

Phonographic Performance Limited (PPL)

2023 Transparency Report

This transparency report relates to PPL's financial year ended 31 December 2023 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 (Revised), Agreed-Upon Procedures Engagements' 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 2023 and such information has therefore been subject to audit by PricewaterhouseCoopers LLP, and their audit report is included with PPL's 2023 financial statements.

Activities during the year

The principal activity of PPL during 2023 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 2023 can be found in PPL's respective Annual Review.

Financial Results

2023 saw continued growth for PPL with total licence fee income of £283.5m (2022: £272.6m) and net distributable revenue reaching £247.2m (2022: £234.5m).

Distributions

Almost 150,000 performers received at least one payment from PPL in 2023 (2022: 150,000) together with just over 15,000 recording rights holders (2022: 15,000). PPL continues to maintain a high pay-through rate in its distributions of revenue and achieved a 95.4% pay-through of 2022 collections made available to distribute by 30 June 2023.

Business Review

Financially, 2023 was a strong year for PPL, with growth in income across all areas of UK licensing activity. Of particular significance was the continued growth seen in public performance and dubbing income, where 2023 saw an annual increase of 11%.

International income reached £75.4m, compared to £77.8m in 2022, with the small annual decline being predominantly driven by exceptional payments from certain territories, relating to multiple past periods, being received in 2022. Despite this PPL saw underlying growth in the number of agreements with overseas territories as well as a rise in the number of performers choosing to use PPL for their international collections.

Costs as a percentage of income decreased to 13.0% in 2023 from 13.3% in 2022, through a combination of growth in income and careful management of annual operating costs.

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 2023, 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 2023

Roxanne de Bastion
Soriya Clayton
Jackie Davidson
Joy Ellington
Julian French
Rob Gruschke
Nick Hartley
Hannah Joseph
David Lee
Peter Lale (appointed 16 November 2023)
Peter Leatham OBE
Sarah Mitchell
Charlotte Saxe
Chris Smith
John Smith
Michael Smith
Peter Thoms (resigned 16 November 2023)
Horace Trubridge

Board Remuneration

The remuneration paid in 2023 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 £891,775 and remuneration paid to the Chairman amounted to £82,774. 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 2023 to PPL's non-executive board directors (who exercise the supervisory function under Regulation 8), by way of meeting attendance fees, amounted to £103,737.

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 2023, 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 is to review and approve proposed distributions of revenue to PPL members (and the rules and processes underpinning them).
- The Remuneration Committee's role is to review executive remuneration. This is the one committee which consists 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 2023 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.

PHONOGRAPHIC PERFORMANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000
LICENCE FEE INCOME	283,546
Cost of collection and distribution	(36,745)
NET INCOME BEFORE INTEREST AND TAXATION	246,801
Interest receivable and similar income	4,503
Interest payable and similar expense	(493)
NET INCOME BEFORE TAXATION	250,811
Tax on profit	-
AMOUNT AVAILABLE FOR DISTRIBUTION	250,811
Anti-piracy protection and industry contributions	(3,622)
Amount to be distributed	(247,189)
RETAINED RESERVES	-
TOTAL COMPREHENSIVE RESULT FOR THE YEAR	-
Cost to income ratio	13.0%

PHONOGRAPHIC PERFORMANCE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	2023
	£000
FIXED ASSETS	
Intangible assets	4,031
Tangible assets	1,735
Investments	50
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	5,816
CURRENT ASSETS	
Licence fees receivable	19,375
Other debtors	6,093
Prepayments and accrued income	17,275
Short term fixed deposits (Greater than 3 months)	75,000
Cash at bank and in hand	30,290
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	148,033
CREDITORS: amounts falling due within one year	(156,770)
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NET CURRENT (LIABILITIES)	(8,737)
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TOTAL ASSETS LESS CURRENT LIABILITIES	(2,921)
PROVISIONS FOR LIABILITIES	(887)
NET LIABILITIES BEFORE PENSION LIABILITIES	(3,808)
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NET LIABILITIES	(3,808)
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RESERVES	
Accumulated losses	(3,808)
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PHONOGRAPHIC PERFORMANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Accumulated losses £000
Balance as at 1 January 2022	(3,808)
Result for the financial year	-
Other comprehensive result for the year	-
Total comprehensive result for the year	-
Balance as at 31 December 2022	(3,808)
Result for the financial year	-
Other comprehensive result for the year	-
Total comprehensive result for the year	-
Balance as at 31 December 2023	<u>(3,808)</u>

