imro

ANNUAL REPORT & ACCOUNTS 2009

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 2009

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors at 31 December 2009

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
James Hickey
Brian Crosby

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
70 Sir John Rogersons Quay
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 2009.

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 €40,443,320 shows an increase of €1,186,395 (3%) over 2008. Public performance and overseas related licence revenue contributed largely to this increase. Operating costs at €5,190,267 showed a decrease of €403,552 (7%) in the year. Operating cost as a percentage of income was 12.8% (2008: 14.2%). Other operating income increased by €768,067 (284%) on the prior year. This is mainly due to the inclusion of an exceptional curtailment gain on the pension scheme arising in respect of a notification to members of a cap on pensionable salaries at the 1 January 2009 level. Royalties have increased by €1,564,827 (5%) over 2008 as a result of increased activity.

An increase in the value of the assets of the defined benefit pension scheme has resulted in a net pension liability of €1,643,250 at the balance sheet date. This is consistent with the performance of defined benefit pension schemes generally in 2009. Reserves at the year-end amount to €20,205 compared to reserves of €513,499 in the prior year. As a consequence of the current state of the property market, an updated revaluation was performed at the balance sheet date where Copyright House was valued at €3,600,000.

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 2009. 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 2009 were:

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

James Hickey was appointed an external director by the board on 16 September 2009.

DIRECTORS' REPORT
(CONTINUED)

In accordance with the company's Articles of Association, three writer directors, Donagh Long, Eleanor McEvoy and Christy Moore, retired by rotation. Five nominations were received for the three available positions. Following a postal ballot, the successful candidates, Donagh Long, Eleanor McEvoy and Christy Moore were reappointed by the members at the Annual General Meeting on 23 September 2009.

Also, in accordance with the Articles of Association, two publisher directors, Johnny Lappin (Foxrock Music Productions) and Steve Lindsey (Elevate Music Productions Limited) retired by rotation. There was a third publisher director to be filled as a result of a casual vacancy. Only three nominations were received for the three available positions and there was therefore, no postal ballot for those positions. The three nominees, Brian Crosby (Oxfam Ireland), Johnny Lappin (Foxrock Music Productions) and Steve Lindsey (Elevate Music productions Limited) were appointed publisher directors by the members at the Annual General Meeting on 23 September 2009.

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 2009.

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

19 May 2010

Board Attendance
The total number of Board meetings in 2009 was 7 (2008: 10).

Attendances by each Board member were as follows:

	Number of meetings	
	Attended	Held in year
Paul Brady	3	7
Brian Crosby	1	1
Keith Donald	7	7
Philip Flynn	6	7
James Hickey	1	1
Eddie Joyce	7	7
Johnny Lappin	7	7
Steve Lindsey	7	7
Donagh Long	7	7
Eleanor McEvoy	6	7
Charlie McGettigan	6	7
Christy Moore	4	7
James Morris	7	7
Michael O'Riordan	5	7
Niall Toner	7	7

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

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 24. 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 2009. 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 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 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2009 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 2009.

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

17 June 2010

INCOME & EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Notes	2009 €	2008 €
Licence revenue	1	40,443,320	39,256,925
Operating expenses:			
- Non exceptional		(5,190,267)	(5,136,896)
- Exceptional	2	-	(456,923)
Other operating income			
- Non exceptional		509,346	270,879
- Exceptional	2	529,600	-
Operating surplus before royalties		36,291,999	33,933,985
Royalties		(35,840,756)	(34,275,884)
Operating surplus/(deficit)		451,243	(341,899)
Interest receivable		393,596	583,851
Other finance (costs)/income	9	(121,400)	8,900
Surplus before taxation	4	723,439	250,852
Taxation	5	19,354	(118,112)
Surplus for the year		742,793	132,740

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 2009

	Notes	2009 €	2008 €
Surplus for the year		742,793	132,740
Actuarial gain/(loss) in respect of pension scheme	9	145,700	(2,179,300)
Deferred tax on actuarial gain/loss		18,213	(76,319)
Unrealised (deficit)/surplus on revaluation of property	6	(1,400,000)	1,725,307
Total recognised gains and losses relating to the year		(493,294)	(397,572)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

