



imro.ie



**ANNUAL
REPORT AND
ACCOUNTS**

2019

Irish Music Rights Organisation
Company Limited by Guarantee

Chairperson's Statement

Fellow IMRO members,

On behalf of the board of IMRO, I am delighted to present this forward for the annual report. Whilst this report is focusing on 2019, it is impossible as I write in May 2020 not to mention the havoc that has been brought into all of our lives by the Covid-19 pandemic. Those of us who make a living from creative work have been amongst the first to feel the affects and sadly, there is little doubt that the catastrophic impact that this crisis has had on our industry will be felt for many years to come.

Please know that we are doing everything in our power to work on your behalf in IMRO. We are committed to protect revenue streams and to lobby to safeguard your livelihoods and your wellbeing in the unprecedented times that lie ahead.

Our CEO Victor Finn will go through the financial results on the following pages and I'd like to take this opportunity to congratulate him and his team on the 2019 results.

2019 was yet another busy year for IMRO. One of the highlights of the year was the passing of the European Copyright Directive in Strasbourg. This was the largest piece of copyright legislation to go before the European Parliament in decades, and its success was a fantastic result for creators all across Europe. I am so grateful to the many IMRO members who joined us in our many campaigns and petitions both in person, in the press and on social media to lobby for the European Copyright Directive. The passing of this directive means that the multinational tech companies will, in future, have to pay a fair price for the use of our work online. It is now up to us here in Ireland to ensure that the Irish government enacts this directive and it is our hope that it will be made law here in Ireland by June 2021.

Another highlight of 2019 was the appointment of Dr. Mark Hyland as the new IMRO Professor of Intellectual Property Law and Copyright. Dr. Hyland's appointment was a partnership between IMRO and the Law society of Ireland. It is the first-of-its-kind professorship in intellectual property law and copyright. As well as delivering an 'IMRO annual lecture' each year, Dr. Hyland



will also be instrumental in creating a new intellectual property module at the Law Society's Law School and will be involved in course design for the Society's professional and post professional qualification courses.

Huge thanks is due to Victor Finn for his superb leadership of IMRO. His extensive knowledge of royalty collection and rights management both here, at home and abroad is exceptional and it has been a great pleasure to work alongside him and his dedicated team this past year.

I'd also like to acknowledge the role of the IMRO board over the last twelve months. Their advice, guidance, input and commitment has been so very valuable this year and I am indebted to them for their hard work both at committee level and on the board. I am also deeply grateful to them for their continued support in my work as chair.

It really is an extraordinary honour to be the Chair of IMRO, the extraordinary talent of our membership inspires me every day and the work that is produced by our members galvanizes an energy within me to do everything in my power to ensure that those members are properly served by this organisation, by our sister organisations throughout the world, by our government, by governments abroad and by society at large.

Working in the music industry has never been easy and we are now about to witness the most difficult times in the history of that industry. It is both disconcerting and daunting, but never has it been more important to create, to inspire and to entertain and never has it been more important for everyone in IMRO to continue our mission, "to cherish music in a changing world."

Onwards and upwards,

**Eleanor McEvoy
May 2020**

Chief Executive Officer's Review

Events from mid-March onwards totally overshadow the 2019 annual report. As we write, Copyright House, like most other offices in Ireland, is closed due to the Covid-19 pandemic. All of IMRO's employees are working from home. Our investment in cloud-based technology over recent years meant that we were well prepared to have all our systems fully up and running remotely. All our distribution payments went out on schedule during the government imposed necessary office closures. From April onwards, we introduced monthly distributions for our radio broadcast pools so that royalties can get to members more quickly. IMRO's objective is to limit the financial impact on royalty payments as much as possible. There will be however challenges ahead and an inevitable decline in public performance royalty payments in the latter half of 2020.

Royalty revenues in 2019 closely matched those of 2018. This continues the positive underlying turnover trend over the past number of years. Our international income performed strongly, and almost €8m was earned by IMRO members in overseas markets in 2019, reflecting the continuing success of the IMRO repertoire abroad.

We continue to focus on strategic issues which are of long-term interest to our members. The improvement of the IP regime in Ireland is a constant consideration for IMRO. We urge the incoming government to implement the EU Copyright directive without delay and to maintain the spirit of the EU parliament's intention right through implementation. Other pressures on the creative community include the growing efforts by the production houses and by international broadcasters to seek buy-outs of music copyrights upfront. It is putting unfair burdens on creators to acquiesce. The iniquitous share of streaming revenues received by composers, songwriters and their music publishers continues to be a very contentious and deeply unfair issue. The growth of AI-



created music is a new but growing threat - many of these issues are not limited to Ireland. Global concerns will require comprehensive international solutions in an environment where copyright is exploited on a worldwide basis.

IMRO is now an international music rights organisation with over 13,500 members spread right across the globe. We have invested in technology, systems and our people. This allows us to play an essential role in transforming the international market place for the efficient administration of music rights. It ensures that our members receive fair compensation for the use of their works wherever their music is adding value. We are ensuring that overseas markets are delivering the returns that the IMRO repertoire is rightfully owed. We are doing this by deploying the most up to date tracking and monitoring technologies on the market. The launch of our licensee and member portals means IMRO has delivered on its pledge of digital transformation and is providing 24/7 access to all our services to both members and licensees at home and abroad.

