ANNUAL REPORT AND ACCOUNTS 2020

Irish Music Rights Organisation
Company Limited by Guarantee

imro.ie

Chairperson's Statement

Fellow IMRO members,

In this most difficult of years, I hereby present this foreword for our 2020 Annual Report.

Back at the beginning of 2020, no one could have foreseen the catastrophic affect that COVID-19 was about to have on all our lives, much less the extent to which the music business would suffer being particularly vulnerable to a pandemic of this kind. Despite this, so much was achieved this year.

Our CEO Victor Finn will highlight the financial results on the following page, but I'd like to draw your attention to some of the other areas where IMRO were active over the last twelve months.

Right throughout the year, IMRO continued to put in place member supports, helping to establish the Irish Music Industry COVID-19 Emergency Relief Fund and assisting in fast tracking Minding Creative Minds (MCM). The MCM initiative is a support programme for the music and creative industries which includes a dedicated 24 hours a day, 7 days a week phone line, counselling services, extensive web portal and app, as well as providing free advice on financial and legal issues. IMRO seminars and workshops continued to be delivered online for our members, with particular focus given to topics that would assist music creators and publishers through the crises. Both at home and abroad we continued our lobbying at government level on numerous issues crucial to the well-being of our members.

The IMRO Adjunct Professor of IP Law at the Law Society Dr. Mark Hyland pursued his work throughout the year delivering the IMRO/Law Society of Ireland Annual Copyright Lecture and publishing numerous articles in prestigious academic publications. Dr. Hyland not only tutored on the Intellectual Property Law module at the Law Society, he also taught the Copyright Law module on their new Diploma in Arts, Entertainment & Media Law. It is vital that our future lawyers associate the words "Intellectual Property" not only with software but with the music, poetry and song that is so much a part of what we are as a society.

This year, of all years, I owe a huge debt of gratitude to the IMRO board. The levels of work increased exponentially from March 2020 onwards. As we encountered additional and unprecedented challenges, the board shouldered the burden of increased meetings and workload with great grace. I would like to sincerely thank them for the extensive work they put in and I would like to particularly thank the Chairs of each committee for their diligence and expertise, sometimes late at night, early in the morning and frequently at weekends right throughout this difficult year. The continued guidance of the board was an absolute necessity throughout the last twelve months, and I would like to give them my profound thanks.

On behalf of the board, I would like to express our grateful thanks to our CEO Victor Finn for his outstanding leadership of IMRO this past year. His superb judgement, as well as his tireless dedication, helped to steer the ship during the most challenging year ever faced by the organisation. His whole team worked above and beyond to keep IMRO functioning at the highest possible level despite the crises, all of this, whilst many of them faced COVID related challenges in their own lives, homes and families.

Despite the enormous obstacles faced by the IMRO membership over the last year, I continue to be so motivated by your resilience, your imagination and the wonderful music that so many of you produced during lockdown. It is your talent that provides the inspiration for us to work on your behalf to continue in our quest 'to cherish music in a changing world.'

I would like to reassure our members that whilst working to face the challenges that COVID has thrown in our path, we are also very much looking to the future to navigate the challenges and indeed to seek out the opportunities that lie ahead of us. Much has been learned from this pandemic and I believe that we can move forward to a place where the lessons of the past might lead us not 'back to normal' but instead move us forward to a 'better normal.'

Eleanor McEvoy
May 2021

Chief Executive Officer's Review of 2020

Despite all the challenges in 2020 and the devastating impact of continuous lockdowns on the entertainment sector, IMRO still distributed a total of €27.4m compared to €29.4m in 2019, a drop of 7%. We achieved this by expediting broadcast royalties to monthly payments by identifying and releasing royalties in suspense and ensuring our international affiliates continued to actively track, collect, and remit member royalties. We have continued all our monthly distributions on schedule while Copyright House remains closed. Our investment in IT and cloud-based technologies, coupled with a flexible and very dedicated workforce, allowed a seamless transition to remote working. We are planning for a partial re-opening of Copyright House in September, subject to public health guidelines.

Our revenues were down year on year by 31%, primarily in the public performance area due to closures and cancellation of all live gigs. Online, including audio-visual services, showed growth, which helped mitigate some of the losses in public performance income – our negotiating strategy with these major music services protected this income source. To maximise distributable revenues in the current environment, we have reduced our overhead by a total of 11%, €6m in 2020 (€6.7 in 2019) across all categories. We have continued to invest in machine learning matching technologies and related IT measures to improve our efficiencies further. We will though continue to see public performance distributions adversely affected during the remainder of 2021.