YEAR ENDED 31 DECEMBER 2009

	2009 €	2008 €
Reported surplus before taxation	723,439	250,852
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	42,425	-
Historical cost surplus before taxation	765,864	250,852
Historical cost surplus after taxation	785,218	132,740

BALANCE SHEET
31 DECEMBER 2009

	Notes	2009 €	2008 €
Fixed assets			
Tangible assets	6	4,645,522	5,901,985
Current assets			
Debtors	7	11,631,677	10,802,931
Cash at bank and on hand		12,113,644	11,816,865
		23,745,321	22,619,796
Creditors – amounts falling due within one year	8	(26,727,388)	(25,376,982)
Net current liabilities		(2,982,067)	(2,757,186)
Net assets excluding pension liability		1,663,455	3,144,799
Pension liability	9	(1,643,250)	(2,631,300)
Net assets including pension liability		20,205	513,499
Capital and reserves			
(Deficit)/surplus on reserves	15	(305,102)	(1,211,808)
Revaluation reserve	15	325,307	1,725,307
		20,205	513,499

Approved on behalf of the board by:

Keith Donald
Director

Philip Flynn
Director

CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2009

	Notes	2009 €	2008 €
Net cash inflow from operating activities	10	568,978	3,185,636
Returns on investments and servicing of finance	11	352,512	583,851
Taxation paid		(85,038)	(120,853)
Capital expenditure and financial investment	12	(539,673)	(2,949,166)
Increase in cash in the year	13	296,779	699,468

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 2009. 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 deprecation.

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	33
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

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

1 Licence revenue

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

	2009	2008
	€	€
Ireland	36,053,166	36,048,078
United Kingdom	1,735,213	1,438,083
Other EU countries	1,676,697	681,135
United States of America	322,457	259,805
Rest of the world	655,787	829,824
	40,443,320	39,256,925

2 Exceptional items

The exceptional charge for 2008 of €456,923 related to the legal costs of pursuing high profile debts, recruitment fees and professional fees in relation to tariff reviews. There have been no exceptional charges in 2009.

The exceptional income for 2009 of €529,600 relates to a curtailment gain arising on the company's pension scheme as a result of the capping of pensionable salaries at the 1 January 2009 level.

3 Employees and remuneration

The average number of persons employed by the company during the year, excluding non-executive directors, was 40 (2008: 37) and all were categorised as administration.

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

	2009	2008
	€	€
Wages and salaries	2,045,278	1,954,727
Social welfare costs	215,328	232,066
Pension and life assurance costs	172,956	179,218
	2,433,562	2,366,011

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

		2009	2008
4	**Surplus before taxation**	€	€
	Surplus before taxation for the year is stated after charging/(crediting):		
	(i) Directors' remuneration:		
	- for services as directors	216,986	257,790
	(ii) Depreciation	401,033	196,023
	(iii) Auditors' remuneration	50,000	50,000
	(iv) (Profit)/loss on disposal of fixed assets	(5,027)	16,893
	(v) Interest income	(393,596)	(583,851)

		€2009	€2008
5	**Tax on surplus for the year**		
	Current tax:		
	Irish corporation tax on surplus for the year	72,196	118,112
	Adjustments in respect of prior years	-	-
	Current tax charge for the year	72,196	118,112
	Deferred tax credit	(91,550)	-
		(19,354)	118,112

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:

	2009 €	2008 €
Surplus on ordinary activities before tax	723,439	250,852
Surplus on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5% (2008: 12.5%)	90,430	31,357
Effects of:		
Disallowable (income)/expenses	(90,119)	24,160
Depreciation in excess of capital allowances	21,712	5,247
Higher tax rate for non-trading income (25%)	50,173	57,348
Adjustment to tax charge in respect of previous years	-	-
Current tax charge for the year	72,196	118,112
Tax recognised in the statement of total recognised gains and losses		
Deferred tax (credit)/charge attributable to actuarial loss/gain (FRS17)	(18,213)	76,319

