Registered number: 00140248

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)

CONTENTS

	Page(s)
Company Information	1
Chairperson's Statement	2 - 3
Group Strategic Report	4 - 6
Directors' Report	7 - 9
Directors' Responsibilities Statement	10
Independent auditors' report to the Members of Music Publishers Association Limited	11 - 13
Consolidated Income Statement	14
Consolidated Statement of Comprehensive Income	15
Consolidated Statement of Financial Position	16
Company Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Company Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20 - 39
The following pages do not form part of the statutory financial statements:	
Company detailed Profit and Loss Account and Summaries	40 - 41

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)

COMPANY INFORMATION

Directors	Ms J Alway Ms J Andersen Dr S Anderson Mr G Bhupsingh Mr M Box Mr C Butler Mr J Eggleston Mr C Evans Mr A Heath Mr P Hope Mr D Kassner Mr R King Ms P Long Ms C Manners Mr B McDonald Mr D McGinnis Ms A Miller Mr R Neri Mr J Perry Ms M Scott Ms J Smith Mr J Tester Mr C Winchester Ms J Davidson
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

(A company limited by guarantee)

CHAIRPERSON'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

During 2018 the MPA Group has worked hard to realise good results for the Mechanical-Copyright Protection Society Limited (MCPS) against a backdrop of continued decline in physical product revenues, while achieving growth for its Printed Music Licensing Limited (PMLL) business.

Our results demonstrate that significant markets for the licensing of reproduction rights remain in the UK and beyond, while new licensing opportunities continue to emerge.

Group consolidated results

	2018	2017	Change
	£'000	£'000	
Gross revenue	**17,753**	19,993	-11%
Interest receivable and similar income	**620**	905	-31%
Profit before tax	**3,795**	5,003	-24%
Tax charge	**(720)**	(893)	-19%
Profit after tax	**3,075**	4,110	-25%

The service contract between MCPS and PRS continues to deliver positive results for its members. The careful monitoring of the delivery of service level requirements is ongoing, supported by working groups of experts from member companies. During the term of the service contract, MCPS' negative balance sheet has been reduced from £12.3m to £1.6m with the expectation that MCPS should see a return to a positive balance sheet position in 2019.

MCPS is assuring its position as a collection society of choice for its members, by modernising its membership agreements to create an agile, dynamic and fit for purpose service offering. This process has been in development with intensive input from members during 2018 and MCPS continues to work hard to complete its work on the new agreement in 2019.

While 2018 was another successful year for MCPS it has not been without its challenges, increased delays in distributions being of greatest concern. Overall royalties distributed have decreased by £12.9m, or 8.4% to £141.4 in 2018. The key factor for this decrease was distributions which were due to be made in 2018 being delayed until 2019. This issue affected recorded media, broadcast, but most significantly online licensing. Although it is anticipated that most of these delays will be recovered in 2019, it is heavily dependent on our service contract partner, PRS' performance.

PMLL (which oversees our licensing scheme for photocopying in schools) had another outstanding year:

Printed Music Licensing Limited results

	2018	2017	Change
	£'000	£'000	
Gross revenue	**307**	264	16.3%
Interest receivable and similar income	**5**	2	150%
Result before tax	**-**	-	-%
Tax charge	**-**	-	-%
Result after tax	**-**	-	-%

PMLL has been developing new schemes to extend its licensing reach into higher education and to provide a scheme for amateur choirs and we plan to implement these schemes during 2019.

A thorough review of the potential impact of BREXIT on our business has been undertaken. The MPA has been fully engaged in Government consultation on the revisions necessary to the UK copyright framework and we will continue to ensure our voice is heard during the forthcoming period of change. The MPA has also been actively engaged with ICMP and UK Music to promote and protect our members' interests in relation to the forthcoming EU Copyright Directive with the aim that it will deliver on our objective of closing the value gap in digital licensing.

CHAIRPERSON'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

Our industry is benefitting from the growth in digital revenues and MCPS continues to represent the repertoire of members who have chosen to entrust MCPS with the responsibility for multi-digital licensing and revenue collection.

