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ANNUAL REPORT & ACCOUNTS 2008



IRISH MUSIC RIGHTS ORGANISATION LIMITED

(a Company limited by guarantee and not having a share capital)

ANNUAL REPORT & ACCOUNTS 2008

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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

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Irish Music Rights Organisation Limited

(a company limited by guarantee and not having a share capital)

DIRECTORS AND OTHER INFORMATION

Board of Directors at 31 December 2008

Paul Brady
Keith Donald
Philip Flynn
Eddie Joyce
Johnny Lappin
Steve Lindsey
Donagh Long
Eleanor McEvoy
Charlie McGettigan
Christy Moore
Michael O'Riordan
Niall Toner
James Morris

Secretary And Registered Office

Carmel Ryan
Copyright House
Pembroke Row
Lower Baggot Street
Dublin 2

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

Solicitors

McCann FitzGerald
Riverside One
2 Harbourmaster Place
Sir John Rogerson's Quay
Dublin 2

Matheson Ormsby Prentice
30 Herbert Street
Dublin 2

Arthur Cox & Co
Earlsfort Centre
Earlsfort Terrace
Dublin 2

AB Wolfe & Co
76 Lower Baggot Street
Dublin 2

Ivor Fitzpatrick & Co.
44-45 St. Stephen's Green
Dublin 2

Bankers

Bank of Ireland
Lower Baggot Street
Dublin 2

Bank of Scotland
Bank of Scotland House
124-127 St. Stephens Green
Dublin 2

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

AIB GTS
4th Floor
AIB International Centre
PO Box 2750, IFSC
Dublin 1

DIRECTORS' REPORT

The directors present herewith their report and the audited financial statements for the year ended 31 December 2008.

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.

Fair review of development and performance of the business and of its position

Licence revenue at €39,256,925 shows an increase of €2,456,895 (6.7%) over 2007. Broadcast and public performance related licence revenue contributed largely to this increase. Operating costs at €5,136,896 showed an increase of €409,306 (8.7%) in the year. Operating cost as a percentage of income was 13.1% (2007: 12.8%). Other operating income fell by €215,642 (44%) on the prior year. Royalties have increased by €2,366,426 (7%) over 2007 as a result of increased activity. The directors consider this to be a satisfactory result for the year.

During the year, Copyright House underwent an extensive refurbishment which was completed in December 2008. The building was revalued and is currently valued at €5m at the balance sheet date. The investment and the revaluation will be depreciated over the remaining life of the building i.e. 36 years and therefore will affect distributions evenly over this period.

A fall in the value of the assets of the defined benefit pension scheme has resulted in a net pension liability of €2,608,300 at the balance sheet date. This is consistent with the performance of defined benefit pension schemes generally in 2008. Reserves at the year end amount to €513,499 compared to €911,071 in the prior year.

Description of the principal risks and uncertainties

The performance of the business is dependent on the use of copyright music generally in the Irish broadcast and public performance sectors and the use of IMRO

members copyright music in overseas territories. The principal risks relate to increases or decreases in such use, the tariffs charged for such use and the continued willingness of sister collection societies around the world to maintain reciprocal arrangements with IMRO, whereby IMRO represents their repertoire in the Republic of Ireland, while they represent the IMRO repertoire in other countries.

Financial risk management

The company is exposed to a variety of financial risks that include price risk, credit risk, liquidity risk and cash flow risk. The directors have programmes and controls in place to manage the financial risk exposures of the company.

Foreign exchange risk

With the exception of overseas revenue the company does not have any material exposure to foreign exchange risk. The substantial part of its business is conducted in Euro.

Credit risk

The company has a significant level of debtors at any point in time. Procedures are in place which monitors the risk from existing debt.

Liquidity risk

The company has significant bank balances. It has no exposure to debt finance and has sufficient available funds to meet the day to day operations and strategy of the company.

Price risk

The company is not exposed to any specific price risks. The directors review the appropriateness of their pricing policy and pricing arrangements with external parties on an ongoing basis in order to manage any price risk exposure.

Cash flow risk

The company does not have any material exposure to cash flow risk. Cash flow from operations continues to remain strong.

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year which 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 those 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for preparing books of accounts which disclose with reasonable accuracy at any time the financial position of the company and to 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 8.

