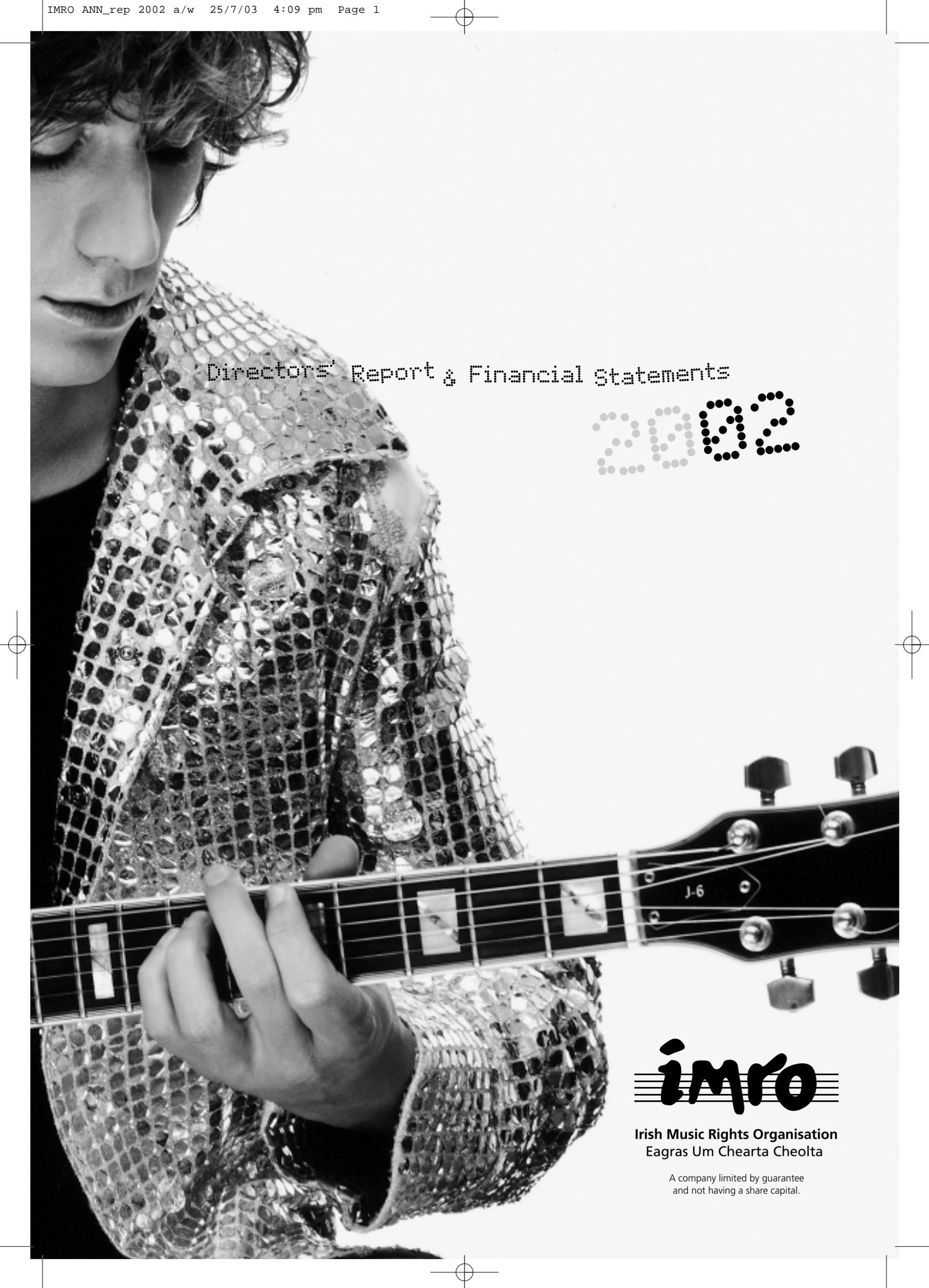


Directors' Report & Financial Statements

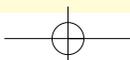
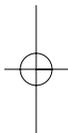
2002



imro

Irish Music Rights Organisation
Eagras Um Chearta Cheolta

A company limited by guarantee
and not having a share capital.



