

Registered number: 00140248

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



MUSIC PUBLISHERS ASSOCIATION LIMITED
(A company limited by guarantee)

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MUSIC PUBLISHERS ASSOCIATION LIMITED

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COMPANY INFORMATION

Directors

Ms J Alway
Dr S Anderson
Mr G Bhupsingh
Mr M Box
Mr C Butler
Mr J Eggleston
Mr A Godfrey
Mr A Heath
Mr D Kassner
Ms P Long
Ms C Manners
Mr B McDonald
Mr D McGinnis
Mr R Neri
Ms J L O'Connell
Dr R P Paine
Mr J Perry
Mr P Rose
Ms M Scott
Mr B P Selby
Ms J Smith
Mr J Tester
Mr C Winchester

Executive director

Mr P Clements

Company secretary

Mr S Burton

Registered number

00140248

Registered office

2nd Floor, Synergy House
114-118, Southampton Row
London
England
WC1B 5AA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

MUSIC PUBLISHERS ASSOCIATION LIMITED

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CHAIRPERSON'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

In a year that saw yet another general election mandating a clearer path politically in the UK, 2019 was also the fifth straight year of growth for the global recorded music industry, growing revenues from \$14bn to \$20+bn in the period. This has clearly had a positive impact on music publishing royalties as publishers continue to benefit from consumers adapting to paid streaming subscription services. The overall growth and success of the UK Music Industry is clearly reflected in the results of the MPA group and indeed by our members.

I am delighted to report that 2019 saw MCPS reach a significant milestone, as we completed our work on recovering its balance sheet deficit. This was a product of new strategies, board direction, efficiencies, driven management and general ongoing improvements within the team. Digital markets continue to grow for MCPS, particularly digital AV services (Netflix, Amazon Prime etc), which are licensed on a domestic blanket basis. The MCPS Board agreed a new 5 year strategy, which focuses on areas of revenue growth. Our new group CEO is building on the strength of the reproduction right and his depth of experience is helping navigate MCPS to further success in an increasingly competitive market for CMOs. With the new modernised membership agreement forthcoming, MCPS continues to be the collection society of choice with a sustained ambition and future.

Developing new schemes has been a priority for PMLL including the New Amateur Choir and Music Hub trial licences which launched across the UK in 2019. Furthering its reach, negotiations with Universities UK concluded ahead of launching a new Higher Education Printed Music Licence which will be in effect during 2020. The company continues to focus on further revenue growth through new market licence schemes. PMLL continues to adjust its distribution policies to better reflect increased volumes of processable accurate data. The Copyright Licensing Agency (CLA) will continue to be our service provider during 2020, but we have procured a new partner for market service provision from Spring 2021.

The MPA has continued to fight the good fight and the focus has been on securing the support for the adoption of Article 17 from the European Copyright Directive into UK primary legislation. With Brexit behind us and forthcoming trade talks, we will continue to proceed with our momentum and impress the importance to the UK Government of closing the value gap. Working ever more closely with UK Music, we will also ensure that the needs of our members are prioritised and our businesses are protected.

Music Education and its decline in UK schools saw us lobby Government in 2019. Whilst there is consensus cross party that music is important to the health of children, along with clearly being our talent pipeline, there is still more work to be done in 2020. Now we have a new Government with a clear majority, we need it to focus on its national plan for music education.

International Trade missions were once again offered to our members in 2019 where we facilitated opportunities for our members to gain insights and to develop business relationships in the music markets of China, India and the US.

We had a much needed rebrand which feels like a rebirth of the trade body in 2020 and we introduced new membership categories focusing on our industry's future – a Futures Group within our existing membership which will support and sustain our future talent pipeline and the new NXT Gen membership tier for student and provisional members.

A Horizon Planning group has been established to look at the medium term and how we best ensure we embrace opportunities and tackle threats/disruptors early and optimally. A hot topic that will continue to surface in 2020 is the use of AI as a means of music creation and we will continue to monitor and influence how this will impact members and our sector.

It is an exciting time at the MPA with our new enhanced dedicated team in place. With strong leadership, enhanced experience and expertise, we have even more focus on policy, events and delivering value to all music publishers.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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**CHAIRPERSON'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Group Consolidated Results

	2019	2018	Change
	£000	£000	
Gross revenue	16,124	17,753	(9)%
Interest receivable and similar income	1,138	620	84 %
Profit before tax	2,495	3,795	(34)%
Tax charge	(473)	(720)	(34)%
Profit after tax	2,022	3,075	(34)%

Printed Music Licensing Limited results

	2019	2018	Change
	£000	£000	
Gross revenue	328	307	7 %
Interest receivable and similar income	12	5	140 %



Name **Mr R Neri**
Chairperson
Date **11/08/2020**

MUSIC PUBLISHERS ASSOCIATION LIMITED
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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the Strategic Report of Music Publishers Association Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2019.