Finally, a special word of thanks to our Chair, Eleanor McEvoy for all the support during the year and to the management team and all the employees at IMRO who have shown tremendous dedication, flexibility and a great attitude in keeping the organisation fully operational in such turbulent times.

Victor Finn
May 2020



Reports and Financial Statements for the financial year ended 31 December 2019

**Irish Music Rights Organisation Company
Limited by Guarantee**

**Reports and Financial Statements
for the financial year ended
31 December 2019**

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE**DIRECTORS AND OTHER INFORMATION****BOARD OF DIRECTORS AT 31 DECEMBER 2019**

Paul Brady
Brian Crosby
Keith Donald
Philip Flynn (External)
Mick Hanly
Ray Harman
Ian Hennessy
James Hickey (External)
Steve Lindsey
Juliet Martin
Eleanor McEvoy
Rose McHugh (External)
Roisin O'Reilly
Bill Shanley
Sharon Boyse Smith
Clare Duignan

SOLICITORS

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

Matheson
70 Sir John Rogerson's Quay
Dublin 2

Arthur Cox
Earlsfort Terrace
Dublin 2

SECRETARY AND REGISTERED OFFICE

Bradwell Limited
Copyright House
Pembroke Row
Lower Baggot Street
Dublin 2

INDEPENDENT AUDITOR

Deloitte Ireland LLP
Deloitte & Touche House
Chartered Accountants and Statutory Audit Firm
Earlsfort Terrace
Dublin 2

BANKERS

Bank of Ireland
Lower Baggot Street
Dublin 2

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT

The directors present herewith their report and the audited financial statements for the financial year ended 31 December 2019.

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 and administers the public performing licensing of the sound recording right on behalf of Phonographic Performance Ireland.

BUSINESS REVIEW

Licence revenue at €37,437,432 (2018: €37,831,125) shows a decrease of €393,693 (1%) below 2018. All revenue categories showed an increase on 2018, except concert revenue which, after a bumper year in 2018, still had another strong year in 2019.

Operating costs at €6,764,825 (2018: €6,708,133) showed an increase of €56,692 (1%) in the financial year. Operating costs as a percentage of revenue were 18.1% (2018: 17.7%). This year on year increased cost is due to the continuing investment in the business – in the Dual Music Licence, member service improvements, international tracking and upgrading IT infrastructure. Other operating income decreased by €394,426 (31%) on the prior financial year. In 2019 royalties have decreased by €878,795 (3%) over 2018 as a result of slightly decreased activity.

The gross pension liability at €52,000 (2018: liability €714,300) shows a decrease of €662,300 and is largely due to the strong asset performance outweighing the impact of market movements on the liabilities. Reserves at the financial year-end amounted to a surplus of €4,782,770 (2018: surplus €3,102,336).

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.

Subsequent to the year end, Ireland and other countries in the world witnessed the breakout of the COVID-19 infection. This resulted in the disruption of business and overall country economies due to precautionary steps taken by government and the public in general. These precautionary steps included restrictions on social gatherings by people resulting in the closure of pubs, restaurants, hotels and air travel alongside working from home arrangements by businesses.

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 monitor the risk from existing debt.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT

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.

ACCOUNTING RECORDS

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Copyright House, Pembroke Row, Lower Baggot Street, Dublin 2.

RESULTS

The income and expenditure account and balance sheet are set out on page 13 and 15 respectively.

DIVIDENDS

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

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND SECRETARY

The directors and secretary, who served at any time during the financial year except as noted, were as follows:

Directors:

Paul Brady
Máire Breathnach
Brian Crosby
Keith Donald
Philip Flynn (External)
Mick Hanly
Ray Harman
Ian Hennessy
James Hickey (External)
Johnny Lappin
Steve Lindsey
Juliet Martin
Eleanor McEvoy
Charlie McGettigan
Rose McHugh (External)
Roisin O'Reilly
Michael O'Riordan
Bill Shanley
Sharon Boyse Smith
Niall Toner
Clare Duignan

Secretary:

Bradwell Limited

DIRECTORS AND SECRETARY (CONTINUED)

Michael O'Riordan resigned as a director on 19 February 2019. Sharon Boyse Smith was appointed to the board on 20 February 2019 to fill the casual vacancy created.

In accordance with the company's Articles of Association, three writer directors, Maire Breathnach, Charlie McGettigan and Niall Toner retired by rotation. Nine nominations were received for the three available positions. Following a ballot, the successful candidates, Paul Brady, Roisin O'Reilly and Bill Shanley were appointed by the members at the Annual General Meeting on 12 June 2019.

Also in accordance with the company's Articles of Association, three publisher directors, Johnny Lappin, Juliet Martin and Sharon Boyse Smith retired by rotation. Four nominations were received for the available positions. Following a ballot, the successful candidates, Ian Hennessy, Juliet Martin and Sharon Boyse Smith were appointed by the members at the Annual General Meeting on 12 June 2019. There have been no other changes to the board during the year or since the year end.