As I write, the national vaccination program is well underway, and it looks like retail and other services are now in a position to open up safely. Our field force and support team are well-positioned to manage such premises' licensing and deal with the inevitable churn of some new business opening where others will have ceased.

Regarding the live music sector, we have continuously advocated on your behalf to the government; our Chair was a key member of the Arts & Culture Recovery Taskforce. Our external Director, Clare Duignan, chaired this body. We have implored the government in partnership with the sector to devise a roadmap for the safe re-opening of the live industry in IMRO's recent presentation to the Joint Oireachtas Committee on Tourism, Culture, Arts, Gaeltacht, Sport and Media.

We have also advocated for the adoption of vaccine passports to allow entry to live events. As I write, this is gaining traction and can provide a pathway to a safe return of live events in tandem with the ongoing vaccination program. We have introduced a series of supports to our membership from the onset of the pandemic; the COVID-19 Emergency Relief Fund; Minding Creative Minds; an IMRO COVID-19 Helpdesk, a comprehensive advice and resource section on the IMRO website and ongoing support for music industry guilds. IMRO has continued to programme its regular series of membership development seminars and workshops which are now being delivered online and focus on topics to help music creators successfully navigate through the current crisis. IMRO admitted 1,622 new members in 2020, a 107% increase on the previous 12-month period. IMRO members are now based in 113 countries worldwide.

We acknowledge the commitment and the actions taken by Minister Catherine Martin in providing needed supports for the entertainment sector, including The Live Performance Support Scheme, The Music Industry Stimulus Package, increased funding for the Arts Council and the increases in mental health supports. All these supports are much needed and welcomed by the sector.

IMRO is in a strong position to withstand the pressures faced in our sector but we cannot lose sight of the long-term issues facing the creative community. The inequity still prevailing in the online music marketplace needs to be fully addressed by legislation that keeps abreast of ongoing technological developments. The share of streaming income and its licensing and pay-out practices requires urgent reform. Creators provide all the value for such services, and their contribution needs to be recognised and fairly remunerated. Buy-outs of musical compositions are a further threat as online AV services continue to dominate.

The explosion of services, data volumes, and the ongoing requirements of sophisticated IT systems require that we continue to invest in our technology. Now more than ever, we need to co-operate with likeminded international affiliates to minimise duplication of costs by promoting data standards and sharing IT developments in solving common issues we all face. IMRO is taking a leading role to ensure the efficiencies and savings generated are delivered to all those we represent.

This year, in particular, I want to thank the Chair, Board and all the broader team at IMRO for their unwavering support, commitment, and sheer hard work in weathering the storms of 2020 and 2021. We can look forward with some confidence to a more positive end to 2021 as the economy fully opens up and consumer confidence returns.

Victor Finn
May 2021

“Despite all the challenges in 2020, IMRO still distributed a total of €27.4m compared to €29.4m in 2019, a drop of 7%.”

REPORTS AND FINANCIAL STATEMENTS

for the Financial Year
ended 31 December 2020

Irish Music Rights Organisation Company
Limited by Guarantee

Reports and Financial Statements
for the financial year ended
31 December 2020

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DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS AT 31 DECEMBER 2020

Paul Brady
Brian Crosby
Keith Donald
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 (External)

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

The directors present herewith their report and the audited financial statements for the financial year ended 31 December 2020.

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

2020 was a challenging year with the outbreak of COVID-19 in March and the imposition of strict public health restrictions that significantly impacted the business. Licence revenue at €25,856,020 (2019: €37,437,432) showed a decrease of €11,581,412 (31%) on 2019. All revenue categories, excluding national broadcast, cable and satellite, and online, showed decreases from 2019 due to the significant impact of the restrictions on the entertainment and hospitality sectors.

The impact on the company's business necessitated monthly monitoring of the key performance indicators of the business by the Finance, Audit, and Risk Committee of the board alongside the implementation of cost mitigation measures to preserve distributable revenues. These measures included salary reductions from the board, chair, senior management team, foregoing performance-related pay, and the removal of all discretionary expenditures. These actions resulted in operating costs at €6,039,839 (2019: €6,764,825), showing a decrease of €724,986 (11%) in the financial year. Total costs (net of other operating income) as a percentage of revenue were 19.5% (2019: 15.7%). Other operating income increased by €116,455 (13%) on the prior financial year and includes €552,490 of direct Government supports through the Temporary Wage, and Employment Wage Subsidy Schemes introduced during the pandemic.

