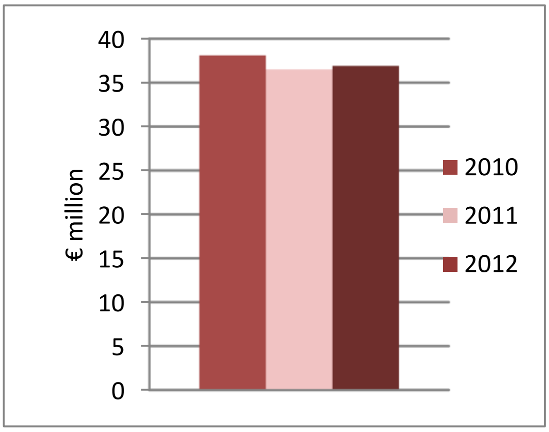
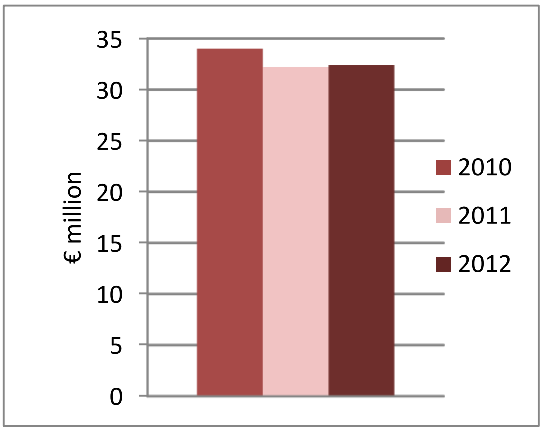
Performance at a Glance

Licence Revenue (€)	Net Distributable Revenue (€)
€36.9m **Increase of 1%**	€32.4m **Increase of 1%**

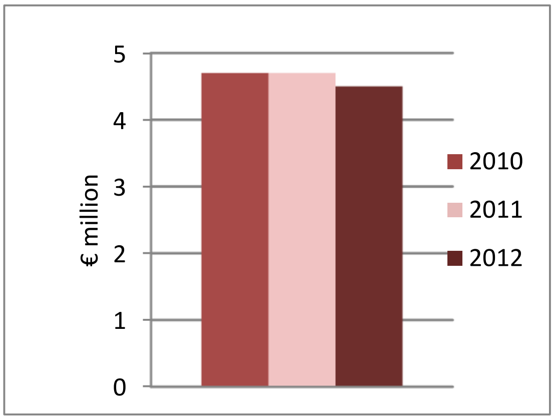
Total Revenue



Net Distributable Revenue



Non-Exceptional Costs (Decrease of 4%)



Financial & Operational Highlights

- Increase in Licensing Revenue of 1% to €36.9m in 2012
- Decrease of 4% in Non-Exceptional Operating Expenses
- Increase of 1% in Net Distributable Revenue to €32.4m in 2012
- Cost income ratio of 12.2% in 2012 (12.8% : 2011)
- 668 new members were admitted

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

Directors' Report and Financial Statements

Year Ended 31 December 2012

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors at 31 December 2012

Paul Brady
Maire Breatnach
Brian Crosby
Keith Donald
Philip Flynn
Eddie Joyce
Johnny Lappin
Steve Lindsey
Donagh Long
Eleanor McEvoy
Charlie McGettigan
Michael O'Riordan
Niall Toner
James Morris
James Hickey

Solicitors

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

Matheson
70 Sir John Rogerson's Quay
Dublin 2

Arthur Cox & Co
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Ivor Fitzpatrick
44-55 St. Stephen's Green
Dublin 2

Secretary and Registered Office

Stephen Burton
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

Bankers

Bank of Ireland
Lower Baggot Street
Dublin 2

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

Ulster Bank
81 - 82 Lower Dorset Street
Dublin 1

DIRECTORS' REPORT

The directors present herewith their report and the audited financial statements for the year ended 31 December 2012.