PHONOGRAPHIC PERFORMANCE LIMITED

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000
CASHFLOWS FROM OPERATING ACTIVITIES	
Net cash from operating activities	242,323
Anti-piracy protection and industry contributions paid	(3,622)
Amounts distributed	(252,697)
Interest paid	(493)
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Net cash (used in) / generated from operating activities	(14,489)
 CASHFLOWS FROM INVESTING ACTIVITIES	
Purchase of intangible fixed assets	(1,348)
Purchase of tangible fixed assets	(1,322)
Interest received	3,040
Repayments from joint venture loan facility	1,307
Proceeds from short term fixed deposits	60,000
Purchases of short term fixed deposits	(55,000)
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Net cash generated from / (used in) investing activities	6,677
 NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,812)
 Cash and cash equivalents at the beginning of the year	<hr/> 38,102
 Cash and cash equivalents at the end of the year	<hr/> 30,290 <hr/>
 Cash and cash equivalents comprises:	
Cash at bank and in hand	30,290
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Total cash and cash equivalents	<hr/> 30,290 <hr/>

Rights Revenue Collected and Associated Costs

The rights revenue collected during 2023 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	115,919	20,596	18%
Broadcast	89,833	9,470	11%
New Media	6,259	679	11%
Programme	336	37	11%
International	75,399	5,251	7%
Total	287,746	36,033	

- Public Performance revenue is generated by the licensing of businesses from sectors across the UK to play recorded music in public. Also included in this category are dubbing revenues, which are generated through the licensing of copying PPL repertoire by specialist companies that provide music services to businesses.
- 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 £4.5 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 2023 costs included non-management cost deductions for anti-piracy protection and industry contributions and charitable donations as listed below:

Non-Management Costs	2023 £000
Anti-Piracy Protection and Industry Contributions	
BPI (British Recorded Music Industry) Limited	1,881
The International Federation of the Phonographic Industry	920
UK Music	688
AIM / Impala	133
Total Anti-Piracy Protection and Industry Contributions	3,622
Charitable Donations	
Music Venue Trust	10
Total Charitable Donations	10
Total Non-Management Costs	3,632

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 2023 was as follows:

Category of Rights	Anti-Piracy Protection and Industry Contributions £000	Charitable Donations £000
Public Performance	1,977	10
Broadcast	1,532	0
New Media	107	0
Programme	6	0
Total Non-Management Costs	3,622	10

Allocations of Rights Revenue

Total allocations of rights revenue processed during 2023 (UK revenue relates to income collected in 2022, an adjustment of UK revenue covering periods between 2016 and 2021 along with an in-year UK distribution of 2023 revenue), including those made to direct members as well as members of other CMOs, were as follows:

Allocations by Rights Category	2023 £000
Broadcast	78,612
Public Performance	81,370
Programme	506
New Media	4,118
International	69,650
Total	234,256

Payments of Rights Revenue

Total payments of rights revenue made during 2023, including those made to direct members as well as members of other CMOs, were as follows:

Payments	2023 £000
UK Revenue ¹	180,216
International Revenue	70,910
Payment Adjustments ²	20,725
Total	271,851

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

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

The main annual distribution of 2022 UK revenue took place in June 2023, 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 2023	Distribution closure payment for 2015 undistributed revenue International revenue
30 June 2023	Main annual payment of UK revenue collected in 2022 Adjustment of UK revenue collected during 2016-2021 International revenue
29 September 2023	International revenue
14 December 2023	First payment of revenue collected in 2023* International revenue Adjustment of UK revenue collected during 2016-2022

*Ahead of the main distribution in June 2024, of UK revenues collected in 2023, PPL made an “in-year” UK revenue distribution in December 2023, covering an initial tranche of the UK revenues collected in 2023 and totalling £46.5m (2022: £39.2m.)

