

Phonographic Performance Limited (PPL)

2021 Transparency Report

This transparency report relates to PPL's financial year ended 31 December 2021 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 PPL (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 PPL's separately published financial statements for the year ended 31 December 2021 and such information has therefore been subject to audit by PricewaterhouseCoopers LLP, and their audit report is included with PPL's 2021 financial statements.

Activities during the year

The principal activity of PPL during 2021 was the collection and distribution of UK and international income for the broadcasting and public performance of sound recordings on behalf of its membership. PPL did not undertake any activities unrelated to collective rights management and in addition to the information set out below, further details of PPL's activities during 2021 can be found in PPL's 2021 Annual Review.

Financial Results

2021 saw continued growth for PPL with total licence fee income of £252.8m (2020: £225.7m) and net distributable revenue reaching £217.5m (2020: £193.0m). Growth in income was seen across UK licensing activity and collections from abroad.

Distributions

Over 133,000 performers received at least one payment from PPL in 2021 (2020: 121,500) together with over 13,000 recording rights holders (2020: 12,500). PPL continues to maintain a high pay-through rate in its distributions of revenue and achieved a 95.4% pay-through of 2020 collections made available to distribute by 30 June 2021.

Business Review

Despite the continued impacts of the COVID-19 pandemic on PPL's income, 2021 was a successful year, with growth in income across all areas of UK licensing activity. Total public performance and dubbing income for 2021 reached £72.1m, compared to £57.5m in 2020. This increase of 25.4% was a very positive result, although with restrictions on businesses during the early part of 2021 impacting public performance and dubbing licensing, this result remains below the level achieved in 2019 (£99.6m). Broadcasting and online income has not been significantly impacted by the pandemic and at £86.7m (2020: £82.3m), delivered a 5.3% growth on 2020.

2021 saw a record year for international collections, which, as with 2020, has been driven in-part by payments from key territories that were exceptional in nature. Total international income for 2021 reached £94.0m, compared to £85.9m in 2020.

The careful management of operating costs remained a key focus for 2021, while income continued to be impacted by the pandemic. As a result the cost to income ratio in 2021 reduced to 12.9%, from 13.8% in 2020.

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 2021, PPL offered a

licence to all applicants who requested a licence within PPL's mandated scope of activity and who provided the information necessary in order to calculate the fees due.

Legal and Governance structure of PPL

PPL is a private company limited by guarantee, registered in England and Wales with company number 288046.

PPL meets the definition of a CMO under the Regulations. Within the meaning of the Regulations, PPL has responsibilities under the Regulations to members (i.e. record companies and other owners/UK exclusive licensees of sound recording copyrights who meet the membership criteria under PPL's articles of association) and right holders who are not members but who have a direct legal relationship with PPL by law or by way of assignment, licence or other contractual arrangement (i.e. performers).

PPL 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 17 directors on the PPL Board with representation from both major and independent record companies and the performer community (the latter being represented by six Performer Directors). The non-executive directors of the PPL Board also carry out the supervisory function required under Regulation 8. As explained further below, certain of the PPL Board's powers and responsibilities are delegated to board committees.

PPL meets the requirements under the Regulations regarding general assemblies. The PPL AGM is typically held in June each year, at which directors are elected and PPL's members vote on PPL matters including (as applicable) the general assembly matters designated in Regulation 8. PPL also holds an Annual Performer Meeting at which Performer Directors are elected.

Members of the Board of Directors during 2021

Roxanne de Bastion

Soriya Clayton

Jackie Davidson

Joy Ellington

Robin Firman (resigned on 25 November 2021)

Julian French

Rob Gruschke

Nick Hartley

Hannah Joseph (appointed on 25 November 2021)

Peter Leathem

Charlotte Saxe

Chris Smith

John Smith

Michael Smith

Peter Stack

David Stopps

Peter Thoms

Horace Trubridge

Board Remuneration

The remuneration paid in 2021 to the two executive board directors who were employed and paid by PPL, and who constitute the persons who manage PPL's business within the meaning of Regulation 9, was as follows: the remuneration paid to the Chief Executive Officer amounted to £843,949 and remuneration paid to the Chairman amounted to £78,023. The Chief Executive Officer is accruing post-employment benefits under the defined benefit scheme and is also a member of the defined contribution scheme.