Our success is sustained by our dedicated MPA team now led by our new CEO, Paul Clements. Paul comes to us prepared to leverage over 22 years of experience in music licensing, copyright protection and service provision to focus on new revenue opportunities and optimal service provision to our members. On behalf of all MPA members, I welcome Paul and thank his excellent team for their hard work during 2018. I also thank Jane Dyball for all that she achieved for us during her 5 years as CEO of the MPA Group and last but very definitely not least, thank you to all the many members who have contributed time and expertise to the MPA Group of businesses. Our continued success is based on this collective effort.

Name Ms J Alway
Chairperson

Date 30 May 2019

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

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.

Since 1 July 2013 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 2018 this has been reduced to £1.6m and a return to a positive position is expected within the next 12 months.

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 2018. 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. Some online mandates currently administered by MCPS moved to the new IMPEL-like company during 2018. In addition, 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 2019 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.

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

	2018 £000	2017 £000	Change %
Group turnover	**17,753**	19,993	(11)
Interest receivable and similar income	**620**	905	(31)
Profit before taxation	**3,795**	5,003	(24)
Tax (charge)/credit	**(720)**	(893)	(19)
Profit after tax	**3,075**	4,110	(25)

Group turnover decreased by 11% during the year. The Group made a profit for the financial year of £3.1m in 2018 (2017: £4.1m). PMLL operates at break-even.

The total net income for 2018 of MPA as a stand alone operation, was £668,000 (2017: £706,000) including membership subscriptions totaling £389,000 (2017: £375,000). There was an operating loss amounting to £2,000 (2017: loss of £4,000). 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 40 to 41.

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 3 times in 2018. 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.

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. It is also unclear if, and in what manner, the European Directive would be implemented in UK law.

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commenced a process that was scheduled to be completed in March 2019, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy with increased volatility expected in 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 2018 the Group held cash and cash equivalents of £83.7m (2017: £66.3m). The Group also had amounts receivable from PfM and PRS of £28.4m (see note 12) at 31 December 2018 (2017: £23.1m). The directors do not consider the amount receivable from PfM and 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.

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

Ms J Alway Jackie Alway
Chairperson

Date: 30 MAY 2019

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

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
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 (appointed 3 July 2018)
Mr N Elderton (resigned 3 July 2018)
Mr C Evans
Mr A Heath
Mr P Hope
Mr D Kassner
Mr R King
Ms P Long
Ms C Manners
Mr B McDonald (appointed 3 July 2018)
Mr D McGinnis
Ms A Miller
Mr J Minch (resigned 3 July 2018)
Mr R Neri
Mr J Perry
Mr S Platz (resigned 3 July 2018)
Ms M Scott (appointed 3 July 2018)
Mr J Simmonds (resigned 3 July 2018)
Ms J Smith - Designated Director
Mr J Tester (appointed 3 July 2018)
Mr P Thomas (resigned 3 July 2018)
Mr C Winchester - Designated Director
Ms J Davidson (appointed 3 July 2018)

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 and are eligible under the Articles of Association for re-election if nominated:

Mr D Kassner
Ms A Miller

The following members of the Board retire in 2019 and must stand down for one year in accordance with the Articles of Association:

Mr C Evans
Mr R King

Results and dividends

The profit for the financial year amounted to £3,075,000 (2017: £4,110,000).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend. (2017: £Nil).

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 the MCPS continues to undergo a transition. As sales of physical products, such as compact discs and DVDs diminish, the commission that MCPS earns from licensing associated mechanical copyrights diminishes. As this decline has not been as pronounced in 2018, physical product commission was in line with 2017. Commission from licensing broadcasters' use of the mechanical right has reduced in 2018, due to delays in licensing and distributions of broadcast blankets, and this is expected to reverse in 2019 with the catch up of distributions. MCPS's other main source of income, commission from licensing the mechanical right for online uses, has increased in 2018 despite delays in ICE licensing, processing and distribution.