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

6 Tangible fixed assets	Property	Computer equipment	Motor vehicles	Furniture and equipment	Total
	€	€	€	€	€
Cost					
At 1 January 2009	5,435,470	1,752,862	162,579	339,732	7,690,643
Additions	58,289	380,577	105,704	-	544,570
Disposals	-	-	(31,500)	-	(31,500)
Revaluation	(1,400,000)	-	-	-	(1,400,000)
At 31 December 2009	4,093,759	2,133,439	236,783	339,732	6,803,713
Accumulated depreciation					
At 1 January 2009	435,418	1,277,562	56,370	19,308	1,788,658
Charge for year	176,039	188,213	28,172	8,609	401,033
Disposals	-	-	(31,500)	-	(31,500)
At 31 December 2009	611,457	1,465,775	53,042	27,917	2,158,191
Net book value					
At 31 December 2009	3,482,302	667,664	183,741	311,815	4,645,522
At 31 December 2008	5,000,052	475,300	106,209	320,424	5,901,985

Copyright House was revalued to €3,600,000 on the basis of open market value for existing use on 31 December 2009. The valuation was undertaken by Quinn Agnew FSCS FRICS FIAVI. The carrying amount that would have been included in the financial statements had the cost less depreciation method been used was €3,098,706. The loss therefore arising on the valuation of €1,400,000 was debited to a revaluation reserve (note 15). The valuer in question was external to the company and the value reflected market conditions and sentiment at 31 December 2009 and in particular the difficult market associated with a lack of credit in relation to funding for commercial properties. The valuation report highlighted the impact of the current economic environment and the related uncertainty regarding property valuations.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

7 Debtors

	2009	2008
	€	€
Amounts falling due within one year:		
Broadcasting and public performance debtors, net of bad debts provision	9,474,049	8,702,721
Other debtors and prepayments	2,126,333	2,081,757
Corporation tax recoverable	31,295	18,453
	11,631,677	10,802,931

8 Creditors

	2009	2008
	€	€
Amounts falling due within one year:		
Members and affiliates royalties payable	16,355,648	14,742,469
Cable TV rights holders royalties payable	2,473,188	2,588,852
Public performance deferred revenue	5,523,612	5,647,892
Sundry creditors and accruals	1,775,926	1,340,113
VAT payable	524,808	989,971
PAYE/PRSI	74,206	67,685
	26,727,388	25,376,982

9 Retirement benefits

(a) Defined benefit scheme

The most recent actuarial valuation prepared on 1 January 2009 showed that the market value of the scheme's assets was €4,613,200 and that the actuarial value of those assets represented 72.7% 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 2009 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 €336,000 in the financial year ending 31 December 2009 with annual lump sum payments of €325,000 indexed in line with inflation payable over a 13.5 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 6% of pensionable salaries. The funding proposal is not yet approved pending further clarifications requested by the Pension Board.

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:

	2009 €	2008 €
Present value of scheme liabilities	(6,343,400)	(6,218,200)
Fair value of scheme assets	4,613,200	3,609,900
Pension liability	(1,730,200)	(2,608,300)
Related deferred tax asset/(liability)	86,950	(23,000)
Net pension liability	(1,643,250)	(2,631,300)

	2009 €	2008 €
The amounts recognised in the income and expenditure account are as follows:		
Interest cost	353,100	333,900
Expected return on scheme assets	(231,700)	(342,800)
Other finance cost/(income)	121,400	(8,900)
Current service cost – included in operating expenses	78,500	83,900
Curtailment gain	(529,600)	-
	(329,700)	75,000
Actual return on plan assets	726,100	(1,946,800)
The amounts recognised in the statement of total recognised gains and losses are as follows:		
Actual less expected return on scheme assets	494,400	(2,289,600)
Experience gains/(losses) on liabilities	147,400	(297,400)
Change in assumptions underlying the present value of the scheme liabilities	(496,100)	407,700
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	145,700	(2,179,300)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2009 is €2,033,600 (2008: €1,663,900).

Expected contributions for the year ended 31 December 2010 are €424,010.

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 2008	**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)
Experience losses on liabilities	-	(297,400)	(297,400)
Change in assumptions	-	407,700	407,700
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)**
Curtailment gain	-	529,600	529,600
Current service cost	-	(78,500)	(78,500)
Interest on scheme liabilities	-	(353,100)	(353,100)
Expected return on scheme assets	231,700	-	231,700
Actual less expected return on scheme assets	494,400	-	494,400
Change in assumptions	-	(496,100)	(496,100)
Experience gains on liabilities	-	147,400	147,400
Contributions by scheme participants	29,700	(29,700)	-
Benefits paid from plan assets	(155,200)	155,200	-
Employer contributions paid	402,700	-	402,700
At 31 December 2009	**4,613,200**	**(6,343,400)**	**(1,730,200)**

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

Risks and rewards arising from the assets

At 31 December 2009 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:

	2009	**2008**
(as a percentage of total scheme assets)	%	%
Equities	65.6	60.9
Bonds – Fixed interest fund	20.2	21.7
Other	14.2	17.4

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 3.25% above the long term gilt yields, giving an assumed return of 7.0%.

