PPL

75 YEARS
1934 – 2009

ANNUAL REPORT 2008

CONTENTS

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Fran Nervkla
Phonographic Performance Ltd

Dear Fran

As PPL celebrates its 75th anniversary, its place at the centre of the British music industry is more vital than ever. As the pace of change in people's listening habits shows no sign of slowing down, it is essential that revenue from an increasingly diverse range of outlets continues to find its way to the artists, performers and record companies whose work keeps Britain at the centre of the world music stage.

ANDY BURNHAM

INVESTOR IN PEOPLE

improving the quality of life for all

CHAIRMAN AND CEO'S STATEMENT

75 YEARS OF PPL – A SIGNIFICANT INDUSTRY MILESTONE

MUSIC MOVES US, IN WAYS THE SCIENTISTS ARE BARELY BEGINNING TO UNDERSTAND. YET WE SEE ITS POWER IN EVERYDAY LIFE, THE POWER TO HEAL, RELAX, MOTIVATE, ENERGISE AND INSPIRE, AT HOME AND AT WORK.

ARTISTS AND RECORD COMPANIES HAVE ALREADY TRANSFORMED OUR LIVES AND CONTINUE TO POUR THEIR TALENT INTO NEW RECORDINGS TO ENRICH THEM FURTHER. OUR ROLE AT PPL IS TO ENSURE THOSE ARTISTS AND RECORD COMPANIES ARE REWARDED FOR THE VALUE THEY BRING, PARTICULARLY TO BUSINESSES WHO USE MUSIC TO ENHANCE THEIR WORKING ENVIRONMENT.
MUSIC WORKS... AND MUSIC PAYS.

OUR 75TH ANNIVERSARY THIS YEAR MARKS OUR TRANSFORMATION FROM HUMBLE ORIGINS GENERATING A FEW SHILLINGS FROM A CAFÉ IN 1934, TO BECOMING A MAJOR REVENUE SOURCE FOR ALL PERFORMERS AND RECORD COMPANIES.

LICENCE FEE INCOME £

127.6M +11%

'WE HAVE A RELATIONSHIP WITH OUR STAKEHOLDERS WHICH GUARANTEES TRANSPARENCY AND ACCOUNTABILITY, AND THEIR CONSTANT INPUT ENSURES THAT WE KEEP MOVING IN THE RIGHT DIRECTION. LONG MAY THIS PRECIOUS TWO-WAY RELATIONSHIP CONTINUE.'

As you will read in this annual report we have grown several areas of our business more in the last five years than in the preceding seventy. We grow, we change and we respond to our stakeholders. We are proud to serve our members but, at the same time, we are committed to working closely with all our licensees, many of whom are going through periods of major upheaval.

This broad review of our business in 2008 comes at a time of much change. But at its core is something timeless. Music works for all of us, in good times and in bad. And PPL will go on ensuring that we value those who enrich our lives.

Whilst this report is designed to review PPL's performance and results during 2008, the document will be presented to the AGM in June 2009 which marks 75 years of PPL.

From a personal point of view I feel very proud and exceptionally privileged to be at the helm of PPL on this special 75th Anniversary. This is particularly true as the organisation has grown in stature and has been performing an increasingly important role at the heart of the record industry by acting on behalf of all individual performers and all record companies.

Yes, 2008 was yet another successful year for PPL. Top line income grew to an impressive £127.6 million which represents an 11% increase year-on-year. Public performance income alone grew by 11% and our International Department achieved a spectacular result by increasing overseas revenues to £15.4 million which is a 69% improvement on 2007.

Over the last four years alone, PPL's efforts enabled gross revenues to grow by a massive 54%. At the same time, our cost-to-income ratio has remained relatively low at between 14-15% in spite of PPL's acute need to make a substantial annual investment in IT systems and technology generally. These results are nothing short of remarkable because they were achieved against the most difficult trading conditions in living memory, including the infamous credit crunch which affects the entire business environment worldwide.

The further consolidation of PPL's completely fresh structure under its new constitution makes the organisation even more effective. It enables all the record companies, big and small, the performer community, studio producers, artist managers, the creative unions and PPL's own internal management to work together in a collegiate way and in the spirit of harmony. This commonality of purpose has an obvious impact on the way in which our members' rights are managed, enforced, licensed and monetised which clearly must remain PPL's key role. In addition, the collectivity established round the PPL table makes our voice considerably more powerful and effective when fighting for better and fairer copyright treatment for all performers and record companies alike. We shall continue to fight together with others here in the United Kingdom, in Brussels, in America and elsewhere until our constituents can be satisfied that we have a copyright regime based on equity and fairness. All surviving and deliberate discrimination against our constituents eventually must cease.

