

Directors' Report and Financial Statements 2001



Irish Music Rights Organisation
Eagras Um Chearta Cheolta
(A company limited by guarantee and
not having a share capital)

Irish Music Rights Organisation Limited
(a Company limited by guarantee and not having a share capital)

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Annual Report Now Available Online

To access an online version of the Directors' Report and Financial Statements and a full report on the activities of IMRO in 2001 please visit: www.imro.ie/about/documents_archive.shtml

Mission Statement

IMRO's aim is to enhance the wellbeing of all those whom it represents. It does this through administrative excellence, innovative management, high quality and superior service.

Directors And Other Information

Board of Directors at 31 December 2001

Mike Hanrahan (Cathaoirleach)
Barbara Galavan (Leaschathaoirleach)
Paul Brady
Noel Cullen
Keith Donald
Darragh Kettle
Donagh Long
Donal Lunny
Patrick Lyons
Eleanor McEvoy
Liam O'Maonlai
Michael O'Riordan
Niall Toner

Secretary and Registered Office

Carmel Ryan
Copyright House
Pembroke Row
Lower Baggot Street
Dublin 2

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
George's Quay
Dublin 2

Solicitors

McCann FitzGerald
2 Harbourmaster Place
Custom House Dock
Dublin 1

Matheson Ormsby Prentice
30 Herbert Street
Dublin 2

Miley & Miley
35 Molesworth Street
Dublin 2

Bankers

Bank of Ireland
Lower Baggot Street
Dublin 2

Allied Irish Bank
37/38 Upper O'Connell Street
Dublin 1

Bank of Scotland
Unit 4, Clonskeagh Square
Clonskeagh
Dublin 14

Anglo Irish Bank Corporation plc
Stephen Court
18/21 St. Stephen's Green
Dublin 2

Directors' Report

The directors present herewith the audited financial statements for the year ended 31 December 2001.

Principal activities

The company administers the performing rights in copyright music on behalf of its members and, as a non exclusive licensee, on behalf of the societies affiliated to it.

Review of business and future developments

The results for the year show an increase of €1,624,224 over 2000 distributable revenue. The directors consider this to be a satisfactory result for the year. Further growth in distributable revenue is anticipated in 2002.

Statement of directors' responsibilities

Irish company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Proper books

The measures taken with regard to keeping proper books of account include the use of appropriate procedures and the employment of competent and reliable persons. The books of account are kept at the company's premises at Copyright House, Pembroke Row, Lower Baggot Street, Dublin 2.

Results

The income and expenditure account is set out on page 7.

Dividends

The company is limited by guarantee and it is not possible for such a company to pay a dividend.

Directors

The directors of the company at 31 December 2001, were:

Mike Hanrahan (Cathaoirleach)

Barbara Galavan (Leasathaoirleach)

Paul Brady Noel Cullen

Keith Donald Darragh Kettle

Donagh Long Donal Lunny

Patrick Lyons Eleanor McEvoy

Liam O'Maonlai Michael O'Riordan

Niall Toner

In accordance with the company's Articles of Association, five directors retired by rotation during the year, three writer directors, Donagh Long, Eleanor McEvoy and John Faulkner, and two publisher directors, Shay Hennessy and Eddie Joyce. In addition, one writer director, Paul Brady, who had been appointed by the Board to fill a casual vacancy, also retired as required under the Articles of Association.

Following a postal ballot, Donagh Long, Eleanor McEvoy, Paul Brady and Liam O'Maonlai were appointed writer directors at the Annual General Meeting. Following the same postal ballot, Donal Lunny and Darragh Kettle were appointed publisher directors.

Transactions involving directors

Details of transactions involving directors are set out in notes 17 and 18 to the financial statements. Apart from these, there are no contracts or arrangements of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act 1990, at any time during the year ended 31 December 2001.

Safety, Health & Welfare at Work Act 1989

The directors have made the necessary safety statement required by Section 12 of the Safety, Health & Welfare at Work Act, 1989.

Euro

The company has upgraded its systems to comply with the introduction of the euro.

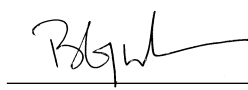
Auditors

The auditors, PricewaterhouseCoopers, will be re-appointed in accordance with Section 160(2) of the Companies Act 1963.

