and movements on reserves

Group	*Profit and loss account £000*
At 1 January 2013	(26,093)
Profit for the year	13,170
Share of actuarial gains on joint venture pension plans	1,511
Share of deferred taxation on joint venture pension plans	(127)
Exchange difference on retranslation of net assets of associate undertakings	(682)
Transfers between reserves	–
At 1 January 2014	(12,221)
Loss for the year	(176)
Exchange difference on retranslation of net assets of associate undertakings	(16)
At 31 December 2014	(12,413)

Company	*Profit and loss account £000*
At 1 January 2013	121
Profit for the year	71
At 1 January 2014	192
Profit for the year	26
At 31 December 2014	218

Notes to the financial statements

at 31 December 2014

16. Notes to the statement of cash flows

(a) Reconciliation of group operating (loss)/profit to net cash inflow/(outflow) from operating activities

	2014	*2013*
	£000	*£000*
Group operating (loss)/profit	(977)	11,837
Depreciation and impairment of fixed assets	9	5
Loss/(profit) on disposal of investments	206	(12,596)
Decrease/(increase) in amounts due from associated undertakings	30,850	(22,717)
Increase in debtors	(19)	(1,231)
Increase in creditors – royalty	1,638	3,950
Increase in creditors – non-royalty	52	4,061
Net cash inflow/(outflow) from operating activities	31,759	(16,691)

(b) Cash flows from investing activities

Proceeds from disposal	200	1
Repayment of capital	–	513
Net cash inflow from operating activities	200	514

(c) Management of liquid resources

	2014	*2013*
	£000	*£000*
Short-term deposits made	(42,007)	(38,002)
Short-term deposits repaid	22,007	66,002
	(20,000)	28,000

(d) Analysis of net funds

	At 1 January 2014	*Cash flow*	*At 31 December 2014*
	£000	*£000*	*£000*
Cash at bank and in hand	14,430	12,594	27,024
Liquid resources – short-term deposits	–	20,000	20,000
	14,430	32,594	47,024

£5m cash is held in escrow under the 2013 Alliance Stability Deal and is payable in the event of MCPS becoming liable to PRS due to a breach or termination of the Services Agreement.

Notes to the financial statements

at 31 December 2014

17. Members' guarantees

There were 276 members of MPA at 31 December 2014 each of whom has guaranteed to contribute up to £3 in the event of the winding-up of the Company.

18. Capital commitments

The group had no capital commitments at 31 December 2014 (2013 – £nil).

19. Pensions

As explained in note 1, until 30 June 2013 the group participated in two defined benefit pension schemes, operated by PfM. Following MCPS's sale of its share of PfM to PRS on 30 June 2013, MCPS had no ongoing obligations in relation to the pension schemes and hence the consolidated financial statements did not include a liability in respect of the pension deficit as at 31 December 2013. The 2013 profit and loss account and statement of recognised gains and losses include the group's 50% share of pension scheme finance costs and actuarial gains to the date of disposal.

The group's 50% share of other finance costs is disclosed in note 7.

The group's 50% share of amounts recognised in the statement of total recognised gains and losses for the year are analysed as follows:

	2014	*2013*
	£000	*£000*
Actual return on scheme assets	–	3,680
Less: expected return on scheme assets	–	(2,081)
	–	1,599
Other actuarial gains and losses	–	(88)
Actuarial gain recognised in the Statement of Total Recognised Gains and Losses	–	1,511

20. Other financial commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as set out below:

Group and company		*2014*		*2013*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	–	–	16	–
In two to five years	88	3	–	3
	88	3	16	3

Operating leases for land and buildings are a related party transaction between PfM and MPA, as detailed in note 22.

Notes to the financial statements

at 31 December 2014

21. Contingent liabilities

At 31 December 2014, the group has a contingent liability of £4,500,000 (2013 – £6,830,000) potentially due to PRS as a result of the cost sharing amendments made during 2013, which reduced MCPS's share of the administrative costs recharged from PfM by £7,600,000. The contingent liability takes into account the additional adjustment of £2,300,000 made in 2014. The Alliance Stability deal requires repayment of this amount once MCPS returns to profitability. As disclosed in the Directors' Report and note 1, there is uncertainty as to when this will be because of the continuing decline in the audio market. At present, whilst fully acknowledging the liability, the directors have concluded that the degree of uncertainty is such as to preclude recognition of it in the group's 2014 financial statements.

