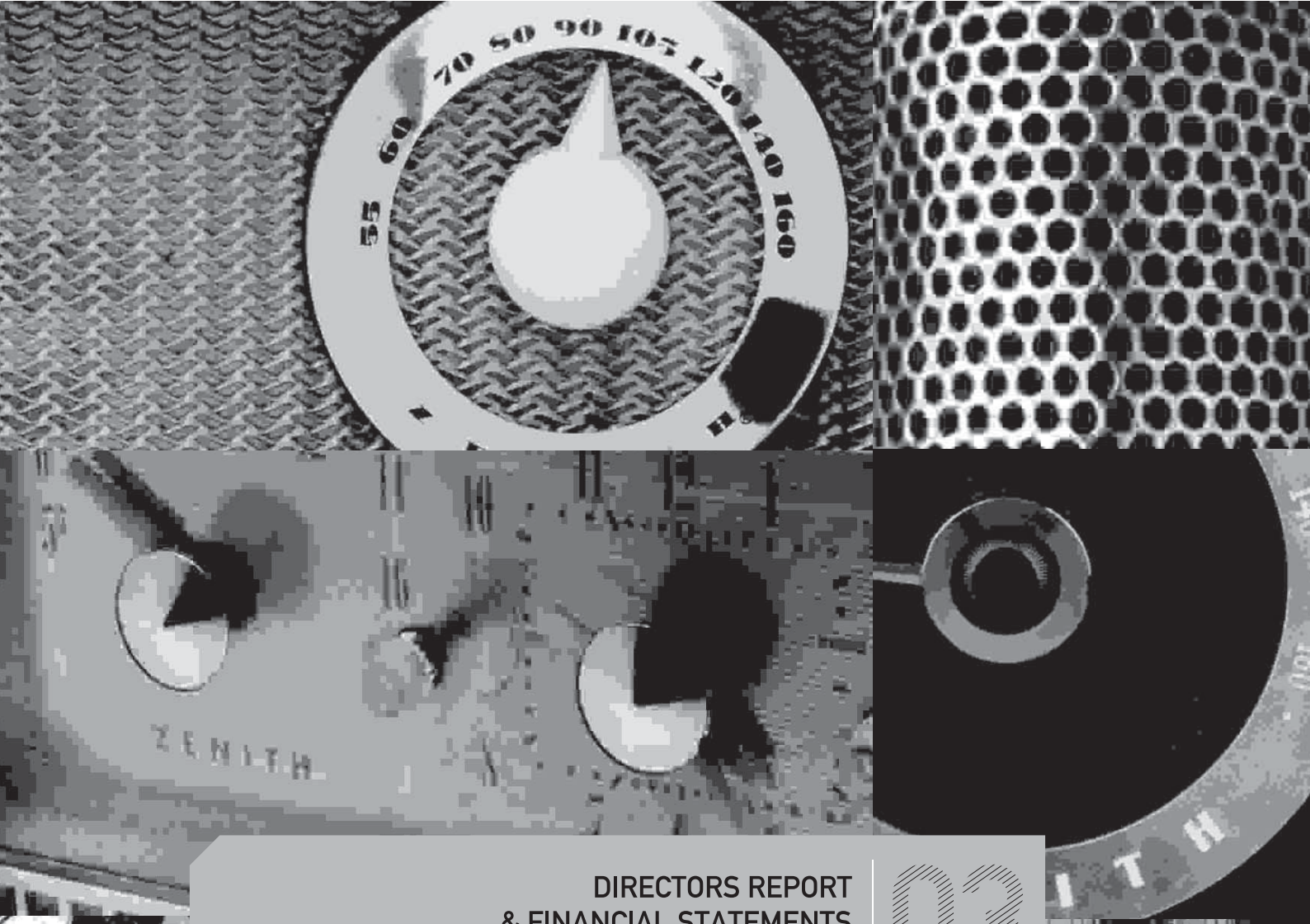

DIRECTORS REPORT & FINANCIAL STATEMENTS 2003

03

IRISH MUSIC RIGHTS ORGANISATION
Eagras Um Chearta Cheolta

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DIRECTORS AND OTHER INFORMATION

Board of Directors at 31 December 2003

Mike Hanrahan (Cathaoirleach)
Barbara Galavan (Leaschathaoirleach)
Paul Brady
Keith Donald
Philip Flynn
Shay Hennessy
Darragh Kettle
Johnny Lappin
Donagh Long
Patrick Lyons
Eleanor McEvoy
Liam O'Maonlaí
Michael O'Riordan
Niall Toner