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 2022, £5.9 million (3.7% of the 2022 net distributable revenue) was first distributed to members in December 2023, three months outside the timescale set in Regulation 12(2). This was predominantly due to issues relating to the receipt of reporting from the music users, and the matching of information on recordings used with recording data provided by right holders. A total of £0.4 million remained unallocated to members at 31 December 2023.

PPL was prevented from distributing £0.4 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 2023 (broken down by rights category and year of collection) is shown below:

Category of Rights	2017	2018	2019	2020	2021	2022	Total
	£000	£000	£000	£000	£000	£000	£000
Broadcast	2,337	2,405	1,395	1,638	2,132	2,772	12,678
Public Performance	14	9	1,516	1,087	1,625	3,076	7,327
New Media	16	43	67	73	97	132	428
Programme	10	18	13	12	11	18	83
International Income	125	28	147	233	99	491	1,123
Total	2,502	2,502	3,138	3,043	3,965	6,489	21,639
<i>% of Net Distributable Revenue</i>	1%	1%	1%	2%	2%	3%	2%

Of the net UK revenue collected in 2023 and available to be distributed to members in December 2023 (£46.5m), a total of £2.4 million remained undistributed to members at 31 December 2023.

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 £0.3 million in international income, collected in 2016, that remained unallocated at year-end.

Rights revenue that was allocated but unpaid at 31 December 2023, due to member accounts being on hold for such reasons as PPL awaiting the completion of performer registrations or awaiting valid bank details, was £13.2 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 UK revenue after a period of 6 years from the point of first distribution is made available for reallocation to members or to music industry causes approved for funding by the PPL Board or Performer Board. 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 2023, there was £2.2 million of UK rights revenue collected in 2016 that remained undistributed. The 2016 year was closed in accordance with the approved process and remaining funds were made available for payment, where applicable to members, in March 2024.

There is a similar closure process in respect of international revenue. As at 31 December 2023, there was £0.3 million of International revenue collected during 2016 that remained undistributed. This was also closed in March 2024.

During 2023, PPL contributed £0.9m from non-distributable UK revenues to industry causes, as listed below:

Contributions to Music Industry Causes	2023 £000
PRS for Music Foundation	600
Music Minds Matter	100
BAPAM	75
The BRIT School	40
Curve Theatre	30
ELAM (East London Arts & Music)	25
Jazz re:refreshed	10
Tomorrow's Warriors	10
Lady of the House	10
LPMAM (London Performing Academy of Music)	9
The Young Musicians Symphony Orchestra	5
Total Contributions	914

Collective Management Organisations (CMOs)

As at 31st December 2023, PPL had 111 International agreements with CMOs across 51 countries. PPL received a first time payment from two new CMOs in 2023; Musicartes, Guatemala and SELMI, Indonesia.