On behalf of the board



Mike Hanrahan
19 June 2002



Barbara Galavan
19 June 2002

Independent Auditors' Report

To the members of the Irish Music Rights Organisation Limited
(A company limited by guarantee and not having a share capital)

We have audited the financial statements on pages 7 to 17 which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on page 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 3 in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account; and
- whether the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration or directors' transactions is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company affairs at 31 December 2001 and of its results and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 3 and 4 is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
19 June 2002

Income and Expenditure Account
Year Ended 31 December 2001

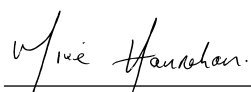
| | Notes | 2001 € | 2000 € |
|-------------------------------|-------|--------------------|--------------------|
| Licence revenue | | 26,771,033 | 24,706,284 |
| Net operating expenses | 1 | <u>(4,860,935)</u> | <u>(4,439,426)</u> |
| Operating surplus | | 21,910,098 | 20,266,858 |
| Interest receivable | | 244,587 | 188,376 |
| Interest payable | 4 | <u>(240,229)</u> | <u>(215,838)</u> |
| Surplus before taxation | 3 | 21,914,456 | 20,239,396 |
| Taxation | 5 | <u>(78,192)</u> | <u>(44,764)</u> |
| Surplus after taxation | | <u>21,836,264</u> | <u>20,194,632</u> |
| Royalties | | (21,818,856) | (20,194,632) |
| Surplus for the year retained | | <u>17,408</u> | <u>-</u> |

The company has no recognised gains and losses other than those dealt with in the income and expenditure account above, and therefore no separate statement of total recognised gains and losses has been presented.

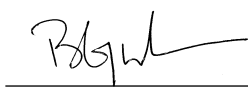
There is no difference between the surplus on ordinary activities before taxation and the surplus retained for the year stated above, and their historical cost equivalents.

The results of the company all derive from continuing operations.

On behalf of the board



Mike Hanrahan
19 June 2002

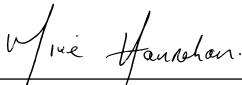


Barbara Galavan
19 June 2002

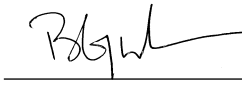
Balance Sheet
31 December 2001

| | Notes | 2001 € | 2000 € |
|---------------------------------------|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 6 | 6,625,087 | 5,968,546 |
| Current assets | | | |
| Debtors | 7 | 5,928,864 | 5,837,656 |
| Cash at bank and on hand | | 5,210,559 | 3,905,591 |
| | | <u>11,139,423</u> | <u>9,743,247</u> |
| Current liabilities | | | |
| Amounts falling due within one year | 8(a) | (14,063,735) | (11,750,147) |
| Net current liabilities | | <u>(2,924,312)</u> | <u>(2,006,900)</u> |
| Total assets less current liabilities | | 3,700,775 | 3,961,646 |
| Less: non current liabilities | | | |
| Amounts falling due after one year | 8(b) | (3,683,367) | (3,961,646) |
| Total | | <u>17,408</u> | <u>-</u> |
| Represented by | | | |
| Revenue reserves | | <u>17,408</u> | <u>-</u> |

On behalf of the board



Mike Hanrahan
19 June 2002



Barbara Galavan
19 June 2002

Cash Flow Statement

Year Ended 31 December 2001

| | Notes | 2001 € | 2000 € |
|---|-------|------------------|------------------|
| Net cash inflow from operating activities | 11 | 2,460,380 | 1,723,847 |
| Returns on investments and servicing of finance | 12 | 4,358 | (27,462) |
| Taxation paid | | (42,498) | (38,943) |
| Capital expenditure and financial investment | 13 | (874,565) | (3,962,409) |
| Financing | 14 | <u>(242,707)</u> | <u>3,036,218</u> |
| Increase in cash in the year | 16 | <u>1,304,968</u> | <u>731,251</u> |

Accounting Policies

The significant Accounting Policies adopted by the company are as follows:

Basis of Preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Accounting Convention

The financial statements have been prepared under the historical cost convention. The currency used in these financial statements is the euro denoted by the symbol €.

Licence revenue

Licence revenue represents royalty income exclusive of value added tax. Broadcasting revenue is recorded on an invoice basis and public performance revenue is recorded mainly on a receipts basis, with an accrual at the year end for that portion of April to December 2001 invoices that are unpaid and which relate to 2001 income. Overseas income is recorded on a receipts basis.

Cable television

The total amount collected from this source is included under licence revenue with the allocations to the rightsholders included in royalties.