Secretary and Registered Office

Carmel Ryan
Copyright House
Pembroke Row
Lower Baggot Street
Dublin 2

Independent Auditors

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

Solicitors

McCann FitzGerald
2 Harbourmaster Place
Custom House Dock
Dublin 1

Matheson Ormsby Prentice
30 Herbert Street
Dublin 2

O'Donnell Sweeney
The Earlsfort Centre
Earlsfort Terrace
Dublin 2

Sheehy Donnelly
19 Mulgrave Street
Dun Laoghaire
Co. Dublin

Bankers

Bank of Ireland
Lower Baggot Street
Dublin 2

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

Bank of Scotland
Unit 4, Clonskeagh Square
Clonskeagh
Dublin 14

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

The directors present herewith their report and the audited financial statements for the year ended 31 December 2003.

Principal activities
The company administers the performing rights in copyright music on behalf of its members and, as a non exclusive licensee, on behalf of the societies affiliated to it.

Review of business and future developments
The surplus after taxation for 2003 shows a decrease of €657,229 over 2002. This is after charging exceptional costs of €1,117,477 in 2003 (Note 2). In the circumstances, the directors consider this to be a satisfactory result for the year. Growth in revenues is anticipated in 2004.

Statement of directors' responsibilities
Irish company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2003. 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 7.

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 2003, were:

Mike Hanrahan	(Cathaoirleach)
Barbara Galavan	(Leaschathaoirleach)
Paul Brady	
Keith Donald	
Philip Flynn	
Shay Hennessy	
Darragh Kettle	
Johnny Lappin	
Donagh Long	
Patrick Lyons	
Eleanor McEvoy	
Liam O'Maonlaí	
Michael O'Riordan	
Niall Toner	

In accordance with the company's Articles of Association, five directors retired by rotation during the year, three writer directors, Keith Donald, Donagh Long and Eleanor McEvoy, and two publisher directors, Noel Cullen and Michael O'Riordan. In addition, following the resignation of Donal Lunny in 2002, there was one vacant publisher position on the board.

Directors - continued
Following a postal ballot, Keith Donald, Donagh Long and Eleanor McEvoy were appointed writer directors at the Annual General Meeting. Following the same postal ballot, Shay Hennessy, Johnny Lappin and Michael O'Riordan were appointed publisher directors.

In September 2003, the Board appointed Philip Flynn as an external director.

Board Attendance
The total number of Board meetings in 2003 was 11.

Attendances by each board member were as follows:

		Number of meetings attended
Mike Hanrahan	(Cathaoirleach)	**11**
Barbara Galavan	(Leaschathaoirleach)	**11**
Paul Brady		**6**
Noel Cullen*		**4**
Keith Donald		**11**
Philip Flynn*		**2**
Shay Hennessy*		**3**
Darragh Kettle		**11**
Johnny Lappin*		**3**
Donagh Long		**11**
Patrick Lyons		**11**
Eleanor McEvoy		**8**
Liam O'Maonlaí		**2**
Michael O'Riordan		**11**
Niall Toner		**11**

* Noel Cullen attended 4 of the 8 meetings in the year up to the date of his resignation on 17 September 2003. Philip Flynn, Johnny Lappin and Shay Hennessy were newly appointed directors on 17 September 2003. There were 3 Board Meetings between this date and 31 December 2003.

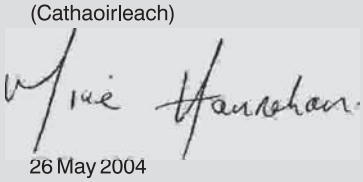
Transactions involving directors
Details of transactions involving directors are set out in note 18 to the financial statements. Apart from these, there are no contracts or arrangements of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act 1990, at any time during the year ended 31 December 2003.

Safety, Health & Welfare at Work Act, 1989
The directors have made the necessary safety statement required by Section 12 of the Safety, Health & Welfare at Work Act, 1989.

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

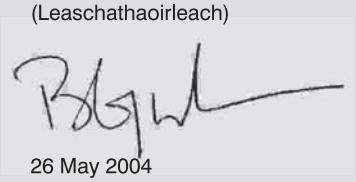
Approved on behalf of the board by:

Mike Hanrahan
(Cathaoirleach)



26 May 2004

Barbara Galavan
(Leaschathaoirleach)



26 May 2004

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 7 to 20 which have been prepared under the historical cost convention and the accounting policies set out in the Statement of Accounting Policies on page 10.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 3 in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2003. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account; and
- whether the directors' report is consistent with the financial statements.