Overall royalties distributed have decreased by £12.9m, or 8.4%, to £141.4m. This reduction is primarily due to delayed distributions in broadcast (£10m) and online (£11m) offset by catch up distributions in the GEOL area of £11m. Excluding suspense and minor sum releases of £1.3m in 2018 (2017: £2.3m), overall commission has decreased slightly further than revenue decline due to the delayed broadcast distributions being at a higher than average commission rate.

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 the board greater insight into and control of MCPS day to day business. As part of the new SLA, MCPS and PRS have undertaken an evaluation of the MCPS licensing structure and it is expected that this will result in more efficient schemes and potential increases in revenue. MCPS has also commenced a comprehensive review of its membership agreement, the MA2, and this review is expected to conclude during 2019.

At 31 December 2018, the Group has net liabilities of £1.4m (2017: £4.5m). The directors have concluded that the working capital of the MCPS and its cash reserves are likely to prove adequate to fund the MCPS 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.

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Board and committees

During the year, Mr C Evans continued as Chair of the Finance, Audit and Risk Committee, Mr R Neri continued 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:

Ms J Alway
Director

Date: 30 May 2019

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

The directors 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.

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) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 2018 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 2018; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

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 2018 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 10, 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.

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.

Brian Henderson (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 30 May 2019

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover	3	**17,753**	19,993
Gross profit		**17,753**	19,993
Administrative expenses		**(14,578)**	(15,895)
Operating profit	4	**3,175**	4,098
Interest receivable and similar income	8	**620**	905
Profit before taxation		**3,795**	5,003
Tax on profit	9	**(720)**	(893)
Profit for the financial year		**3,075**	4,110

The notes on pages 20 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£000	£000
Profit for the financial year	**3,075**	4,110
Total comprehensive income for the financial year	**3,075**	4,110

The notes on pages 20 to 39 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 2018

	Note		2018 £000		2017 £000
Fixed assets					
Property, plant and equipment	10		**4**		1
Investments	11		**1**		1
			5		2
Current assets					
Trade and other receivables: amounts falling due after more than one year	12	**1,254**		2,508	
Trade and other receivables: amounts falling due within one year	12	**30,597**		27,313	
Short term deposits	13	**65,000**		35,000	
Cash at bank and in hand	14	**18,681**		31,253	
		115,532		96,074	
Trade and other payables	15	**(7,959)**		(12,870)	
Royalties payable	16	**(108,967)**		(87,670)	
Net current liabilities			**(1,394)**		(4,466)
Total assets less current liabilities			**(1,389)**		(4,464)
Capital and reserves					
Profit and loss account			**(1,389)**		(4,464)
			(1,389)		(4,464)

The financial statements on pages 14 to 39 were approved and authorised for issue by the board and were signed on its behalf by:

Ms J Alway
Director

Date: 30 MAY 2019

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)
REGISTERED NUMBER: 00140248

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note		2018 £000		2017 £000
Fixed assets					
Property, plant and equipment	10		**4**		1
			4		1
Current assets					
Trade and other receivables	12	**288**		133	
Cash at bank and in hand	14	**664**		700	
		952		833	
Creditors: amounts falling due within one year	15	**(742)**		(620)	
Net current assets			**210**		213
Net assets			**214**		214
Capital and reserves					
Profit and loss account brought forward		**214**		218	
Profit/(loss) for the year		**-**		(4)	
Profit and loss account carried forward			**214**		214
			214		214

The financial statements on pages 14 to 39 were approved and authorised for issue by the board and were signed on its behalf by:

Ms J Alway Julie Alway
Director

Date: 30 MAY 2019

The notes on pages 20 to 39 form part of these financial statements.

