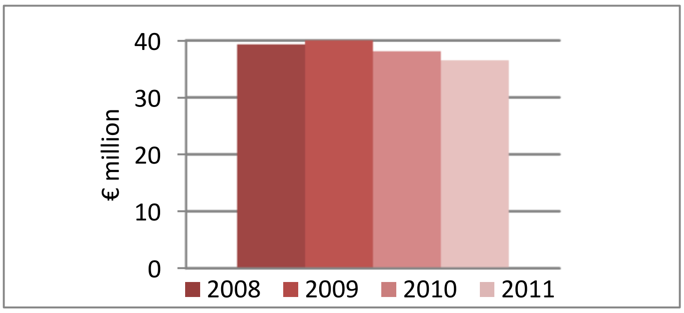
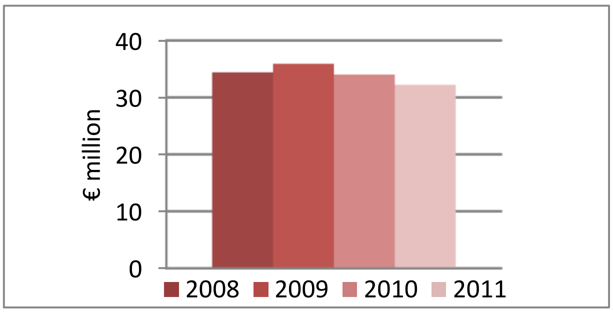
Performance at a Glance

Licence Revenue (€)	Net Distributable Revenue (€)
€36.5m Decrease of 4%	€32.2m Decrease of 5%

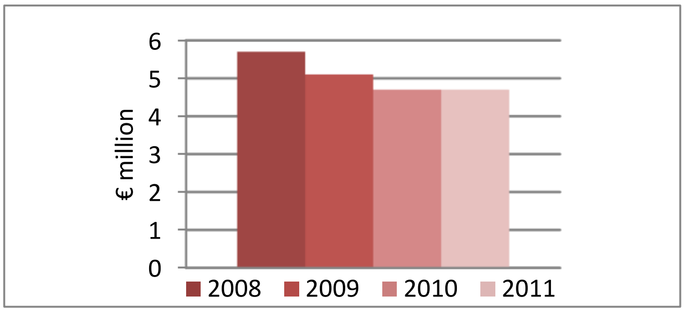
Total Revenue



Net Distributable Revenue



Total Costs (Decrease of 0.6%)



Financial Highlights	Operational Highlights
• Decrease in Licensing Revenue of 4% to €36.5m in 2011	• Distributions (incl. cable) paid in 2011 amounted to €37.7m which represents a decrease of 5% year-on-year.
• Decrease of 0.6% in Operating Expenses	• On-going investment in self-service member area and IMRO website
• Decrease of 5% in Net Distributable Revenue to €32.2m in 2011	• 566 new members were admitted
• Cost income ratio of 12.8% in 2011	

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

Directors' Report and Financial Statements

Year Ended 31 December 2011

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors at 31 December 2011

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

Solicitors

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

Matheson Ormsby Prentice
70 Sir John Rogerson's Quay
Dublin 2

Arthur Cox & Co
Earlsfort Centre
Earlsfort Terrace
Dublin 2

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

Secretary and Registered Office

Stephen Burton
Copyright House
Pembroke Row
Lower Baggot Street
Dublin 2

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

Bankers

Bank of Ireland
Lower Baggot Street
Dublin 2

Irish Banking Resolution Corporation
(formerly Anglo Irish Bank)
Stephen Court
18/21 St Stephen's Green
Dublin 2

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

Ulster Bank
81 - 82 Lower Dorset Street
Dublin1

DIRECTORS' REPORT

The directors present herewith their report and the audited financial statements for the year ended 31 December 2011.

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

Fair review of development and performance of the business and of its position
Licence revenue at €36,476,040 shows a decrease of €1,607,389 (4%) over 2010. Public performance and cable licence revenue contributed largely to this decrease. Operating costs at €4,692,603 showed a decrease of €30,592 (0.6%) in the year. Operating cost as a percentage of income was 12.8% (2010: 12.4%). Other operating income increased by €145,763 (25%) on the prior year. In 2011 royalties have decreased by €1,859,342 (5.46%) over 2010 as a result of decreased activity.