Further, Philip Flynn resigned from Board on 31 December 2019. Clare Duignan was appointed to the Board subsequent to the year end on 1 January 2020.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

BOARD ATTENDANCE

The total number of Board meetings in 2019 was 6 (2018: 7).

Attendances by each Board member were as follows:

| | Attended | Number of meetings eligible to attend in year |
|---------------------|-----------------|--|
| Paul Brady | 2 | 3 |
| Máire Breathnach | 3 | 3 |
| Brian Crosby | 6 | 6 |
| Keith Donald | 6 | 6 |
| Philip Flynn | 6 | 6 |
| Mick Hanly | 6 | 6 |
| Ray Harman | 6 | 6 |
| Ian Hennessy | 3 | 3 |
| James Hickey | 6 | 6 |
| Johnny Lappin | 3 | 3 |
| Steve Lindsey | 6 | 6 |
| Eleanor McEvoy | 6 | 6 |
| Juliet Martin | 6 | 6 |
| Charlie Mc Gettigan | 3 | 3 |
| Rose McHugh | 6 | 6 |
| Roisin O'Reilly | 2 | 3 |
| Bill Shanley | 3 | 3 |
| Sharon Boyse Smith | 5 | 6 |
| Niall Toner | 3 | 3 |

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 2014, at any time during the financial year ended 31 December 2019.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report. The directors' report describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash resources. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. See note 1 for further details.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

SUBSEQUENT EVENTS

Subsequent to the year end, Ireland and other countries in the world witnessed the breakout of the COVID-19 infection. This resulted in the disruption of business and overall country economies due to precautionary steps taken by governments and the public in general. These precautionary steps included restrictions on social gatherings of people resulting in the closure of pubs, restaurants, hotels and air travel alongside working from home arrangements by businesses.

In this regard, the directors evaluated the implications arising out of this pandemic risk and consider the current situation to be temporary. The directors have, in this regard, considered multiple scenarios evaluating possible implications on the group's business. Directors consider the impact of COVID-19 to be a non-adjusting subsequent event to the company's financial statements for the year ended 31 December 2019

COMPLIANCE STATEMENT

For the purposes of section 225 of the Companies Act 2014 (the "Act"), we, the directors:

1. Acknowledge that we are responsible for securing the Company's compliance with its relevant obligations as defined in section 225(1) of the Act (the "relevant obligations"); and
2. Confirm that each of the following has been done:
 - (i) a compliance statement (as defined in section 225(3)(a) of the Act) setting out the Company's policies (that in our opinion, are appropriate to the company) respecting compliance by the Company with its relevant obligations has been drawn-up;
 - (ii) appropriate arrangements or structures, that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, have been put in place; and
 - (iii) during the financial year to which this report relates, a review of the arrangements or structures referred to in paragraph (ii) above has been conducted.

AUDITORS

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

DISCLOSURE OF INFORMATION TO AUDITORS

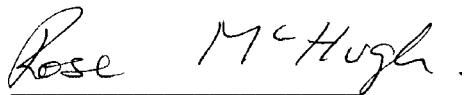
In the case of each of the persons who are directors at the time the directors' report and financial statements are approved:

- a) So far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- b) Each director has taken all steps that ought to have been taken by the director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

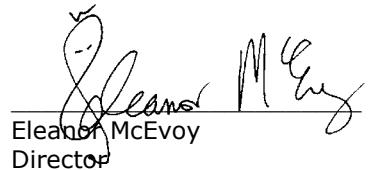
IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

Approved by the Board and signed on its behalf by:


Rose McHugh

Rose McHugh
Director


Eleanor McEvoy

Eleanor McEvoy
Director

Date: 7th May 2020

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council* ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRISH MUSIC RIGHTS COMPANY LIMITED BY GUARANTEE

Report on the audit of the financial statements

Opinion on the financial statements of Irish Music Rights Company Limited By Guarantee (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and of the surplus for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Income and Expenditure Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Reserves;
- the Statement of Cash Flows; and
- the related notes 1 to 18, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter- Covid-19 pandemic

We draw your attention to note 18 in the financial statements, concerning the Covid-19 pandemic and its potential impact on the operations of the company. The Covid-19 pandemic is a significant economic event and at the date of this report, its effects are subject to unprecedented levels of uncertainty, with the full range of possible effects and outcomes currently unknown. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements for the financial year ended 31 December 2019, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRISH MUSIC RIGHTS COMPANY LIMITED BY GUARANTEE

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
IRISH MUSIC RIGHTS COMPANY LIMITED BY GUARANTEE**

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Daniel Murray
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 7th May 2020

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

**INCOME AND EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

| | Notes | 2019 € | 2018 € |
|--|-------|--------------|--------------|
| Licence revenue | 3 | 37,437,432 | 37,831,125 |
| Operating expenses | | (6,764,825) | (6,708,133) |
| Other operating income | | 879,267 | 1,273,693 |
| Operating surplus before royalties | | 31,551,874 | 32,396,685 |
| Royalties | | (31,421,146) | (32,299,941) |
| Operating surplus | | 130,728 | 96,744 |
| Interest receivable | | - | - |
| Other finance costs | 13 | (12,100) | (15,000) |
| Surplus before taxation | 5 | 118,628 | 81,744 |
| Taxation charge on profit on ordinary activities | 6 | (88,342) | (49,774) |
| Surplus for the financial year | | 30,286 | 31,970 |

The results of the company all derive from continuing operations.