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 €36,855,218 shows an increase of €379,178 (1%) over 2011. Public performance and overseas revenue contributed largely to this increase. Non-exceptional operating costs at €4,512,774 showed a decrease of €179,829 (3.8%) in the year. Operating cost as a percentage of income was 12.2% (2011: 12.8%). Other operating income decreased by €310,046 (42.8%) on the prior year. In 2012 royalties have increased by €267,733 (0.83%) over 2011 as a result of increased activity.

The net pension liability at €2,496,750 shows an increase of €1,437,238 from the prior year and is largely attributed to a change in the discount rate applied at the balance sheet date. This is consistent with the performance of defined benefit pension schemes generally in 2012. Reserves at the year-end amounted to a deficit of €2,066,351.

Going concern
The balance sheet of the Company shows a net excess of current liabilities over current assets. This is primarily as a result of the funding of the refurbishment of Copyright House in 2008 from existing resources as opposed to bank borrowings. Having reviewed the Company's cashflow forecasts, the directors are satisfied that the company has adequate resources to meet its obligations as and when they fall due for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

DIRECTORS' REPORT - continued

Financial risk management - continued

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

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 2012. 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 2012 were:

Paul Brady
Maire Breatnach
Brian Crosby
Keith Donald
Philip Flynn (External)
James Hickey (External)
Eddie Joyce
Johnny Lappin
Steve Lindsey
Donagh Long
Eleanor McEvoy
Charlie McGettigan
James Morris (External)
Michael O’Riordan
Niall Toner

DIRECTORS' REPORT - continued

Board attendance

The total number of Board meetings in 2012 was 6 (2011: 5).

Attendances by each Board member were as follows:

	Number of meetings	
	Attended	Held in year
Paul Brady	5	6
Maire Breatnach	6	6
Brian Crosby	6	6
Keith Donald	6	6
Philip Flynn	6	6
James Hickey	6	6
Eddie Joyce	5	6
Johnny Lappin	6	6
Steve Lindsey	6	6
Donagh Long	6	6
Eleanor McEvoy	4	6
James Morris	6	6
Michael O'Riordan	5	6
Niall Toner	6	6

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 2012.

Subsequent events

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

Approved on behalf of the board by:

Keith Donald
Director

Philip Flynn
Director

Keith Donald

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 of The Irish Music Rights Organisation Limited for the year ended 31 December 2012 which comprise the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Income and Expenditure Account, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, 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 these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
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 2012 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2012.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE IRISH MUSIC RIGHTS ORGANISATION LIMITED (A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL) – continued

Matters on which we are required to report by the Companies Acts 1963 to 2012

- 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2012 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Gareth Hynes
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2012

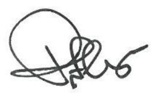
	Notes	2012 €	2011 €
Licence revenue	1	36,855,218	36,476,040
Operating expenses:			
-Non exceptional		(4,512,774)	(4,692,603)
-Exceptional	2	(454,689)	-
Other operating income		413,133	723,179
Operating surplus before royalties		32,300,888	32,506,616
Royalties		(32,427,337)	(32,159,604)
Operating surplus/(deficit) before exceptional item		(126,449)	347,012
Exceptional revaluation charge	2	-	(524,693)
Operating deficit after exceptional item		(126,449)	(177,681)
Interest receivable		289,759	310,831
Other finance costs	9	(69,900)	(28,000)
Surplus before taxation	4	93,410	105,150
Taxation charge	5	(3,670)	(50,789)
Surplus for the year		89,740	54,361

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 2012

	Note	2012 €	2011 €
Surplus for the year		89,740	54,361
Actuarial losses in respect of pension scheme	9	(2,108,200)	(424,400)
Deferred tax on actuarial gain		263,525	53,050
Unrealised deficit on revaluation of property		-	(325,307)
Total recognised gains and losses relating to the year		(1,754,935)	(642,296)

BALANCE SHEET
As at 31 December 2012

	Notes	2012 €	2011 €
Fixed assets			
Tangible assets	6	3,058,686	3,269,369
Current assets			
Debtors	7	12,342,937	12,170,463
Cash at bank and on hand		10,706,222	9,945,788
		23,049,159	22,116,251
Creditors – amounts falling due within one year	8	(25,677,446)	(24,637,547)
Net current liabilities		(2,628,287)	(2,521,296)
Net assets excluding pension liability		430,399	748,073
Pension liability	9	(2,496,750)	(1,059,512)
Net assets including pension liability		(2,066,351)	(311,439)
Capital and reserves			
Deficit on reserves	15	(2,066,351)	(311,439)
		(2,066,351)	(311,439)