Fixed assets

The cost of fixed assets is their purchased cost together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis at the rates stated below, which are estimated to reduce the assets to residual values by the end of their expected useful economic lives.

| | Rate % |
|--------------------------|--------|
| Property | 2 |
| Improvements to property | 14.3 |
| Computer equipment | 14.3 |
| Motor vehicles | 20 |
| Furniture and equipment | 14.3 |

Leased assets

Assets held under finance leases are capitalised and included with similar owned assets in the balance sheet. Obligations under finance leases are included with liabilities analysed between amounts due within one year and amounts due after more than one year. Payments under operating leases are charged to the income and expenditure account.

Pensions

Contributions to the defined benefits pension scheme are based on the advice of independent qualified actuaries and are charged to the income and expenditure account on a systematic basis over the period during which the company benefits from the employees' service.

Notes To The Financial Statements

1 Net operating expenses

| | 2001 | 2000 |
|--|------------------|------------------|
| Net operating expenses are made up as follows: | € | € |
| Administration costs | 5,062,361 | 4,624,713 |
| Membership development and Irish Music Board | 94,618 | 79,432 |
| | <u>5,156,979</u> | <u>4,704,145</u> |
| Less | | |
| Other operating income | (296,044) | (264,719) |
| | <u>4,860,935</u> | <u>4,439,426</u> |

2 Employees and remuneration

The average number of persons employed by the company during the year, excluding non-executive directors, was 45 (2000: 46) and all were categorised as administration.

The company's employment costs for all employees excluding non-executive directors, comprise:

| | 2001 | 2000 |
|----------------------|------------------|------------------|
| | € | € |
| Wages and salaries | 1,654,472 | 1,453,492 |
| Social welfare costs | 173,640 | 145,748 |
| Pension costs | 158,456 | 134,516 |
| | <u>1,986,568</u> | <u>1,733,756</u> |

3 Surplus before taxation

Surplus before taxation for the year is stated after charging:

| | 2001 | 2000 |
|------------------------------------|----------------|----------------|
| | € | € |
| (i) Directors' remuneration: | <u>127,990</u> | <u>121,914</u> |
| (ii) Depreciation | <u>227,450</u> | <u>198,715</u> |
| (iii) Auditors' remuneration | <u>35,553</u> | <u>27,934</u> |
| and crediting: | | |
| (iv) Interest income | <u>244,587</u> | <u>188,376</u> |
| (v) Profit on sale of fixed assets | <u>9,424</u> | <u>11,165</u> |

4 Interest payable and similar charges

| | 2001 | 2000 |
|--------------------------------|----------------|----------------|
| | € | € |
| Interest payable on bank loans | 235,288 | 206,343 |
| Finance lease charges | <u>4,941</u> | <u>9,495</u> |
| | <u>240,229</u> | <u>215,838</u> |

5 Taxation

| | 2001 | 2000 |
|---|---------------|---------------|
| | € | € |
| (a) Based on the surplus for the year: | | |
| Corporation tax | 77,994 | 41,707 |
| Under accrual in respect of prior years | <u>198</u> | <u>3,057</u> |
| | <u>78,192</u> | <u>44,764</u> |

Royalties are treated as a deductible expense for corporation tax purposes.

(b) The full potential liability to deferred tax is €Nil.

6 Tangible fixed assets

| | Property for resale | Other Improvements property | Computer to other equipment property | Motor vehicles | Furniture & equipment | Total | |
|---------------------------------|------------------------|--------------------------------|--|-------------------|--------------------------|-----------------|------------------|
| | € | € | € | € | € | € | |
| Cost | | | | | | | |
| 31 Dec 2000 | 4,048,778 | 1,379,279 | 46,367 | 713,179 | 279,002 | 179,463 | 6,646,068 |
| Additions | 683,540 | - | 13,920 | 111,417 | 59,586 | 25,245 | 893,708 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,590)</u> | <u>(39,999)</u> | <u>(11,718)</u> | <u>(55,307)</u> |
| 31 Dec 2001 | <u>4,732,318</u> | <u>1,379,279</u> | <u>60,287</u> | <u>821,006</u> | <u>298,589</u> | <u>192,990</u> | <u>7,484,469</u> |
| Accumulated depreciation | | | | | | | |
| 31 Dec 2000 | - | 144,824 | 22,686 | 343,379 | 84,343 | 82,290 | 677,522 |
| Charge for year | - | 27,586 | 7,732 | 104,495 | 61,419 | 26,218 | 227,450 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>(967)</u> | <u>(35,385)</u> | <u>(9,238)</u> | <u>(45,590)</u> |
| 31 Dec 2001 | <u>-</u> | <u>172,410</u> | <u>30,418</u> | <u>446,907</u> | <u>110,377</u> | <u>99,270</u> | <u>859,382</u> |
| Net book value | | | | | | | |
| 31 Dec 2001 | <u>4,732,318</u> | <u>1,206,869</u> | <u>29,869</u> | <u>374,099</u> | <u>188,212</u> | <u>93,720</u> | <u>6,625,087</u> |
| 31 Dec 2000 | <u>4,048,778</u> | <u>1,234,455</u> | <u>23,681</u> | <u>369,800</u> | <u>194,659</u> | <u>97,173</u> | <u>5,968,546</u> |