The format of the Income and Expenditure account represents the special nature of the business in administering the performing rights of copyright music of its members and as non-exclusive licensee, on behalf of the societies affiliated to it.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

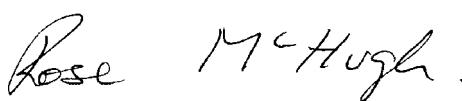
| | Notes | 2019 € | 2018 € |
|--|-------|------------------|------------------|
| Surplus for the financial year | | 30,286 | 31,970 |
| Actuarial gains/(losses) in respect of pension | 13 | 308,400 | (176,000) |
| Deferred tax on actuarial (gain)/loss | | (38,550) | 22,000 |
| Revaluation surplus | 8 | 2,060,147 | - |
| Deferred tax on revaluation surplus | | (679,849) | - |
| Total comprehensive income | | 1,680,434 | (122,030) |

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

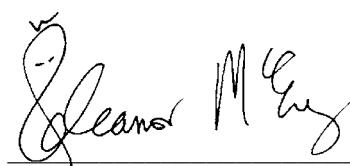
**BALANCE SHEET
AS AT 31 DECEMBER 2019**

| | Notes | 2019 € | 2018 € |
|--|-------|--------------|--------------|
| Fixed Assets | | | |
| Intangible assets | 7 | 468,309 | 640,828 |
| Tangible assets | 8 | 9,827,646 | 8,014,288 |
| | | <hr/> | <hr/> |
| | | 10,295,955 | 8,655,116 |
| Current Assets | | | |
| Debtors | 9 | 14,863,917 | 14,574,655 |
| Cash at bank and on hand | 10 | 13,016,752 | 12,174,430 |
| | | <hr/> | <hr/> |
| | | 27,880,669 | 26,749,085 |
| Creditors: Amounts falling due within one year | 11 | (31,349,359) | (30,274,919) |
| | | <hr/> | <hr/> |
| Net current liabilities | | (3,468,690) | (3,525,834) |
| | | <hr/> | <hr/> |
| Net assets excluding provisions for liabilities | | 6,827,265 | 5,129,282 |
| Provisions for liabilities | | | |
| Deferred tax | 12 | (1,992,495) | (1,312,646) |
| Pension liability | 13 | (52,000) | (714,300) |
| | | <hr/> | <hr/> |
| NET ASSETS | | 4,782,770 | 3,102,336 |
| | | <hr/> | <hr/> |
| Reserves | | | |
| Deficit on reserves | | (1,696,780) | (1,996,916) |
| Revaluation reserve | | 6,479,550 | 5,099,252 |
| | | <hr/> | <hr/> |
| | | 4,782,770 | 3,102,336 |
| | | <hr/> | <hr/> |

The financial statements were approved and authorised for issue by the Board of Directors on 7th May 2020 and signed on its behalf by:



Rose McHugh
Director



Eleanor McEvoy
Director

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF CHANGES IN RESERVES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

| | Deficit on reserves € | Revaluation reserve € | Total € |
|---|--|--|--------------------------|
| At 1 January 2019 | (1,996,916) | 5,099,252 | 3,102,336 |
| Surplus for the financial year | 30,286 | - | 30,286 |
| Actuarial gain in respect of pension scheme | 308,400 | - | 308,400 |
| Deferred tax on actuarial gain | (38,550) | - | (38,550) |
| Revaluation Surplus | - | 2,060,147 | 2,060,147 |
| Deferred tax on revaluation surplus | - | (679,849) | (679,849) |
| At 31 December 2019 | (1,696,780) | 6,479,550 | 4,782,770 |

In respect of prior financial year:

| | Deficit on reserves € | Revaluation reserve € | Total € |
|---|-----------------------------|-----------------------------|------------------|
| At 1 January 2018 | (1,874,886) | 5,099,252 | (3,224,366) |
| Surplus for the financial year | 31,970 | - | 31,970 |
| Actuarial loss in respect of pension scheme | (176,000) | - | (176,000) |
| Deferred tax on actuarial loss | 22,000 | - | 22,000 |
| At 31 December 2018 | (1,996,916) | 5,099,252 | 3,102,336 |

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

| | Notes | 2019 € | 2018 € |
|---|-------|-------------------|------------|
| Net cash inflow from operating activities | 15 | 1,072,935 | 3,657,397 |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (127,148) | (143,684) |
| Purchase of intangible fixed assets | | (134,115) | (301,002) |
| Proceeds from the disposal of fixed assets | | 30,650 | 19,044 |
| Net cash outflows from investing activities | | (230,613) | (425,642) |
| Net increase in cash and cash equivalents | | 842,322 | 3,231,755 |
| Cash and cash equivalents at beginning of year | | 12,174,430 | 8,942,675 |
| Cash and cash equivalents at end of year | | 13,016,752 | 12,174,430 |
| Reconciliation to cash at bank and in hand: | | | |
| Cash at bank and in hand at end of year | 10 | 13,016,752 | 12,174,430 |
| Cash equivalents | | - | - |
| Cash and cash equivalents at end of year | 10 | 13,016,752 | 12,174,430 |

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. 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 the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis of Accounting and General Information

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be euro because that is the currency of the primary economic environment in which the company operates.