The remuneration paid in 2021 to PPL's non-executive board directors (who exercise the supervisory function under Regulation 8), by way of meeting attendance fees, amounted to £101,719.

Board Committees

The Performer Board is a specialist committee of the PPL Board with responsibility for overseeing the performer-related aspects of PPL's operations. It includes the performer directors from the PPL Board and two other PPL Board directors.

The PPL Board was also supported by three other committees in 2021, the members of which represented a cross-section of major record companies, independent record companies and performers. Two of the three committees also included PPL management representatives. Committee remits, and all committee members, are determined by the PPL Board. This ensures that the directors (who have fiduciary duties to PPL and its members as a whole) can exercise appropriate governance. The three committees were:

- The Finance & Audit Committee which is primarily tasked with reviewing and setting PPL's revenue and costs budget, prior to ratification by the PPL Board. This is also a forum for PPL's auditors to talk directly to PPL's management and external stakeholders about their audit work with PPL.
- The Distribution Committee's primary function was to review and approve proposed distributions of revenue to PPL members (and the rules and processes underpinning them).
- The Remuneration Committee's role was to review executive remuneration. This is the one committee which consisted entirely of PPL Board directors.

Entities owned or controlled by PPL in whole or in part

PPL controls in part the following companies:

- National Discography Limited, a company registered in England and Wales with company registration number 03302947 (currently dormant).
- PPL PRS Limited, a company registered in England and Wales with company registration number 10376001 (incorporated in 2016).

Financial Information

The 2021 audited financial statements of PPL (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 2021

	2021 £000
LICENCE FEE INCOME	252,837
Cost of collection and distribution	(32,496)
Cost of servicing defined benefit pension scheme	-
Total cost of collection and distribution	<u>(32,496)</u>
NET INCOME BEFORE INTEREST AND TAXATION	220,341
Interest receivable and similar income	402
Interest payable and similar expense	-
Other finance expense	(72)
NET INCOME BEFORE TAXATION	<u>220,671</u>
Tax on profit	-
AMOUNT AVAILABLE FOR DISTRIBUTION	<u>220,671</u>
Anti-piracy protection and industry contributions	(3,207)
Amount to be distributed to members	<u>(217,464)</u>
RETAINED RESERVES	<u>-</u>
Other comprehensive expense	
Actuarial gain / (loss) on pension scheme	<u>6,110</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<u><u>6,110</u></u>
Cost to income ratio (excluding pension scheme costs)	12.9%

Statement of Financial Position
For the Year Ended 31 December 2021

	2021 £000
FIXED ASSETS	
Intangible assets	4,630
Tangible assets	363
Investments	50
	5,043
CURRENT ASSETS	
Licence fees receivable	18,523
Other debtors	10,337
Prepayments and accrued income	14,078
Short term fixed deposits (Original maturities 3 months or less)	-
Short term fixed deposits (Greater than 3 months)	50,000
Cash at bank and in hand	47,318
	140,256
CREDITORS: amounts falling due within one year	(145,249)
NET CURRENT LIABILITIES	(4,993)
TOTAL ASSETS LESS CURRENT LIABILITIES	50
PROVISIONS FOR LIABILITIES	(3,858)
NET LIABILITIES BEFORE PENSION LIABILITIES	(3,808)
NET PENSION LIABILITY	-
NET LIABILITIES	(3,808)
RESERVES	
Accumulated losses	(3,808)

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Accumulated Losses £000
Balance as at 1 January 2020	(5,835)
Result for the financial year	-
Other comprehensive expense for the year	(4,083)
Total comprehensive expense for the year	(4,083)
Balance as at 31 December 2020	(9,918)
Result for the financial year	-
Other comprehensive income for the year	6,110
Total comprehensive income for the year	6,110
Balance as at 31 December 2021	(3,808)

Cash Flow Statement
For the Year Ended 31 December 2021

	2021 £000
NET CASH FLOW FROM OPERATING ACTIVITIES	221,983
Taxation paid	-
	221,983
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of intangible fixed assets	(1,749)
Purchase of tangible fixed assets	(402)
Interest paid	(425)
Interest received	656
Cash (outflow) / inflow for investment	-
	(1,920)
CASH FLOW FROM FINANCING ACTIVITIES	
Anti-piracy protection and industry contributions paid	(3,218)
Payments to members	(206,512)
	(209,730)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	10,333
Cash and cash equivalents at the beginning of the year	36,985
	47,318
Cash and cash equivalents at the end of the year	47,318
Cash and cash equivalents comprises of:	
Cash at bank and in hand	47,318
Short term fixed deposits (Original maturities 3 months or less)	-
	47,318
Total cash and cash equivalents	47,318