With the necessary support and encouragement from the main PPL Board, the Performer Board and the Finance Committee we are also able to put into effect a major programme of investment in IT and other technology as well as all systems and methods generally. Over the next three years or so we shall re-engineer all our systems, introduce new ones and launch an expanded menu of services which will benefit everyone. This will include a globally enabled database which is so essential for the new era.

PPL's recent and future success is only possible with the help and support of our staff and our stakeholders.

We have a relationship with our stakeholders which guarantees transparency and accountability, and their constant input ensures that we keep moving in the right direction. Long may this precious two-way relationship continue.

As for our staff, it is only individuals of high calibre, with the right skills, expertise, creative ideas and energy who will ever be recruited into our organisation.

I thank each and every member of PPL staff for their hard work, loyalty, commitment, good humour and inspiration to each other. I thank the main PPL Board, the Performer Board, the Finance Committee, the Distribution Committee and other sub-committees for their sterling and supportive input. Similar thanks must go to AIM, BPI, IFPI, MMF, the Musicians' Union, British Actors' Equity and Music Producers' Guild for giving us their support, endorsement and encouragement.

I believe that PPL now has exceptionally solid foundations which will make it possible for us to go from strength to strength. We shall spare no effort in doing so in order that our predecessors, as well as those who come after us, can feel proud of what has been achieved. Here's to PPL's next Anniversary!

Onwards and upwards!

FRAN NEVRKLA
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

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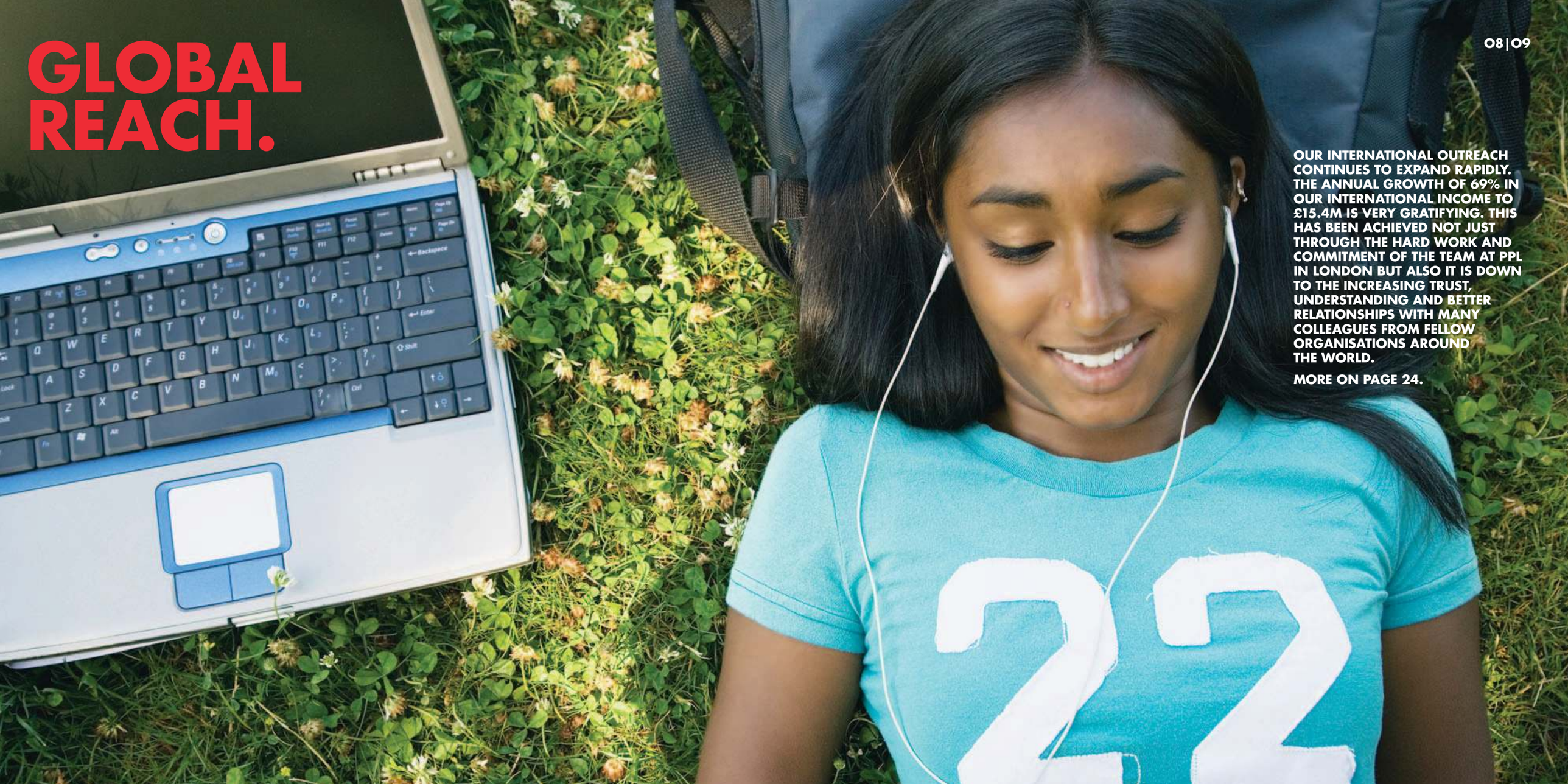
PERFORMERS CONTINUED TO GIVE US THEIR LOYAL AND VALUABLE SUPPORT THROUGH THE YEAR AND THEIR COMMITMENT TO THE COMPANY WAS IN CLEAR EVIDENCE AT THE HIGH TURN OUT WE HAD FOR THE SECOND ANNUAL PERFORMER MEETING (APM) WHICH TOOK PLACE AT ABBEY ROAD STUDIOS.