Approved on behalf of the board by:

Keith Donald
Director

Philip Flynn
Director

CASH FLOW STATEMENT
Year Ended 31 December 2012

	Notes	2012 €	2011 €
Net cash inflow/(outflow) from operating activities	10	646,662	(1,949,143)
Returns on investments and servicing of finance	11	289,759	310,831
Taxation paid		(43,207)	(122,450)
Capital expenditure and financial investment	12	(132,780)	(124,599)
Increase/(decrease) in cash in the year	13	760,434	(1,885,361)

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 2012. 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
The balance sheet of the Company shows a net excess of current liabilities over current assets. This is primarily as a result of the funding of the refurbishment of Copyright House in 2008 from existing resources as opposed to bank borrowings. Having reviewed the Company's cashflow forecasts, the directors are satisfied that the company has adequate resources to meet its obligations as and when they fall due for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Accounting convention
The financial statements have been prepared under the historical cost convention, with the exception of property which is stated at revalued amount less accumulated depreciation. 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.

Ancillary Income
Income from exploitation of system software is considered to be distributable and appears as part of the royalties to members and affiliates.

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. The relevant depreciation charges 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.

ACCOUNTING POLICIES - continued

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.

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Licence revenue

	2012 €	2011 €
The analysis of licence revenue by geographical market is as follows:		
Ireland	32,651,912	32,740,119
United Kingdom	1,634,489	1,307,346
Other EU countries	1,509,035	1,342,563
United States of America	445,388	406,626
Rest of the world	614,394	679,386
	36,855,218	36,476,040

2 Exceptional item

The exceptional charge in 2011 relates to a decrease in the value of Copyright House which results in the revaluation reserve on the balance sheet being reduced to €nil and a charge of €524,693 to the Profit and Loss Account.

The exceptional charge in 2012 relates to costs incurred as a result of the referral of a tariff to the Controller of Patents, Designs and Trademarks.

3 Employees and remuneration

The average number of persons employed by the company during the year, excluding non-executive directors, was 51 (2011: 48) and all were categorised as administration.

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

	2012 €	2011 €
Wages and salaries	2,703,924	2,495,017
Social welfare costs	299,285	275,209
Pension and life assurance costs	237,085	173,818
	3,240,294	2,944,044

4 Surplus before taxation

	2012 €	2011 €
Surplus before taxation for the year is stated after charging:		
(i) Directors' remuneration:		
- for services as directors	201,743	211,428
(ii) Depreciation	342,517	404,792
(iii) Auditors' remuneration	45,000	50,000
(iv) Loss on disposal of fixed assets	947	-
(v) Interest income	289,759	310,831

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Tax on surplus for the year

	2012 €	2011 €
Current tax:		
Current tax charge for the year	43,207	122,452
Deferred tax credit on pension adjustment	(39,537)	(71,663)
Taxation charge	3,670	50,789

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:

	2012 €	2011 €
Surplus on ordinary activities before tax	93,410	105,150
Surplus on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5% (2011: 12.5%)	11,676	13,144
Effects of:		
Disallowable (income)/expenses and tax adjustments	(53,929)	10,137
Depreciation in excess of capital allowances	13,020	21,463
Higher tax rate for non-trading income (25%)	72,440	77,708
Current tax charge for the year	43,207	122,452

Tax recognised in the statement of total recognised gains and losses

	2012 €	2011 €
Deferred tax credit attributable to actuarial loss/gain (FRS17)	(263,525)	(53,050)

6 Tangible fixed assets

	Property €	Computer equipment €	Motor vehicles €	Furniture and equipment €	Total €
Cost					
At 31 December 2011	3,224,194	2,408,634	258,403	343,551	6,234,782
Additions	8,827	107,720	24,000	2,856	143,403
Disposals	-	-	(44,885)	-	(44,885)
At 31 December 2012	3,233,021	2,516,354	237,518	346,407	6,333,300
Accumulated depreciation					
At 31 December 2011	880,491	1,902,909	132,708	49,305	2,965,413
Charge for year	108,357	177,754	45,654	10,752	342,517
Disposals	-	-	(33,316)	-	(33,316)
At 31 December 2012	988,848	2,080,663	145,046	60,057	3,274,614