Rights Revenue Collected and Associated Costs

The rights revenue collected during 2021 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	71,337	17,831	25%
Broadcast	82,383	11,533	14%
New Media	3,692	541	15%
Programme	628	93	15%
International	93,994	6,560	7%
Total	252,034	36,558	

- Public Performance revenue is generated by the licensing of businesses from sectors across the UK to play recorded music in public.
- Broadcast revenue is generated from the licensing of TV and radio broadcasters to include recorded music within their programming and the subsequent sale of programming after it has been broadcast on a UK channel.
- New Media revenue derives from licensing the inclusion of recorded music in certain types of webcast services and licensing broadcasters to make previously broadcast programming (containing recorded music) available on-demand - e.g. as listen-again or catch-up services.
- Programme revenue stems from licensing the supply of TV broadcast programmes and spoken-word radio programmes (containing recorded music) to the general public on DVD and/or CD.
- International revenue is collected on behalf of mandated members through PPL's network of agreements with CMOs in other countries.

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. PPL undertakes a full cost allocation exercise each year to determine the deduction of costs from each category of rights. This includes a detailed assessment of all costs incurred, including time spent by employees on certain activities. Direct costs of licensing and distribution are allocated directly to each category of rights revenue or category of membership depending upon the type of activity. Indirect costs that cannot be allocated directly are pro-rated across each category of rights in proportion to the revenue collected. The same methodology and cost rates are applied to both direct members and members of other CMOs.

During the year £0.4 million in interest income was generated from the investment of rights revenue. Interest income was pro-rated across the categories of UK rights revenue and offset against the costs attributed to that revenue type for the year.

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

Non-Management Cost Deductions

The 2021 costs included non-management cost deductions for anti-piracy protection and industry contributions and charitable donations as listed below:

Non-Management Costs	2021 £000
Anti-Piracy Protection and Industry Contributions	
BPI (British Recorded Music Industry) Limited	1,748
The International Federation of the Phonographic Industry	806
Impala	69
Association of Independent Music Limited	41
UK Music	543
Total Anti-Piracy Protection and Industry Contributions	3,207
Charitable Donations	
Hospital Broadcasting Association	33
Ivors Academy Trust	32
The Young Musicians Symphony Orchestra	5
Blues 100	1
Total Charitable Donations	71
Total Non-Management Costs	3,278

Non-management costs are pro-rated across each category of rights in proportion to revenue, with the exception of any charitable donations that relate to a specific rights category. The full allocation of non-management costs by rights type for 2021 was as follows:

Category of Rights	Anti-Piracy Protection and Industry Contributions £000	Charitable Donations £000
Public Performance	1,448	17
Broadcast	1,672	52
New Media	75	1
Programme	12	1
Total Non-Management Costs	3,207	71

Allocations of Rights Revenue

Total allocations of rights revenue processed during 2021 (UK revenue relates to income collected in 2020, an adjustment of UK revenue covering periods between 2014 and 2019 along with in year UK distribution of 2021 revenue), including those made to direct members as well as members of other CMOs, were as follows:

Allocations by Rights Category	2021 £000
Public Performance	50,091
Broadcast	64,645
New Media	2,323
Programme	3,329
International	79,190
Total	199,578

Payments of Rights Revenue

Total payments of rights revenue made during 2021, including those made to direct members as well as members of other CMOs, were as follows:

Payments	2021 £000
UK Revenue ¹	127,534
International Revenue	79,259
Payment Adjustments ²	15,423
Total	222,216

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, UK withholding taxes and interest.

The main annual distribution of 2020 UK revenue took place in June 2021, while payments of international revenue and adjustments relating to previous distributions took place at intervals throughout the year as shown below:

Payment Date	Payment Type
31 March 2021	Distribution closure payment for 2013 undistributed revenue International revenue
30 June 2021	Main annual payment of UK revenue collected in 2020 Adjustment of UK revenue collected during 2014-2019 International revenue
30 September 2021	International revenue
16 December 2021	First payment of revenue collected in 2021* International revenue Adjustment of UK revenue collected during 2014-2020

*Ahead of the main distribution in June 2022, of UK revenues collected in 2021, PPL made an "in year" UK revenue distribution in December 2021, covering an initial tranche of the UK revenues collected in 2021 totalling £25.1m (2020: £23.6m).