Irish Music Rights Organisation | Eagrais Um Chearta Cheolta
A company limited by guarantee and not having a share capital

Contents

	Page
DIRECTORS AND OTHER INFORMATION	4
DIRECTORS' REPORT	5-6
INDEPENDENT AUDITORS' REPORT	7-8
INCOME AND EXPENDITURE ACCOUNT	9
BALANCE SHEET	10
CASH FLOW STATEMENT	11
ACCOUNTING POLICIES	12
NOTES TO THE FINANCIAL STATEMENTS	13-21

Mission Statement

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

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta
 A company limited by guarantee and not having a share capital

Directors & Other Information

Board of Directors at 31 December '02

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

Solicitors

McCann FitzGerald
 2 Harbourmaster Place
 Custom House Dock
 Dublin 1

Matheson Ormsby Prentice
 30 Herbert Street
 Dublin 2

O'Donnell Sweeney Solicitors
 The Earlsfort Centre
 Earlsfort Terrace
 Dublin 2

Secretary and Registered Office

Carmel Ryan
 Copyright House
 Pembroke Row
 Lower Baggot Street
 Dublin 2

Bankers

Bank of Ireland
 Lower Baggot Street
 Dublin 2

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

Bank of Scotland (Ireland)
 Unit 4, Clonskeagh Square
 Clonskeagh
 Dublin 14

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

Independent Auditors

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

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta

A company limited by guarantee and not having a share capital

Directors' Report

The directors present herewith their report and the audited financial statements for the year ended 31 December 2002.

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 surplus after taxation for 2002 shows an increase of €1,646,378 over 2001. The directors consider this to be a satisfactory result for the year. Further growth in revenues is anticipated in 2003.

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 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 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 9.

Dividends

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

Irish Music Rights Organisation | Eagrás Um Chearta Cheolta

A company limited by guarantee and not having a share capital

Directors

The directors of the company at 31 December 2002, were:

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

Donal Lunny resigned from the Board on 31 May 2002 and the resulting casual vacancy was not filled by the year-end. All of the other directors served for the entire year ended 31 December 2002.

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 2002.

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.

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



Barbara Galavan

8 July 2003

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta

A company limited by guarantee and not having a share capital

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 9 to 21 which have been prepared under the historical cost convention and the accounting policies set out in the Statement of Accounting Policies on page 12.

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 5 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. 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 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.

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta
A company limited by guarantee and not having a share capital

Independent Auditors' Report - continued

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's affairs at 31 December 2002 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 5 and 6 is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

8 July 2003

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta
 A company limited by guarantee and not having a share capital

Income and Expenditure Account

Year ended 31 December 2002

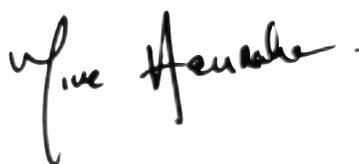
		2002 €	2001 €
Licence revenue	Notes	28,072,950	26,771,033
Net operating expenses	1	<u>(4,572,575)</u>	<u>(4,860,935)</u>
Operating surplus		23,500,375	21,910,098
Interest receivable		188,841	244,587
Interest payable	4	<u>(124,589)</u>	<u>(240,229)</u>
Surplus before taxation	3	23,564,627	21,914,456
Taxation	5	<u>(81,985)</u>	<u>(78,192)</u>
Surplus after taxation		23,482,642	21,836,264
Royalties		<u>(23,500,050)</u>	<u>(21,818,856)</u>
(Deficit)/Surplus for the year retained		(17,408)	17,408
Balance at beginning of year		<u>17,408</u>	<u>-</u>
Balance at end of year		<u>-</u>	<u>17,408</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