Tangible fixed assets continued

Included in the schedule of fixed assets set out above are the following assets held under finance leases:

| Investment in leased assets | Motor Furniture & vehicles equipment | | Total |
|------------------------------------|---|--------------|---------------|
| | € | € | € |
| Cost | 80,107 | 7,594 | 87,701 |
| Accumulated depreciation | (36,073) | (2,440) | (38,513) |
| Net book value at 31 December 2001 | <u>44,034</u> | <u>5,154</u> | <u>49,188</u> |
| Depreciation charge for year | <u>31,967</u> | <u>1,084</u> | <u>33,051</u> |

7 Debtors

| Amounts falling due within one year: | 2001 | 2000 |
|---|------------------|------------------|
| | € | € |
| Broadcasting and public performance debtors | 5,687,623 | 5,515,138 |
| Other debtors | <u>241,241</u> | <u>322,518</u> |
| | <u>5,928,864</u> | <u>5,837,656</u> |

8 Creditors

| (a) Amounts falling due within one year: | 2001 | 2000 |
|---|-------------------|-------------------|
| | € | € |
| Members, affiliates and cable TV rights holders | 12,315,839 | 10,367,743 |
| Sundry creditors and accruals | 670,625 | 514,373 |
| Finance lease creditors | 16,416 | 39,133 |
| VAT payable | 784,025 | 646,052 |
| Bank loans | 199,428 | 141,139 |
| Corporation tax | <u>77,402</u> | <u>41,707</u> |
| | <u>14,063,735</u> | <u>11,750,147</u> |
| (b) Amounts falling due after more than one year: | | |
| Finance lease creditors | - | 16,082 |
| Bank loan | <u>3,683,367</u> | <u>3,945,564</u> |
| | <u>3,683,367</u> | <u>3,961,646</u> |

The bank loans are secured by charges over the company's properties.

9 Maturity of debt

| | 2001 | 2000 |
|--|------------------|------------------|
| | € | € |
| The maturity profile of the company's debt at 31 December 2001 was as follows: | | |
| In one year or less, or on demand | 215,844 | 180,272 |
| In more than one year but not less than two years | 199,428 | 157,221 |
| In more than two years but not more than five years | 598,284 | 423,417 |
| In more than five years | <u>2,885,655</u> | <u>3,381,008</u> |
| | <u>3,899,211</u> | <u>4,141,918</u> |

10 Pension obligations

- (a) The IMRO Pension Scheme is of the defined benefit type. The assets of the Scheme are held separately from those of the company.

The total pension cost for the year was €158,456, (2000: €134,516). The pension cost and liabilities are assessed in accordance with the advice of a qualified independent actuary using the attained age method. The most recent actuarial valuation of the scheme was at 1 January 1999. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments, the rate of increase in dividends and the rates of increase in salaries and pensions. It was assumed that the investment return would exceed actual pensionable salary increases by 2.5%, that dividend increases would be 3% per annum and that present and future pensions would increase at the rate of 3% per annum.

The most recent actuarial valuation showed that the market value of the assets of the scheme was €2,517,002 at that date and that the actuarial value of the assets was sufficient to cover the benefit that had accrued to members.

The actuarial report is not available for public inspection but is available to the members and other persons as provided for in the Occupational Pension Schemes (Disclosure of Information) Regulations, 1998.