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

Basis of opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT - continued

Opinion
In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2003.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 3 and 4 is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

26 May 2004

Income & Expenditure Account
Year Ended 31 December 2003

	Notes	2003 €	2002 €
Licence revenue	1	28,063,670	28,072,950
Net operating expenses, before exceptional items		(4,107,501)	(4,572,575)
Exceptional items	2	(1,117,477)	-
Total net operating expenses	2	(5,224,978)	(4,572,575)
Operating surplus		22,838,692	23,500,375
Interest receivable		110,111	188,841
Interest payable	5	(43,305)	(124,589)
Surplus before taxation	4	22,905,498	23,564,627
Taxation	6	(80,085)	(81,985)
Surplus after taxation		22,825,413	23,482,642
Royalties		(22,793,951)	(23,500,050)
Surplus/(deficit) for the year		31,462	(17,408)
Balance at beginning of year		-	17,408
Balance at end of year		31,462	-

The company has no recognised gains and losses other than those dealt with in the income and expenditure account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the surplus on ordinary activities before taxation and the surplus retained for the year stated above, and their historical cost equivalents.

The results of the company all derive from continuing operations.

Approved on behalf of the board by:

Mike Hanrahan
(Cathaoirleach)

Barbara Galavan
(Leaschathaoirleach)

Balance Sheet
31 December 2003

	Notes	2003 €	2002 €
Fixed assets			
Tangible assets	7	6,072,063	6,305,191
Current assets			
Debtors	8	7,094,432	5,851,466
Cash at bank and on hand		5,856,748	3,696,539
		12,951,180	9,548,005
Current liabilities			
Amounts falling due within one year	9(a)	(18,991,781)	(14,913,847)
Net current liabilities		(6,040,601)	(5,365,842)
Total assets less current liabilities		31,462	939,349
Less: non current liabilities			
Amounts falling due after one year	9(b)	-	(939,349)
Total		31,462	-
Represented by Revenue Reserves		31,462	-

Approved on behalf of the board by:

Mike Hanrahan
(Cathaoirleach)

Barbara Galavan
(Leaschathaoirleach)

Cash Flow Statement
Year Ended 31 December 2003

	Notes	2003 €	2002 €
Net cash inflow from operating activities	12	3,656,720	1,197,909
Returns on investments and servicing of finance	13	66,806	64,252
Taxation paid		(115,920)	(111,320)
Capital expenditure and financial investment	14	(146,998)	(66,049)
Financing	15	(1,300,399)	(2,598,812)
Increase/(decrease) in cash in the year	17	2,160,209	(1,514,020)

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 2003. 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 financial statements have been prepared on the going concern basis.

Accounting convention
The financial statements have been prepared under the historical cost convention. The currency used in these financial statements is the Euro denoted by the symbol €.

Licence revenue
Licence revenue represents royalty income exclusive of value added tax. Broadcasting revenue is recorded on an invoice basis and public performance revenue is recorded mainly on a receipts basis, with an accrual at the year end for that portion of April to December 2003 invoices that are unpaid and which relate to 2003 income. Overseas income is recorded on a receipts basis.

Cable television
The total amount collected from this source is included under licence revenue with the allocations to the rightsholders included in royalties.

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

The cost of fixed assets is their purchased cost together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis at the rates stated below, which are estimated to reduce the assets to residual values by the end of their expected useful economic lives.

	Rate %
Property	2
Improvements to property	14.3
Computer equipment	20 & 33.3
Motor vehicles	20
Furniture and equipment	14.3

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 results for the period.

Pensions
Contributions to the defined benefits pension scheme are based on the advice of independent qualified actuaries and are charged to the income and expenditure account on a systematic basis over the period during which the company benefits from the employees' service.

Notes To The Financial Statements

1 Licence revenue

	2003 €	2002 €
The analysis of licence revenue by geographical market is as follows:		
Ireland	24,926,952	24,534,120
United Kingdom	1,410,855	1,363,397
Other EU countries	1,064,881	1,009,248
United States of America	249,677	632,985
Rest of the World	411,305	533,200
	28,063,670	28,072,950

2 Net operating expenses

	2003 €	2002 €
Net operating expenses are made up as follows:		
Administration costs	5,744,506	5,071,046
Less		
Other operating income	(519,528)	(498,471)
	5,224,978	4,572,575

Exceptional items
Included in administration costs are the following exceptional items:

	2003 €	2002 €
Staff redundancy costs	628,395	-
Bad debt provision	235,886	-
Arbitration costs	253,196	-
	1,117,477	-

3 Employees and remuneration

The average number of persons employed by the company during the year, excluding non-executive directors, was 38 (2002: 42) and all were categorised as administration.