The net pension liability at €1,059,512 shows a decrease of €56,813 (5%) from the prior year and is largely attributed to an increase of value of the plan liabilities at the balance sheet date. This is consistent with the performance of defined benefit pension schemes generally in 2011. Reserves at the year-end amounted to a deficit of €311,439 mainly due to revaluation deficit in the value of Copyright House which results in the revaluation reserve on the balance sheet being reduced by €325,307 to nil.

Description of the principal risks and uncertainties
The performance of the business is dependent on the use of copyright music generally in the Irish broadcast and public performance sectors and the use of IMRO members' copyright music in overseas territories. The principal risks relate to increases or decreases in such use, the tariffs charged for such use and the continued willingness of sister collection societies around the world to maintain reciprocal arrangements with IMRO, whereby IMRO represents their repertoire in the Republic of Ireland, while they represent the IMRO repertoire in other countries.

Financial risk management
The company is exposed to a variety of financial risks that include price risk, credit risk, liquidity risk and cash flow risk. The directors have programmes and controls in place to manage the financial risk exposures of the company.

Foreign exchange risk
With the exception of overseas revenue the company does not have any material exposure to foreign exchange risk. The substantial part of its business is conducted in Euro.

Credit risk
The company has a significant level of debtors at any point in time. Procedures are in place which monitors the risk from existing debt.

Liquidity risk
The company has significant bank balances. It has no exposure to debt finance and has sufficient available funds to meet the day to day operations and strategy of the company.

Price risk
The company is not exposed to any specific price risks. The directors review the appropriateness of their pricing policy and pricing arrangements with external parties on an ongoing basis in order to manage any price risk exposure.

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

DIRECTORS' REPORT - continued

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

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

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for preparing books of accounts which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Proper books
The measures taken with regard to keeping proper books of account include the use of appropriate procedures and the employment of competent and reliable persons. The books of account are kept at the company's premises at Copyright House, Pembroke Row, Lower Baggot Street, Dublin 2.

Results
The income and expenditure account is set out on page 9.

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 2011 were:

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

DIRECTORS' REPORT - continued

Directors - continued

In accordance with the company's Articles of Association, four writer directors, Paul Brady, Maire Breatnach, Charlie McGettigan and Niall Toner retired by rotation. Eight nominations were received for the four available positions. Following a postal ballot, the successful candidates, Paul Brady, Maire Breatnach, Charlie McGettigan and Niall Toner were re-appointed by the members at the Annual General Meeting on 29 June 2011.

Also, in accordance with the Articles of Association, two of three publisher directors, Eddie Joyce (Jeeldaire Limited T/A Danceline) and Michael O'Riordan (Emma Music Limited and Rosette Music Limited) retired by rotation. Three nominations were received for the two available positions. Following a postal ballot, the successful candidates, Eddie Joyce (Jeeldaire Limited T/A Danceline) and Michael O'Riordan (Emma Music Limited and Rosette Music Limited) were re-appointed by the members at the Annual General Meeting on 29 June 2011.

Board attendance

The total number of Board meetings in 2011 was 5 (2010: 6).

Attendances by each Board member were as follows:

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

Transactions involving directors

Details of transactions involving directors are set out in note 16 to the financial statements. Apart from these, there are no contracts or arrangements of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act 1990, at any time during the year ended 31 December 2011.

Subsequent events

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

DIRECTORS' REPORT - continued

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:

Keith Donald	Philip Flynn
Director	Director

Independent auditors' report to the members of the Irish Music Rights Organisation Limited (a company limited by guarantee and not having a share capital)

We have audited the financial statements on pages 9 to 23. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 13 and 14.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 4.

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

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

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Independent auditors' report to the members of the Irish Music Rights Organisation Limited (a company limited by guarantee and not having a share capital) – continued

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2011 and of its surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009.