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.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report. The directors' report describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, including the impact of COVID-19, show that the company should be able to operate within the level of its current cash resources. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is because the company has discretion over timing of distribution of royalties to their respective right holders. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The implications of COVID-19 pandemic are detailed in note 18.

Licence Revenue

Licence revenue represents royalty income earned exclusive of value added tax and net of any bad debt provision.

Broadcasting and public performance revenue earned is recognised over the period of the license or if related to specific events, revenue is recognised once the event has taken place.

The company's share of amounts collected from cable television is included under license revenue with the allocations to the rightsholders included in the creditors on the balance sheet.

Other Operating Income

Other operating income represents agency income from other rights administrators. The company performs billing and collection services on behalf of the other rights administrators and earns income based on the level of cash collected. The agency income is recognised when cash is collected.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Property is stated at revalued amount less accumulated depreciation. The property is revalued every 3-5 years with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised or depreciated cost relating to the same property or such a deficit, is charged (or credited) to the income and expenditure account.

Other tangible and intangible 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 |

Depreciation is charged through the income and expenditure account each financial year and there is no allocation to the revaluation reserve in other comprehensive income.

Impairment of Assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the income and expenditure account.

Non-Financial Assets

An asset is impaired where there is an objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease, an impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

Retirement Benefits

For defined benefit schemes the amounts charged to operating surplus before royalties are the costs arising from employee services rendered during the financial year and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the income and expenditure account and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Actuarial valuations are obtained annually and are updated at each balance sheet date.

For defined contribution schemes the amounts charged to the income and expenditure account in respect of pension costs and other post-retirement benefits are the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Taxation

Current tax, including Irish corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable surplus and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surplus from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or reserves are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or reserves as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the income and expenditure account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Revenue recognition

The company enters into differing types of revenue contracts where the substance of the transaction can differ, resulting in a determination of whether gross or net presentation of revenue is appropriate. The company assesses a number of indicators in determining the appropriate basis for revenue presentation. These indicators include the level of credit risk borne by the company, discretion in establishing the price paid for the product, the fixed or variable nature of margin generated and responsibility for fulfilment.

Key source of estimation uncertainty - Defined benefit obligations

The estimation of accounting for retirement benefit obligations involves judgments which the directors make in conjunction with independent actuaries. These involve estimates about uncertain future events, including life expectancy of the scheme members, future pension increases and inflation, as well as discount rates. The assumptions used by the company are described in Note 13.

Key source of estimation uncertainty – Bad Debt Provision

In assessing the recoverability of broadcasting and public performance debtors recorded within debtors, amounts falling due within one year, the directors have made the assumption that any impairment resulting from the non-recoverability of the debtors owed to the company will not be in excess of the bad debt provision that has been put in place. The directors believe that the bad debt provision represents an appropriate estimate and as a result no further provisioning is required. The provision is based on reviews of specific balances, including, historic collectability and the aging of the balance. At the year end the bad debt provision was €2,184,553 (2018: €2,663,188).

| 3. LICENCE REVENUE | 2019 | 2018 |
|--------------------|------|------|
| | € | € |

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

| | | |
|--------------------------|-------------------|-------------------|
| Ireland | 29,540,038 | 30,045,918 |
| United Kingdom | 2,693,174 | 2,340,552 |
| Other EU countries | 2,850,215 | 3,222,245 |
| United States of America | 1,133,333 | 931,909 |
| Rest of the World | 1,220,672 | 1,290,501 |
| Net revenue | 37,437,432 | 37,831,125 |

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. EMPLOYEES AND REMUNERATION

The average monthly number of persons employed by the company during the financial year, excluding non-executive directors, was 60 (2018: 59) and all were categorised as administration.

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

| | 2019 € | 2018 € |
|--|------------------|-----------------|
| Wages and salaries | 3,318,026 | 3,243,025 |
| Social welfare costs | 373,444 | 357,367 |
| Other retirement benefit costs (Note 13) | 178,566 | 180,002 |
| | <hr/> 3,870,036 | <hr/> 3,780,394 |
| | <hr/> <hr/> | <hr/> <hr/> |

5. SURPLUS BEFORE TAXATION

2019
€

2018
€

Surplus before taxation for the financial year is stated after charging/(crediting):

| | | |
|--|---------|---------|
| Aggregate emoluments paid to or receivable by directors in respect of qualifying services | 287,943 | 285,472 |
| Depreciation (Note 8) | 348,165 | 346,290 |
| Amortisation (Note 7) | 306,634 | 277,938 |
| Profit on disposal of fixed assets | (4,878) | (8,566) |

Auditor's remuneration:

| | | |
|----------------------------|--------------|--------------|
| - Audit | 45,500 | 42,000 |
| - Tax advisory services | - | - |
| - Other assurance services | 4,000 | 10,000 |
| - Other non-audit services | 10,500 | 3,065 |
| | <hr/> 60,000 | <hr/> 55,065 |
| | <hr/> <hr/> | <hr/> <hr/> |