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 2020, £5.3 million (4.1% of the 2020 net distributable revenue) was first distributed to members in December 2021, three months outside the timescale set in Regulation 12(2). A total of £1.0 million (0.8%) remained undistributed to members at 31 December 2021.

PPL was prevented from distributing £1.0 million within the given timeframe due to objective reasons that are acknowledged under the Regulations. In particular, these include issues relating to reporting from the music users, and the matching of information on recordings used with recording data provided by right holders. The total included interim payments from several licensees which PPL held from distribution due to ongoing negotiations about the final terms and value of the relevant licences.

Held Revenue

Rights revenue that was unallocated to members as at 31 December 2021 (broken down by rights category and year of collection) is shown below:

Category of Rights	2015	2016	2017	2018	2019	2020	Total
	£000	£000	£000	£000	£000	£000	£000
Broadcast	991	1,031	1,171	1,431	2,372	3,398	10,393
Public Performance	995	1,234	1,379	1,421	2,205	1,938	9,172
New Media	33	31	31	44	71	79	289
Programme	119	40	50	50	69	101	429
International Income	105	271	205	176	422	606	1,786
Total	2,244	2,607	2,836	3,122	5,139	6,121	22,070
<i>% of Net Distributable Revenue</i>	<i>1%</i>	<i>1%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>3%</i>	<i>2%</i>

Of the net UK revenue collected in 2021 and available to be distributed to members in December 2021 (£25.1m), a total of £1.3 million remained undistributed to members at 31 December 2021.

PPL has continued to ensure that the amounts collected but not yet allocated to rights holders and performers are minimised. This has resulted in only a very small percentage remaining unallocated at the time of publishing the report. Continued improvements to systems, processes and policies have ensured the first-time pay-through rate remains above 95%, whilst also enabling further increases to pay-through for older collection periods. PPL works with its members and other CMOs to continually improve repertoire and member data quality, and has also developed distribution policy to increase the efficiency of its distributions.

There was also an additional £2.0 million in international income, collected between 2004 and 2014, that remained unallocated at year-end.

Rights revenue that was allocated but unpaid at 31 December 2021, due to member accounts being on hold for such reasons as PPL awaiting the completion of performer registrations or awaiting valid bank details, was £10.8 million.

Non-Distributable Revenue

PPL operates a distribution closure process (in accordance with its general policy on non-distributable amounts, as adopted by PPL's AGM) whereby any undistributed revenue after a period of 6 years from the point of first distribution is re-allocated to members. This measure is in line with the applicable 6-year statutory limitation period and means that PPL no longer accepts claims from members in relation to music which was used in a year once it is closed. As at 31 December 2021, there was £1.8 million of rights revenue collected in 2014 that remained undistributed. The 2014 year was closed in accordance with the approved process and these funds were paid to members in March 2022, with £643,301 donated to industry causes (£600,000 under a partnership with the PRS for Music Foundation as funding for new music and talent development and £43,301 to the British Association For Performing Arts Medicine).

During 2021, PPL contributed £0.275 million from non-distributable revenues to three of the music industry's hardship funds set up as a result of the COVID-19 pandemic to help support the music community, as listed below:

Contributions to Hardship Funds	2021 £000
Help Musicians Coronavirus Financial Hardship Fund	100
Music Managers Forum ReBuild Fund	100
Stage Hand Covid-19 Crew Relief Fund	75
Total Contributions	275

Collective Management Organisations (CMOs)

As at 31 December 2021, PPL had over 100 international representation agreements with other CMOs, including a new agreement signed with ISRA (India, bilateral performer agreement).

In 2021, a first-time payment was received under the agreement from the following rightsholder CMOs: PPL (India), IPF (Slovenia) and PHONORIGHTS (Thailand). A first-time payment was also received under the agreement from the following performer CMO: ULCRR (Ukraine).

