

Video Performance Limited (VPL)

2020 Transparency Report

This transparency report relates to VPL's financial year ended 31 December 2020 and has been published in accordance with Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 (the "Regulations").

PricewaterhouseCoopers LLP have performed work in accordance with the International Standard on Related Services (ISRS) 4400 'Engagements to perform agreed upon procedures regarding financial information' and 'The Agreed Upon Procedures for the Audit of an Annual Transparency Report' as published by the Intellectual Property Office. Those procedures assist the directors of VPL (the "company") in fulfilling the obligation to report under section 21(2)(b) of the Regulations. PricewaterhouseCoopers LLP's private factual findings report is included as an appendix to this report.

This transparency report also includes certain financial information which is contained in VPL's separately published financial statements for the year ended 31 December 2020 and such information has therefore been subject to audit by PricewaterhouseCoopers LLP, and their audit report is included with VPL's 2020 financial statements.

Activities during the year

The principal activity of VPL during 2020 was the collection and distribution of licence fees for the broadcasting and public performance of music videos on behalf of its membership. VPL did not undertake any activities unrelated to collective rights management.

Financial Results

During 2020, VPL collected licence fee income of £6.7m (2019: £6.9m) and had net distributable revenue of £6.0m (2019: £6.2m).

Distributions

VPL continues to maintain a high pay-through rate in its distributions and achieved an 83.6% pay-through of 2019 collections by 30 September 2020 (98.0% excluding a single multi-territory licence). Over 650 right holders received at least one payment from VPL in 2020 (2019: 600).

Business Review

Licence fee income declined in 2020, which is a reflection of the continued reduced 'use' of music videos. In many respects this decline has been expected and VPL management have actively sought to mitigate this where possible. The impact of COVID-19 on VPL income has also been felt in 2020 although it has been fairly limited with many of the licensing agreements that drive the bulk of VPL's income already in place. However, PPL PRS Ltd (VPL's public performance licensing joint venture with PRS for Music) has had to take a number of exceptional measures in response, such as providing credits to Public Performance licensees to cover periods of temporary closure which has resulted in a slight decrease in annual income remitted back to VPL for distribution to members.

Information on refusal to grant a licence

Regulation 21(4)(c) requires the Annual Transparency Report to include information on any refusals to grant a licence in accordance with paragraph (5)(b)(ii) of Regulation 15. During 2020, VPL offered a licence to all applicants who requested a licence within VPL's mandated scope of activity and who provided the information necessary in order to calculate the fees due.

Legal and Governance structure of VPL

VPL is a private company limited by guarantee, registered in England and Wales with company number 01818862.

VPL meets the definition of a collective management organisation (CMO) under the Regulations. Within the meaning of the Regulations, VPL has responsibilities under the Regulations to members (i.e. record companies and other owners/UK exclusive licensees of music video copyrights who meet the membership criteria under VPL's articles of association).

VPL manages rights on behalf of non-member right holders, (and has responsibilities under the Regulations in respect of the non-member right holders) only in respect of one multi territorial deal for a single broadcaster.

VPL has a Board of Directors that oversees all aspects of the company's business, including its costs, revenues, licensing and operating policies. There are up to 7 directors on the VPL Board and the non-executive directors of the VPL Board also carry out the supervisory function required under Regulation 8. As explained further below, certain of the VPL Board's powers and responsibilities are delegated to board committees.

VPL meets the requirements under the Regulations regarding general assemblies. The VPL AGM is typically held in September each year, at which directors are elected and VPL's members vote on VPL matters including (as applicable) the general assembly matters designated in Regulation 8.

Members of the Board of Directors during 2020

J French

G Kempin

P Leathem

C Saxe (appointed on 22 September 2020)

J Radice (resigned on 22 September 2020)

A Sear

M Smith

S Wheeler

Board Remuneration

VPL paid no directors' remuneration during 2020. However £5,679 was recharged to VPL by PPL, in respect of the employment of VPL's executive director.

Board Committees

The VPL Board is supported by two committees, the members of which represent a cross-section of major record companies and independent record companies. Committee remits, and all committee members, are determined by the VPL Board. This ensures that the directors (who have fiduciary duties to VPL and its members as a whole) can exercise appropriate governance. The two committees are:

- The Finance & Audit Committee is primarily tasked with reviewing and setting VPL's revenue and costs budget each year, prior to ratification by the VPL Board. It is also a forum for VPL's auditors to talk directly to VPL's management and external stakeholders about their audit work with VPL.
- The Distribution Committee's primary function is to review and approve proposed distributions of revenue to VPL members (and the rules and processes underpinning them).