The gross pension asset at €511,500 (2019: liability €52,000) shows an increase of €563,500 and is mainly 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 €5,050,569 (2019: surplus €4,782,770).

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.

Ireland continues to deal with the effects of the outbreak of COVID-19 and the ensuing disruption on both the global and Irish economies due to the imposition of public health measures. The company committed to not charging and suspending collection activity for Public Performance customers for any periods of closure due to COVID-19 and therefore cash collections have been adversely impacted in the year ended 31 December 2020. Subsequently credit notes were issued where declarations were submitted, and the company has provided fully for any unclaimed credits. The likelihood of permanent customer business closures and financial stress on customers has increased the risk of non-payment of outstanding balances at year end but IMRO has increased its bad debt provision at 31 December 2020 to address this collection risk. Consideration with regards to going concern are discussed in 'going concern' section of this report.

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.

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 20 and 22 respectively.

DIVIDENDS

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

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
Brian Crosby
Clare Duignan (External)
Keith Donald
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

Secretary:
Bradwell Limited

Clare Duignan was appointed to the Board on 1 January 2020.

BOARD AND COMMITTEE ATTENDANCE

The total number of Board meetings in 2020 was 8 (2019: 6).
Board attendances by each Board member were as follows:

	Attended	Number of meetings eligible to attend in year
Paul Brady	8	8
Brian Crosby	8	8
Keith Donald	8	8
Clare Duignan	7	8
Mick Hanly	8	8
Ray Harman	8	8
Ian Hennessy	8	8
James Hickey	8	8
Steve Lindsey	8	8
Eleanor McEvoy	8	8
Juliet Martin	8	8
Rose McHugh	8	8
Roisin O'Reilly	8	8
Bill Shanley	8	8
Sharon Boyse Smith	8	8

Committee attendances by each Board member were as follows:

	Corporate Governance	Distribution	Finance & Audit	Marketing & Membership	Remuneration & HR
Sharon Boyse Smith		3(3)			4(4)
Paul Brady					
Brian Crosby		3 (3)			
Keith Donald			10 (10)		
Mick Hanly	4 (4)				
Ray Harman		3 (3)		2 (2)	
James Hickey	4 (4)		10 (10)		4 (4)
Steve Lindsey			10 (10)	2 (2)	
Juliet Martin		3 (3)		2 (2)	
Eleanor McEvoy	4 (4)	3 (3)	10 (10)	2 (2)	4 (4)
Rose McHugh	4 (4)		10 (10)		4 (4)
Róisín O'Reilly				2 (2)	
Bill Shanley				2 (2)	
Ian Hennessy			10(10)		
Clare Duignan	3 (3)		9 (9)		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 2020.

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, considering the impact of COVID-19 on the company's business, 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 only distributes paid royalties and has discretion over the timing of the distribution of royalties to the respective right holders. Thus, they continue to monitor the company performance against targets on a monthly basis to implement any necessary mitigations. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements. See note 1 for further details.

SUBSEQUENT EVENTS

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

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.

Approved by the Board and signed on its behalf by:

Rose McHugh

Rose McHugh
Director

Eleanor McEvoy

Eleanor McEvoy
Director

Date: 6th May 2021

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 ORGANISATION COMPANY LIMITED BY GUARANTEE

Report on the audit of the financial statements

Opinion on the financial statements of Irish Music Rights Organisation 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 2020 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.

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

Report on the audit of the financial statements (Continued)

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively , may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the Reports and Financial Statements for the financial year ended 31 December 2020 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Financial Statements for the financial year ended 31 December 2020. 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.

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.

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

Report on the audit of the financial statements (Continued)

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRISH MUSIC RIGHTS ORGANISATION 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.

Use of our report
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.