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| 6. TAXATION CHARGE | 2019 € | 2018 € |
|---|------------------|------------------|
| Current tax: | | |
| Current tax charge for the financial year | 44,129 | 13,364 |
| Deferred tax charge on pension adjustment | 44,213 | 36,410 |
| Taxation charge | <u>88,342</u> | <u>49,774</u> |

The current tax charge for the financial year is lower than the current charge that would result from applying the standard rate of Irish corporation tax to surplus before taxation. The differences are explained below:

| | 2019 € | 2018 € |
|---|------------------|------------------|
| Surplus before tax | <u>118,628</u> | <u>81,744</u> |
| Surplus multiplied by the standard rate of Irish corporation tax for the financial year of 12.5% (2018: 12.5%) | 14,829 | 10,218 |
| Effects of: | | |
| Non-taxable amounts and other adjustments | 39,519 | (32,900) |
| Depreciation in excess of capital allowances | 42,743 | 45,735 |
| Tax arising on the pension adjustment | 243 | 36,410 |
| Loss relief utilised | (8,992) | (9,689) |
| Current tax charge for the financial year | <u>88,342</u> | <u>49,774</u> |

At the year-end date, a deferred tax asset of €911 (2018: €59,609) which primarily relates to losses forward and other timing differences has not been recorded as the directors are of the opinion that it is not recoverable in the foreseeable future.

| 7. INTANGIBLE FIXED ASSETS | 2019 € | 2018 € |
|-----------------------------------|------------------|------------------|
| Cost: | | |
| At 1 January | 1,506,427 | 1,205,425 |
| Additions | 134,115 | 301,002 |
| At 31 December | <u>1,640,542</u> | <u>1,506,427</u> |
| Amortisation: | | |
| At 1 January | 865,599 | 587,661 |
| Charge for the financial year | 306,634 | 277,938 |
| At 31 December | <u>1,172,233</u> | <u>865,599</u> |
| Carrying value | | |
| At 31 December | <u>468,309</u> | <u>640,828</u> |

Intangible assets are made up solely of software assets acquired by the company and used in running the company's IT platform.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

8. TANGIBLE FIXED ASSETS

| | Property € | Computer equipment € | Motor vehicles € | Furniture and equipment € | Total € |
|---------------------------------|-----------------------------|---|---------------------------------------|--|--------------------------|
| Cost or valuation | | | | | |
| At 1 January 2019 | 7,788,694 | 2,742,793 | 321,629 | 396,347 | 11,249,463 |
| Additions | - | 55,069 | 30,650 | 41,429 | 127,148 |
| Disposals | - | - | (89,450) | - | (89,450) |
| Revaluation | 1,211,306 | - | - | - | 1,211,306 |
| At 31 December 2019 | 9,000,000 | 2,797,862 | 262,829 | 437,776 | 12,498,467 |
| Accumulated depreciation | | | | | |
| At 1 January 2019 | 565,894 | 2,389,513 | 148,455 | 131,313 | 3,235,175 |
| Charge for financial year | 282,947 | 9,889 | 45,720 | 9,609 | 348,165 |
| Disposals | - | - | (63,678) | - | (63,678) |
| Revaluation | (848,841) | - | - | - | (848,841) |
| At 31 December 2019 | - | 2,399,402 | 130,497 | 140,922 | 2,670,821 |
| Net book value | | | | | |
| At 31 December 2019 | 9,000,000 | 398,460 | 132,332 | 296,854 | 9,827,646 |
| At 31 December 2018 | 7,222,800 | 353,280 | 173,174 | 265,034 | 8,014,288 |

The carrying value of property that would have been recognised had the asset been carried under the cost model is €1,469,504 (2018:€1,580,354).

In respect of prior financial year:

| | Property € | Computer equipment € | Motor vehicles € | Furniture and equipment € | Total € |
|---------------------------------|-----------------------------|---|---------------------------------------|--|--------------------------|
| Cost or valuation | | | | | |
| At 1 January 2018 | 7,788,694 | 2,732,010 | 278,935 | 365,956 | 11,165,595 |
| Additions | - | 10,783 | 102,510 | 30,391 | 143,684 |
| Disposals | - | - | (59,816) | - | (59,816) |
| At 31 December 2018 | 7,788,694 | 2,742,793 | 321,629 | 396,347 | 11,249,463 |
| Accumulated depreciation | | | | | |
| At 1 January 2018 | 282,947 | 2,379,556 | 151,311 | 124,409 | 2,938,223 |
| Charge for financial year | 282,947 | 9,957 | 46,482 | 6,904 | 346,290 |
| Disposals | - | - | (49,338) | - | (49,338) |
| At 31 December 2018 | 565,894 | 2,389,513 | 148,455 | 131,313 | 3,235,175 |
| Net book value | | | | | |
| At 31 December 2018 | 7,222,800 | 353,280 | 173,174 | 265,034 | 8,014,288 |
| At 31 December 2017 | 7,505,747 | 352,454 | 127,624 | 241,547 | 8,227,372 |

The carrying value of property that would have been recognised had the asset been carried under the cost model is €1,580,354 (2017:€ 1,691,204).