International revenue received from other CMOs and paid to PPL members, as well as revenue collected by PPL and passed onto CMOs for their members during 2021 is split by CMO and territory below. In relation to the table below:

- “CMO revenue received” figures are shown net of any costs deducted by other CMOs before the funds were passed onto PPL.
- “CMO revenue paid to members” includes revenue received in 2021 and previous years from other CMOs that was paid to PPL’s direct members in 2021. It is shown net of costs deducted by PPL (details of which are provided above).
- “PPL revenue paid to CMOs” includes all PPL revenue that was paid to members of other CMOs and is shown net of costs deducted by PPL (details provided above).
- For all revenue reported below, PPL is unable to provide a further split by category of rights.

Collective Management Organisation (CMO)	Territory	Member Type	CMO Revenue Received	CMO Revenue Paid to Members	PPL Revenue Paid to CMOs
			2021 (£'000)	2021 (£'000)	2021 (£'000)
AKDIE	Albania	Performer	2	0	-
CAPIF	Argentina	Recording Rightsholder	-	-	1
PPCA	Australia	Performer	43	67	-
PPCA	Australia	Recording Rightsholder	403	653	8
LSG	Austria	Performer	1,245	1,109	58
LSG	Austria	Recording Rightsholder	207	179	2
Playright	Belgium	Performer	2,658	1,689	48
SIMIM	Belgium	Recording Rightsholder	215	249	5
ABRAMUS	Brazil	Performer	527	684	8
ABRAMUS	Brazil	Recording Rightsholder	37	90	0
SOCINPRO	Brazil	Performer	-	-	4
UBC	Brazil	Performer	-	-	30
PROPHON	Bulgaria	Performer	-	62	0
PROPHON	Bulgaria	Recording Rightsholder	60	1	1
ACTRA	Canada	Performer	720	635	323
ARTISTI	Canada	Performer	-	-	22
Connect ML	Canada	Recording Rightsholder	236	224	15
MROC	Canada	Performer	-	-	87
SOPROQ	Canada	Recording Rightsholder	-	-	2
HUZIP	Croatia	Performer	143	131	2
ZAPRAF	Croatia	Recording Rightsholder	12	15	0
INTERGRAM	Czech Republic	Performer	240	217	101
INTERGRAM	Czech Republic	Recording Rightsholder	62	64	2
GRAMEX DK	Denmark	Performer	1,208	1,359	107
GRAMEX DK	Denmark	Recording Rightsholder	155	216	9
MPO	Denmark	Recording Rightsholder	137	132	-
SODINPRO	Dominican Republic	Recording Rightsholder	-	-	0
SOPROFON	Ecuador	Recording Rightsholder	-	-	0
EEL	Estonia	Performer	8	4	1
EFU	Estonia	Recording Rightsholder	122	82	1
GRAMEX FIN	Finland	Performer	745	1,079	32
GRAMEX FIN	Finland	Recording Rightsholder	115	127	2
ADAMI	France	Performer	3,357	1,826	204
SCPP	France	Recording Rightsholder	415	393	25
SPEDIDAM	France	Performer	5,030	6,337	71
SPPF	France	Recording Rightsholder	30	34	23
GCA	Georgia	Performer	-	0	0
GVL	Germany	Performer	39,240	28,263	491
GVL	Germany	Recording Rightsholder	1,477	1,367	52
APOLLON	Greece	Performer	-	0	1
ERATO	Greece	Performer	-	1	3
GRAMMO	Greece	Recording Rightsholder	23	0	4
EJI	Hungary	Performer	831	710	5
Mahasz	Hungary	Recording Rightsholder	161	142	1
SFH	Iceland	Performer	36	30	2
ISRA	India	Performer	-	-	4
PPL INDIA	India	Recording Rightsholder	14	12	0