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

Date: 13th May 2021

INCOME AND EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	**2020**	2019
		€	€
Licence revenue	*3*	**25,856,020**	37,437,432
Operating expenses		**(6,039,839)**	(6,764,825)
Other operating income		**995,722**	879,267
Operating surplus before royalties		**20,811,903**	31,551,874
Royalties		**(20,703,515)**	(31,421,146)
Operating surplus		**108,388**	130,728
Other finance costs	*13*	**(200)**	(12,100)
Surplus before taxation	*5*	**108,188**	118,628
Taxation charge on profit on ordinary activities	*6*	**(72,264)**	(88,342)
Surplus for the financial year		**35,924**	30,286

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.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	**2020**	2019
		€	€
Surplus for the financial year		**35,924**	30,286
Actuarial gain in respect of pension	*13*	**265,000**	308,400
Deferred tax on actuarial gain		**(33,125)**	(38,550)
Revaluation surplus	*8*	**-**	2,060,147
Deferred tax on revaluation surplus		**-**	(679,849)
Total comprehensive income		**267,799**	1,680,434

IRISH MUSIC RIGHTS ORGANISATION COMPANY LIMITED BY GUARANTEE

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	**2020**	2019
		€	€
Fixed Assets			
Intangible assets	7	**408,051**	468,309
Tangible assets	*8*	**9,504,885**	9,827,646
		9,912,936	10,295,955
Pension Asset			
	13	**511,500**	-
Current Assets			
Debtors	*9*	**12,491,653**	14,863,917
Cash at bank and on hand	*10*	**10,203,597**	13,016,752
		22,695,250	27,880,669
Creditors: Amounts falling due within one year	*11*	**(26,012,711)**	(31,349,359)
Net current liabilities		**(3,317,461)**	(3,468,690)
Net assets excluding provisions for liabilities		**7,106,975**	6,827,265
Provisions for liabilities			
Deferred tax	*12*	**(2,056,406)**	(1,992,495)
Pension liability	*13*	**-**	(52,000)
NET ASSETS		**5,050,569**	4,782,770
Reserves			
Deficit on reserves		**(1,428,981)**	(1,696,780)
Revaluation reserve		**6,479,550**	6,479,550
		5,050,569	4,782,770

The financial statements were approved and authorised for issue by the Board of Directors on 6th May 2021 and signed on its behalf by:

Rose McHugh
Director

Eleanor McEvoy
Director

STATEMENT OF CHANGES IN RESERVES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Deficit on reserves	**Revaluation reserve**	**Total**
	€	**€**	**€**
At 1 January 2020	(1,696,780)	6,479,550	4,782,770
Surplus for the financial year	35,924	-	35,924
Actuarial gain in respect of pension scheme	265,000	-	265,000
Deferred tax on actuarial gain	(33,125)	-	(33,125)
At 31 December 2020	**(1,428,981)**	**6,479,550**	**5,050,569**

In respect of prior financial year:

	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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	**2020**	2019
		€	€
Net cash (outflow) / inflow from operating activities	*15*	**(2,471,698)**	1,072,935
Cash flows from investing activities			
Purchase of tangible fixed assets		**(94,324)**	(127,148)
Purchase of intangible fixed assets		**(254,133)**	(134,115)
Proceeds from the disposal of fixed assets		**7,000**	30,650
Net cash outflows from investing activities		**(341,457)**	(230,613)
Net (decrease) / increase in cash and cash equivalents		**(2,813,155)**	842,322
Cash and cash equivalents at beginning of year		**13,016,752**	12,174,430
Cash and cash equivalents at end of year		**10,203,597**	13,016,752
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand at end of year	*10*	**10,203,597**	13,016,752
Cash and cash equivalents at end of year	*10*	**10,203,597**	13,016,752

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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

Other Operating Income

Other operating income, other than government wage supports 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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

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 that 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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Financial assets and liabilities (Continued)

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.

Government Grants / Government Wage Subsidy Support Schemes

Government wage supports are treated as government grants, are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

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.

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. As at the year-end (and as disclosed in note 13), the carrying amount of pension assets exceeded the carrying amount of the pension liability. Pension asset ceiling as per FRS 102 has not been applied as the organisation has right to release the scheme assets when the plan asset is settled.

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. Separately, a provision has also been included for any unclaimed credits to businesses that may not have re-opened in 2020. 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 €2,673,413 (2019: €2,184,553).

3. LICENCE REVENUE

	2020	2019
	€	€
The analysis of licence revenue by geographical market is as follows:		
Ireland	**16,957,993**	29,540,038
United Kingdom	**2,032,512**	2,693,174
Other EU countries	**4,562,130**	2,850,215
United States of America	**1,219,479**	1,133,333
Rest of the World	**1,083,906**	1,220,672
Net revenue	**25,856,020**	37,437,432

4. EMPLOYEES AND REMUNERATION

The average monthly number of persons employed by the company during the financial year, excluding non-executive directors, was 58 (2019: 60) and all were categorised as administration.