(b) FRS 17 Retirement Benefits

The company operates a defined benefit scheme. A full actuarial valuation was carried out at 1 January 1999 and updated to 31 December 2001 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuation were:

| | |
|---|-------|
| Rate of increase in salaries | 4.25% |
| Rate of increase in pensions in payment | 2.25% |
| Discount rate | 6% |
| Inflation assumption | 2.25% |

| The assets in the scheme and the expected rate of return were: | Long-term rate of return expected at 31 December 2001 | Market value at 31 December 2001 €'000 |
|--|---|--|
| Equities | 7.5% | 2,264 |
| Bonds | 4.87% | 721 |
| Property and cash | 5.32% | 430 |
| | | <u>3,415</u> |

The following amounts at 31 December 2001 were measured in accordance with the requirements of Financial Reporting Standard 17:

| | €'000 |
|-------------------------------------|----------------|
| Total market value of assets | 3,415 |
| Present value of scheme liabilities | <u>(3,521)</u> |
| Deficit in the scheme | (106) |
| Related deferred tax asset | <u>17</u> |
| Net pension liability | <u>(89)</u> |

If the above amounts had been recognised in the financial statements, the company's net assets and revenue reserve at 31 December 2001 would be as follows:

| | €'000 |
|--|-------------|
| Net assets excluding pension liability | 17 |
| Pension liability | <u>(89)</u> |
| Net deficit including pension liability | <u>(72)</u> |
| Revenue reserves excluding pension liability | 17 |
| Pension liability | <u>(89)</u> |
| Revenue reserves deficit including pension liability | <u>(72)</u> |

The actuarial methods and assumptions required by FRS 17 are different from those used in the most recent statutory actuarial valuation. Notwithstanding that the valuation of the scheme in accordance with the requirements of FRS 17 shows the deficit outlined above, the actuary has confirmed that the statutory solvency position of the scheme remains compliant with the Pensions Act 1990.

11 Reconciliation of operating surplus to net cash inflow from operating activities

| | 2001 | 2000 |
|---|------------------|------------------|
| | € | € |
| Surplus before taxation | 21,910,098 | 20,266,858 |
| Depreciation | 227,450 | 198,715 |
| Profit on sale of fixed assets | (9,424) | (11,165) |
| Royalties paid | (19,870,761) | (18,574,051) |
| Increase in debtors | (91,208) | (239,268) |
| Increase in creditors | <u>294,225</u> | <u>82,758</u> |
| Net cash inflow from operating activities | <u>2,460,380</u> | <u>1,723,847</u> |

12 Returns on investments and servicing of finance

| | 2001 | 2000 |
|-------------------|------------------|------------------|
| | € | € |
| Interest received | 244,587 | 188,376 |
| Interest paid | <u>(240,229)</u> | <u>(215,838)</u> |
| | <u>4,358</u> | <u>(27,462)</u> |

13 Capital expenditure and financial investment

| | 2001 | 2000 |
|---|------------------|--------------------|
| | € | € |
| Purchase of tangible fixed assets | (893,708) | (3,990,661) |
| Sale of tangible fixed assets (disposal proceeds) | <u>19,143</u> | <u>28,252</u> |
| | <u>(874,565)</u> | <u>(3,962,409)</u> |

14 Financing

| | 2001 | 2000 |
|---|------------------|------------------|
| | € | € |
| Increase in borrowings | - | 3,226,512 |
| Loan principal repayments | (203,908) | (125,470) |
| Capital element of finance lease repayments | <u>(38,799)</u> | <u>(64,824)</u> |
| Net cash (outflow)/inflow from financing | <u>(242,707)</u> | <u>3,036,218</u> |

15 Analysis of changes in net debt

| | At 31 December 2000 | Cashflow | At 31 December 2001 |
|--|---------------------------|----------|---------------------------|
|--|---------------------------|----------|---------------------------|

| | | | |
|--------------------------|--------------------|------------------|--------------------|
| Net cash | | | |
| Cash at bank and on hand | <u>3,905,591</u> | <u>1,304,968</u> | <u>5,210,559</u> |
| Debt | | | |
| Bank loans | (4,086,703) | 203,908 | (3,882,795) |
| Finance leases | <u>(55,215)</u> | <u>38,799</u> | <u>(16,416)</u> |
| | <u>(4,141,918)</u> | <u>242,707</u> | <u>(3,899,211)</u> |
| Net (debt)/cash | <u>(236,327)</u> | <u>1,547,675</u> | <u>1,311,348</u> |

16 Reconciliation of net cash flow to movement in net cash/(debt)

| | 2001 | 2000 |
|---|------------------|------------------|
| | € | € |
| Increase in cash in period | 1,304,968 | 731,251 |
| Cash outflow/(inflow) from decrease/(increase) in debt and lease financing | 242,707 | (3,036,218) |
| Inception of finance leases | - | (26,461) |
| Movement in net cash in the period | 1,547,675 | (2,331,428) |
| Net (debt)/cash at 1 January | (236,327) | 2,095,101 |
| Net cash/(debt) at 31 December | <u>1,311,348</u> | <u>(236,327)</u> |

17 Related party transactions

Financial Reporting Standard 8 (FRS 8) requires the disclosure of all material transactions undertaken by the company with related parties. Under the terms of FRS 8, all directors are related parties.