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| 9. DEBTORS: | 2019 | 2018 |
|--|-------------|-------------|
| | € | € |
| (Amounts falling due within one year): | | |
| Broadcasting and public performance debtors, net of bad debts provision | 13,517,948 | 13,348,743 |
| Other debtors and prepayments | 259,281 | 51,054 |
| Accrued Revenue | 1,080,161 | 1,085,568 |
| | <hr/> | <hr/> |
| | 14,857,390 | 14,485,365 |
| <hr/> | | |
| | 2019 | 2018 |
| | € | € |
| (Amounts falling due after more than one year): | | |
| Deferred taxation (Note 12) | 6,527 | 89,290 |
| | <hr/> | <hr/> |
| | 14,863,917 | 14,574,655 |
| <hr/> | | |
| 10. CASH AT BANK AND ON HAND | 2019 | 2018 |
| | € | € |
| Cash balances available on demand | 13,016,752 | 12,174,430 |
| Cash held on deposit | - | - |
| | <hr/> | <hr/> |
| | 13,016,752 | 12,174,430 |
| <hr/> | | |
| 11. CREDITORS: Amounts falling due within one year | 2019 | 2018 |
| | € | € |
| Members, affiliates and PPI royalties payable | 21,762,668 | 20,156,117 |
| Cable TV rights holders royalties payable | 2,568,880 | 2,591,735 |
| Public performance deferred revenue | 4,805,256 | 4,696,535 |
| Other creditors and accruals | 1,023,541 | 1,029,736 |
| VAT payable | 1,056,356 | 1,646,866 |
| Payroll taxes | 105,209 | 140,713 |
| Corporation tax payable | 27,449 | 13,217 |
| | <hr/> | <hr/> |
| | 31,349,359 | 30,274,919 |
| <hr/> | | |

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. DEFERRED TAX

| | 2019 € | 2018 € |
|---|------------------|-----------|
| Deferred Tax Liabilities | | |
| At beginning of the financial year | 1,312,646 | 1,312,646 |
| Charged to other comprehensive income | 679,849 | - |
| | 1,992,495 | 1,312,646 |
| Deferred tax is provided as follows: | | |
| Deferred Tax Liabilities: | | |
| Deferred tax on revaluation surplus | 1,992,495 | 1,312,646 |
| | | |
| Deferred Tax Assets: | | |
| Deferred tax arising in relation to retirement benefit obligations (Note 9) | 6,527 | 89,290 |
| | | |

13. RETIREMENT BENEFITS

(a) Defined contribution scheme

The organisation operates a defined contribution scheme. Pension benefits are funded over the employee's period of service by way of contributions to an insured fund. The organisation's contributions are charged to the income and expenditure account in the financial year to which they relate and amounted to €145,126 (2018: €119,018).

(b) Defined benefit scheme

The company operates in a defined benefit scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits up to a maximum of 66.67 per cent of pensionable salary depending on length of service and on attainment of a retirement age of 60 or 65 as appropriate. No other post-retirement benefits are provided. The scheme is a funded scheme.

The most recent actuarial valuation prepared by Barry O'Mahony, Fellow of the Institute of Actuaries, on 31 December 2019 showed that the market value of the scheme's assets was €10,783,500 and that the actuarial value of those assets represented 99.5% 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 10-year Minimum Funding Plan submitted to the Pension Board in 2014, the company also contributed an annual lump sum of €352,000 in the financial year ended 31 December 2014 with annual lump sum payments of €352,000 indexed in line with inflation payable over a 9-year period. This lump sum payment is subject to review by the actuary each year to ensure that the Scheme remains on track to meet the Minimum Funding Standard by the end of the funding proposal i.e. 31 December 2023. The contribution by employees is 10% of pensionable salaries. The funding proposal was approved by the Pensions Board in January 2014.

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. RETIREMENT BENEFITS (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.

The principal actuarial assumptions at the balance sheet date:

| | 2019 % | 2018 % |
|--|-------------------|-----------|
| Discount rate at 31 December | 1.05 | 1.80 |
| Future salary increases | 0.00 | 0.00 |
| Future pension increases for in-payment benefits | 1.45 | 1.65 |
| Price inflation | 1.45 | 1.65 |

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

| | Valuation at | |
|--|-----------------------|----------------|
| | 2019 Years | 2018 Years |
| Retiring today: | | |
| Males | 21.5 | 21.3 |
| Females | 24.0 | 23.8 |
| Retiring in 25 years: | | |
| Males | 24.4 | 24.3 |
| Females | 26.5 | 26.4 |
| The amounts recognised in the income and expenditure account are as follows: | | |
| | 2019 € | 2018 € |
| Current service cost | 56,900 | 56,200 |
| Net interest cost | 12,100 | 15,000 |
| | 69,000 | 71,200 |
| Recognised in other comprehensive income | (308,400) | 176,000 |
| Total (credit)/cost relating to defined benefit scheme | (239,400) | 247,200 |

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. RETIREMENT BENEFITS (CONTINUED)