Barbara Galavan

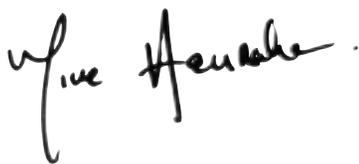
Irish Music Rights Organisation | Eagrais Um Chearta Cheolta
 A company limited by guarantee and not having a share capital

Balance Sheet

31 December 2002

		2002 €	2001 €
	Notes		
Fixed assets			
Tangible assets	6	6,305,191	6,625,087
Current assets			
Debtors	7	5,851,466	5,928,864
Cash at bank and on hand		<u>3,696,539</u>	<u>5,210,559</u>
		<u>9,548,005</u>	<u>11,139,423</u>
Current liabilities			
Amounts falling due within one year	8(a)	<u>(14,913,847)</u>	<u>(14,063,735)</u>
Net current liabilities		<u>(5,365,842)</u>	<u>(2,924,312)</u>
Total assets less current liabilities		939,349	3,700,775
Less: non current liabilities			
Amounts falling due after one year	8(b)	(939,349)	(3,683,367)
Total		<u>-</u>	<u>17,408</u>
Represented by			
Revenue reserves		<u>-</u>	<u>17,408</u>

On behalf of the board



Mike Hanrahan



Barbara Galavan

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta
 A company limited by guarantee and not having a share capital

Cash Flow Statement

Year ended 31 December 2002

		2002 €	2001 €
	Notes		
Net cash inflow from operating activities	11	1,197,909	2,460,380
Returns on investments and servicing of finance	12	64,252	4,358
Taxation paid		(111,320)	(42,498)
Capital expenditure and financial investment	13	(66,049)	(874,565)
Financing	14	<u>(2,598,812)</u>	<u>(242,707)</u>
(Decrease)/increase in cash in the year	16	<u>(1,514,020)</u>	<u>1,304,968</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 2002 invoices that are unpaid and which relate to 2002 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

Fixed assets are stated at cost less depreciation except for property held for resale, which is stated at net realisable value.

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, 20 & 33.3
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.

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta

A company limited by guarantee and not having a share capital

Notes to the Financial Statements

1 Net operating expenses	2002	2001
	€	€

Net operating expenses are made up as follows:

Administration costs	5,071,046	5,156,979
Less		
Other operating income	<u>(498,471)</u>	<u>(296,044)</u>
	<u>4,572,575</u>	<u>4,860,935</u>

2 Employees and remuneration

The average number of persons employed by the company during the year, excluding non-executive directors, was 42 (2001: 45) and all were categorised as administration.

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

	2002	2001
	€	€
Wages and salaries	1,729,507	1,654,472
Social welfare costs	185,943	173,640
Pension and life assurance costs	<u>350,707</u>	<u>158,456</u>
	<u>2,266,157</u>	<u>1,986,568</u>

3 Surplus before taxation

	2002	2001
	€	€

Surplus before taxation for the year is stated after charging:

(i) Directors' remuneration	<u>119,449</u>	<u>127,990</u>
(ii) Depreciation	<u>223,188</u>	<u>227,450</u>
(iii) Auditors' remuneration	<u>38,243</u>	<u>35,553</u>
(iv) Loss on disposal of fixed assets	<u>6,857</u>	<u>-</u>
(v) Provision for diminution in value of property held for resale	<u>155,900</u>	<u>-</u>
and crediting:		
(vi) Interest income	<u>188,841</u>	<u>244,587</u>
(vii) Profit on disposal of fixed assets	<u>-</u>	<u>9,424</u>