There are two groups of directors of the company, Publisher directors and Writer directors. Like all members of the company, these directors, and parties related to them, are entitled to royalties from the company in respect of the performance of any copyright works owned by them. Parties related to Publisher and Writer directors include family members and companies controlled by these directors. Parties related to Publisher directors also include the publishing companies and their subsidiaries whose representatives are elected to the Board.

During 2001 total royalties paid by the organisation to the directors of the company and to parties related to the directors of the company amounted to €389,743, (2000: €354,235). Amounts paid to parties related to the publisher directors were not necessarily for the benefit of the directors themselves or their families. These royalties were calculated on the same basis as royalties paid to all members, that is full, provisional, and associate members, and are paid in accordance with the company's normal procedures.

The Irish Music Rights Organisation regards its membership as the ultimate controlling party.

18 Transactions involving directors

Keith Donald, a director of the company, organised a writers' workshop in 2001. The fee for this service was €8,888 (2000: €6,349).

19 Commitments

There were no capital expenditure or other commitments at the year end (2000: same).

20 Comparative figures

Certain of the 2000 comparative figures have been reclassified to conform with the 2001 presentation.

21 Approval of financial statements

The financial statements were approved by the directors on 19 June 2002.

DETAILED INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2001

| | 2001 € | 2000 € |
|---|--------------------------|--------------------------|
| Revenue | | |
| Broadcasting | | |
| Radio Telefís Eireann | 3,237,832 | 3,110,858 |
| TG4 | 82,533 | 63,487 |
| Cable television | 7,760,575 | 6,975,343 |
| Satellite Services | 254,638 | 225,728 |
| Independent TV | 183,914 | 79,892 |
| Independent national radio | 598,367 | 753,893 |
| Independent local radio | <u>1,509,085</u> | <u>1,246,327</u> |
| Total broadcasting | 13,626,944 | 12,455,528 |
| Public performance | 10,132,688 | 9,405,596 |
| Online licensing | 27,788 | 8,253 |
| Overseas income | <u>2,983,613</u> | <u>2,836,907</u> |
| Total licence revenue | <u>26,771,033</u> | <u>24,706,284</u> |
| Administration costs | | |
| Salaries | 1,654,472 | 1,453,492 |
| Pensions, PRSI and health insurance | 359,531 | 302,703 |
| Staff costs | 123,381 | 94,072 |
| Distribution costs | 347,355 | 392,650 |
| Premises costs | 106,520 | 91,364 |
| Legal, collection and professional fees | 586,087 | 615,307 |
| Finance and insurance costs | 322,696 | 271,326 |
| International costs | 140,064 | 141,457 |
| Office operating costs | 281,359 | 237,307 |
| Public relations | 472,366 | 366,633 |
| Licensing field force costs | 428,853 | 436,654 |
| Corporate governance costs | 252,456 | 238,871 |
| Depreciation costs | <u>227,450</u> | <u>198,715</u> |
| Total administration costs | <u>5,302,590</u> | <u>4,840,551</u> |
| Membership development | 31,131 | 62,084 |
| Irish Music Board / IBEC Music Group | <u>63,487</u> | <u>17,348</u> |
| | <u>94,618</u> | <u>79,432</u> |
| Total costs | <u>5,397,208</u> | <u>4,919,983</u> |
| Licence income | 21,373,825 | 19,786,301 |
| Interest income | 244,587 | 188,376 |
| Cable TV fees | 119,773 | 88,399 |
| Rental income | 178,700 | 76,630 |
| Other income | <u>(2,429)</u> | <u>99,690</u> |
| Surplus before taxation | <u>21,914,456</u> | <u>20,239,396</u> |

Notes

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Irish Music Rights Organisation
Eagras Um Chearta Cheolta

Copyright House, Pembroke Row,
Lower Baggot Street, Dublin 2, Ireland.

Telephone: +353 1 661 4844. Fax: +353 1 676 3125.
eMail: info@imro.ie Website: www.imro.ie