Principal activities and review of the business

The principal activity of Music Publishers Association Limited (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 MCPS, is the licensing, collection and distribution of royalties and licence fees from mechanical copyrights. MCPS has one branch, in Ireland.

From July 2013 to December 2019, Mechanical-Copyright Protection Society Limited ("the company") has operated under a contract known as the Alliance Stability Deal (the 'Deal') with Performing Right Society Limited ('PRS'), whereby PRS's subsidiary PRS for Music Limited ('PfM') provides substantially all the company's operational services in return for a fixed fee. The Deal also required the company 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. The adjustment to the Alliance Stability Deed was fully repaid in 2015. The total additional contributions paid by MCPS to PRS under the Deal was £7.5m. At the commencement of the Deal MCPS had a negative Statement of Financial Position of £12.6m. As at 31 December 2019 the Statement of Financial Position returns to a positive position. This is the first year since the dissolution of the "MCPS-PRS Alliance" that MCPS has returned to a net positive position.

In April 2013 the Group entered into a service level agreement (SLA) with PRS for the administration of the day to day operational services of the business. This SLA was for a period of 3 years and 6 months ending on 31 December 2016. An extension to 30 June 2017 was agreed in 2016 and negotiations for a new service agreement were concluded in 2017, with a new 5-year contract and a renegotiated fixed fee coming into effect from 1 July 2017.

In December 2014, the MPA incorporated a new subsidiary, Independent Music Publisher's EL Limited (IMPEL). IMPEL was set up with the intention that it would manage online pan European licensing on behalf of certain independent music publisher members, which licensing has been administered to date by MCPS. IMPEL has not traded since incorporation and did not trade during 2019. To date Independent Music Publisher's EL Limited (IMPEL) has never managed online pan European licensing on behalf of any MCPS members. A new, completely independent, company was set up in 2017, outside of the MPA group of companies by certain independent publishers. It is anticipated that some other online mandates currently administered by MCPS could, as has been the case in recent years, move to third party administration services during 2020 or thereafter. Subsequently licensing, distributions, commission earnings and attendant costs that relate to any such lost mandate will no longer be reported through MCPS.

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

MUSIC PUBLISHERS ASSOCIATION LIMITED

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019 £000	2018 £000	Change %
Group turnover	16,124	17,753	(9)
Interest receivable and similar income	1,138	620	84
Profit before taxation	2,495	3,795	(34)
Tax (charge)/credit	(473)	(720)	34
Profit after tax	2,022	3,075	(34)

Group turnover decreased by 9% during the year. The Group made a profit for the financial year of £2.0m in 2019 (2018: £3.1m). PMLL operates at break-even.

The total net income for 2019 of MPA as a stand alone operation, was £0.8m (2018: £0.7m) including membership subscriptions totaling £0.4m (2018: £0.4m). There was an operating loss amounting to £3k (2018: loss of £2k). 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 42 to 43.

The financial statements of MCPS and PMLL are made available separately.

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.

The directors established an Audit and Risk Committee in 2014 and delegated to it responsibility for monitoring and management of risks. The Audit and Risk Committee met twice in 2019. The principal risks and uncertainties that the Group is exposed to can be grouped into the following categories:

Market risks

While sales of physical product have not declined as quickly as was predicted, the Group's business is transforming from one that is dominated by physical market licensing to one in which this source of income makes a less significant financial contribution and in which broadcast licensing values continue to grow. The directors consider that the Group will be able to avoid incurring losses for the foreseeable future. However, the Group is still exposed to risk if its financial forecasts prove to be inaccurate and the actual rate of decline in physical product sales is higher than forecast or the actual rate of growth in the broadcast areas is lower than forecast.

Competitors successfully attracting members away from the Group, and/or members deciding to partially or wholly withdraw their rights to enter into direct agreements with licensees, would also adversely affect levels of future income and the profitability of the Group.

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Legislative risks

The Group is subject to the risk of copyright law changing in the future to the Group's detriment. The Group is not aware of any pending copyright legislation that would, if enacted, have an adverse impact on the Group's business or prospects. However, the Group is aware of the Collective Rights Management Directive and the Group has agreed a Memorandum of Understanding with the Intellectual Property Office to ensure it is applying the CRM Directive where practical. Should the European Copyright Directive pass into law, there is a small risk associated with how it may be implemented into national law and the extent to which any deviations of interpretation might create complexities in licensing.

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commenced a process that was completed on 31 January 2020, when the UK formally withdrew from the European Union. There will be a transition period, currently scheduled to end on 31 December 2020, during which time future economic arrangements are to be agreed between the UK and EU. It is anticipated that there will be a continued period of uncertainty for the UK economy with increased volatility expected in the financial markets.