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

In our opinion the information given in the directors' report on pages 3 to 6 is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2011

	Notes	2011 €	2010 €
Licence revenue	1	36,476,040	38,083,429
Operating expenses:			
- Non exceptional		(4,692,603)	(4,723,195)
Other operating income		723,179	577,416
Operating surplus before royalties		32,506,616	33,937,650
Royalties		(32,159,604)	(34,018,946)
Operating surplus/(deficit) before exceptional item		347,012	(81,296)
Exceptional revaluation charge	2	(524,693)	-
Operating deficit after exceptional item		(177,681)	(81,296)
Interest receivable		310,831	292,134
Other finance costs	9	(28,000)	(64,500)
Surplus before taxation	4	105,150	146,338
Taxation (charge)/credit	5	(50,789)	40,327
Surplus for the year		54,361	186,665

The results of the company all derive from continuing operations.

Approved on behalf of the board by:

Keith Donald
Director

Philip Flynn
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 December 2011

	Note	2011 €	2010 €
Surplus for the year		54,361	186,665
Actuarial (loss)/gain in respect of pension scheme	9	(424,400)	141,700
Deferred tax on actuarial gain		53,050	(17,713)
Unrealised deficit on revaluation of property		(325,307)	-
Total recognised gains and losses relating to the year		(642,296)	310,652

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year Ended 31 December 2011

	2011 €	2010 €
Reported surplus before taxation	105,150	146,338
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	(23,611)	10,558
Historical cost surplus before taxation	81,539	156,896
Historical cost surplus after taxation	30,750	146,073

BALANCE SHEET
As at 31 December 2011

	Notes	2011 €	2010 €
Fixed assets			
Tangible assets	6	3,269,369	4,399,562
Current assets			
Debtors	7	12,170,463	10,810,142
Cash at bank and on hand		9,945,788	11,831,149
		22,116,251	22,641,291
Creditors – amounts falling due within one year	8	(24,637,547)	(25,593,671)
Net current liabilities		(2,521,296)	(2,952,380)
Net assets excluding pension liability		748,073	1,447,182
Pension liability	9	(1,059,512)	(1,116,325)
Net assets including pension liability		(311,439)	330,857
Capital and reserves			
(Deficit)/ surplus on reserves	15	(311,439)	5,550
Revaluation reserve	15	-	325,307
		(311,439)	330,857

Approved on behalf of the board by:

Keith Donald
Director

Philip Flynn
Director

CASH FLOW STATEMENT
Year Ended 31 December 2011

	Notes	2011 €	2010 €
Net cash outflow from operating activities	10	(1,949,143)	(337,500)
Returns on investments and servicing of finance	11	310,831	333,780
Taxation paid		(122,450)	(55,812)
Capital expenditure and financial investment	12	(124,599)	(222,963)
Decrease in cash in the year	13	(1,885,361)	(282,495)

ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows.

Basis of preparation
The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Going concern basis
The directors have prepared the financial statements on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

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

Licence revenue
Licence revenue represents royalty income exclusive of value added tax.

Broadcasting and public performance revenue is recorded on an invoice basis

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

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

Fixed assets
Property is stated at revalued amount less accumulated depreciation.

Other tangible fixed assets are stated at cost less accumulated depreciation.

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

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over their useful economic lives stated below. The relevant depreciation charges are estimated to reduce the assets to residual values by the end of their expected useful economic lives.

	Years
Property	50
Improvements to property	36
Computer equipment	3 - 5
Motor vehicles	5
Furniture and equipment	7

Foreign currencies
Foreign currency transactions are translated into Euro at the rate of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated to Euro at the rate ruling at the balance sheet date. Any differences arising on translation are included in the results for the period.

Retirement benefits
Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit

ACCOUNTING POLICIES

and loss account as other finance income. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

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

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

NOTES TO THE FINANCIAL STATEMENTS

1 Licence revenue

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

	2011 €	2010 €
Ireland	32,740,119	34,771,847
United Kingdom	1,307,346	1,123,668
Other EU countries	1,342,563	1,198,783
United States of America	406,626	448,747
Rest of the world	679,386	540,384
	36,476,040	38,083,429

2 Exceptional item

The exceptional charge in 2011 relates to a decrease in the value of Copyright House which results in the revaluation reserve on the balance sheet being reduced by €325,307 to nil and a charge of €524,693 to the Profit and Loss Account.