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Profit and loss account	Total shareholders' deficit
	£000	£000
At 1 January 2017	(8,574)	(8,574)
Comprehensive income for the financial year		
Profit for the financial year	4,110	4,110
Total comprehensive income for the financial year	4,110	4,110
At 31 December 2017 and 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
At 31 December 2018	(1,389)	(1,389)

The notes on pages 20 to 39 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Profit and loss account	Total shareholders' funds
	£000	£000
At 1 January 2017	218	218
Comprehensive expense for the financial year		
Loss for the financial year	(4)	(4)
Total comprehensive expense for the financial year	(4)	(4)
At 31 December 2017 and 1 January 2018	214	214
At 31 December 2018	214	214

The notes on pages 20 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	2017 £000
Cash flows from operating activities		
Profit for the financial year	**3,075**	4,110
Adjustments for:		
Depreciation of tangible assets	**1**	1
Interest receivable and similar income	**(620)**	(905)
Taxation charge	**720**	893
(Increase) in debtors	**(2,548)**	(4,630)
Increase in creditors	**16,337**	4,622
Corporation tax (paid)	**(177)**	(190)
(Invested in)/redeemed from deposit account > 3 months	**-**	20,000
Net cash generated from operating activities	**16,788**	23,901
Cash flows from investing activities		
Purchase of tangible fixed assets	**(4)**	(1)
Interest received	**620**	905
(Invested in)/redeemed from deposit account > 3 months	**(15,000)**	-
Net cash from investing activities	**(14,384)**	904
Net increase in cash and cash equivalents	**2,404**	24,805
Cash and cash equivalents at beginning of year	**56,253**	31,395
Foreign exchange gains and losses	**25**	53
Cash and cash equivalents at the end of year	**58,682**	56,253
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**18,682**	31,253
Investments - Short-term deposits < 3 months	**40,000**	25,000
	58,682	56,253

In addition to cash and cash equivalents held above, the Group holds £25,000,000 (2017: £10,000,000) in 6-12 month deposit accounts.

The notes on pages 20 to 39 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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.

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 accounting policy.

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 continues to undergo a transition. As sales of physical products, such as compact discs and DVDs diminish, the commission that MCPS earns from licensing associated mechanical copyrights diminishes. As this decline has not been as pronounced in 2018, physical product commission was in line with 2017. Commission from licensing broadcasters' use of the mechanical right has reduced in 2018, due to delays in licensing and distributions of broadcast blankets, and this is expected to reverse in 2019 with the catch up of distributions. MCPS's other main source of income, commission from licensing the mechanical right for online uses, has increased in 2018 despite delays in ICE licensing, processing and distribution.

Overall royalties distributed have decreased by £12.9m, or 8.4%, to £141.4m. This reduction is primarily due to delayed distributions in broadcast (£10m) and online (£11m) offset by catch up distributions in the GEOL area of £11m. Excluding suspense and minor sum releases of £1.3m in 2018 (2017: £2.3m), overall commission has decreased slightly further than revenue decline due to the delayed broadcast distributions being at a higher than average commission rate.

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 the board greater insight into and control of MCPS day to day business. As part of the new SLA, MCPS and PRS have undertaken an evaluation of the MCPS licensing structure and it is expected that this will result in more efficient schemes and potential increases in revenue. MCPS has also commenced a comprehensive review of its membership agreement, the MA2, and this review will conclude during 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.

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.

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.

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.

1. Accounting policies (continued)

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.

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.

1. Accounting policies (continued)

1.13 Financial instruments (continued)

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 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

1.15 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.

1.16 Retirement benefits

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

1. Accounting policies (continued)

1.17 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.

1.18 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.

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:

	2018 £000	2017 £000
Commission income	**15,775**	17,035
Minor sums	**1,091**	1,345
Subscriptions	**389**	375
Suspense account releases	**231**	986
Fees receivable	**71**	68
Other income	**196**	184
	17,753	19,993

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	**13,277**	14,474
Rest of Europe	**359**	239
Rest of the world	**4,117**	5,280
	17,753	19,993

4. Operating profit

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

	2018 £000	2017 £000
Depreciation of property, plant and equipment	**1**	1
Exchange differences	**(25)**	(53)
PRS service charge	**12,737**	13,882

5. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**18**	18

Fees payable to the Group's auditor and its associates in respect of:

	2018 £000	2017 £000
Audit of the Company's subsidiaries	**7**	7
Accounting support	**7**	7

6. Employees

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

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Wages and salaries	**1,026**	1,128	**305**	347
Social security costs	**110**	110	**33**	26
Other pension costs	**9**	5	**4**	4
	1,145	1,243	**342**	377

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

	2018 Number	2017 Number
Administration	**13**	13

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Directors' remuneration

	2018 £000	2017 £000
Aggregate directors' emoluments paid by the Company	**120**	177

Directors and non-executive directors of the MPA and its subsidiaries received emoluments of £716,000 (2017: £861,000).