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

| | 2019 € | 2018 € |
|--|------------------|------------------|
| Present value of defined benefit obligations | (10,835,500) | (9,732,600) |
| Fair value of scheme assets | 10,783,500 | 9,018,300 |
| Net liability recognised in the balance sheet | (52,000) | (714,300) |

Movements in the present value of defined benefit obligations were as follows:

| | 2019 € | 2018 € |
|--|------------------|------------------|
| At 1 January | (714,300) | (871,800) |
| Service cost | (56,900) | (56,200) |
| Interest cost | (12,100) | (15,000) |
| Re-measurement effect recognised in OCI | 308,400 | (176,000) |
| Employer contributions | 422,900 | 404,700 |
| Net liability recognised in the balance sheet | (52,000) | (714,300) |

Risks and rewards arising from the assets

At 31 December 2019 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities.

The analysis of the scheme assets at the balance sheet date was as follows:

| | 2019 % | 2018 % |
|--|------------------|-----------|
| (as a percentage of total scheme assets) | | |
| Equities | 34.93 | 35.59 |
| Bonds – Fixed interest fund | 61.03 | 62.02 |
| Other | 4.04 | 2.39 |

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

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. FINANCIAL INSTRUMENTS

The carrying values of the company's financial assets and liabilities are summarised by category below:

| | 2019 € | 2018 € |
|---|------------------|------------|
| Financial assets | | |
| <i>Measured at undiscounted amount receivable</i> | | |
| • Broadcasting and public performance debtors, net of bad debts provision (see Note 9) | 13,517,948 | 13,348,743 |
| Financial liabilities | | |
| <i>Measured at undiscounted amount payable</i> | | |
| • Members, affiliates and PPI royalties payable (Note 11) | 21,762,668 | 20,156,117 |
| • Cable TV rights holders royalties payable (Note 11) | 2,568,880 | 2,591,735 |
| | <hr/> | <hr/> |
| | 24,331,548 | 22,747,852 |
| | <hr/> | <hr/> |

15. STATEMENT OF CASH FLOWS

*Reconciliation of operating surplus to cash generated
by operations*

| | 2019 € | 2018 € |
|--|------------------|-----------|
| Operating surplus | | |
| <i>Adjustment for:</i> | | |
| Depreciation | 348,165 | 346,290 |
| Amortisation | 306,634 | 277,938 |
| Profit on disposal of tangible fixed assets | (4,878) | (8,566) |
| Pension contributions | (422,900) | (404,700) |
| Retirement benefits service charge | 56,900 | 56,200 |
| | <hr/> | <hr/> |
| | 414,649 | 363,906 |
| Operating cash flows before movement in working capital | | |
| Decrease in debtors | (372,025) | (353,363) |
| Increase in creditors | 1,060,208 | 3,668,763 |
| | <hr/> | <hr/> |
| Cash generated from operating activities | 1,102,832 | 3,679,306 |
| Income taxes paid | (29,897) | (21,909) |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 1,072,935 | 3,657,397 |
| | <hr/> | <hr/> |

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. RELATED PARTY TRANSACTIONS

Financial Reporting Standard 102, Section 33, Related Party Disclosures requires the disclosure of all material transactions undertaken by the company with related parties. Under the terms of Section 33, 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 2019 total royalties paid by the organisation to the directors of the company and to parties related to the directors of the company amounted to €2,001,504 (2018: €279,401). Amounts paid to parties related to the publisher directors were not necessarily for the benefit of the directors themselves or their families. These royalties were calculated on the same basis as royalties paid to all members, that is full, provisional, and associate members, and are paid in accordance with the company's normal procedures.

The total remuneration for key management personnel for the financial year totalled €993,431 – 7 individuals (2018: €910,647 – 5 individuals), which is included within the remuneration disclosed in note 4 of €3,870,036. (2018: €3,780,394).

In addition, travel and membership development grants in the amount of €1,500 was paid to publisher member director (2018: €1,500 - (1 member director)).

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

17. LEGAL STATUS OF THE COMPANY

The company is limited by guarantee and has no share capital. As at 31 December 2019, the company had 12,339 members (2018: 11,135) whose guarantee is limited to €1.27 each. The guarantee continues for one year after individual membership ceases.

18. SUBSEQUENT EVENTS

Subsequent to the year end, Ireland and other countries in the world witnessed the breakout of the COVID-19 infection. This resulted in the disruption of business and overall country economies due to precautionary steps taken by government and public in general. These precautionary steps included restrictions on social gatherings by people resulting in the closure of pubs, restaurants, hotels and air travel alongside working from home arrangements by businesses.

In this regard, the directors evaluated the implications arising out of this pandemic risk and consider the current situation to be temporary. The directors have, in this regard, considered multiple scenarios evaluating possible implications on the group's business. Directors consider impact of Covid 19 to be a non-adjusting subsequent event to the company's financial statements for the year ended 31 December 2019, an accurate estimate of which cannot be made as of the date of the approval of the financial statements.



Irish Music Rights Organisation CLG

Copyright House
Pembroke Row
Lower Baggot Street
Dublin 2
Ireland

info@imro.ie

www.imro.ie