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 2008 were:

Paul Brady
Keith Donald
Philip Flynn
Eddie Joyce
Johnny Lappin
Steve Lindsey
Donagh Long
Eleanor McEvoy
Charlie McGettigan
Christy Moore
Michael O'Riordan
Niall Toner
James Morris

Mr James Morris was appointed external director on 22 January 2008.

DIRECTORS' REPORT (continued)

Board Attendance

The total number of Board meetings in 2008 was 10 (2007: 15).

Attendances by each Board member were as follows:

	NUMBER OF MEETINGS	
	Attended	Held in year
Paul Brady	8	10
Keith Donald	10	10
Philip Flynn	9	10
Eddie Joyce	9	10
Johnny Lappin	10	10
Steve Lindsey	10	10
Donagh Long	10	10
Eleanor McEvoy	8	10
Charlie McGettigan	10	10
Christy Moore	8	10
Michael O'Riordan	8	10
Niall Toner	10	10
James Morris	8	10

Transactions involving directors

Details of transactions involving directors are set out in note 16 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 2008.

Subsequent events

There have been no significant events affecting the company since the year end.

Auditors

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

Approved on behalf of the board by:

Keith Donald
Director



13 May 2009

Philip Flynn
Director



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 8 to 23. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 12 and 13.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006. 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;
- whether the directors' report is consistent with the financial statements; and

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Independent auditors' report to the members of the Irish Music Rights Organisation Limited – continued

(a company limited by guarantee and not having a share capital)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2008 and of its surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations which 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 to 5 is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

18 May 2009

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2008

	Notes	2008 €	2007 €
Licence revenue	1	39,256,925	36,800,030
Operating expenses:			
- Non exceptional		(5,136,896)	(4,727,590)
- Exceptional	2	(456,923)	(951,148)
Other operating income		270,879	486,521
Operating surplus before royalties		<u>33,933,985</u>	<u>31,607,813</u>
Royalties		(34,275,884)	(31,909,458)
Operating deficit		<u>(341,899)</u>	<u>(301,645)</u>
Interest receivable		583,851	534,646
Other finance income	9	8,900	80,600
Surplus before taxation	4	<u>250,852</u>	<u>313,601</u>
Taxation	5	(118,112)	(128,943)
Surplus for the year		<u><u>132,740</u></u>	<u><u>184,658</u></u>

There is no material 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.

Approved on behalf of the board by:

Keith Donald
 Director



Philip Flynn
 Director



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2008

	Notes	2008 €	2007 €
Surplus for the year		132,740	184,658
Actuarial (loss)/gain in respect of pension scheme	9	(2,179,300)	131,200
Current tax on actuarial (loss)/gain		(76,319)	(16,400)
Unrealised surplus on revaluation of property	6	<u>1,725,307</u>	<u>-</u>
Total recognised gains and losses relating to the year		<u>(397,572)</u>	<u>299,458</u>


BALANCE SHEET

Year ended 31 December 2008

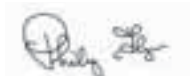
	Notes	2008 €	2007 €
Fixed assets			
Tangible assets	6	<u>5,901,985</u>	<u>1,440,428</u>
Current assets			
Debtors	7	10,802,931	11,891,076
Cash at bank and on hand		<u>11,816,865</u>	<u>11,117,397</u>
		22,619,796	23,008,473
Creditors – amounts falling due within one year	8	<u>(25,399,982)</u>	<u>(23,003,642)</u>
Net current (liabilities)/assets		<u>(2,780,186)</u>	<u>4,831</u>
Net assets excluding pension liability		3,121,799	1,445,259
Pension liability	9	<u>(2,608,300)</u>	<u>(534,188)</u>
Net assets including pension liability		<u>513,499</u>	<u>911,071</u>
Capital and reserves			
(Deficit)/surplus on reserves	15	(1,211,808)	911,071
Revaluation reserve	15	<u>1,725,307</u>	<u>-</u>
		<u>513,499</u>	<u>911,071</u>

Approved on behalf of the board by:

Keith Donald
Director



Philip Flynn
Director



CASH FLOW STATEMENT

Year ended 31 December 2008

	Notes	2008 €	2007 €
Net cash inflow/(outflow) from operating activities	10	3,185,636	(1,831,406)
Returns on investments and servicing of finance	11	583,851	534,646
Taxation paid		(120,853)	(133,800)
Capital expenditure and financial investment	12	(2,949,166)	(210,222)
Increase/(decrease) in cash in the year	13	<u>699,468</u>	<u>(1,640,782)</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 2006. 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.