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

	2020	2019
	€	€
Wages and salaries	**3,161,383**	3,318,026
Social welfare costs	**252,742**	373,444
Other retirement benefit costs	**146,921**	178,566
	3,561,046	3,870,036

5. SURPLUS BEFORE TAXATION

	2020	2019
	€	€
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	**236,939**	287,943
Depreciation (Note 8)	**416,585**	348,165
Amortisation (Note 7)	**314,391**	306,634
Profit on disposal of fixed assets	**(6,500)**	(4,878)
Government wage supports	**(552,490)**	-
Auditor's remuneration:		
- Audit	**47,750**	45,500
- Tax advisory services	**-**	-
- Other assurance services	**4,000**	4,000
- Other non-audit services	**950**	10,500
	52,700	60,000

6. TAXATION CHARGE

	2020	2019
	€	€
Current tax charge for the financial year	**34,951**	44,129
Deferred tax charge on pension adjustment	**37,313**	44,213
Taxation charge	**72,264**	88,342

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:

	2020	2019
	€	€
Surplus before tax	**108,188**	118,628
Surplus multiplied by the standard rate of Irish corporation tax for the financial year of 12.5% (2019: 12.5%)	**13,524**	14,829
Effects of:		
Non-taxable amounts and other adjustments	**6,243**	39,519
Depreciation in excess of capital allowances	**52,565**	42,743
Tax arising on the pension adjustment	**(68)**	243
Loss relief utilised	-	(8,992)
Current tax charge for the financial year	**72,264**	88,342

At the year-end date, a deferred tax asset of €3,916 (2019: €911) 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

	2020	2019
	€	€
Cost:		
At 1 January	**1,640,542**	1,506,427
Additions	**254,133**	134,115
At 31 December	**1,894,675**	1,640,542
Amortisation:		
At 1 January	**1,172,233**	865,599
Charge for the financial year	**314,391**	306,634
At 31 December	**1,486,624**	1,172,233
Carrying value		
At 31 December	**408,051**	468,309

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

8. TANGIBLE FIXED ASSETS

	Property	Computer equipment	Motor vehicles	Furniture and equipment	Total
	€	€	€	€	€
Cost or valuation					
At 1 January 2020	9,000,000	2,797,862	262,829	437,776	12,498,467
Additions	-	58,774	31,500	4,050	94,324
Disposals	-	-	(30,000)	-	(30,000)
At 31 December 2020	**9,000,000**	**2,856,636**	**264,329**	**441,826**	**12,562,791**
Accumulated depreciation					
At 1 January 2020	-	2,399,402	130,497	140,922	2,670,821
Charge for financial year	331,399	27,122	42,586	15,478	416,585
Disposals	-	-	(29,500)	-	(29,500)
At 31 December 2020	**331,399**	**2,426,524**	**143,583**	**156,400**	**3,057,906**
Net book value					
At 31 December 2020	**8,668,601**	**430,112**	**120,746**	**285,426**	**9,504,885**
At 31 December 2019	9,000,000	398,460	132,332	296,854	9,827,646

The carrying value of property that would have been recognised had the asset been carried under the cost model is €1,358,654 (2019: €1,469,504).

8. TANGIBLE FIXED ASSETS (CONTINUED)

In respect of prior financial year:

	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).

9. DEBTORS:

	2020	2019
	€	€
(Amounts falling due within one year):		
Broadcasting and public performance debtors, net of bad debts provision	**10,547,031**	13,517,948
Other debtors and prepayments	**364,075**	259,281
Accrued Revenue	**1,568,053**	1,080,161
Corporation tax	**12,494**	-
	12,491,653	14,857,390

	2020	2019
	€	€
(Amounts falling due after more than one year):		
Deferred taxation (Note 12)	**-**	6,527
	12,491,653	14,863,917

10. CASH AT BANK AND ON HAND

	2020	2019
	€	€
Cash balances available on demand	**10,203,597**	13,016,752
	10,203,597	13,016,752