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Tangible fixed assets – continued

	Property	Computer equipment	Motor vehicles	Furniture and equipment	Total
	€	€	€	€	€
Net book value					
At 31 December 2012	2,244,173	435,691	92,472	286,350	3,058,686
At 31 December 2011	2,343,703	505,725	125,695	294,246	3,269,369

7 Debtors

	2012	2011
	€	€
Amounts falling due within one year:		
Broadcasting and public performance debtors, net of bad debts provision	10,134,153	10,156,451
Other debtors and prepayments	2,181,606	2,014,012
Corporation tax recoverable	27,178	-
	12,342,937	12,170,463

8 Creditors

	2012	2011
	€	€
Amounts falling due within one year:		
Members and affiliates royalties payable	15,898,660	14,998,621
Cable TV rights holders royalties payable	2,394,502	2,377,167
Public performance deferred revenue	5,291,535	5,338,538
Sundry creditors and accruals	1,117,839	1,177,011
VAT payable	878,396	649,576
PAYE/PRSI	96,514	89,217
Corporation tax payable	-	7,417
	25,677,446	24,637,547

9 Retirement benefits

(a) Defined benefit scheme

The most recent actuarial valuation prepared on 1 January 2013 showed that the market value of the scheme's assets was €6,325,400 and that the actuarial value of those assets represented 67.2% 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 10% of earnings with effect from 1 January 2010 in accordance with the recommendation of the actuary. However, in addition and as part of a 14.5 year Minimum Funding Plan submitted to the Pension Board in 2009, the company also contributed an annual lump sum of €325,000 in the financial year ended 31 December 2010 with annual lump sum payments of €325,000 indexed in line with inflation payable over a 12.5 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 2022. The contribution by employees is 10% of pensionable salaries. The funding proposal is not yet approved pending further clarifications requested by the Pension Board and subject to potential changes to be introduced by Government in the pensions field and is due to be submitted to the Pensions Board by 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

(a) Defined benefit scheme - continued

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 amounts recognised in the balance sheet are as follows:

	2012 €	2011 €
Present value of scheme liabilities	(9,409,400)	(6,766,000)
Fair value of scheme assets	6,325,400	5,449,400
Pension liability	(3,084,000)	(1,316,600)
Related deferred tax asset	587,250	257,088
Net pension liability	(2,496,750)	(1,059,512)

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

	2012 €	2011 €
Past service cost	(24,500)	(27,100)
Interest cost	363,600	346,400
Expected return on scheme assets	(293,700)	(318,400)
Other finance cost	45,400	900
Current service cost – included in operating expenses	1,900	400
	47,300	1,300
Actual return on plan assets	758,000	(116,900)

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

	2012 €	2011 €
Actual less expected return on scheme assets	464,300	(435,300)
Experience gain/(losses) on liabilities	41,700	(177,200)
Change in assumptions underlying the present value of the scheme liabilities	(2,614,200)	188,100
Actuarial losses recognised in the statement of total recognised gains and losses	(2,108,200)	(424,400)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2012 is €4,424,500 (2011: €2,316,300).

Expected contributions for the year ended 31 December 2013 are €435,900.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