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

	2003 €	2002 €
Wages and salaries	2,200,216	1,729,507
Social welfare costs	192,104	185,943
Pension and life assurance costs	191,730	350,707
	2,584,050	2,266,157

Notes To The Financial Statements (Continued)

4 Surplus before taxation

		2003 €	2002 €
Surplus before taxation for the year is stated after charging:			
(i)	Directors' remuneration	139,257	119,449
(ii)	Depreciation	214,908	223,188
(iii)	Auditors' remuneration	39,000	38,243
(iv)	Loss on disposal of fixed assets	4,111	6,857
(v)	Provision for diminution in value of property held for resale	161,717	155,900
(vi)	Staff redundancy costs	628,395	-
(vii)	Bad debt provision	235,886	-
(viii)	Arbitration costs	253,196	-
	And crediting		
(ix)	Interest income	110,111	188,841
(x)	Profit on disposal of fixed assets	610	-

5 Interest payable and similar charges

	2003 €	2002 €
Interest payable on bank loans	43,305	122,661
Finance lease charges	-	1,928
	43,305	124,589

6 Tax on surplus for the year

	2003 €	2002 €
Current tax:		
Irish corporation tax on profit for the year	52,560	106,308
Adjustments in respect of prior years	10,025	(6,823)
Current tax charge for the year	62,585	99,485
Deferred tax:		
Origination and reversal of timing differences	17,500	(17,500)
Deferred tax charge/(asset) for the year	17,500	(17,500)
	80,085	81,985

Notes To The Financial Statements (Continued)

6 Tax on surplus for the year continued

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

	2003 €	2002 €
Surplus on ordinary activities before tax	22,905,498	23,564,627
Surplus on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5% (2002: 16%)	2,863,187	3,770,340
Effects of:		
Allowable expenses - Royalties	(2,849,244)	(3,760,008)
Disallowable expenses	8,999	62,846
Depreciation in excess of capital allowances	10,211	12,043
Higher tax rate for non-trading income (25%)	19,407	21,087
Adjustment to tax charge in respect of previous years	10,025	(6,823)
Current tax charge for the year	62,585	99,485

Notes To The Financial Statements (Continued)

7 Tangible fixed assets

	Property held for resale	Other property	Improvements to other property	Computer equipment	Motor vehicles	Furniture and equipment	Total
	€	€	€	€	€	€	€
Cost							
At 31 December 2002	4,732,318	1,379,279	60,977	839,626	253,635	194,860	7,460,695
Additions	-	-	3,682	95,681	69,900	16,943	186,206
Disposals	-	-	-	(6,342)	(100,043)	(9,290)	(115,675)
At 31 December 2003	4,732,318	1,379,279	64,659	928,965	223,492	202,513	7,531,226
Accumulated depreciation							
At 31 December 2002	155,900	199,996	39,096	543,754	96,270	120,488	1,155,504
Charge for year	-	27,585	7,129	108,348	51,381	20,465	214,908
Provision for diminution in value of property held for resale	161,717	-	-	-	-	-	161,717
Disposals	-	-	-	(4,799)	(61,840)	(6,327)	(72,966)
At 31 December 2003	317,617	227,581	46,225	647,303	85,811	134,626	1,459,163
Net book value							
At 31 December 2003	4,414,701	1,151,698	18,434	281,662	137,681	67,887	6,072,063
At 31 December 2002	4,576,418	1,179,283	21,881	295,872	157,365	74,372	6,305,191

Property held for resale has been included at estimated net realisable value of €4,414,701 (i.e. open market value less provision for expected selling costs) on the basis of an open market valuation of €4.5m by Insignia Richard Ellis Gunne, Chartered Surveyors, as of 16 March 2004. The valuation has been carried out in accordance with the relevant technical statements prepared by the Society of Chartered Surveyors in the Republic of Ireland. The carrying amount of this asset would have been €4,732,318 if no provision had been made to include it at net realisable value.