Entities owned or controlled by VPL in whole or in part

VPL does not own or control any other entities.

Financial Information

The 2020 audited financial statements of VPL (comprising of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Cash Flow Statement) are shown on the following pages.

Statement of Comprehensive Income For the Year Ended 31 December 2020

	2020 £000
LICENCE FEE INCOME	6,680
Cost of collection and distribution	(757)
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NET INCOME BEFORE INTEREST AND TAXATION	5,923
Interest receivable and similar income	40
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NET INCOME BEFORE TAXATION	5,963
Tax on profit	-
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AMOUNT AVAILABLE FOR DISTRIBUTION	5,963
Amount to be distributed to members	(5,963)
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RETAINED RESERVES	-
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Cost to income ratio	11.3%

Statement of Financial Position As at 31 December 2020

	2020 £000
CURRENT ASSETS	
Licence fees receivable	2,555
Other debtors	30
Prepayments and accrued income	416
Short term fixed deposits (Original maturities 3 months or less)	-
Short term fixed deposits (Greater than 3 months)	2,500
Cash at bank and in hand	2,586
	<hr/>
	8,087
	<hr/>
CREDITORS: amounts falling due within one year	(7,906)
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NET CURRENT ASSETS	181
	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	181
PROVISIONS FOR LIABILITIES	(181)
	<hr/>
NET ASSETS	-
	<hr/> <hr/>
RESERVES	
Retained earnings	-
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**Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Retained Earnings £000
Balance as at 1 January 2019	-
Result for the financial year	-
Other comprehensive income for the year	-
Total comprehensive income for the year	-
Balance as at 31 December 2019	-
Result for the financial year	-
Other comprehensive income for the year	-
Total comprehensive income for the year	-
Balance as at 31 December 2020	-

**Cash Flow Statement
For the Year Ended 31 December 2020**

	2020 £000
NET CASH FLOW FROM OPERATING ACTIVITIES	4,332
Taxation paid	-
Net cash generated from operating activities	4,332
CASH FLOW FROM INVESTING ACTIVITIES	
Interest received	32
Cash outflow for investment	(500)
Net cash used in investing activities	(468)
CASH FLOW FROM FINANCING ACTIVITIES	
Payments to members	(5,301)
Net cash used in financing activities	(5,301)
NET DECREASE IN CASH AT BANK AND IN HAND	(1,437)
Cash and cash equivalents at the beginning of the year	4,023
Cash and cash equivalents at the end of the year	2,586
Cash and cash equivalents comprises of:	
Cash at bank and in hand	2,586
Short term fixed deposits (Original maturities 3 months or less)	-
Total cash and cash equivalents	2,586

Rights Revenue Collected and Associated Costs

The rights revenue collected during 2020 and the associated costs are shown below. All costs are funded from licence fee income:

Category of Rights	Revenue Collected £000	Costs Allocated £000	Cost Allocation %
Public Performance	554	108	19%
Broadcast	6,022	530	9%
New Media	10	1	10%
Total	6,586	639	

- Public Performance revenue is generated by VPL's licensing of businesses from sectors across the UK to play music videos in public.
- Broadcast revenue is generated from VPL's licensing of TV to include music videos within their programming.
- New Media revenue derives from licensing the inclusion of music videos in broadcasters' audio visual on demand services.

Total revenue collected as shown above differs from licence fee income reported in the Statement of Comprehensive Income due to a difference in the basis of revenue recognition. Licence fee income in the Statement of Comprehensive Income was recognised evenly over the period of the licence term whereas for distribution purposes, certain revenue was recognised on a cash received basis.

All costs incurred during a financial year are deducted from the subsequent distribution of revenue for that year. VPL's licensing and distribution activities are undertaken using PPL's resources and a portion of PPL's costs are recharged to VPL. VPL undertakes a full cost allocation exercise each year to determine the deduction of costs from each revenue stream. This involves looking at each cost directly incurred or included in the recharge, such as the time spent by PPL employees, to determine the rights categories to which the costs relate. Direct costs of licensing and distribution are allocated directly to each category of rights revenue depending on the type of activity. Indirect costs that cannot be allocated directly are pro-rated across each category of rights based on the revenue collected. During the year, £0.04 million in interest income was generated from the investment of rights revenue. Interest income was pro-rated across the categories of rights revenue and offset against the costs attributed to that revenue type for the year.