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 2023, 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 2023 and previous years from other CMOs that was paid to PPL’s direct members in 2023. 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
			2023 (£'000)	2023 (£'000)	2023 (£'000)
AKDIE	Albania	Performer	7	5	-
CAPIF	Argentina	Recording Rightsholder	-	-	2
PPCA	Australia	Performer	44	26	-
PPCA	Australia	Recording Rightsholder	768	490	27
LSG	Austria	Performer	1,483	62	83
LSG	Austria	Recording Rightsholder	349	346	5
Playright	Belgium	Performer	2,677	1,496	81
SIMM	Belgium	Recording Rightsholder	490	497	11
ABRAMUS	Brazil	Performer	1,030	1,120	10
ABRAMUS	Brazil	Recording Rightsholder	94	82	-
SOCINPRO	Brazil	Performer	-	-	3
UBC	Brazil	Performer	-	-	10
PROPHON	Bulgaria	Performer	-	307	-
PROPHON	Bulgaria	Recording Rightsholder	15	1	2
ACTRA	Canada	Performer	1,633	1,061	250
ARTISTI	Canada	Performer	-	-	30
Connect ML	Canada	Recording Rightsholder	123	109	30
MROC	Canada	Performer	-	-	118
SOPROQ	Canada	Recording Rightsholder	-	-	4
HUZIP	Croatia	Performer	197	229	5
ZAPRAF	Croatia	Recording Rightsholder	20	22	1
INTERGRAM	Czech Republic	Performer	361	65	109
INTERGRAM	Czech Republic	Recording Rightsholder	98	148	5
GRAMEX DK	Denmark	Performer	1,857	1,250	126
GRAMEX DK	Denmark	Recording Rightsholder	193	7	11
MPO	Denmark	Recording Rightsholder	70	2	-
EEL	Estonia	Performer	52	15	3
EFU	Estonia	Recording Rightsholder	44	41	2
GRAMEX FIN	Finland	Performer	1,000	787	41
GRAMEX FIN	Finland	Recording Rightsholder	97	139	6
ADAMI	France	Performer	2,813	3,517	210
SCPP	France	Recording Rightsholder	472	349	19
SPEDIDAM	France	Performer	5,082	8,985	101
SPPF	France	Recording Rightsholder	9	4	34
GCA	Georgia	Performer	26	25	-
GVL	Germany	Performer	12,063	10,598	626
GVL	Germany	Recording Rightsholder	1,091	997	85
APOLLON	Greece	Performer	60	51	1
ERATO	Greece	Performer	-	1	2
GRAMMO	Greece	Recording Rightsholder	72	5	10
MUSICARTES	Guatemala	Performer	4	-	-
EJI	Hungary	Performer	647	430	12
Mahasz	Hungary	Recording Rightsholder	129	76	2
SFH	Iceland	Performer	259	147	3
ISRA	India	Performer	-	-	67
PPL INDIA	India	Recording Rightsholder	10	1	2
SELM	Indonesia	Recording Rightsholder	2	-	-
PPI	Ireland	Performer	1,316	620	-
PPI	Ireland	Recording Rightsholder	233	165	89
RAAP	Ireland	Performer	50	211	370
IFPI ISRAEL	Israel	Recording Rightsholder	-	-	4
IMAIE	Italy	Performer	62	386	-
ITSRIGHT	Italy	Performer	-	-	75
ITSRIGHT	Italy	Recording Rightsholder	-	-	6
NUOVO IMAIE	Italy	Performer	3,599	2,560	57
SCF	Italy	Recording Rightsholder	173	260	38
JAMMS	Jamaica	Performer	-	-	35
JAMMS	Jamaica	Recording Rightsholder	8	3	30
CPRA	Japan	Performer	954	786	79
RIAJ	Japan	Recording Rightsholder	147	138	35
AMANAT	Kazakhstan	Performer	4	12	-
FKMP	Korea	Performer	227	190	69