11. CREDITORS: Amounts falling due within one year

	2020	2019
	€	€
Members, affiliates and PPI royalties payable	**17,660,472**	21,762,668
Cable TV rights holders royalties payable	**2,444,479**	2,568,880
Public performance deferred revenue	**3,147,478**	4,805,256
Other creditors and accruals	**1,609,439**	1,023,541
VAT payable	**1,055,010**	1,056,356
Payroll taxes	**95,833**	105,209
Corporation tax	**-**	27,449
	26,012,711	31,349,359

12. DEFERRED TAX

	2020	2019
Deferred Tax Liabilities	**€**	€
At beginning of the financial year	**1,992,495**	1,312,646
Charged to income and expenditure account	**30,786****	-
Charged to other comprehensive income	**33,125**	679,849
	2,056,406	1,992,495

** Charge to income and expenditure account (note 6) for the year was €37,313. Other movement of €6,527 relates to deferred tax asset recorded in the prior year now reversed (see further below).

Deferred tax is provided as follows:

	2020	2019
Deferred Tax Liabilities:	**€**	€
Deferred tax on revaluation surplus	**1,992,495**	1,992,495
Deferred tax arising in relation to retirement benefit obligations (Note 9)	**63,911**	-
	2,056,406	1,992,495

	2020	2019
Deferred Tax Assets:	**€**	€
Deferred tax arising in relation to retirement benefit obligations (Note 9)	**-**	6,527

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 €154,947 (2019: €145,126).

(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 2020 showed that the market value of the scheme's assets was €11,956,800 and that the actuarial value of those assets represented 104.5% 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. As at the year end, carrying amount of pension assets exceeded the carrying amount of pension liability. Pension asset ceiling as per FRS 102 has not been applied as the organisation has right to release the scheme assets when the plan asset is settled.

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:

	2020	2019
	%	%
Discount rate at 31 December	**0.70**	1.05
Future salary increases	**0.00**	0.00
Future pension increases for in-payment benefits	**1.45**	1.45
Price inflation	**1.40**	1.45

13. RETIREMENT BENEFITS (CONTINUED)

(b) Defined benefit scheme (Continued)

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	
	2020	2019
	Years	Years
Retiring today:		
Males	**21.6**	21.5
Females	**24.1**	24.0
Retiring in 25 years:		
Males	**24.5**	24.4
Females	**26.6**	26.5

The amounts recognised in the income and expenditure account are as follows:	**2020**	2019
	€	€
Current service cost	**70,400**	56,900
Net interest cost	**200**	12,100
	70,600	69,000
Recognised in other comprehensive income	**(265,000)**	(308,400)
Total credit relating to defined benefit scheme	**(194,400)**	(239,400)

13. RETIREMENT BENEFITS (CONTINUED)

(b) Defined benefit scheme (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:

	2020	2019
	€	€
Present value of defined benefit obligations	**(11,445,300)**	(10,835,500)
Fair value of scheme assets	**11,956,800**	10,783,500
Net asset / (liability) recognised in the balance sheet	**511,500**	(52,000)

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

	2020	2019
	€	€
At 1 January	**(52,000)**	(714,300)
Service cost	**(70,400)**	(56,900)
Interest cost	**(200)**	(12,100)
Re-measurement effect recognised in OCI	**265,000**	308,000
Employer contributions	**369,100**	422,900
Net asset / (liability) recognised in the balance sheet	**511,500**	(52,000)

Risks and rewards arising from the assets

At 31 December 2020 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:

	2020	2019
(as a percentage of total scheme assets)	**%**	%
Equities	**34.42**	34.93
Bonds – Fixed interest fund	**62.84**	61.03
Other	**2.74**	4.04

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.

14. FINANCIAL INSTRUMENTS

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

	2020	2019
	€	€
Financial assets		
Measured at undiscounted amount receivable		
• Broadcasting and public performance debtors, net of bad debts provision (see Note 9)	**10,547,031**	13,517,948
Financial liabilities		
Measured at undiscounted amount payable		
• Members, affiliates and PPI royalties payable (Note 11)	**17,647,109**	21,762,668
• Cable TV rights holders royalties payable (Note 11)	**2,444,479**	2,568,880
	20,091,588	24,331,548

15. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to cash generated by operations	**2020**	2019
	€	€
Operating surplus	**108,388**	130,728
Adjustment for:		
Depreciation	**416,585**	348,165
Amortisation	**314,391**	306,634
Profit on disposal of tangible fixed assets	**(6,500)**	(4,878)
Pension contributions	**(369,100)**	(422,900)
Retirement benefits service charge	**70,400**	56,900
	534,164	414,649
Operating cash flows before movement in working capital		
Decrease / (increase) in debtors	**2,378,231**	(372,025)
(Decrease) / increase in creditors	**(5,309,199)**	1,060,208
Cash (used in) / generated from operating activities	**(2,396,804)**	1,102,832
Income taxes paid	**(74,894)**	(29,897)
Net cash (outflow) / inflow from operating activities	**(2,471,698)**	1,072,935

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 2020 total royalties paid by the organisation to the directors of the company and to parties related to the directors of the company amounted to €1,571,554 (2019: €2,001,504). 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 (including pensions) for key management personnel for the financial year totalled €862,323 – 6 individuals (2019: €993,431 – 7 individuals), which is included within the remuneration disclosed in note 4 of €3,561,046 (2019: €3,870,036).

In addition, no travel and membership development grants were given to publisher member directors in 2020 (2019: €1,500 - (1 member director)).

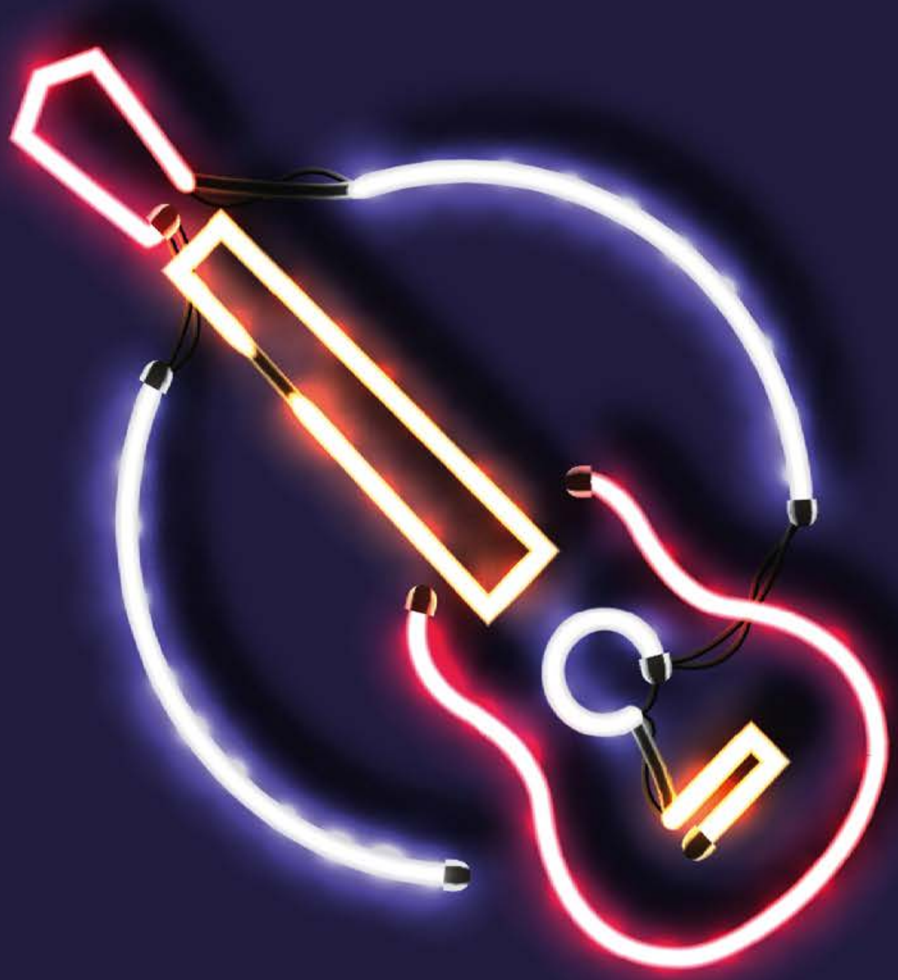
The Irish Music Rights Organisation regards its membership as the ultimate controlling party.

17. LEGAL STATUS OF THE COMPANY

The company is limited by guarantee and has no share capital. As at 31 December 2020, the company had 14,010 members (2019: 12,339) whose guarantee is limited to €1.27 each. The guarantee continues for one year after individual membership ceases.

18. SUBSEQUENT EVENTS

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



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