VPL is entirely self-funded and does not use any external funding to cover costs.

Non-Management Cost Deductions

There were no 'non-management cost' deductions made during 2020.

Allocations and Payments of Rights Revenue

Total allocations of rights revenue processed during 2020 (primarily relating to income collected in 2019 along with an adjustment of UK revenue covering periods between 2015 and 2019), were as follows:

Allocations by Rights Category	2020 £000
Public Performance	1,004
Broadcast	4,908
New Media	35
Total	5,947

Payments of Rights Revenue

Total payments of rights revenue made during 2020 were as follows:

Payments	2020 £000
UK Revenue ¹	5,266
Payment Adjustments ²	374
Total	5,640

¹ A further breakdown of payments by category of rights revenue is unavailable.

² Payment adjustments are predominately made up of the net total of UK VAT and UK withholding taxes.

The main annual distribution of UK revenue took place in June 2020, while adjustments to payments relating to previous distributions took place at intervals throughout the year as shown below:

Payment Date	Payment Type
30 April 2020	Advance of main annual payment of UK revenue collected in 2019 and multi territory broadcast revenue 2019
30 June 2020	Main annual payment of UK revenue collected in 2019 Adjustment of UK revenue collected during 2016-2018
30 September 2020	Main annual payment of multi territory broadcast revenue collected in 2019 and adjustment of previous years
17 December 2020	Adjustment of UK and multi territory broadcast revenue

Distributions made outside the Regulation 12(2) deadline

Regulation 12(2) specifies that distributions of a CMO's rights revenue should be made within 9 months from the end of the financial year in which the rights revenue was collected, unless prevented by objective reasons. Of the net UK revenue collected in 2019, no revenue remained undistributed to right holders at 31 December 2020 and outside the timescale set in Regulation 12(2).

Held Revenue

Rights revenue that was unallocated to right holders as at 31 December 2020, broken down by rights category and year of collection, is shown below:

Category of Rights	2016 £000	2017 £000	2018 £000	2019 £000	Total £000
Public Performance	6	12	14	22	54
Broadcast	272	326	531	675	1,804
New Media	0	0	1	1	3
Total	278	338	546	698	1,860
<i>% of Net Distributable Revenue</i>	<i>3%</i>	<i>4%</i>	<i>8%</i>	<i>11%</i>	<i>6%</i>

VPL has continued to focus on reducing amounts that have been collected but not yet allocated to right holders, with the result that, excluding a single multi-territory licence (in respect of which specific factors apply), only a very small percentage remains unallocated. Of the £1.9 million held monies as at 31 December 2020, £1.7 million is related to said multi-territory licence, where management of rights in multiple non-UK territories necessitates a claims process of longer duration.

VPL's success in paying out monies has broadly been achieved via two main approaches. Firstly, investment in systems, processes and policies has enabled the pay-through rate to remain consistently high year on year in respect of collections from the previous year (83.9% in respect of 2019 monies paid out in 2020, which rises to 98.6% if excluding the single multi-territory licence referred to above). Secondly, VPL has focused on reducing unallocated amounts from older collection periods. This stream of work has focused on repertoire and member data-quality and the development of distribution data policy.

There was also an additional £0.1 million collected prior to 2016 that remained unallocated at year-end.

Rights revenue that was allocated but unpaid at 31 December 2020, due to member accounts being on hold, for such reasons as VPL was awaiting valid bank details, was £0.1 million.

Non-Distributable Revenue

VPL operates a general policy on non-distributable amounts, as adopted by VPL's AGM. A subset of the broadcasting revenue relating to a single multi-territory licence is subject to a distribution closure process whereby any undistributed revenue after a period of 3 years from the point of first distribution is reallocated to right holders who previously received allocations in respect of that distribution year. The 2016 distribution year was closed in accordance with this distribution closure process.



The Directors
Video Performance Limited
1 Upper James Street
London
W1F 9DE

14 April 2021

Dear Ladies and Gentlemen

Report of factual findings in connection with 2020 Transparency Report

This report is produced in accordance with the terms of our agreement dated 12 April 2021.