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta

A company limited by guarantee and not having a share capital

Notes to the Financial Statements - continued

4 Interest payable and similar charges	2002	2001
	€	€
Interest payable on bank loans	122,661	235,288
Finance lease charges	<u>1,928</u>	<u>4,941</u>
	<u>124,589</u>	<u>240,229</u>
5 Tax on surplus for the year	2002	2001
	€	€
Current tax:		
Irish corporation tax on profit for the year	106,308	77,994
Adjustments in respect of prior years	<u>(6,823)</u>	<u>198</u>
Current tax charge for the year	99,485	78,192
Deferred tax:		
Origination and reversal of timing differences	<u>(17,500)</u>	<u>0</u>
Deferred tax credit for the year	<u>(17,500)</u>	<u>0</u>
	<u>81,985</u>	<u>78,192</u>

The current tax charge for the year is lower 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:

	2002	2001
	€	€
Surplus on ordinary activities before tax	<u>23,564,627</u>	<u>21,914,456</u>
Surplus on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 16% (2001: 20%)	3,770,340	4,382,891
Effects of:		
Allowable expenses - Royalties	(3,760,008)	(4,363,771)
Disallowable expenses	62,846	38,726
Depreciation in excess of capital allowances	12,043	13,985
Higher tax rate for non-trading income (25%)	21,087	13,244
Small companies relief	-	(7,081)
Adjustment to tax charge in respect of previous years	<u>(6,823)</u>	<u>198</u>
Current tax charge for the year	<u>99,485</u>	<u>78,192</u>

Notes to the Financial Statements - continued

6 Tangible fixed assets	Property held for resale	Other Improvements to other property	Computer equipment	Motor vehicles	Furniture and equipment	Total
	€	€	€	€	€	€
Cost						
At 31 December 2001	4,732,318	1,379,279	821,006	298,589	192,990	7,484,469
Additions	-	690	31,634	55,089	1,870	89,283
Disposals	-	-	(13,014)	(100,043)	-	(113,057)
At 31 December 2002	4,732,318	1,379,279	839,626	253,635	194,860	7,460,695
Accumulated depreciation						
At 31 December 2001	-	172,410	446,907	110,377	99,270	859,382
Charge for year	-	27,586	105,868	59,838	21,218	223,188
Provision for diminution in value of property held for resale	155,900	-	-	-	-	155,900
Disposals	-	-	(9,021)	(73,945)	-	(82,966)
At 31 December 2002	155,900	199,996	543,754	96,270	120,488	1,155,504
Net book value						
At 31 December 2002	4,576,418	1,179,283	295,872	157,365	74,372	6,305,191
At 31 December 2001	4,732,318	1,206,869	374,099	188,212	93,720	6,625,087

Property held for resale has been included at estimated net realisable value of €4,576,418 (i.e. open market value less provision for expected selling costs) on the basis of an open market valuation of €4.65m by Insignia Richard Ellis Gunne, Chartered Surveyors, as of 8 May 2003. The valuation has been carried out in accordance with the relevant technical statements prepared by the Society of Chartered Surveyors in the Republic of Ireland. The carrying amount of this asset would have been €4,732,318 if no provision had been made to include it at net realisable value.

Notes to the Financial Statements - continued

7 Debtors	2002	2001
	€	€

Amounts falling due within one year:

Broadcasting and public performance debtors	5,449,040	5,687,623
Deferred Tax	17,500	-
Other debtors and prepayments	384,926	241,241
	<u>5,851,466</u>	<u>5,928,864</u>

8 Creditors	2002	2001
	€	€

(a) Amounts falling due within one year:

Members, affiliates and cable TV rights holders	12,923,795	12,315,839
Sundry creditors and accruals	551,995	575,116
Pension cost provision	140,000	-
Finance lease creditors	-	16,416
VAT payable	783,227	784,025
PAYE/PRSI	88,213	95,509
Bank loans	361,050	199,428
Corporation tax	65,567	77,402
	<u>14,913,847</u>	<u>14,063,735</u>

(b) Amounts falling due after more than one year:

Bank loan	939,349	3,683,367
	<u>939,349</u>	<u>3,683,367</u>

The bank loan is secured by a charge over the company's property.