Liquidity and financial instruments

The nature of the Group's operating model is such that it holds surplus cash; at the end of 2019 the Group held cash and cash equivalents of £94.4m and £25m in deposit accounts requiring > 3 months notice (2018: £58.7m and £25m). The Group also had amounts receivable from PRS of £1.3m and a payable to PFM of £2.1m at 31 December 2019 (2018: total receivable from PRS and PFM of £29.7m). The directors do not consider the amount receivable from PRS to be at risk. The directors consider that the liquid resources of the Group are sufficient to fund the operations for the foreseeable future. The Group does not have material financial instrument risk.

Exposure to price and credit risk

The Group is exposed to various types of price risk. In the case of physical product licensing, market forces can result in reducing the unit price on which the absolute level of royalty is calculated. Such a reduction in the price of the physical product would in turn adversely affect the Group's income through the concomitant effect on commission income. The Group is also exposed to pricing risk through the risk of licensing schemes being referred to the Copyright Tribunal.

The Group is committed to operating under the terms of the Cannes IV agreement which places a cap on commission rates for certain physical product license schemes within the market and so restricts the Group's option of increasing commission rates to compensate for falling volumes.

Credit risk is the risk that a debtor will cause a financial loss for the other party by failing to discharge a payment obligation. Group 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. Details of the Group's debtors are shown in note 12 to the financial statements.

Covid-19 risk

Management have made a full assessment of the impact of Covid-19 on the business and this has been disclosed in the Directors report. There are no proposed changes to the going concern disclosure of the accounts.

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

This report was approved by the board and signed on its behalf.



Mr R Neri
Chairperson

Date: 11/08/2020

MUSIC PUBLISHERS ASSOCIATION LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the audited consolidated financial statements of Music Publishers Association Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2019.

Results and dividends

The profit for the financial year amounted to £2.0m (2018: £3.1m).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2018: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

Ms J Alway - Designated Director
Ms J Andersen - Designated Director (resigned 3 October 2019)
Dr S Anderson
Mr G Bhupsingh - Designated Director
Mr M Box
Mr C Butler - Designated Director
Mr P Clements (appointed 1 February 2019)
Ms J Dyball (resigned 22 January 2019)
Mr J Eggleston
Mr A Godfrey - Designated Director (appointed 3 October 2019)
Mr C Evans (resigned 3 July 2019)
Mr A Heath
Mr P Hope (resigned 3 July 2019)
Mr D Kassner
Mr R King (resigned 3 July 2019)
Ms P Long
Ms C Manners
Mr B McDonald
Mr D McGinnis
Mr R Neri
Ms A Miller
Ms J L O'Connell (appointed 3 July 2019)
Dr R P Paine (appointed 3 July 2019)
Mr J Perry
Mr P Rose (appointed 3 July 2019)
Ms M Scott (appointed 3 July 2019)
Mr B P Selby (appointed 3 July 2019)
Ms J Smith - Designated Director
Mr J Tester
Mr C Winchester - Designated Director

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 2017 the Designated Directors were reappointed.

The following members of the Board retire in 2020 and are eligible under the Articles of Association for re-election if nominated:

Dr S Anderson
Mr M Box
Ms C Manners
Mr J Perry

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

The following members of the Board retire in 2020 and must stand down for one year in accordance with the Articles of Association:

Mr A Heath
Ms P Long

Future developments

The directors are confident that the changing nature of the industry will create a stable future for the Group. The directors are also aware that the markets in which the company operates, while 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 MCPS continues to undergo a transition. As sales of physical products, such as compact discs and DVDs continue to decline, the commission that the company earns from licensing associated mechanical copyrights diminishes. The decline reported in previous financial statements continued in 2019. Commission from licensing broadcasters' use of the mechanical right has increased in 2019, due to distributions delayed from 2018 being made in 2019. While there were delays to broadcast distributions in 2019, they were not as significant as the previous year, £3.6m in 2019 (£10m in 2018). The company's other main source of income, commission from licensing the mechanical right for online uses, has decreased in 2019, primarily due to increased delays in online licensing, processing and distribution.

Overall royalties distributed have remained in line with 2018, increasing slightly by £0.9m. This is despite delayed and under distributions in broadcast (£3.6m), delayed distributions in online (£10m) and delayed licensing leading to delayed distributions in General Entertainment Online Licensing (£3m). Excluding suspense of £0.6m in 2019 (2018: £0.2m), minor sums release of £1.8m in 2019 (2018: £1.1m) and an adjustment of £3m for surplus profits to be distributed back to members (2018: £nil), overall commission has increased slightly due to higher commission rates being attributable to broadcast distributions and the catch-up of certain 2018 delays in 2019. Although it remains the continued intention of MCPS to catch up the delayed distributions in 2020, the outcome remains dependent on their SLA partners improving their performance.