The directors of Video Performance Limited (the “company”) have prepared the 2020 Transparency Report and remain solely responsible for it and for the creation and maintenance of all accounting and other records supporting its contents. The company’s directors are also responsible for identifying and ensuring that the company complies with the terms of Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 (the “Regulations”).

We have performed the procedures agreed with you and listed below on the 2020 Transparency Report. Our work was performed in accordance with the International Standard on Related Services (ISRS) 4400 ‘Engagements to perform agreed-upon procedures regarding financial information.’ The procedures were performed solely to assist the company’s directors in fulfilling their reporting obligations under Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 (the “Regulations”). We performed the following procedures:

Required Procedures	Work performed
1. We will perform the procedures set out in paragraphs 2-20 and report to Video Performance Limited (“VPL”) the results of our work.	See below for procedures performed.
2. We will agree the balances in the financial statements required by section 21(4)(a) of the Collective Management of Copyright (EU Directive) Regulations 2016 (the “Regulations”) to Video Performance Limited’s (“VPL”) statutory financial statements for the year ended 31 December 2020.	We performed the procedures as set out with no matters to report.

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3. We will obtain a detailed analysis of the amounts deducted for the purposes of social, cultural and educational services disclosed in accordance with section 21(5) of the Regulations and:

- agree the aggregate amounts deducted to VPL's statutory financial statements/underlying financial systems;
- agree the totals in the analysis to the disclosure in VPL's Transparency Report; and
- select a sample of items and:
 - agree the items directly to invoices or other third party documentation;
 - check that the disclosed purpose of the cost was consistent with the narrative information on the invoice or other third party documentation;
 - check that the cost was consistent with VPL's explanation of the use of the amounts;
 - when the cost was attributable to a category of rights managed, check that the category to which it was allocated was consistent; and
 - when the cost was not attributable to a category of rights managed, but was allocated across a number of categories:
 - check that the method of allocation was consistent with VPL's disclosure in accordance with the Regulations; and
 - recalculate the allocation of the cost across the categories.

As disclosed in the Transparency Report, there were no 'non-management cost' deductions made and therefore this procedure has not been performed.

4. We will obtain a detailed analysis of the rights revenue, including the income arising from the investment of rights revenue disclosed in accordance with section 21(4)(h)(i) of the Regulations and:

- agree the aggregate income to VPL's statutory financial statements/underlying financial systems;
- agree the totals in the analysis to the disclosure in VPL's Transparency Report; and
- select a sample of items and:
 - agree the items to bank receipts;
 - agree the items to third party documentation; and
 - check that the category of rights managed and type of use to which VPL had allocated the income was consistent with the third party evidence.

We performed the procedures as set out with no matters to report.



5. We will obtain a detailed analysis of the use of the rights revenue, including the income arising from the investment of rights revenue disclosed in accordance with section 21(4)(h)(ii) of the Regulations and:

- agree the totals in the analysis to the disclosure in VPL’s Transparency Report; and
- for the items in the sample selected for (4):
 - agree the items to the detailed analysis of the use of the income arising from the investment of rights revenue;
 - agree the items to supporting evidence whether it had been paid to right holders, other CMOs or otherwise used; and
 - agree that it had been correctly included in the analysis of use.

We performed the procedures as set out with no matters to report.

6. We will obtain a detailed analysis of all operating and financial costs disclosed in accordance with section 21(4)(i)(i) of the Regulations and:

- agree the aggregate cost to VPL’s statutory financial statements/underlying financial systems;
- agree the totals in the analysis to the disclosure in the VPL’s transparency report;
- select a sample of items and:
 - agree the items directly to invoices or other third party documentation;
 - check that the narrative information on the invoice or other third party documentation is consistent with their categorization; and
 - check that the category of rights managed and type of use to which the VPL has allocated the income is consistent with the third party evidence; and
- check that the method of allocation of the indirect costs is consistent with the VPL disclosure in accordance with the Regulations.

We performed the procedures as set out with no matters to report.