Going concern basis

The directors have prepared the financial statements on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

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 and public performance revenue is recorded on an invoice 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

Property is stated at revalued amount less accumulated depreciation.

Other tangible fixed assets are stated at cost less accumulated depreciation.

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 over their useful economic lives stated below, which are estimated to reduce the assets to residual values by the end of their expected useful economic lives.

	Years
Property	50
Improvements to property	36
Computer equipment	3 - 5
Motor vehicles	5
Furniture and equipment	7

Foreign currencies

Foreign currency transactions are translated into Euro at the rate of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated to Euro at the rate ruling at the balance sheet date. Any differences arising on translation are included in the results for the period.

Retirement benefits

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

ACCOUNTING POLICIES - continued

Retirement benefits - continued

In previous years, the fair value of quoted securities held as scheme assets was determined using the mid market value. In the current year, the year-end bid price is taken as the fair value of these assets. The effect of this change in accounting policy is included in the actuarial gains and losses in the statement of total recognised gains and losses in the current year. Comparative years have not been restated as the effect of this change is not material.

The defined contribution pension charge to operating profit comprises the contribution payable to the scheme for the year.

NOTES TO THE FINANCIAL STATEMENTS

1 Licence revenue	2008	2007
	€	€

The analysis of licence revenue by geographical market is as follows:

Ireland	36,048,078	33,480,688
United Kingdom	1,438,083	1,571,407
Other EU countries	681,135	869,367
United States of America	259,805	452,244
Rest of the world	829,824	426,324
	<u>39,256,925</u>	<u>36,800,030</u>

2 Exceptional items

Exceptional charges in relation to 2008 are due to legal costs of pursuing high profile debts, recruitment fees and professional fees in relation to tariff reviews.

The exceptional charge for 2007 of €951,148 relate to High Court legal costs and settlement costs in respect of former executive staff of the company.

3 Employees and remuneration

The average number of persons employed by the company during the year, excluding non-executive directors, was 37 (2007: 34) and all were categorised as administration.

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

	2008	2007
	€	€
Wages and salaries	1,954,727	1,647,777
Social welfare costs	232,066	181,023
Pension and life assurance costs	179,218	288,751
	<u>2,366,011</u>	<u>2,117,551</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Surplus before taxation	2008	2007
	€	€
Surplus before taxation for the year is stated after charging/(crediting):		
(i) Directors' remuneration:		
- for services as directors	257,790	247,904
(ii) Depreciation	196,023	169,021
(iii) Auditors' remuneration	50,000	48,000
(iv) Loss on disposal of fixed assets	16,893	511
And crediting:		
(v) Interest income	583,851	534,646
5 Tax on surplus for the year	2008	2007
	€	€
Current tax:		
Irish corporation tax on surplus for the year	118,112	117,447
Adjustments in respect of prior years	-	(2,604)
Current tax charge for the year	118,112	114,843
Deferred tax charge	-	14,100
	118,112	128,943
The current tax charge for the year is higher than the current charge that would result from applying the standard rate of Irish corporation tax to surplus on ordinary activities. The differences are explained below:		
	2008	2007
	€	€
Surplus on ordinary activities before tax	250,852	313,601
Surplus on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5% (2007: 12.5%)	31,357	39,200
Effects of:		
Disallowable expenses	24,160	19,137
Depreciation in excess of capital allowances	5,247	8,503
Higher tax rate for non-trading income (25%)	57,348	50,607
Adjustment to tax charge in respect of previous years	-	(2,604)
Current tax charge for the year	118,112	114,843
Tax recognised in the statement of total recognised gains and losses		
Current tax:		
Irish corporation tax charge attributable to actuarial (loss)/gain	-	(16,400)