A new 5-year service level agreement ("SLA") was signed with PFM, effective from 1 July 2017. This agreement delivered renegotiated fee levels along with a stringent set of Key Performance Indicators (and attendant reporting), which allow MCPS greater insight into and control of its day to day business. As part of the new SLA, MCPS and PRS have undertaken an evaluation of the MCPS licensing structure and, for the first time since the dissolution of the Alliance, MCPS approved a 5-year growth strategy and a 5-year forecast during 2019. MCPS has also concluded a comprehensive review of its membership agreement, the MA2. The next stage in this process is the review of the technical infrastructure requirements necessary to implement the revised membership agreement. This work commenced in 2019 and will continue through 2020.

At 31 December 2019, the Group has net assets of £0.6m (2018: net liabilities of £1.4m). The MCPS recovery plan, which commenced in 2013, is now complete and the directors have concluded that the working capital of the Group and its cash reserves are likely to prove adequate to fund the Group's activities for the foreseeable future. This conclusion is supported by the directors' assessment of market developments and financial forecasts. As a result, the directors have also concluded that the Group remains a going concern and will continue to monitor the Group's profitability and prospects within its changing markets.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

In connection with the going concern assessment, attention is drawn to the section of this Annual Report setting out the directors' assessment of the principal risks and uncertainties that the Group faces.

In conclusion, the directors have concluded that the Group and Company are a going concern for at least 12 months from the date the accounts are approved.

Subsequent events

Management have reviewed subsequent events since the statement of financial position date, including the impact of Covid-19. A full assessment of the impact of Covid-19 has been made and, whilst it is anticipated that it will lead to a downturn in trading in 2020, there is no change to valuations in the statement of financial position or in the expectation that the Group will have sufficient funds to continue its operations as a going concern. In response to this ongoing risk, the guiding principles of the Group are to protect the livelihood and safety of our employees and to maintain services for key activities to ensure membership livelihood. Covid-19 is therefore a non-adjusting post balance sheet event.

Board and committees

During the year, Mr C Evans continued as Chair of the Finance, Audit and Risk Committee until his resignation from the board on 3 July 2019, Mr A Kassner was appointed as Chair of the Pop Publishers Committee, Mr R Paine as Chair of the Classical Publishers Committee, Mr J Eggleston as Chair of the Printed Music Publishers Committee and Ms N Baldwin as Chair of the Education and Training Group.

This report was approved by the board and signed on its behalf by:



Mr R Neri
Chairperson

Date: 11/08/2020

MUSIC PUBLISHERS ASSOCIATION LIMITED
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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) 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 Company's auditors are aware of that information.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSIC PUBLISHERS ASSOCIATION LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Music Publishers Association Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2019; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Reserves for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSIC PUBLISHERS ASSOCIATION LIMITED (CONTINUED)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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. This description forms part of our auditors' report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSIC PUBLISHERS ASSOCIATION LIMITED (CONTINUED)

Use of this report

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

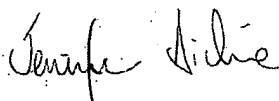
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jennifer Dickie (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 11/08/2020

MUSIC PUBLISHERS ASSOCIATION LIMITED
(A company limited by guarantee)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Turnover	3	16,124	17,753
Administrative expenses		(14,767)	(14,578)
Operating profit	4	1,357	3,175
Interest receivable and similar income	8	1,138	620
Profit before taxation		2,495	3,795
Tax on profit	9	(473)	(720)
Profit for the financial year		2,022	3,075

The notes on pages 22 to 41 form part of these financial statements.

MUSIC PUBLISHERS ASSOCIATION LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Profit for the financial year	2,022	3,075
Total comprehensive income for the financial year	2,022	3,075

The notes on pages 22 to 41 form part of these financial statements.

MUSIC PUBLISHERS ASSOCIATION LIMITED**(A company limited by guarantee)****REGISTERED NUMBER: 00140248****CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Fixed assets			
Property, plant and equipment	10	29	4
Investments	11	1	1
		<u>30</u>	<u>5</u>
Current assets			
Trade and other receivables: amounts falling due after more than one year	12	-	1,254
Trade and other receivables: amounts falling due within one year	12	10,412	30,597
Short term deposits	13	65,000	65,000
Cash at bank and in hand	14	54,412	18,681
		<u>129,824</u>	<u>115,532</u>
Trade and other payables	15	(9,857)	(7,959)
Royalties payable	16	(119,364)	(108,967)
		<u>603</u>	<u>(1,394)</u>
Net current assets/(liabilities)		<u>603</u>	<u>(1,394)</u>
Total assets less current liabilities		<u>633</u>	<u>(1,389)</u>
Total reserves			
Profit and loss account		633	(1,389)
		<u>633</u>	<u>(1,389)</u>

The financial statements on pages 15 to 41 were approved and authorised for issue by the board and were signed on its behalf by:



Mr R Neri
Chairperson

Date: 11/08/2020

The notes on 22 to 41 form part of these financial statements.