7. We will obtain a detailed analysis of the operating and financial costs only with regard to the management of rights, including management fees deducted from or offset against rights revenue or income arising from the investment of rights revenue disclosed in accordance with section 21(4)(i)(ii) of the Regulations and:

- agree the aggregate cost to VPL’s statutory financial statements/underlying financial systems;
- agree the totals in the analysis to the disclosure in VPL’s Transparency Report;
- select a sample of items and:
 - agree the items directly to invoices or other third party documentation; and

As disclosed in the Annual Transparency Report, all costs associated with VPL relate to the management of rights and therefore this procedure has been tested as part of procedure 6 above



<ul style="list-style-type: none">○ check that the narrative information on the invoice or other third party documentation was consistent with their categorisation; and• check that the method of allocation of the indirect costs was consistent with VPL's disclosure in accordance with the Regulations	
<p>8. We will obtain a detailed analysis of the operating and financial costs with regard to services other than the management of rights but including social, cultural and educational services disclosed in accordance with section 21(4)(i)(iii) of the Regulations and:</p> <ul style="list-style-type: none">• agree the aggregate cost to VPL's statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in VPL's Transparency Report; and• select a sample of items and:<ul style="list-style-type: none">○ agreed the items directly to invoices or other third party documentation; and○ checked that the narrative on the invoice or other third party documentation was consistent with their categorisation.	<p>As disclosed in the Annual Transparency Report, all costs associated with VPL relate to the management of rights and therefore no work has been performed for this procedure.</p>
<p>9. We will obtain a detailed analysis of the resources used to cover the costs disclosed in accordance with section 21(4)(i)(iv) of the Regulations and:</p> <ul style="list-style-type: none">• agree the aggregate cost to VPL's statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in VPL's Transparency Report; and• select a sample of items and agreed the items to supporting evidence.	<p>In relation to the procedure, no testing has been performed as VPL does not require external funding in order to cover costs. A disclosure to this effect has been included on page 6 of the Annual Transparency Report.</p>
<p>10. We will obtain a detailed analysis of the deductions made from rights revenue disclosed in accordance with section 21(4)(i)(v) of the Regulations and:</p> <ul style="list-style-type: none">• agree the aggregate deduction to VPL's statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in VPL's Transparency Report; and• select a sample of items and:<ul style="list-style-type: none">○ agree the items directly to third party documentation; and○ check that the third party documentation is consistent with their categorisation.	<p>As disclosed in the Annual Transparency Report, all costs associated with VPL relate to the management of rights and therefore this procedure has been tested as part of procedure 6 above.</p>
<p>11. We will recalculate the percentages that the cost of the rights management and other services provided to right holders represents compared to the rights revenue disclosed in accordance with section 21(4)(i)(vi) of the Regulations.</p>	<p>We performed the procedures as set out with no matters to report.</p>



12. We will obtain a detailed analysis of the indirect costs included in the analysis of the cost of the rights management and other services provided to right holders for the purposes of section 21(4)(i)(vi) of the Regulations and:

- select a sample of items and agreed the items directly to third party invoices or other third party documentation; and
- check that the method of allocation of the indirect costs was consistent with VPL's disclosure in accordance with the Regulations.

We performed the procedures as set out with no matters to report.

13. We will obtain a detailed analysis of the total amount attributed to right holders, the total amount paid to rights holders, the total amount collected but not attributed to right holders and the total amount attributed to, but not yet paid to, right holders disclosed in accordance with sections 21(4)(j)(i), 21(4)(j)(ii), 21(4)(j)(iv) and 21(4)(j)(v) of the Regulations and:

- agree the aggregate amounts to VPL's statutory financial statements/underlying financial systems;
- agree the totals in the analysis to the disclosure in VPL's Transparency Report; and
- select a sample of items and traced the items to third party documentation to check that the amount allocated and the category of rights managed and type of use to which was it was allocated was consistent with the documentation.

We have performed all procedures listed except for testing for the appropriate split of rights types for 'Amounts paid to rights holders' and 'Amount attributed to, but not yet paid to rights holders' as the data relating to these items is not disaggregated in this manner in VPL's systems and the information (i.e. the split by rights type for these items) is not available to be disclosed.

14. We will obtain a detailed analysis of the payments made to rights holders and:

- agree the frequency disclosed in VPL's Transparency Report for each category of rights managed and type of use to the analysis;
- select a sample of items and agreed the items to bank payments to check that the payments were made in accordance with the analysis; and
- from a total population of all incoming receipts received by VPL for distribution within the period provided for in paragraph (2) in regulation (12), select a sample of receipts, and,
 - When the distribution process has identified the intended recipients check that bank payments were made to those recipients within the specified timescales. If any distributions had not met the specified timescales, understand the reasons why and checked that they agreed to those disclosed by VPL in accordance with the Regulations; and
 - When the distribution process has not yet identified the intended recipients, understood the reasons why and check that they agreed to those disclosed by VPL in accordance with the Regulations.