During the year retirement benefits were accruing in the group companies to no directors (2017: 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:

	2018 £000	2017 £000
Music Publishers Association Limited	**120**	177
Mechanical-Copyright Protection Society Limited	**342**	438
Printed Music Licensing Limited	**58**	68
	520	683

8. Investment income

	2018 £000	2017 £000
Unwinding of discount - accelerated	**-**	221
Unwinding of discount - annual	**76**	75
Interest on bank deposits	**544**	609
	620	905

9. Tax on profit

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	**204**	157
Adjustments in respect of prior years	**-**	3
Total current tax	**204**	160
Deferred tax		
Origination and reversal of timing differences	**516**	806
Changes to tax rates	**-**	(73)
Total deferred tax	**516**	733
Total tax	**720**	893

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017: lower than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit before taxation	**3,795**	5,003
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	**720**	963
Effects of:		
Adjustments in respect of prior years	**-**	3
Effect of change in tax rates	**-**	(73)
Total tax charge for the year	**720**	893

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 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 this enacted tax rate and reflected in these financial statements.

10. Property, plant and equipment

Group

	Software £000	Office machinery/ furniture and fittings £000	Total £000
Cost			
At 1 January 2018	2	17	19
Additions	-	4	4
At 31 December 2018	2	21	23
Accumulated depreciation			
At 1 January 2018	2	16	18
Charge for the year	-	1	1
At 31 December 2018	2	17	19
Net book value			
At 31 December 2018	-	4	4
At 31 December 2017	-	1	1

10. Property, plant and equipment (continued)

Company

	Software £000	Office machinery/ furniture and fittings £000	Total £000
Cost			
At 1 January 2018	2	17	19
Additions	-	4	4
At 31 December 2018	2	21	23
Accumulated depreciation			
At 1 January 2018	2	16	18
Charge for the year	-	1	1
At 31 December 2018	2	17	19
Net book value			
At 31 December 2018	-	4	4
At 31 December 2017	-	1	1

11. Investments

Group and Company

	Trade investments £000
At 1 January 2018	1
At 31 December 2018	1
At 31 December 2017	1

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.

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
Independent Music Publisher's EL Limited (IMPEL)	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.

12. Trade and other receivables

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Due after more than one year				
Amounts owed by PRS	**1,254**	2,508	**-**	-

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Due within one year				
Trade debtors	**1,114**	574	**120**	44
Amounts owed by group undertakings	**-**	10	**141**	78
Amounts owed by PfM	**27,187**	21,864	**-**	-
Amounts owed by PRS	**1,255**	1,257	**-**	-
Other receivables	**971**	3,019	**23**	7
Tax recoverable	**-**	3	**4**	4
Deferred taxation (Note 17)	**70**	586	**-**	-
	30,597	27,313	**288**	133

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 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 2018, the interest credited was £76,000 (2017: £296,000). This includes an adjustment of £221,000 as a result of the shortened repayment period.

The amount of £27.2m (2017: £21.9m) 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.

13. Short term deposits

These are short term bank deposits consisting of £10,000,000 (2017: £5,000,000) held in an overnight deposit account with Santander, £10,000,000 (2017: £Nil) held in a 35 day notice account with Santander, £5,000,000 (2017: £5,000,000) held in a 6 month notice account with Close Brothers, £5,000,000 (2017: £5,000,000) held in a 12 month notice account with Close Brothers, £20,000,000 (2017: £20,000,000) held with Federated Money Market investors in an overnight deposit account and £15,000,000 held in a 95 day notice account with Lloyds (2017: £nil). 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 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Cash at bank and in hand	**13,544**	26,132	**664**	700
Cash held in escrow	**5,137**	5,121	**-**	-
	18,681	31,253	**664**	700