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Tangible fixed assets	Property €	Improvements to property €	Computer equipment €	Motor vehicles €	Furniture and equipment €	Total €
Cost						
At 1 January 2008	1,401,577	71,290	1,485,108	94,769	211,905	3,264,649
Additions	-	2,237,296	267,754	122,280	336,886	2,964,216
Disposals	-	-	-	(54,470)	(209,059)	(263,529)
Revaluation surplus	-	1,725,307	-	-	-	1,725,307
At 31 December 2008	<u>1,401,577</u>	<u>4,033,893</u>	<u>1,752,862</u>	<u>162,579</u>	<u>339,732</u>	<u>7,690,643</u>
Accumulated depreciation						
At 1 January 2008	337,924	66,872	1,140,411	87,809	191,205	1,824,221
Charge for year	27,586	3,036	137,151	16,603	11,647	196,023
Disposals	-	-	-	(48,042)	(183,544)	(231,586)
At 31 December 2008	<u>365,510</u>	<u>69,908</u>	<u>1,277,562</u>	<u>56,370</u>	<u>19,308</u>	<u>1,788,658</u>
Net book value						
At 31 December 2008	<u>1,036,067</u>	<u>3,963,985</u>	<u>475,300</u>	<u>106,209</u>	<u>320,424</u>	<u>5,901,985</u>
At 31 December 2007	<u>1,063,653</u>	<u>4,418</u>	<u>344,634</u>	<u>6,960</u>	<u>20,700</u>	<u>1,440,365</u>

Copyright House was revalued to €5,000,000 as at the balance sheet date by professional valuers Quinn Agnew FSCS FRICS FIAVI on an existing use basis. The carrying amount that would have been included in the financial statements had the cost less depreciation method been used was €3,274,693. The surplus therefore arising on the valuation of €1,725,307 has been credited to a revaluation reserve (note 15). The valuer in question was external to the company and the value reflects market conditions and sentiment as at the balance sheet date and in particular the difficult market associated with a lack of credit in relation to funding for commercial properties. The valuation report highlights the impact of the current economic environment and the related uncertainty regarding property valuations.

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Debtors	2008	2007
	€	€
Amounts falling due within one year:		
Broadcasting and public performance debtors, net of bad debts provision	8,702,721	11,003,956
Other debtors and prepayments	2,081,757	865,927
Corporation tax recoverable	18,453	21,193
	<u>10,802,931</u>	<u>11,891,076</u>
8 Creditors	2008	2007
	€	€
Amounts falling due within one year:		
Members and affiliates royalties payable	14,742,469	12,998,005
Cable TV rights holders royalties payable	2,588,852	2,486,932
Public performance deferred revenue	5,647,892	5,457,910
Sundry creditors and accruals	1,363,113	992,677
VAT payable	989,971	996,600
PAYE/PRSI	67,685	71,500
	<u>25,399,982</u>	<u>23,003,642</u>

9 Retirement benefits

(a) Defined benefit scheme

The most recent actuarial valuation prepared on 1 January 2008 showed that the market value of the scheme's assets was €5,431,500 and that the actuarial value of those assets represented 77% of the benefits that had accrued to members after allowing for expected future increases in earnings. The variable rate of contribution by the company was set at 11.8% of earnings with effect from 1 January 2008 in accordance with the recommendation of the actuary. However, in addition and as part of a 10 year Minimum Funding Plan agreed with the Pensions Board, the company also contributes annual lump sum payments of €176,250 indexed in line with inflation payable over a 9 year period. This lump sum payment is subject to review by the actuary each year to ensure that the Scheme remains on track to meet the Minimum Funding Standard by the end of the funding proposal i.e. 31 March 2014. An amended Minimum Funding Plan based on the 2008 valuation is due to be submitted to the Pensions Board by 30 June 2009. The contributions by employees is 6% of pensionable salaries.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures

The amounts recognised in the balance sheet are as follows:

	2008 €	2007 €
Present value of scheme liabilities	(6,218,200)	(6,042,000)
Fair value of scheme assets	<u>3,609,900</u>	<u>5,431,500</u>
Pension liability	(2,608,300)	(610,500)
Related deferred tax asset	-	<u>76,312</u>
Net pension liability	<u>(2,608,300)</u>	<u>(534,188)</u>
	2008 €	2007 €

The amounts recognised in the income and expenditure account are as follows:

Interest cost	333,900	297,400
Expected return on scheme assets	<u>(342,800)</u>	<u>(378,000)</u>
Other finance income	(8,900)	(80,600)
Current service cost – included in operating expenses	<u>83,900</u>	<u>243,400</u>
Actual return on plan assets	<u>75,000</u> <u>(1,946,800)</u>	<u>162,800</u> <u>(428,200)</u>

The amounts recognised in the statement of total recognised gains and losses are as follows:

Actual less expected return on scheme assets	(2,289,600)	(806,200)
Experience (losses)/gains on liabilities	(297,400)	108,500
Change in assumptions underlying the present value of the scheme liabilities	<u>407,700</u>	<u>828,900</u>
Actuarial (losses)/gains recognised in the statement of total recognised gains and losses	<u>(2,179,300)</u>	<u>131,200</u>

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2008 is €1,663,900 (2007: €515,400).