Collective Management Organisation (CMO)	Territory	Member Type	CMO Revenue Received	CMO Revenue Paid to Members	PPL Revenue Paid to CMOs
			2021 (£'000)	2021 (£'000)	2021 (£'000)
PPI	Ireland	Recording Rightsholder	135	173	62
RAAP	Ireland	Performer	387	585	304
IFPI ISRAEL	Israel	Recording Rightsholder	-	-	2
IMAIE	Italy	Performer	94	82	-
ITSRIGHT	Italy	Performer	-	-	52
ITSRIGHT	Italy	Recording Rightsholder	-	-	23
NUOVO IMAIE	Italy	Performer	3,791	3,364	57
SCF	Italy	Recording Rightsholder	167	65	20
JAMMS	Jamaica	Recording Rightsholder	3	4	23
JAMMS	Jamaica	Performer	-	-	35
CPRA	Japan	Performer	1,033	1,110	60
RIAJ	Japan	Recording Rightsholder	183	148	28
FKMP	Korea	Performer	165	144	29
RIAK	Korea	Recording Rightsholder	2	2	-
LAIPA	Latvia	Performer	215	113	1
LAIPA	Latvia	Recording Rightsholder	36	19	1
AGATA	Lithuania	Performer	178	305	1
AGATA	Lithuania	Recording Rightsholder	23	34	-
PPM	Malaysia	Recording Rightsholder	29	4	1
RPM	Malaysia	Performer	-	-	0
SOMEXFON	Mexico	Recording Rightsholder	-	-	2
Norma	Netherlands	Performer	242	236	-
SENA	Netherlands	Performer	3,352	2,678	273
SENA	Netherlands	Recording Rightsholder	576	502	57
STAP	Netherlands	Recording Rightsholder	13	8	-
Recorded Music NZ	New Zealand	Recording Rightsholder	123	100	11
Coson	Nigeria	Recording Rightsholder	-	0	-
GRAMO	Norway	Performer	890	863	61
GRAMO	Norway	Recording Rightsholder	68	110	-
NORWACO	Norway	Performer	199	217	-
PANAIIE Performer	Panama	Performer	2	1	-
PRODUCE	Panama	Recording Rightsholder	-	-	0
AIE Paraguay ¹	Paraguay	Performer	-	0	-
UNIMPRO	Peru	Recording Rightsholder	-	-	0
SAWP	Poland	Performer	37	40	2
Stoart	Poland	Performer	1,090	695	13
ZPAV	Poland	Recording Rightsholder	27	54	3
GDA	Portugal	Performer	521	64	3
AUDIOGEST	Portugal	Recording Rightsholder	155	86	12
CREDIDAM	Romania	Performer	133	9	1
UPFR	Romania	Recording Rightsholder	20	4	0
RUR	Russia	Performer	-	0	-
VOIS	Russia	Performer	8	0	2
VOIS	Russia	Recording Rightsholder	4	0	-
OFFPS	Serbia	Recording Rightsholder	7	6	-
PI	Serbia	Performer	0	110	1
RIPS	Singapore	Recording Rightsholder	-	-	1
SLOVGRAM	Slovakia	Performer	33	48	2
SLOVGRAM	Slovakia	Recording Rightsholder	-	4	0
IPF	Slovenia	Performer	-	129	0
IPF	Slovenia	Recording Rightsholder	2	-	0
SAMPRA	South Africa	Performer	294	385	4
SAMPRA	South Africa	Recording Rightsholder	43	4	4
AGEDI	Spain	Recording Rightsholder	315	255	32
AIE	Spain	Performer	1,985	1,592	113
IFPI SWEDEN	Sweden	Recording Rightsholder	278	218	8
SAMI	Sweden	Performer	2,310	1,809	524
IFPI SWITZERLAND	Switzerland	Recording Rightsholder	-	0	4
SWISSPERFORM	Switzerland	Performer	1,956	1,140	19
SWISSPERFORM	Switzerland	Recording Rightsholder	-	24	-
ARCO	Taiwan	Recording Rightsholder	-	-	1
PHONORIGHTS (Thailand) Lt	Thailand	Recording Rightsholder	1	1	3
ULCRR	Ukraine	Performer	21	-	1
ULCRR	Ukraine	Recording Rightsholder	8	8	-
UMA	Ukraine	Performer	-	0	1
UMA	Ukraine	Recording Rightsholder	-	0	-
AARC	United States	Performer	61	33	-
AARC	United States	Recording Rightsholder	2	0	-
SoundExchange	United States	Performer	9,311	7,811	1,052
SoundExchange	United States	Recording Rightsholder	1,479	1,626	140
The Fund	United States	Performer	2,076	1,887	1,170
Camara Uruguaya del Disco	Uruguay	Recording Rightsholder	-	-	0
Total			93,994	77,091	5,971

¹ Via agreement with AIE.



The Directors
Phonographic Performance Limited
1 Upper James Street
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W1F 9DE

12 April 2022

Dear Ladies and Gentlemen

Agreed-upon procedures report of factual findings in connection with 2021 Transparency Report

Purpose of this Agreed-Upon Procedures Report

This report is produced in accordance with the terms of our agreement dated 22 March 2022. The procedures were performed solely to assist the company in fulfilling its reporting obligations under Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 (the “Regulations”) and may not be suitable for another purpose.