Collective Management Organisation (CMO)	Territory	Member Type	CMO Revenue Received	CMO Revenue Paid to Members	PPL Revenue Paid to CMOs
			2023 (£'000)	2023 (£'000)	2023 (£'000)
LAIPA	Latvia	Performer	300	2	1
LAIPA	Latvia	Recording Rightsholder	56	-	3
AGATA	Lithuania	Performer	-	168	2
AGATA	Lithuania	Recording Rightsholder	27	1	-
PPM	Malaysia	Recording Rightsholder	2	4	1
RPM	Malaysia	Performer	23	216	1
SOMEXFON	Mexico	Recording Rightsholder	-	-	4
Norma	Netherlands	Performer	214	187	-
SENA	Netherlands	Performer	2,972	3,301	349
SENA	Netherlands	Recording Rightsholder	248	427	120
STAP	Netherlands	Recording Rightsholder	16	-	-
Recorded Music NZ	New Zealand	Recording Rightsholder	141	146	20
GRAMO	Norway	Performer	1,037	920	111
GRAMO	Norway	Recording Rightsholder	56	75	31
NORWACO	Norway	Performer	-	18	-
PANAIE	Panama	Performer	7	-	-
SGP	Paraguay	Recording Rightsholder	-	-	1
SAWP	Poland	Performer	44	37	2
Stoart	Poland	Performer	1,492	1,134	16
ZPAV	Poland	Recording Rightsholder	28	13	12
GDA	Portugal	Performer	866	568	9
AUDIOGEST	Portugal	Recording Rightsholder	101	202	9
CREDIDAM	Romania	Performer	97	83	6
UPFR	Romania	Recording Rightsholder	52	24	-
VOIS	Russia	Performer	-	1	-
PI	Serbia	Performer	-	104	1
OFPS	Serbia	Recording Rightsholder	-	1	-
SLOVGRAM	Slovakia	Performer	-	43	2
SLOVGRAM	Slovakia	Recording Rightsholder	74	65	-
IPF	Slovenia	Performer	164	141	1
SAMPRA	South Africa	Performer	313	62	5
SAMPRA	South Africa	Recording Rightsholder	17	1	2
AGEDI	Spain	Recording Rightsholder	334	218	36
AIE	Spain	Performer	2,794	2,197	140
IFPI	Sweden	Recording Rightsholder	286	253	91
SAMI	Sweden	Performer	1,659	1,138	761
IFPI SWITZERLAND	Switzerland	Recording Rightsholder	-	-	13
SWISSPERFORM	Switzerland	Performer	1,991	1,404	59
SWISSPERFORM	Switzerland	Recording Rightsholder	154	28	-
ARCO	Taiwan	Recording Rightsholder	-	-	1
PHONOGRAPHIC THAILAND	Thailand	Recording Rightsholder	-	1	-
PNR	Thailand	Recording Rightsholder	6	3	-
ULCRR	Ukraine	Performer	-	-	1
ULCRR	Ukraine	Recording Rightsholder	1	1	-
UMA	Ukraine	Performer	-	-	1
AARC	United States	Performer	-	1	-
SoundExchange	United States	Performer	11,350	9,283	1,521
SoundExchange	United States	Recording Rightsholder	1,651	1,561	542
The Fund	United States	Performer	2,201	2,051	1,600
Camara Uruguay del Disco	Uruguay	Recording Rightsholder	-	-	1
Total			72,864	64,907	8,512



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

22 April 2024

Dear Ladies and Gentlemen

Agreed-upon procedures report of factual findings in connection with the 2023 Transparency Report

Purpose of this Agreed-Upon Procedures Report

This report is produced in accordance with the terms of our agreement dated 15 April 2024. 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 2023 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 2023 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.



Procedures and Findings

We performed the following procedures:

Procedures	Work performed
<p>1. We will perform the procedures set out in paragraphs 2-20 and report to Phonographic Performance Limited (“PPL”) the results of our work.</p>	<p>See below for procedures performed.</p>
<p>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 2023.</p>	<p>We performed the procedures as set out with no matters to report.</p>
<p>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:</p> <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. 	<p>We performed the procedures as set out with no matters to report.</p>



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 have performed all procedures listed except for the agreement of items to payments supporting evidence as the data relating to these items is not disaggregated in this manner in PPL's systems and the information is not available to be disclosed.

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 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 10 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 categorisation; and
 - check that the category of rights managed and type of use to which PPL has allocated the income is consistent with the third party evidence; 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.



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 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

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.

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:

- 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 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.

As disclosed in the Annual Transparency Report, all costs associated with PPL relate to the management of rights and these have been tested as part of procedure 6 above. Costs relating to social, cultural and educational services have been tested as part of procedure 3.

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:

- 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.

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.



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:
- 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:
 - agree the items directly to third party documentation; and
 - check that the third party documentation is consistent with their categorisation.

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.

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.

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

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.

The indirect costs are split in the cost of collection and distribution. These have been tested as part of procedure 6 above.

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 select a sample of 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 payments and ensure the explanation of the use to which the amounts were put agrees to source documentation.

We performed the procedures as set out with 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 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 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.

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 2-18, 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 2023 Transparency Report. We do not express such assurance. Had we performed additional procedures or had we performed an audit or assurance engagement on the Transparency Report, other matters might have come to our attention that we would have reported to you. This report relates only to the 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,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
22 April 2024

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.

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