MUSIC PUBLISHERS ASSOCIATION LIMITED**(A company limited by guarantee)****REGISTERED NUMBER: 00140248****COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Fixed assets			
Property, plant and equipment	10	29	4
		<u>29</u>	<u>4</u>
Current assets			
Trade and other receivables	12	250	288
Cash at bank and in hand	14	427	664
		<u>677</u>	<u>952</u>
Creditors: amounts falling due within one year	15	(492)	(742)
Net current assets		<u>185</u>	<u>210</u>
Total assets less current liabilities		<u>214</u>	<u>214</u>
Total reserves			
Profit and loss account brought forward		214	214
Profit for the year		-	-
		<u>-</u>	<u>-</u>
Profit and loss account carried forward		214	214
		<u>214</u>	<u>214</u>

The financial statements on pages 15 to 41 were approved and authorised for issue by the board and were signed on its behalf by:



Mr. R Neri
Chairperson

Date: 11/03/2020

The notes on pages 22 to 41 form part of these financial statements.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2019

	Profit and loss account	Total reserves
	£000	£000
Opening reserves at 1 January 2018	(4,464)	(4,464)
Comprehensive income for the financial year		
Profit for the financial year	3,075	3,075
Total comprehensive income for the financial year	3,075	3,075
Closing reserves at 31 December 2018 and opening reserves at 1 January 2019	(1,389)	(1,389)
Comprehensive income for the financial year		
Profit for the financial year	2,022	2,022
Total comprehensive income for the financial year	2,022	2,022
Closing reserves at 31 December 2019	633	633

The notes on pages 22 to 41 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2019

	Profit and loss account	Total reserves
	£000	£000
Opening reserves at 1 January 2018	214	214
Closing reserves at 31 December 2018 and opening reserves at 1 January 2019	214	214
Closing reserves at 31 December 2019	214	214

The notes on pages 22 to 41 form part of these financial statements.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Profit for the financial year	2,022	3,075
Adjustments for:		
Depreciation of tangible assets	9	1
Interest receivable and similar income	(1,138)	(620)
Taxation charge	473	720
Decrease/(increase) in debtors	21,429	(2,548)
Increase in creditors	12,053	16,337
Corporation tax paid	(222)	(177)
Net cash generated from operating activities	34,626	16,788
Cash flows from investing activities		
Purchase of tangible fixed assets	(34)	(4)
Interest received	1,138	620
Invested in deposit account > 3 months	-	(15,000)
Net cash from investing activities	1,104	(14,384)
Net increase in cash and cash equivalents	35,730	2,404
Cash and cash equivalents at beginning of year	58,682	56,253
Foreign exchange gains and losses	-	25
Cash and cash equivalents at the end of year	94,412	58,682
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	54,412	18,682
Investments - Short-term deposits < 3 months	40,000	40,000
	94,412	58,682

In addition to cash and cash equivalents held above, the Group holds £25m (2018: £25m) in 6-12 month deposit accounts.

The notes on pages 22 to 41 form part of these financial statements.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £000	Cash flows £000	At 31 December 2019 £000
Cash at bank and in hand	18,682	35,730	54,412
Investments - Short-term deposits < 3 months	40,000	-	40,000
	58,682	35,730	94,412

The notes on pages 22 to 41 form part of these financial statements.

MUSIC PUBLISHERS ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

1.1 Company information

Music Publishers Association Limited (the "Company") is a limited company domiciled and incorporated in England and Wales. The registered office is 2nd Floor, Synergy House, 114-118 Southampton Row, London, England WC1B 5AA.

1.2 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

'NMP' means Network of Music Partners AJS

'PMLL' means Printed Music Licensing Limited

1.3 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.

1.4 Basis of preparation

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

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted have been consistently applied to all the years presented, are set out below.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

1.5 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.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.6 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 are 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.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.7 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 MCPS continues to undergo a transition. As sales of physical products, such as compact discs and DVDs continue to decline, the commission that the company earns from licensing associated mechanical copyrights diminishes. The decline reported in previous financial statements continued in 2019. Commission from licensing broadcasters' use of the mechanical right has increased in 2019, due to distributions delayed from 2018 being made in 2019. While there were delays to broadcast distributions in 2019, they were not as significant as the previous year, £3.6m in 2019 (£10m in 2018). The company's other main source of income, commission from licensing the mechanical right for online uses, has decreased in 2019, primarily due to increased delays in online licensing, processing and distribution.

Overall royalties distributed have remained in line with 2018, increasing slightly by £0.9m. This is despite delayed and under distributions in broadcast (£3.6m), delayed distributions in online (£10m) and delayed licensing leading to delayed distributions in General Entertainment Online Licensing (£3m). Excluding suspense of £0.6m in 2019 (2018: £0.2m), minor sums release of £1.8m in 2019 (2018: £1.1m) and an adjustment of £3m for surplus profits to be distributed back to members (2018: £nil), overall commission has increased slightly due to higher commission rates being attributable to broadcast distributions and the catch-up of certain 2018 delays in 2019. Although it remains the continued intention of MCPS to catch up the delayed distributions in 2020, the outcome remains dependent on their SLA partners improving their performance.