3 Employees and remuneration

The average number of persons employed by the company during the year, excluding non-executive directors, was 48 (2010: 48) and all were categorised as administration.

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

	2011 €	2010 €
Wages and salaries	2,495,017	2,609,147
Social welfare costs	275,209	286,164
Pension and life assurance costs	173,818	173,281
	2,944,044	3,068,593

4 Surplus before taxation

Surplus before taxation for the year is stated after charging:

	2011 €	2010 €
(i) Directors' remuneration:		
- for services as directors	211,428	241,170
(ii) Depreciation	404,792	420,386
(iii) Auditors' remuneration	50,000	50,000
(iv) Loss on disposal of fixed assets	-	12,792
(v) Interest income	310,831	292,134

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Tax on surplus for the year

	2011 €	2010 €
Current tax:		
Irish corporation tax on surplus for the year	122,452	49,911
Adjustments in respect of prior years	-	-
Current tax charge for the year	122,452	49,911
Deferred tax credit on pension adjustment	(71,663)	(90,238)
Taxation charge/ (credit)	50,789	(40,327)

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

	2011 €	2010 €
Surplus on ordinary activities before tax	105,150	146,338
Surplus on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5% (2010: 12.5%)	13,144	18,292
Effects of:		
Disallowable (income)/expenses and tax adjustments	10,137	(24,721)
Depreciation in excess of capital allowances	21,463	19,823
Higher tax rate for non-trading income (25%)	77,708	36,517
Current tax charge for the year	122,452	49,911

Tax recognised in the statement of total recognised gains and losses

	2011 €	2010 €
Deferred tax charge/(credit) attributable to actuarial loss/gain (FRS17)	(53,050)	17,713

6 Tangible fixed assets

	Property €	Computer equipment €	Motor vehicles €	Furniture and equipment €	Total €
Cost					
At 31 December 2010	4,074,194	2,310,174	236,083	339,732	6,960,183
Additions	-	98,460	22,320	3,819	124,599
Revaluation	(850,000)	-	-	-	(850,000)
At 31 December 2011	3,224,194	2,408,634	258,403	343,551	6,234,782
Accumulated depreciation					
At 31 December 2010	744,316	1,695,382	81,993	38,930	2,560,621
Charge for year	136,175	207,527	50,715	10,375	404,792
Disposals	-	-	-	-	-
At 31 December 2011	880,491	1,902,909	132,708	49,305	2,965,413

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Tangible fixed assets – continued

	Property	Computer equipment	Motor vehicles	Furniture and equipment	Total
	€	€	€	€	€
Net book value					
At 31 December 2011	2,343,703	505,725	125,695	294,246	3,269,369
At 31 December 2010	3,329,878	614,792	154,090	300,802	4,399,562

7 Debtors

	2011	2010
	€	€
		(as restated)
Amounts falling due within one year:		
Broadcasting and public performance debtors, net of bad debts provision	10,156,451	9,012,872
Other debtors and prepayments	2,014,012	1,760,073
Corporation tax recoverable	-	37,197
	12,170,463	10,810,142

8 Creditors

	2011	2010
	€	€
Amounts falling due within one year:		
Members and affiliates royalties payable	14,998,621	15,780,408
Cable TV rights holders royalties payable	2,377,167	2,551,247
Public performance deferred revenue	5,338,538	5,227,833
Sundry creditors and accruals	1,177,011	1,460,468
VAT payable	649,576	478,333
PAYE/PRSI	89,217	95,382
Corporation tax payable	7,417	-
	24,637,547	25,593,671