We performed the procedures as set out with no matters to report.



15. We will review a sample of 10 transfers from non-distributable income to distributable, understand the basis of the transfer, and ensure it has been transferred in accordance with the specified timescales. For the non-distributable income transferred out, we will select a sample of 10 payments and ensure the explanation of the use to which the amounts were put agrees to source documentation.

We have selected a sample of 10 payments to rights holders to ensure that payments were made in line with the 9 months deadline set out in the Regulations. No matters to report.

16. We will obtain a detailed analysis of the amounts received from and paid to other CMOs disclosed in accordance with section 21(4)(k)(i) of the Regulations and:

- agree the aggregate amounts received from and paid to other CMOs to VPL's statutory financial statements/underlying financial systems;
- agree the totals for each category of rights managed and type of use to the amounts disclosed in VPL's Transparency Report; and
- select a sample of items and agree them to:
 - bank receipts or payments; and
 - supporting documentation evidencing that the receipt or payment was from/due to another CMO.

VPL does not receive amounts from or pay amounts to other CMOs - therefore no information has been disclosed.

17. We will obtain a detailed analysis of the management fees and other deductions from the rights revenue due to other CMOs and the management fees and other deductions from the amounts paid by other CMOs disclosed in accordance with sections 21(4)(k)(ii) and 21(4)(k)(iii) of the Regulations and:

- agree the aggregate deduction for each category of rights and type of use to the amounts disclosed in VPL's Transparency Report; and
- select a sample of 10 invoices and agree them to invoices or other supporting documentation evidencing that the classification was consistent.

VPL does not receive amounts from or pay amounts to other CMOs - therefore no information has been disclosed.

18. We will obtain a detailed analysis of the amounts distributed directly to right holders from other CMOs disclosed in accordance with section 21(4)(k)(iv) of the Regulations and:

- agree the totals for each category of rights managed to the amounts disclosed in VPL's Transparency Report; and
- select a sample of items and agree them to:
 - bank receipts from VPL and payments to the right holders; and
 - supporting documentation evidencing that the receipt from VPL was due to the right holders.

VPL does not receive amounts from or pay amounts to other CMOs - therefore no information has been disclosed.

19. We will read the other financial and non-financial information presented within and with VPL's Transparency Report and consider whether there is a material inconsistency between the other financial and non-financial information presented and the financial information that we have performed work on in tests 2-18 or our knowledge obtained during the course of our work.

We performed the procedures as set out with no matters to report.



20. For the purposes of tests 2-19, we selected a sample of items in accordance with Appendix 1.	No matters to report.
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Our procedures, as stated in our agreement, did not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the 2020 Transparency Report. We do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the 2020 Transparency Report in accordance with generally accepted auditing standards, other matters might have come to our attention that we would have reported to you. This report relates only to the 2020 Transparency Report and does not extend to any financial statements of the company taken as a whole.

Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services, will extend any duty of care we may have in our capacity as auditors of any financial statements of the company.

This report is solely for your use in connection with the purpose specified above and as set out in our agreement. No part of this report is to be copied or distributed to any other party except as permitted under the terms of our agreement. We do not accept any liability or responsibility to any third party.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over a thin horizontal line.

PricewaterhouseCoopers LLP
Chartered Accountants
London
14 April 2021



Appendix 1: Thresholds and Sampling

Thresholds

Basis	Threshold
Income	5%
Allocated to right holders	5%
Cost of rights management	5%
Due to right holders	5%

Sampling

Area	Total sample size	Max	Min	Part of section 21 covered
Income	5% of transactions	10	1	4h
Allocated to right holders	5% of transactions	10	1	4j(i), 4k
Costs of rights management	5% of transactions	10	1	4g, 4i, 4k
Due to right holders	5% of transactions	10	1	4j (ii to vii), 4k

Notes:

- a. All items over thresholds are to be tested, limited to the total sample size.
- b. Any remaining items in the sample are to be selected at random.
- c. Random selections should be weighted by “category of rights managed” and sampled from the category analysis included in the CMOs transparency report.