A new 5-year service level agreement ("SLA") was signed with PfiM, effective from 1 July 2017. This agreement delivered renegotiated fee levels along with a stringent set of Key Performance Indicators (and attendant reporting), which allow MCPS greater insight into and control of its day to day business. As part of the new SLA, MCPS and PRS have undertaken an evaluation of the MCPS licensing structure and, for the first time since the dissolution of the Alliance, MCPS approved a 5-year growth strategy and a 5-year forecast during 2019. MCPS has also concluded a comprehensive review of its membership agreement, the MA2. The next stage in this process is the review of the technical infrastructure requirements necessary to implement the revised membership agreement. This work commenced in 2019 and will continue through 2020.

In connection with the going concern assessment, attention is drawn to the section of this Annual Report setting out the directors' assessment of the principal risks and uncertainties that the Group faces.

In conclusion, the directors have concluded that the Group and Company are a going concern for at least 12 months from the date the accounts are approved.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.8 Revenue recognition

Commission levied on distributions

Commission on royalties is based on distributions made within the financial year and is stated net of value added tax.

Fees receivable

Fees receivable relate to one off membership and licensing fees and are recognised on receipt, which is when the Company earns the right to consideration.

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 balance 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 the Group 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.

Subscription income is included in the income statement on an accruals basis in accordance with member's 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.

1.9 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Software	-	25% per annum
Office machinery/ furniture and fittings	-	25% - 33.33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated income statement.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.10 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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

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

1.11 Impairment of non-current assets

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

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

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

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

MUSIC PUBLISHERS ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.12 Cash and cash equivalents

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

The Statement of Financial Position discloses the short term deposits and cash at bank in hand separately, whereas the amounts shown as cash and cash equivalents for the purposes of the Cash Flow Statement exclude any deposits with a term of 6 months or more.

1.13 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

MUSIC PUBLISHERS ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.13 Financial instruments (continued)

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

1.14 Royalties payable

The Company's liability to account for royalties payable accrues when amounts due from the corresponding users of the copyright works are received. Amounts from users that have not been received are recorded within royalties payable both as an amount receivable and an equivalent amount payable.

1.15 Members interests

The company is a company limited by guarantee. Members interests are the residual amounts left after all assets and liabilities are accounted for.

1.16 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 Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

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

MUSIC PUBLISHERS ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.18 Foreign exchange

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.

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.

1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Critical estimates and judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Impairment of trade receivables

The Group makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the receivables, the ageing profile of receivables and historical experience. See note 12 for the net carrying amount of the receivables and associated impairment provision.

3. Turnover

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Commission income	12,972	15,775
Minor sums	1,817	1,091
Subscriptions	397	389
Suspense account releases	642	231
Fees receivable	75	71
Other income	221	196
	16,124	17,753

Commission income has been reduced by £3m as an adjustment for excess commission earnings, agreed by the Board in 2019, to be distributed to members in 2020.

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	12,793	13,277
Republic of Ireland	357	359
Rest of the world	2,974	4,117
	16,124	17,753

MUSIC PUBLISHERS ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Operating profit

The operating profit is stated after charging/(crediting):

	2019	2018
	£000	£000
Depreciation of property, plant and equipment	9	1
Exchange differences	27	(25)
PRS service charge	12,715	12,737
	<u>12,751</u>	<u>12,713</u>

5. Auditors' remuneration

	2019	2018
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	19	18
Fees payable to the Group's auditor and its associates in respect of:		
Audit of the Company's subsidiaries	55	43
Taxation compliance services	51	31
Accounting support	7	7
	<u>112</u>	<u>81</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group	Company	Company
	2019	2018	2019	2018
	£000	£000	£000	£000
Wages and salaries	1,087	1,026	345	305
Social security costs	123	110	35	33
Other pension costs	15	9	6	4
	<u>1,225</u>	<u>1,145</u>	<u>386</u>	<u>342</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	Number	Number
Administration	11	13

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Directors' remuneration

	2019	2018
	£000	£000
Aggregate directors' emoluments paid by the Company	136	120

Directors and non-executive directors of the MPA and its subsidiaries received emoluments of £0.68m (2018: £0.72m).

During the year retirement benefits were accruing in the group companies to no directors (2018: Nil) in respect of defined contribution pension schemes.