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

	Scheme assets €	Scheme liabilities €	Pension* deficit €
Movement in scheme assets and liabilities			
At 1 January 2011	5,379,500	(6,655,300)	(1,275,800)
Curtailment gain	-	27,100	27,100
Current service cost	-	(400)	(400)
Interest on scheme liabilities	-	(346,400)	(346,400)
Expected return on scheme assets	318,400	-	318,400
Actual less expected return on scheme assets	(435,300)	-	(435,300)
Change in assumptions	-	188,100	188,100
Experience losses on liabilities	-	(177,200)	(177,200)
Contributions by scheme participants	40,700	(40,700)	-
Benefits paid from plan assets	(238,800)	238,800	-
Employer contributions paid	384,900	-	384,900
At 31 December 2011	5,449,400	(6,766,000)	(1,316,600)
At 1 January 2012			
Past service cost	-	24,500	24,500
Current service cost	-	(1,900)	(1,900)
Interest on scheme liabilities	-	(363,600)	(363,600)
Expected return on scheme assets	293,700	-	293,700
Actual less expected return on scheme assets	464,300	-	464,300
Change in assumptions	-	(2,614,200)	(2,614,200)
Experience gains on liabilities	-	41,700	41,700
Contributions by scheme participants	40,700	(40,700)	-
Benefits paid from plan assets	(310,800)	310,800	-
Employer contributions paid	388,100	-	388,100
At 31 December 2012	6,325,400	(9,409,400)	(3,084,000)

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

Risks and rewards arising from the assets

At 31 December 2011 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:

	2012	**2011**
(as a percentage of total scheme assets)	**%**	**%**
Equities	62.68	63.21
Bonds – Fixed interest fund	23.94	23.38
Other	13.38	13.41

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 property assets, the assumed rate of return is 6% 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 2012 is 5.50% (2011: 5.50%).

The principal actuarial assumptions at the balance sheet date:

	2012 %	2011 %
Discount rate at 31 December	3.30	5.50
Future salary increases for in-payment benefits	0.00	0.00
Future pension increases	2.00	2.00
Expected long-term return on scheme assets	5.50	5.50

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:	2012	2011
Male	21.7	21.5
Female	23.5	23.3
Longevity at 65 for members retiring in 2037:		
Male	25.1	24.9
Female	26.3	26.1

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 - continued

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

	2012	2011	2010	2009	2008
Present value of the scheme liabilities	(9,409,400)	(6,766,000)	(6,655,300)	(6,343,400)	(6,218,200)
Fair value of scheme assets	6,325,400	5,449,400	5,379,500	4,613,200	3,609,900
Pension deficit	(3,084,000)	(1,316,600)	(1,275,800)	(1,730,200)	(2,608,300)
Experience adjustments on scheme liabilities as a percentage of scheme liabilities at the balance sheet date	(0.443%)	2.619%	0.335%	(2.32%)	4.78%
Experience adjustments on scheme assets as a percentage of scheme assets at the balance sheet date	(7.340%)	7.988%	(4.763%)	(10.72%)	63.43%

10 Reconciliation of operating deficit to net cash inflow from operating activities

	2012 €	2011 €
Operating deficit	(126,449)	(177,681)
Depreciation	342,517	404,792
Loss on disposal	969	-
Revaluation charges on building	-	524,693
Pension contributions	(439,700)	(384,900)
Retirement benefits service charge	1,900	400
Decrease/(increase) in debtors	(172,474)	(1,360,321)
Increase/(decrease) in creditors	1,039,899	(956,126)
Net cash inflow/(outflow) from operating activities	646,662	(1,949,143)

11 Returns on investments and servicing of finance

	2012 €	2011 €
Interest received	289,759	310,831

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Capital expenditure and financial investment

	2012 €	2011 €
Purchase of tangible fixed assets	132,780	124,599

13 Analysis of changes in net cash

	At 31 December 2011 €	Cashflow €	At 31 December 2012 €
Net cash			
Cash at bank and on hand	9,945,788	760,434	10,706,222

14 Reconciliation of net cash flow to movement in net cash

	2012 €	2011 €
Movement in net cash in the year	760,434	(1,885,361)
Net cash at 1 January	9,945,788	11,831,149
Net cash at 31 December	10,706,222	9,945,788

15 Reserves

	Profit and loss account €
At 31 December 2011	(311,439)
Surplus for the year	89,763
Actuarial loss in respect of pension scheme	(2,108,200)
Deferred tax on actuarial gain	263,525
At 31 December 2012	(2,066,351)

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Related party transactions - continued

During 2012 total royalties paid by the organisation to the directors of the company and to parties related to the directors of the company amounted to €280,159 (2011: €241,803). 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 and membership development grants in the amount of €4,500 were paid to 3 member directors (2011: €3,810 - (3 member directors)).

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

17 Approval of financial statements

The financial statements were approved by the directors on 1 May 2013.