9 Retirement benefits

(a) Defined benefit scheme

The most recent actuarial valuation prepared on 1 January 2012 showed that the market value of the scheme's assets was €5,449,400 and that the actuarial value of those assets represented 80.5% 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 14.5 year Minimum Funding Plan submitted to the Pension Board in 2009, the company also contributed an annual lump sum of €325,000 in the financial year ending 31 December 2010 with annual lump sum payments of €325,000 indexed in line with inflation payable over a 12.5 year period. This lump sum payment is subject to review by the actuary each year to ensure that the Scheme remains on track to meet the Minimum Funding Standard by the end of the funding proposal i.e. 31 March 2022. The contribution by employees is 10% of pensionable salaries. The funding proposal is not yet approved pending further clarifications requested by the Pension Board and subject to potential changes to be introduced by Government in the pensions field.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

(a) Defined benefit scheme - continued

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

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

The amounts recognised in the balance sheet are as follows:

	2011 €	2010 €
Present value of scheme liabilities	(6,766,000)	(6,655,300)
Fair value of scheme assets	5,449,400	5,379,500
Pension liability	(1,316,600)	(1,275,800)
Related deferred tax asset	257,088	159,475
Net pension liability	(1,059,512)	(1,116,325)

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

	2011 €	2010 €
Past service cost	(27,100)	-
Interest cost	346,400	337,300
Expected return on scheme assets	(318,400)	(272,800)
Other finance cost	900	64,500
Current service cost – included in operating expenses	400	6,200
	1,300	70,700
Actual return on plan assets	(116,900)	529,000

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

	2011 €	2010 €
Actual less expected return on scheme assets	(435,300)	256,200
Experience losses on liabilities	(177,200)	(22,300)
Change in assumptions underlying the present value of the scheme liabilities	188,100	(92,200)
Actuarial (losses)/gains recognised in the statement of total recognised gains and losses	(424,400)	141,700

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2011 is €2,316,300 (2010: €1,891,900).

Expected contributions for the year ended 31 December 2012 are €415,612.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

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

	Scheme assets €	Scheme liabilities €	Pension* deficit €
Movement in scheme assets and liabilities			
At 1 January 2010	4,613,200	(6,343,400)	(1,730,200)
Curtailment gain	-		
Current service cost	-	(6,200)	(6,200)
Interest on scheme liabilities	-	(337,300)	(337,300)
Expected return on scheme assets	272,800	-	272,800
Actual less expected return on scheme assets	256,200	-	256,200
Change in assumptions		(92,200)	(92,200)
Experience gains on liabilities	-	(22,300)	(22,300)
Contributions by scheme participants	49,900	(49,900)	-
Benefits paid from plan assets	(196,000)	196,000	-
Employer contributions paid	383,400	-	383,400
At 31 December 2010	5,379,500	(6,655,300)	(1,275,800)
At 1 January 2011			
Past service cost	-	27,100	27,100
Current service cost	-	(400)	(400)
Interest on scheme liabilities	-	(346,400)	(346,400)
Expected return on scheme assets	318,400	-	318,400
Actual less expected return on scheme assets	(435,300)	-	(435,300)
Change in assumptions	-	188,100	188,100
Experience gains on liabilities	-	(177,200)	(177,200)
Contributions by scheme participants	40,700	(40,700)	-
Benefits paid from plan assets	(238,800)	238,800	-
Employer contributions paid	384,900	-	384,900
At 31 December 2011	5,449,400	(6,766,000)	(1,316,600)

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

Risks and rewards arising from the assets

At 31 December 2010 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities and properties. The fair value of the scheme assets as a percent of total scheme assets and target allocations are set out below:

	2011	**2010**
(as a percentage of total scheme assets)	**%**	**%**
Equities	63.21	66.69
Bonds – Fixed interest fund	23.38	18.75
Other	13.41	14.56

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

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

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

Basis of expected rate of return on scheme assets

The fixed interest fund run by investment managers contains a mix of corporate bonds with different earnings potential. Thus a range of different assumptions have been used to estimate the expected return.

For property assets, the assumed rate of return is 6.5% reflecting an expectation that property returns will not match equity returns in the future. Thus, the overall expected return on scheme assets at 31 December 2011 is 5.50% (2010: 6.01%).