Notes To The Financial Statements (Continued)

8 Debtors

	2003	2002
	€	€
Amounts falling due within one year:		
Broadcasting and public performance debtors, net of bad debts provision	6,797,186	5,449,040
Deferred Tax	-	17,500
Other debtors and prepayments	297,246	384,926
	7,094,432	5,851,466

9 Creditors

	2003	2002
	€	€
(a) Amounts falling due within one year:		
Members, and affiliates	13,555,008	11,207,212
Cable TV rights holders	3,048,652	1,716,583
Sundry creditors and accruals	1,031,051	551,995
Pension cost provision	-	140,000
VAT payable	1,253,794	783,227
PAYE/PRSI	91,044	88,213
Bank loans	-	361,050
Corporation tax	12,232	65,567
	18,991,781	14,913,847
(b) Amounts falling due after more than one year:		
Bank loan	-	939,349
	-	939,349

10 Maturity of debt

	2003	2002
	€	€
The maturity profile of the company's debt		
At 31 December 2003 was as follows:		
In one year or less, or on demand	-	361,050
In more than one year but not less than two years	-	361,050
In more than two years but not more than five years	-	461,644
In more than five years	-	116,655
	-	1,300,399

Notes To The Financial Statements (Continued)

11 Retirement benefits

(a) Defined benefit scheme

The company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was at 1 January 2002. The assumptions which have the most significant effects on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return on new investments would exceed actual pensionable salary increases by $2^{1}/_{2}$%, that equity dividend increases would be $4^{1}/_{2}$% per annum and that present and future pensions would increase at the rate of 3% per annum. The pension charge for the period was €191,730 (2002: €350,707).

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

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

The actuarial report is not available for public inspection but is available to the members and other persons as provided for in the Occupational Pension Schemes (Disclosure of Information) Regulations, 1998.

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

The company operates a defined benefit scheme. A full actuarial valuation was carried out at 1 January 2002 and updated to 31 December 2003 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuation were:

	2003	2002	2001
Rate of increase in salaries	4.25%	4.25%	4.25%
Rate of increase in pensions in payment	2.25%	2.25%	2.25%
Discount rate	5.50%	5.50%	6.00%
Inflation assumption	2.25%	2.25%	2.25%

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

	Long-term rate of return expected at 31 December 2003	Market value at 31 December 2003 € '000	Long-term rate of return expected at 31 December 2002	Market value at 31 December 2002 € '000	Long-term rate of return expected at 31 December 2001	Market value at 31 December 2001 € '000
Equities	7.50%	2,610	8.25%	1,885	7.50%	2,264
Bonds	4.00%	647	4.20%	732	4.87%	721
Other assets	5.00%	446	5.95%	408	5.32%	430
		3,703		3,025		3,415

Notes To The Financial Statements (Continued)

11 Retirement benefits - continued

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

The following amounts at 31 December 2003 were measured in accordance with the requirements of Financial Reporting Standard 17:

	2003 €'000	2002 €'000	2001 €'000
Total market value of scheme assets	3,703	3,025	3,415
Present value of scheme liabilities	(4,664)	(4,477)	(3,521)
Deficit in the scheme	(961)	(1,452)	(106)
Related deferred tax asset	120	182	17
Net pension liability	(841)	(1,270)	(89)

If the above amounts had been recognised in the financial statements, the company's net assets and revenue reserve at 31 December 2003 would be as follows:

	2003 €'000	2002 €'000	2001 €'000
Net assets, excluding pension liability	31	-	17
Pension liability	(841)	(1,270)	(89)
Less amount already provided (Note 9)	-	140	-
Net pension liability	(841)	(1,130)	(89)
Net deficit including pension liability	(810)	(1,130)	(72)
Revenue reserves excluding pension liability	31	-	17
Pension liability	(841)	(1,270)	(89)
Less amount already provided (Note 9)	-	140	-
Net pension liability	(841)	(1,130)	(89)
Net deficit including pension liability	(810)	(1,130)	(72)

The following amounts would have been recognised in the performance statements in the year ended 31 December 2003 and 31 December 2002 under the requirements of FRS 17.

	2003 €'000	2002 €'000
Operating surplus		
Current service cost	(291)	(196)
Past service cost	(84)	-
	(375)	(196)
Other finance income		
Interest on pension scheme liabilities	(247)	(209)
Expected return on assets in the pension scheme	219	234
Net (charge) / credit to other finance income	(28)	25

Notes To The Financial Statements (Continued)