Your Responsibilities

The directors of Phonographic Performance Limited (the “company”) have prepared the 2021 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”).

You are responsible for determining that the scope of the services is sufficient for your purposes and have confirmed that the procedures described herein are appropriate for the purpose for which of the services were engaged.

Our Responsibilities

We have performed the procedures agreed with you and listed below on the 2021 Transparency Report. Our work was performed in accordance with the International Standard on Related Services (ISRS) 4400 (Revised) ‘Agreed-Upon Procedures Engagements.’

We have complied with the ethical requirements in the Code of Ethics issued by the Institute of Chartered Accountants of England and Wales. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

An agreed-upon procedures engagement involves performing the procedures that have been agreed with you, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

We have applied International Standard on Quality Control (ISQC) 1 ‘Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements’, and accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Procedures and Findings

We performed the following procedures:

Required Procedures	Work performed
1. We will perform the procedures set out in paragraphs 2-20 and report to Phonographic Performance Limited (“PPL”) 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 Phonographic Performance Limited’s (“PPL”) statutory financial statements for the year ended 31 December 2021.	We performed the procedures as set out with no matters to report.
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: <ul style="list-style-type: none"> • agree the aggregate amounts deducted to PPL’s statutory financial statements/underlying financial systems; • agree the totals in the analysis to the disclosure in PPL’s Transparency Report; and • select a sample of items and: <ul style="list-style-type: none"> ○ 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 PPL’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: <ul style="list-style-type: none"> - check that the method of allocation was consistent with PPL’s disclosure in accordance with the Regulations; and - recalculate the allocation of the cost across the categories. 	We performed the procedures as set out with no matters to report.



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 PPL's statutory financial statements/underlying financial systems;
- agree the totals in the analysis to the disclosure in PPL'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 PPL 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 PPL'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:

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

- agree the aggregate cost to PPL's statutory financial statements/underlying financial systems;
 - agree the totals in the analysis to the disclosure in the PPL'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 PPL 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 PPL disclosure in accordance with the Regulations.
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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:

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

- agree the aggregate cost to PPL's statutory financial statements/underlying financial systems;
 - agree the totals in the analysis to the disclosure in PPL's Transparency Report;
 - select a sample of items and:
 - agree the items directly to invoices or other third party documentation; and
 - 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 PPL's disclosure in accordance with the Regulations
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<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 PPL’s statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in PPL’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 PPL relate to the management of rights and therefore this procedure has been tested as part of procedure 6 above. Costs not associated with the management of rights have been tested as part of procedure 3.</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 PPL’s statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in PPL’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 PPL does not require external funding in order to cover costs. A disclosure to this effect has been included on page 8 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 PPL’s statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in PPL’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 PPL 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 PPL'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 PPL's statutory financial statements/underlying financial systems;
- agree the totals in the analysis to the disclosure in PPL'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 PPL'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 PPL’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 PPL 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 PPL 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 PPL 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 PPL’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 PPL’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.

PwC has performed all of these procedures with no matters to report except that we have been unable to agree the totals for each category of rights managed as this information is not always made available to PPL by other CMOs and has not been disclosed in the report.



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 PPL’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.

We understand that PPL have allocated costs associated with CMO revenue using the same method as for other revenue streams as set out on page 8 of the Annual Transparency Report. The disclosure has therefore been tested as part of our testing for procedures 6 and 11.

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 PPL’s Transparency Report; and
- select a sample of items and agree them to:
 - bank receipts from PPL and payments to the right holders; and
 - supporting documentation evidencing that the receipt from PPL was due to the right holders.

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

19. We will read the other financial and non-financial information presented within and with PPL’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.



Our procedures, as stated in our agreement, did not constitute an audit or assurance engagement made in accordance with generally accepted auditing or assurance standards, the objective of which would be the expression of assurance on the contents of the 2021 Transparency Report. We do not express such assurance. Had we performed additional procedures or had we performed an audit or assurance engagement on the 2021 Transparency Report, other matters might have come to our attention that we would have reported to you. This report relates only to the 2021 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', with a horizontal line underneath.

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 April 2022



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.