The cost to the Group of the Chief Executive Officer, who is a Director of Music Publishers Association Limited and Mechanical-Copyright Protection Society Limited, during the year was as follows:

	2019	2018
	£000	£000
Music Publishers Association Limited	125	120
Mechanical-Copyright Protection Society Limited	277	342
Printed Music Licensing Limited	60	58
	462	520

8. Investment income

	2019	2018
	£000	£000
Unwinding of discount - annual	78	76
Interest on bank deposits	1,060	544
	1,138	620

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Tax on profit

	2019	2018
	£000	£000
Corporation tax		
Current tax on profits for the year	461	204
Total current tax	461	204
Deferred tax		
Origination and reversal of timing differences	12	516
Total deferred tax	12	516
Total tax	473	720

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - the same as) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2019	2018
	£000	£000
Profit before taxation	2,495	3,795
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	473	720
Total tax charge for the year	473	720

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the Balance Sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Property, plant and equipment

Group

	Software £000	Office machinery/ furniture and fittings £000	Total £000
Cost			
At 1 January 2019	2	21	23
Additions	-	34	34
At 31 December 2019	2	55	57
Accumulated depreciation			
At 1 January 2019	2	17	19
Charge for the year	-	9	9
At 31 December 2019	2	26	28
Net book value			
At 31 December 2019	-	29	29
At 31 December 2018	-	4	4

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NOTES TO THE FINANCIAL STATEMENTS
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10. Property, plant and equipment (continued)

Company

	Software £000	Office machinery/ furniture and fittings £000	Total £000
Cost			
At 1 January 2019	2	21	23
Additions	-	34	34
At 31 December 2019	<u>2</u>	<u>55</u>	<u>57</u>
Accumulated depreciation			
At 1 January 2019	2	17	19
Charge for the year	-	9	9
At 31 December 2019	<u>2</u>	<u>26</u>	<u>28</u>
Net book value			
At 31 December 2019	<u>-</u>	<u>29</u>	<u>29</u>
At 31 December 2018	<u>-</u>	<u>4</u>	<u>4</u>

11. Investments

Group

	Trade investments £000
At 1 January 2019	1
At 31 December 2019	<u>1</u>
At 31 December 2018	<u>1</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Investments (continued)

The Group's other investments are stated at historical cost. The investment in National Discography Limited was impaired to £Nil in 2014.

Company

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Mechanical-Copyright Protection Society Limited	Ordinary	100 %	Collection and distribution of royalties
European Music Rights Organisation Limited (EMRO)	Ordinary	100 %	Dormant
Printed Music Licensing Limited (PMLL)	Ordinary	100 %	Licensing of printed music
British Copyright Protection Association (BRITCO) Limited	Ordinary	100 %	Dormant
Ampleform Limited	Ordinary	100 %	Dormant

The registered address of all the subsidiary companies is 2nd Floor, Synergy House, 114-118 Southampton Row, London, England WC1B 5AA.

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Trade and other receivables

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Due after more than one year				
Amounts owed by PRS	-	1,254	-	-
	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Due within one year				
Trade debtors	1,135	1,114	98	120
Amounts owed by group undertakings	-	-	92	141
Amounts owed by PFM	-	27,187	-	-
Amounts owed by PRS	1,254	1,255	-	-
Other receivables	7,962	971	60	23
Tax recoverable	-	-	-	4
Deferred taxation (Note 17)	61	70	-	-
	10,412	30,597	250	288

The loan to PRS is repayable in instalments over the period 1 January 2015 to 30 June 2020 and is free from interest. As part of the renegotiation of the service agreement in 2017 the repayment period was shortened from 1 January 2021. In accordance with FRS 102, a zero rate loan is measured at the present value of the future payments discounted at a market rate of interest for similar financial instruments. Over the period of the loan, interest payable will be calculated and added to the loan using the effective interest method. The loan was discounted at 2.5% (Bank of England rate at the inception date, 2013, plus 2%) and the effect of discounting will unwind over the period of the loan as interest credited to the profit and loss account. In 2019, the interest credited was £0.08m (2018: £0.08m).

As at 31 December 2019, the balance between MCPS and PFM has moved from a debtor to a creditor, due to a true-up adjustment for the performing and mechanical shares on online lump sums invoiced in 2018 and 2019. The actual usage is showing that the split is now much more significantly in favour of the performing share, rather than the more even splits recorded on the original deal sheets and so an adjustment to royalty income has been processed to reflect the amount that would need to be re-allocated from MCPS to PRS.

The amount of £Nil (2018: £27.2m) due from PFM bears no obligation to pay interest now or in the future.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Short term deposits

These are short term bank deposits consisting of £10m (2018: £10m) held in an overnight deposit account with Santander, £10m (2018: £10m) held in a 35 day notice account with Santander, £5m (2018: £5m) held in a 6 month notice account with Close Brothers, £5m (2018: £5m) held in a 12 month notice account with Close Brothers, £20m (2018: £20m) held with Federated Money Market investors in an overnight deposit account and £15m held in a 95 day notice account with Lloyds (2018: £15m). The amounts held in less than three month deposit accounts are shown as cash and cash equivalents in the cash flow statement and comparatives for this have been aligned.