11 Retirement benefits - continued

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

	2003	2002
	€'000	€ '000
Statement of recognised gains and losses		
Actual return less expected return on pension scheme assets	154	(701)
Experience gains and (losses) arising on the scheme liabilities	417	(272)
Loss on changes in assumptions underlying the present value of the scheme liabilities	-	(395)
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	571	(1,368)
Movement in deficit during the year		
Deficit in scheme at 31 December 2002	(1,452)	(106)
Movement in year:		
Current service cost	(291)	(196)
Past service cost	(84)	-
Contributions paid	323	193
Other finance (expense)/income	(28)	25
Actuarial gain/(loss)	571	(1,368)
Deficit in scheme at 31 December 2003	(961)	(1,452)

	2003	2002
	€'000	€ '000
Experience gains and losses for the year ended 31 December 2003		
Difference between the expected and actual return on scheme assets	154	(701)
Percentage of scheme assets	4.17%	(23.16%)
Experience gains and (losses) on scheme liabilities	417	(272)
Percentage of present value of scheme liabilities	8.93%	(6.10%)
Total gains/(losses) recognised in statement of total recognised gains and losses	571	(1,368)
Percentage of the present value of the scheme liabilities	12.24%	(30.60%)

The actuarial methods and assumptions required by FRS 17 are different from those used in the most recent statutory actuarial valuation. Notwithstanding that the valuation of the scheme in accordance with the requirements of FRS 17 shows the deficit outlined above, the actuary was in a position to provide a statutory Actuarial Funding Certificate with an effective date at 1 January 2002 and has not recommended any change to the funding programme set out in his report at the review of the Scheme at the same date.

Notes To The Financial Statements (Continued)

12 Reconciliation of operating surplus to net cash inflow from operating activities

	2003	2002
	€	€
Operating surplus	22,838,692	23,500,375
Depreciation	214,908	223,188
Provision for diminution in value of property held for resale (Note 7)	161,717	155,900
Loss/(Profit) on sale of fixed assets	3,501	6,857
Payments to cable rights holders	(5,202,698)	(6,941,479)
Payments to members and affiliates	(13,911,388)	(15,950,615)
(Increase)/decrease in debtors	(1,260,467)	94,898
Increase in creditors	812,455	108,785
Net cash inflow from operating activities	3,656,720	1,197,909

13 Returns on investments and servicing of finance

	2003	2002
	€	€
Interest received	110,111	188,841
Interest paid	(43,305)	(124,589)
	66,806	64,252

14 Capital expenditure and financial investment

	2003	2002
	€	€
Purchase of tangible fixed assets	(186,206)	(89,283)
Sale of tangible fixed assets (disposal proceeds)	39,208	23,234
	(146,998)	(66,049)

15 Financing

	2003	2002
	€	€
Loan principal repayments	(1,300,399)	(2,582,396)
Capital element of finance lease repayments	-	(16,416)
Net cash (outflow) from financing	(1,300,399)	(2,598,812)

16 Analysis of changes in net cash

	At 31 December 2002	Cashflow	At 31 December 2003
	€	€	€
Net cash			
Cash at bank and on hand	3,696,539	2,160,209	5,856,748
Debt			
Bank loans	(1,300,399)	1,300,399	-
	(1,300,399)	1,300,399	-
Net (debt)/cash	2,396,140	3,460,608	5,856,748

Notes To The Financial Statements Continued)

17 Reconciliation of net cash flow to movement in net cash

	2003	2002
	€	€
Increase/(decrease) in cash in year	2,160,209	(1,514,020)
Cash outflow from decrease in debt and lease financing	1,300,399	2,598,812
Movement in net cash in the year	3,460,608	1,084,792
Net cash at 1 January	2,396,140	1,311,348
Net cash at 31 December	5,856,748	2,396,140

18 Related party transactions

Financial Reporting Standard 8 (FRS 8) requires the disclosure of all material transactions undertaken by the company with related parties. Under the terms of FRS 8, all directors are related parties.

There are two groups of directors of the company, Publisher directors and Writer directors. Like all members of the company, these directors, and parties related to them, are entitled to royalties from the company in respect of the performance of any copyright works owned by them. Parties related to Publisher and Writer directors include family members and companies controlled by these directors. Parties related to Publisher directors also include the publishing companies and their subsidiaries whose representatives are elected to the Board.

During 2003 total royalties paid by the organisation to the directors of the company and to parties related to the directors of the company amounted to €286,892(2002: €384,887). 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.

Mr and Mrs J. Lappin were paid €23,487 in 2003 for copyright infringement work and debt collection services.

In addition, travel grants in the amount of €5,580 were paid to four member directors (2002: €2,940 - (three member directors)).

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

19 Commitments

There were no capital expenditure or other commitments at the year end (2002: same).

20 Approval of financial statements

The financial statements were approved by the directors on 26 May 2004

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