9 Maturity of debt	2002	2001
	€	€

The maturity profile of the company's debt at 31 December 2002 was as follows:

In one year or less, or on demand	361,050	215,844
In more than one year but not more than two years	361,050	199,428
In more than two years but not more than five years	461,644	598,284
In more than five years	116,655	2,885,655
	<u>1,300,399</u>	<u>3,899,211</u>

Notes to the Financial Statements - continued

10 Retirement benefits

(a) Defined benefit scheme

The company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was at 1 January 2002. The assumptions which have the most significant effects on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return on new investments would exceed actual pensionable salary increases by 2½%, that equity dividend increases would be 4½% per annum and that present and future pensions would increase at the rate of 3% per annum. The pension charge for the period was €350,706(2001: €158,456).

The most recent actuarial valuation showed that the market value of the scheme's assets was €3,414,700 and that the actuarial value of those assets represented 84.5% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contributions of the company have been increased from 12.48% to 15.8% of earnings with effect from 1 January 2002 in accordance with the recommendation of the actuary. The contributions of employees will remain at 4.5% of pensionable salaries.

The most recent actuarial valuation undertaken as at 1 January 2002 showed that there was a surplus in the scheme on a discontinuance basis.

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) Financial Reporting Standard 17 'Retirement Benefits' disclosures

The company operates a defined benefit scheme. A full actuarial valuation was carried out at 1 January 2002 and updated to 31 December 2002 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuation were:

	2002	2001
Rate of increase in salaries	4.25%	4.25%
Rate of increase in pensions in payment	2.25%	2.25%
Discount rate	5.50%	6.00%
Inflation assumption	2.25%	2.25%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 December 2002	Market value at 31 December 2002 €'000	Long-term rate of return expected at 31 December 2001	Market value at 31 December 2001 €'000
Equities	8.25%	1,885	7.50%	2,264
Bonds	4.20%	732	4.87%	721
Property	5.95%	408	5.32%	430
		<u>3,025</u>		<u>3,415</u>

Notes to the Financial Statements - continued**(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued**

The following amounts at 31 December 2002 were measured in accordance with the requirements of Financial Reporting Standard 17:

	2002 €'000	2001 €'000
Total market value of scheme assets	3,025	3,415
Present value of scheme liabilities	<u>(4,477)</u>	<u>(3,521)</u>
Deficit in the scheme	(1,452)	(106)
Related deferred tax asset	<u>182</u>	<u>17</u>
Net pension liability	<u>(1,270)</u>	<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 2002 would be as follows:

	2002 €'000	2001 €'000
Net assets, excluding pension liability	-	17
Pension liability	(1,270)	(89)
Less amount already provided (note 8)	<u>140</u>	<u>-</u>
Net pension liability	<u>(1,130)</u>	<u>(89)</u>
Net deficit including pension liability	<u>(1,130)</u>	<u>(72)</u>
Revenue reserves excluding pension liability	-	17
Pension liability	(1,270)	(89)
Less amount already provided (note 8)	<u>140</u>	<u>-</u>
Net pension liability	<u>(1,130)</u>	<u>(89)</u>
Net deficit including pension liability	<u>(1,130)</u>	<u>(72)</u>

The following amounts would have been recognised in the performance statements in the year ended 31 December 2002 under the requirements of FRS 17.

	2002 €'000
Operating surplus	
Current service cost	<u>196</u>
Other finance income	
Expected return on pension scheme assets	234
Interest on pension scheme liabilities	<u>(209)</u>
	<u>25</u>

Notes to the Financial Statements - continued**(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued**