14. Cash at bank and in hand

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Cash at bank and in hand	49,389	13,544	427	664
Cash held in escrow	5,023	5,137	-	-
	54,412	18,681	427	664

£5.0m (2018: £5.1m) cash is held in escrow under the 2017 Services Agreement between MCPS and PRS.

15. Trade and other payables

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade payables	47	134	35	72
Amounts owed to group undertakings	-	-	-	28
Amounts owed to PFM	2,070	-	-	-
Corporation tax payable	359	117	-	-
Other taxation and social security	42	46	42	46
Other payables	7,264	7,420	340	360
Accruals and deferred income	75	242	75	236
	9,857	7,959	492	742

The amount of £2.1m (2018: £Nil) due to PFM bears no obligation to pay interest now or in the future.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Royalties payable

	2019 £000	2018 £000
At 1 January	108,967	87,670
Add: royalties collected	164,213	172,956
	<u>273,180</u>	<u>260,626</u>
Less: taken to profit as minor sums	(1,817)	(1,091)
Less: administration fee charged	(298)	(279)
Less: administrative expenses	(339)	(311)
Add: Commission income	50	49
Add: Interest received	12	5
	<u>270,788</u>	<u>258,999</u>
Distributed during the year in respect of:		
Royalty exploitation in UK and Ireland	(114,905)	(115,139)
Royalty exploitation outside UK and Ireland	(30,898)	(29,611)
	<u>(145,803)</u>	<u>(144,750)</u>
	124,985	114,249
Movement in returned royalties, deposits, advances received, etc.	(5,621)	(5,282)
At 31 December	<u><u>119,364</u></u>	<u><u>108,967</u></u>

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 £119.4m royalties payable on 31 December 2019, £118.3m related to MCPS and £1.1m related to PMLL (2018: £107.2m and £1.7m respectively). As at 31 December 2019, potential amounts both receivable and payable were £2.1m (2018: £3.9m).

17. Deferred taxation

Group

	2019 £000
Asset at 1 January 2018	70
Charged to profit or loss	(9)
Asset at 31 December 2018	<u><u>61</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

17. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	Group 2019 £000	Group 2018 £000
Tax losses carried forward	61	70

18. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £15k (2017: £9k).

19. Members' guarantees

There were 245 (2018: 204) members of MPA as at 31 December, each of whom has guaranteed to contribute up to £2 (2018: £3) in the event of the winding-up of the Company. MPA membership is annual and was from 1st January to 31st December. Average number of members in 2019 was 210 (2018: 226).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

20. Related party transactions

Group

Certain directors and parties related to directors are entitled to royalties collected by the companies within the Group. Parties related to directors include family members and companies controlled by these directors including, where appropriate, publishing companies and their subsidiaries. During 2019, total royalties paid by the Group to the directors and to parties related to the directors amounts to £61.0m (2018: £67.8m). These royalties were calculated on the same basis as royalties paid to all members and are paid in accordance with the Group's normal procedures.

Due to the highly integrated nature of the industry, directors may 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.

During the year, MPA made charges of £0.12m (2018: £0.06m) to its subsidiary undertaking, MCPS and charges of £0.04m (2018: £0.02m) to its subsidiary undertaking PMLL.

At 31 December 2019, MPA owed MCPS £Nil (2018: £0.03m). At 31 December 2019, MPA was owed £0.09m by PMLL (2018: £0.14m).

Company

Throughout both financial years Music Publishers Association Limited ("MPA"), the Company, 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 2019, royalties were paid by MCPS and PMLL to parties related to Board members. These royalties were calculated on the same basis as royalties paid to all members of MCPS and PMLL respectively and are paid in accordance with normal MCPS and PMLL 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.

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UNAUDITED
COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£000	£000
Turnover	777	654
Administrative expenses	(780)	(656)
Operating loss	(3)	(2)
Interest receivable and similar income	3	2
Profit for the year	-	-

	2019	2018
	£000	£000
Turnover		
Subscriptions	397	388
Management charges from subsidiary companies	159	70
Sundry receipts	12	13
Association function and projects	163	151
ISMNs	1	-
Training courses and conferences	45	32
	777	654

This page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 12 to 14.

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UNAUDITED
SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£000	£000
Administration expenses		
Staff and directors' costs	386	342
Other staff costs	22	5
Telephone and internet	5	2
Travelling and entertainment	14	28
Association functions and projects	153	137
Attendance at industry functions	46	15
General expenses	4	9
Print, Postage and stationery	8	11
Insurance	4	4
Audit and accountancy fees	52	42
Legal and professional	20	19
Subscriptions and donations	22	21
Promotions and publicity	8	8
Computer expenses and maintenance	12	12
Depreciation	9	1
Staff training	9	7
Website development and rebranding	17	16
Premises costs	(11)	(23)
	780	656
	2019	2018
	£000	£000
Interest receivable		
Bank interest receivable	3	2

This page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 12 to 14.