Expected contributions for the year ended 31 December 2009 are €304,800.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures

	Scheme assets €	Scheme liabilities €	Pension* deficit €
Movement in Scheme Assets and Liabilities			
At 1 January 2007	5,681,600	(6,536,000)	(854,400)
Current service cost	-	(243,400)	(243,400)
Interest on scheme liabilities	-	(297,400)	(297,400)
Expected return on scheme assets	(806,200)	-	(806,200)
Actual less expected return on scheme assets	378,000	-	378,000
Experience losses on liabilities	-	108,500	108,500
Change in assumptions	-	828,900	828,900
Contributions by scheme participants	41,900	(41,900)	-
Benefits paid from plan assets	(139,300)	139,300	-
Employer contributions paid	275,500	-	275,500
At 31 December 2007	5,431,500	(6,042,000)	(610,500)
Current service cost	-	(83,900)	(83,900)
Interest on scheme liabilities	-	(333,900)	(333,900)
Expected return on scheme assets	342,800	-	342,800
Actual less expected return on scheme assets	(2,289,600)	-	(2,289,600)
Change in assumptions	-	407,700	407,700
Experience losses on liabilities	-	(297,400)	(297,400)
Contributions by scheme participants	27,600	(27,600)	-
Benefits paid from plan assets	(158,900)	158,900	-
Employer contributions paid	256,500	-	256,500
At 31 December 2008	3,609,900	(6,218,200)	(2,608,300)

All of the scheme liabilities above arise from schemes that are wholly funded.

Risks and rewards arising from the assets

At 31 December 2008 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities and properties. The fair value of the scheme assets as a percent of total scheme assets and target allocations are set out below:

(as a percentage of total scheme assets)	2008 %	2007 %
Equities	60.9	73.3
Bonds – Fixed interest fund	21.7	12.0
Other	17.4	14.7

Scheme assets do not include any of Irish Music Rights Organisation Limited's own financial instruments, or any property occupied by Irish Music Rights Organisation Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued

Basis of expected rate of return on scheme assets

The fixed interest fund run by investment managers contains a mix of corporate bonds with different earnings potential. Thus a range of different assumptions have been used to estimate the expected return.

For equities the long term rate of return is expected to exceed that of bonds by a margin, the "risk premium". In assessing the equity risk premium, past returns have been analysed giving a risk premium of 4% above the long term gilt yields, giving an assumed return of 7.5%.

For property assets, the assumed rate of return is 6.3% reflecting an expectation that property returns will not match equity returns in the future. Thus, the overall expected return on scheme assets at 31 December 2008 is 6.18% (2007: 6.24%).

The principal actuarial assumptions at the balance sheet date:	2008 %	2007 %
Discount rate at 31 December	5.75	5.60
Future salary increases for in-payment benefits	4.00	4.25
Future pension increases	2.00	2.25
Expected long-term return on scheme assets	6.18	6.24

Assumptions regarding future mortality are set based on advice from published statistics and experience.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements the assumptions.

Longevity at 65 for current pensioners:	2008	2007
Male	21.4	19.0
Female	23.1	21.0

Amounts for the current and previous four years are as follows:

	2008	2007	2006	2005	2004
Present value of the scheme liabilities	(6,218,200)	(6,042,000)	(6,536,000)	(6,558,000)	(5,431,000)
Fair value of scheme assets	3,609,900	5,431,000	5,682,000	5,013,000	4,163,000
Pension deficit	(2,608,300)	(610,500)	(854,000)	(1,545,000)	(1,268,000)
Experience adjustments on scheme liabilities as a percentage of scheme liabilities at the balance sheet date	4.78%	1.8%	0.47%	0.14%	4.97%
Experience adjustments on scheme assets as a percentage of scheme assets at the balance sheet date	63.43%	14.84%	3.56%	9.51%	2.77%