For property assets, the assumed rate of return is 6.5% 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 2009 is 5.97% (2008: 6.18%).

The principal actuarial assumptions at the balance sheet date:

	2009	**2008**
	%	%
Discount rate at 31 December	5.40	5.75
Future salary increases for in-payment benefits	0.00	4.00
Future pension increases	2.00	2.00
Expected long-term return on scheme assets	5.97	6.18

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:	**2009**	**2008**
Male	21.3	21.4
Female	23.1	23.1
Longevity at 65 for members retiring in 2034:		
Male	24.7	Not
Female	25.9	Provided

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:

	2009	2008	2007	2006	2005
Present value of the scheme liabilities	(6,343,400)	(6,218,200)	(6,042,000)	(6,536,000)	(6558000)
Fair value of scheme assets	4,613,200	3,609,900	5,431,000	5,682,000	5,013,000
Pension deficit	(1,730,200)	(2,608,300)	(611,000)	(854,000)	(1,545,000)
Experience adjustments on scheme liabilities as a percentage of scheme liabilities at the balance sheet date	(2.32%)	4.78%	1.8%	0.47%	0.14%
Experience adjustments on scheme assets as a percentage of scheme assets at the balance sheet date	(10.72%)	63.43%	14.84%	3.56%	9.51%

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

10 Reconciliation of operating deficit to net cash inflow from operating activities	2009 €	2008 €
Operating surplus	451,243	(341,899)
Depreciation	401,033	196,023
(Profit)/loss on sale of fixed assets	(5,027)	16,893
Reversal of curtailment gain	(529,600)	-
Reversal of pension contributions	(402,700)	(256,500)
Retirement benefits service charge	78,500	83,900
Increase/(decrease) in debtors	(774,820)	1,127,790
Increase in creditors	1,350,349	2,359,429
Net cash inflow from operating activities	568,978	3,185,636

11 Returns on investments and servicing of finance	2009 €	2008 €
Interest received	352,512	583,851

12 Capital expenditure and financial investment	2009 €	2008 €
Purchase of tangible fixed assets	544,700	2,932,273
Proceeds from disposal of tangible fixed assets	(5,027)	16,893
	539,673	2,949,166

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13 Analysis of changes in net cash

	At 31 December 2008	Cashflow	At 31 December 2009
	€	€	€
Net cash			
Cash at bank and on hand	11,816,865	296,779	12,113,644

14 Reconciliation of net cash flow to movement in net cash

	2009	2008
	€	€
Movement in net cash in the year	296,779	699,468
Net cash at 1 January	11,816,865	11,117,397
Net cash at 31 December	12,113,644	11,816,865

15 Reserves

	Revaluation reserve	Profit and loss account	Total
	€	€	€
At 1 January 2009	1,725,307	(1,211,808)	513,499
Surplus for the year	-	742,793	742,793
Actuarial gain in respect of pension scheme	-	145,700	145,700
Deferred tax on actuarial gain	-	18,213	18,213
Loss on revaluation (note 6)	(1,400,000)	-	(1,400,000)
At 31 December 2009	325,307	(305,102)	20,205

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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 €191,300 (2008: €190,551). 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 €11,852 in 2009 (2008: €16,073) for debt collection services. Mr N Toner was paid €830 in 2009 in respect of song writing workshops (2008: €308).

In addition, travel and membership development grants in the amount of €3,810 were paid to 3 member directors (2008: €4,085 - (four 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 19 May 2010.

IRISH MUSIC RIGHTS ORGANISATION

COPYRIGHT HOUSE,
PEMBROKE ROW,
LOWER BAGGOT STREET,
DUBLIN 2,
REPUBLIC OF IRELAND.

PH: +353 1 6614 844
EMAIL: INFO@IMRO.IE
WEB: WWW.IMRO.IE