22. Related party transactions

Group

All members of the group, the directors and parties related to them are entitled to royalties from the group. Parties related to directors include family members and companies controlled by these directors including, where appropriate, publishing companies and their subsidiaries.

During 2014, total royalties paid by MCPS to the directors of MCPS and to parties related to the directors amounted to £66.8m (2013 – £66.8m, restated to include additional royalties of £16.7m relating to EMI Music Publishing Ltd and Independent Music Publishers' European Licensing (IMPEL)). These royalties were calculated on the same basis as royalties paid to all members and are paid in accordance with MCPS's normal procedures. There were no transactions with the Executive Directors of MCPS during the year.

Until 30 June 2013, PfM recharged administrative costs to its two parent companies, MCPS and PRS, based on a cost sharing agreement. MCPS was recharged £9.7m in respect of administrative costs for the period to 30 June 2013.At 31 December 2014 PfM owed MCPS £15m (2013 - £45.9m).

During 2014 MCPS paid to PRS a service charge of £15m (2013 - £8.9m).

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 a normal arm's length commercial basis.

Parent undertaking

Throughout both financial years MPA, the parent undertaking, was under the control of the MPA Board. The MPA Board comprises music publishers and these members are directors for Companies Act purposes. Parties related to Board members are entitled to royalties from the parent undertaking's subsidiary undertaking MCPS. Parties related to Board members include family members and companies controlled by Board members.

During the year ended 31 December 2014, royalties were paid by MCPS to parties related to Board members. These royalties were calculated on the same basis as royalties paid to all members of MCPS and are paid in accordance with normal MCPS procedures.

Subscriptions received during the year include income from publishing companies related to Board members. These subscriptions have been calculated on the same basis as all subscriptions received.

The Board does not consider any such transactions are material to the reader of these financial statements.

During the year MPA made charges of £50,000 (2013 – £150,000) to its subsidiary undertaking, MCPS, and charges of £63,000 (2013 – £10,000) to its subsidiary undertaking PMLL.

During the year PfM charged MPA £13,518 (2013 – £16,222) for rent and other services in respect of the company's Berners Street offices. Following the move to Pancras Square, PfM provides MPA with subsidised accommodation, which in the year to 31 December 2014 had a value of £24,685. At 31 December 2014 MPA owed MCPS £nil (2013 – £253,349) and PMLL £179,439 (2013 – £nil).

Additional management information (not audited)

for the year ended 31 December 2014

The following page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 11 to 12.

Detailed company profit and loss account

for the year ended 31 December 2014

	2014	*2013*
	£	£
Net Income		
Subscriptions	354,935	319,425
Management charge to subsidiary companies	113,000	160,000
Sundry receipts	11,514	44,412
Association functions and projects	105,566	107,699
ISMNs	2,778	1,133
Training courses and conferences	34,877	42,382
Total income	622,670	675,051

Detailed company profit and loss account (continued)
for the year ended 31 December 2014

	2014	2013
	£	£
Administrative expenses		
Staff salaries and social security	189,378	232,289
Pension scheme costs	11,481	13,536
Directors' remuneration	90,593	66,454
Other staff costs	14,082	3,498
Rent, rates, service charge and cleaning	14,208	15,879
Postage and couriers	583	1,130
Telephone and internet	5,525	4,366
Travelling and entertainment	6,221	6,699
Association functions and projects	110,967	102,234
ISMNs	2,158	2,312
Training courses and conferences	8,955	11,226
Attendance at industry functions	9,894	5,920
Royalty charges	–	297
Gold Badges	239	177
General expenses	(8,316)	2,289
Printing and stationery	1,963	4,150
Insurance	3,509	1,800
Accountancy charges	20,480	19,654
Audit fees	20,895	21,300
Legal and professional	10,913	40,246
Subscriptions and donations	22,521	23,508
Trade fairs and exhibition expenses	15,573	2,626
Public Affairs	5,183	–
Press and publicity	10,269	6,935
Promotion and website	9,848	2,408
Lease photocopiers	2,446	2,925
Computer expenses and maintenance	7,632	5,814
Depreciation	3,869	5,018
Loss on disposal of fixed assets	787	–
Books and journals	654	747
Training	4,750	1,280
Bank charges and interest	881	1,050
	598,141	607,767

	2014	2013
	£	£
Operating surplus	24,529	67,284
Interest receivable and similar income	1,876	3,385
Profit on ordinary activities before taxation	26,405	70,669
Tax	–	–
Profit for the financial year	26,405	70,669