The principal actuarial assumptions at the balance sheet date:

	2011	2010
	%	%
Discount rate at 31 December	5.50	5.30
Future salary increases for in-payment benefits	0.00	0.00
Future pension increases	2.00	2.00
Expected long-term return on scheme assets	6.00	6.00

Assumptions regarding future mortality are set based on advice from published statistics and experience.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements the assumptions.

Longevity at 65 for current pensioners:	2011	2010
Male	21.5	21.5
Female	23.3	23.5

Longevity at 65 for members retiring in 2035:

Male	24.9	24.9
Female	26.1	26.1

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Retirement benefits - continued

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued
Basis of expected rate of return on scheme assets - continued

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

	2011	2010	2009	2008	2007
Present value of the scheme liabilities	(6,766,000)	(6,655,300)	(6,343,400)	(6,218,200)	(6,042,000)
Fair value of scheme assets	5,449,400	5,379,500	4,613,200	3,609,900	5,431,000
Pension deficit	(1,316,600)	(1,275,800)	(1,730,200)	(2,608,300)	(611,000)
Experience adjustments on scheme liabilities as a percentage of scheme liabilities at the balance sheet date	2.619%	0.335%	(2.32%)	4.78%	1.8%
Experience adjustments on scheme assets as a percentage of scheme assets at the balance sheet date	7.988%	(4.763)%	(10.72%)	63.43%	14.84%

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

	2011 €	2010 €
Operating deficit	(177,681)	(81,296)
Depreciation	404,792	420,386
Revaluation charges on building	524,693	-
Loss on sale of fixed assets	-	12,792
Pension contributions	(384,900)	(383,400)
Retirement benefits service charge	400	6,200
(Decrease)/increase in debtors	(1,360,321)	821,535
Decrease in creditors	(956,126)	(1,133,717)
Net cash outflow from operating activities	(1,949,143)	(337,500)

11 Returns on investments and servicing of finance

	2011 €	2010 €
Interest received	310,831	337,780

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Capital expenditure and financial investment

	2011 €	2010 €
Purchase of tangible fixed assets	124,599	222,963

13 Analysis of changes in net cash

	At 31 December 2010 €	Cashflow €	At 31 December 2011 €
Net cash			
Cash at bank and on hand	11,831,149	(1,885,361)	9,945,788

14 Reconciliation of net cash flow to movement in net cash

	2011 €	2010 €
Movement in net cash in the year	(1,885,361)	(282,495)
Net cash at 1 January	11,831,149	12,113,644
Net cash at 31 December	9,945,788	11,831,149

15 Reserves

	Revaluation reserve €	Profit and loss account €	Total €
At 31 December 2010	325,307	5,550	330,857
Surplus for the year	-	54,361	54,361
Actuarial gain in respect of pension scheme	-	(424,400)	(424,400)
Deferred tax on actuarial gain	-	53,050	53,050
Revaluation of building	(325,307)	-	(325,307)
At 31 December 2011	-	(311,439)	(311,439)

16 Related party transactions

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

There are three groups of directors of the company, publisher directors, writer directors and external directors. External directors are not members of the company and so do not receive royalties from the company. Like all members of the company, publisher and writer directors, and parties related to them, are entitled to royalties from the company in respect of the performance of any copyright works owned by them. Parties related to publisher and writer directors include family members and companies controlled by these directors. Parties related to publisher directors also include the publishing companies and their subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Related party transactions - continued

During 2011 total royalties paid by the organisation to the directors of the company and to parties related to the directors of the company amounted to €241,803 (2010: €177,700). Amounts paid to parties related to the publisher directors were not necessarily for the benefit of the directors themselves or their families. These royalties were calculated on the same basis as royalties paid to all members, that is full, provisional, and associate members, and are paid in accordance with the company's normal procedures.

Colette Rooney, wife of J. Lappin, was paid €5,949 in 2011 (2010: €10,361) for debt collection services. Mr N Toner was paid €375 in 2011 in respect of song writing workshops (2010: €380).

In addition, travel and membership development grants in the amount of €3,810 were paid to 3 member directors (2010: €3,810 - (3 member directors)).

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

17 Approval of financial statements

The financial statements were approved by the directors on 1st May 2012.