	2002 €'000
Statement of recognised gains and losses	
Actual return less expected return on pension scheme assets	(701)
Experience gains and (losses) arising on the scheme liabilities	(272)
Loss on changes in assumptions underlying the present value of the scheme liabilities	(395)
	<hr/>
Actuarial loss recognised in the statement of total recognised gains and losses	(1,368)
Movement in surplus during the year	
Deficit in scheme at 1 January 2002	(106)
Movement in year:	
Current service cost	(196)
Contributions paid	193
Other finance income	25
Actuarial loss	(1,368)
	<hr/>
Deficit in scheme at 31 December 2002	(1,452)
	<hr/>
	2002 €'000
Experience gains and losses for the year ended 31 December 2002	
Difference between the expected and actual return on scheme assets	(701)
Percentage of scheme assets	(23.16%)
Experience gains and losses on scheme liabilities	(272)
Percentage of present value of scheme liabilities	(6.10%)
Total recognised in statement of total recognised gains and losses	(1,368)
Percentage of the present value of the scheme liabilities	(30.60%)

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 was in a position to provide a statutory Actuarial Funding Certificate with an effective date at 1 January 2002 and has not recommended any change to the funding programme set out in his report at the review of the Scheme at the same date.

Irish Music Rights Organisation | Eagrais Um Chearta Cheolta

A company limited by guarantee and not having a share capital

Notes to the Financial Statements - continued**11 Reconciliation of operating surplus to net cash inflow from operating activities**

	2002 €	2001 €
Operating surplus	23,500,375	21,910,098
Depreciation	223,188	227,450
Provision for diminution in value of property held for resale (note 6)	155,900	-
Loss/(Profit) on sale of fixed assets	6,857	(9,424)
Royalties paid	(22,892,094)	(19,870,761)
Decrease/(increase) in debtors	94,898	(91,208)
Increase in creditors	108,785	294,225
	<u>1,197,909</u>	<u>2,460,380</u>
Net cash inflow from operating activities	<u>1,197,909</u>	<u>2,460,380</u>

12 Returns on investments and servicing of finance

	2002 €	2001 €
Interest received	188,841	244,587
Interest paid	(124,589)	(240,229)
	<u>64,252</u>	<u>4,358</u>

13 Capital expenditure and financial investment

	2002 €	2001 €
Purchase of tangible fixed assets	(89,283)	(893,708)
Sale of tangible fixed assets (disposal proceeds)	23,234	19,143
	<u>(66,049)</u>	<u>(874,565)</u>

14 Financing

	2002 €	2001 €
Loan principal repayments	(2,582,396)	(203,908)
Capital element of finance lease repayments	(16,416)	(38,799)
	<u>(2,598,812)</u>	<u>(242,707)</u>

15 Analysis of changes in net cash

	At 31 December 2001	Cashflow	At 31 December 2002
Net cash			
Cash at bank and on hand	<u>5,210,559</u>	<u>(1,514,020)</u>	<u>3,696,539</u>
Debt			
Bank loans	(3,882,795)	2,582,396	(1,300,399)
Finance leases	(16,416)	16,416	-
	<u>(3,899,211)</u>	<u>2,598,812</u>	<u>(1,300,399)</u>
Net (debt)/cash	<u>1,311,348</u>	<u>1,084,792</u>	<u>2,396,140</u>

Notes to the Financial Statements - continued

16 Reconciliation of net cash flow to movement in net cash	2002	2001
	€	€
(Decrease)/increase in cash in year	(1,514,020)	1,304,968
Cash outflow/(inflow) from decrease in debt and lease financing	<u>2,598,812</u>	<u>242,707</u>
Movement in net cash in the year	1,084,792	1,547,675
Net cash/(debt) at 1 January	<u>1,311,348</u>	<u>(236,327)</u>
Net cash at 31 December	<u>2,396,140</u>	<u>1,311,348</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 2002 total royalties paid by the organisation to the directors of the company and to parties related to the directors of the company amounted to €384,887 (2001: €389,743). 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.

In addition, travel grants in the amount of €2,940 (2001: €2,540) were paid to member directors.

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

18 Transactions involving directors

There were no transactions involving the directors in 2002 (2001: €8,888).

19 Commitments

There were no capital expenditure or other commitments at the year end (2001: same).

20 Approval of financial statements

The financial statements were approved by the directors on 8 July 2003.