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

15. Trade and other payables

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Trade payables	**134**	188	**72**	79
Amounts owed to group undertakings	**-**	-	**28**	78
Corporation tax payable	**117**	93	**-**	-
Other taxation and social security	**46**	23	**46**	23
Other payables	**7,420**	12,133	**360**	403
Accruals and deferred income	**242**	433	**236**	37
	7,959	12,870	**742**	620

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

16. Royalties payable

		2018 £000		2017 £000
At 1 January		**87,670**		84,853
Add: royalties collected		**172,956**		165,781
		260,626		250,634
Less: taken to profit as minor sums		**(1,091)**		(1,345)
Less: administration fee charged		**(279)**		(234)
Less: administrative expenses		**(311)**		(266)
Add: Commission income		**49**		56
Add: Interest received		**5**		2
		258,999		248,847
Distributed during the year in respect of:				
Royalty exploitation in UK and Ireland	**(115,139)**		(154,978)	
Royalty exploitation outside UK and Ireland	**(29,611)**		(4,429)	
		(144,750)		(159,407)
		114,249		89,440
Movement in returned royalties, deposits, advances received, etc.		**(5,282)**		(1,770)
At 31 December		**108,967**		87,670

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 £109.0m royalties payable on 31 December 2018, £107.2m related to MCPS and £1.7m related to PMLL (2017: £85.9 and £1.8m respectively). As at 31 December 2018, potential amounts both receivable and payable were £3.9m (2017: £2.7m).

17. Deferred taxation

Group

	2018 £000	2017 £000
Asset at 1 January 2018	**586**	1,319
Charged to profit or loss	**(516)**	(733)
Asset at 31 December 2018	**70**	586

17. Deferred taxation (continued)

At end of year

	Group 2018 £000	Group 2017 £000
Tax losses carried forward	**70**	586

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 £9,000 (2017: £5,000).

19. Members' guarantees

There were 204 (2017: 249) members of MPA as at 31 December, each of whom has guaranteed to contribute up to £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 2018 was 226 (2017: 257).

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 2018, total royalties paid by the Group to the directors and to parties related to the directors amounts to £53m (2017: £83m). 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 £55,000 (2017: £89,000) to its subsidiary undertaking, MCPS and charges of £15,000 (2017: £59,000) to its subsidiary undertaking PMLL.

At 31 December 2018, MPA owed MCPS £28,000 (2017: £78,000). At 31 December 2018, MPA was owed £141,000 by PMLL (2017: £70,000).

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 2018, 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.

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)

COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	2017 £000
Turnover	**655**	699
Administrative expenses	**(657)**	(701)
Operating loss	**(2)**	(2)
Interest receivable and similar income	**2**	1
Tax on profit	**-**	(3)
Profit/(loss) for the year	**-**	(4)

	2018 £000	2017 £000
Turnover		
Subscriptions	**389**	375
Management charges to subsidiary companies	**70**	148
Sundry receipts	**13**	13
Association function and projects	**151**	128
Training courses and conferences	**32**	35
	655	699

MUSIC PUBLISHERS ASSOCIATION LIMITED

(A company limited by guarantee)

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	2017 £000
Administration expenses		
Staff and directors' costs	**342**	364
Other staff costs	**5**	11
Telephone and internet	**2**	2
Travelling and entertainment	**19**	18
Association functions and projects	**146**	140
Attendance at industry functions	**15**	16
General expenses	**9**	1
Print, Postage and stationery	**11**	7
Insurance	**4**	2
Audit and accountancy fees	**42**	50
Legal and professional	**19**	17
Subscriptions and donations	**21**	21
Promotions and publicity	**8**	8
Computer expenses and maintenance	**12**	12
Depreciation	**1**	2
Bad debts	**1**	-
Staff training	**7**	9
Bank charges and interest	**-**	1
Website development	**16**	19
Rent rates and service charges	**(23)**	1
	657	701

	2018 £000	2017 £000
Interest receivable		
Bank interest receivable	**2**	1

This page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 11 to 13.