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Reconciliation of operating deficit to net cash inflow/(outflow) from operating activities	2008	2007	
	€	€	
Operating deficit	(341,899)	(301,645)	
Depreciation	196,023	169,021	
Loss on sale of fixed assets	16,893	511	
Reversal of pension contributions	(256,500)	(274,420)	
Retirement benefits service charge	83,900	242,799	
Decrease/(increase) in debtors	1,127,790	(1,744,841)	
Increase in creditors	2,359,429	77,169	
	<u>3,185,636</u>	<u>(1,831,406)</u>	
11 Returns on investments and servicing of finance	2008	2007	
	€	€	
Interest received	<u>583,851</u>	<u>534,646</u>	
12 Capital expenditure and financial investment	2008	2007	
	€	€	
Purchase of tangible fixed assets	2,932,273	210,222	
Disposal of tangible fixed assets	16,893	(511)	
	<u>2,949,166</u>	<u>209,711</u>	
13 Analysis of changes in net cash	At	Cashflow	At
	31 December		31 December
	2007		2008
	€	€	€
Net cash			
Cash at bank and on hand	<u>11,117,397</u>	<u>699,468</u>	<u>11,816,865</u>
14 Reconciliation of net cash flow to movement in net cash	2008	2007	
	€	€	
Movement in net cash in the year	699,468	(1,640,782)	
Net cash at 1 January	11,117,397	12,758,179	
	<u>11,816,865</u>	<u>11,117,397</u>	

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Reserves	Revaluation reserve €	Profit and loss account €	Total €
At 1 January 2008	-	911,071	911,071
Surplus for the year	-	132,740	132,740
Actuarial loss in respect of pension scheme	-	(2,179,300)	(2,179,300)
Surplus on revaluation (note 6)	1,725,307	-	1,725,307
Current tax on actuarial loss	-	(76,319)	(76,319)
	<u>1,725,307</u>	<u>(1,211,808)</u>	<u>513,499</u>
At 31 December 2008	<u>1,725,307</u>	<u>(1,211,808)</u>	<u>513,499</u>

16 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 three groups of directors of the company, Publisher directors, Writer directors and External directors. External directors are not members of the company and so do not receive royalties from the company. Like all members of the company, Publisher and Writer 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.

During 2008 total royalties paid by the organisation to the directors of the company and to parties related to the directors of the company amounted to €190,551 (2007: €251,137). 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.

Colette Rooney, wife of J. Lappin, was paid €16,073 in 2008 (2007: €13,703) for debt collection services. Mr N Toner was paid €308 in 2008 in respect of song writing workshops (2007: €nil).

In addition, travel and membership development grants in the amount of €4,085 were paid to 4 member directors (2007: €4,110 - (three member directors)).

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

17 Future capital expenditure not provided for	2008 €	2007 €
Authorised by directors and contracted for	<u>-</u>	<u>90,699</u>

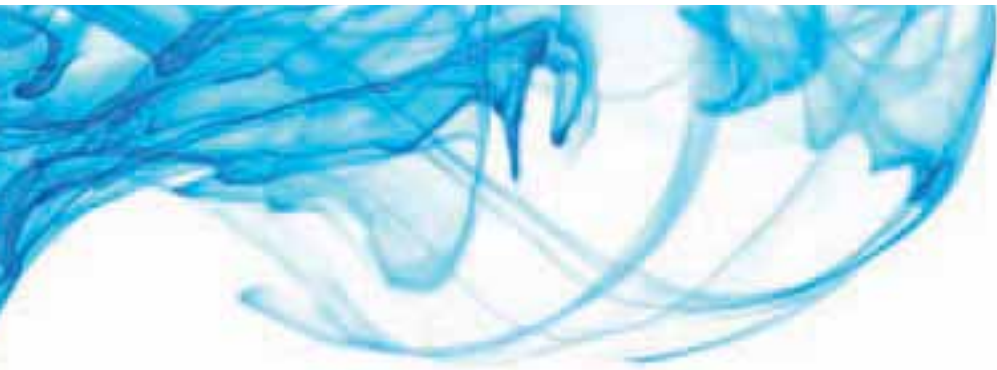
NOTES TO THE FINANCIAL STATEMENTS - continued

18 Contingent liability

A claim has been made against the company since the year end. While the outcome of this claim remains uncertain, on the basis of legal advice obtained and the information available, the directors believe that the resolution of this claim will not have a material adverse effect on the stated financial position of the company.

19 Approval of financial statements

The financial statements were approved by the directors on 13 May 2009.





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