OUR THANKS TO ALL WHO CONTRIBUTED ON THAT OCCASION TO THE VIDEO MESSAGE WHICH WAS DELIVERED SHORTLY AFTERWARDS TO THE PRIME MINISTER.

MORE ON PAGE 28.

GLOBAL REACH.



OUR INTERNATIONAL OUTREACH CONTINUES TO EXPAND RAPIDLY. THE ANNUAL GROWTH OF 69% IN OUR INTERNATIONAL INCOME TO £15.4M IS VERY GRATIFYING. THIS HAS BEEN ACHIEVED NOT JUST THROUGH THE HARD WORK AND COMMITMENT OF THE TEAM AT PPL IN LONDON BUT ALSO IT IS DOWN TO THE INCREASING TRUST, UNDERSTANDING AND BETTER RELATIONSHIPS WITH MANY COLLEAGUES FROM FELLOW ORGANISATIONS AROUND THE WORLD.

MORE ON PAGE 24.

MUSIC IN PUBLIC.

MUSIC INFLUENCES PEOPLE IN MANY DIFFERENT WAYS. IT CREATES ATMOSPHERE AND A FEEL-GOOD FACTOR THAT CAN WORK TO THE BENEFIT OF ALL BUSINESSES. PUBLIC PERFORMANCE AND DUBBING REVENUE GREW BY 11% IN 2008 TO £54.2M AS WE FOCUS ON THIS CRITICAL AREA OF GROWTH FOR THE COMPANY.

MORE ON PAGE 23.

A FEW FACTS.

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INTERNATIONAL AGREEMENTS WITH MUSIC LICENSING COMPANIES AROUND THE WORLD

66%

OF EMPLOYERS SAY STAFF MORALE IS IMPROVED WHEN MUSIC IS PLAYED

71%

OF PEOPLE SAY THAT THEY LIKE LISTENING TO MUSIC AT WORK

207

HOSPITAL RADIO STATIONS LICENSED

246

MILES FROM DEVON TO LONDON CYCLED BY PPL FINANCE DIRECTOR, BEN LAMBERT, IN SUPPORT OF WHIZZ-KIDZ

38,000

PERFORMERS FROM ALL OVER EUROPE SIGNED THE PETITION SUPPORTING COPYRIGHT EXTENSION

THE UK'S POP FAVOURITES 2008.

THIS UNIQUE CHART COMBINES PPL'S PUBLIC PERFORMANCE DATA WITH UK AIRPLAY IN ORDER TO DETERMINE WHICH TRACKS WERE PLAYED THE MOST. THE TWENTY SONGS LISTED HERE CAN TRULY CLAIM, THEREFORE, TO BE THE UK'S POP FAVOURITES.

MERCY
DUFFY
A&M
(UNIVERSAL MUSIC)

RULE THE WORLD
TAKE THAT
POLYDOR
(UNIVERSAL MUSIC)

VIVA LA VIDA
COLDPLAY
PARLOPHONE
(EMI)

BLACK & GOLD
SAM SPARRO
ISLAND
(UNIVERSAL MUSIC)

LOVE SONG
SARA BAREILLES
EPIC
(SONY MUSIC ENTERTAINMENT)

SWEET ABOUT ME
GABRIELLA CILMI
ISLAND
(UNIVERSAL MUSIC)

NO AIR
JORDIN SPARKS
FEATURING CHRIS BROWN
JIVE
(SONY MUSIC ENTERTAINMENT)

CLOSER
NE-YO
DEF JAM
(UNIVERSAL MUSIC)

AMERICAN BOY
ESTELLE FEATURING
KANYE WEST
ATLANTIC
(WARNER MUSIC)

APOLOGIZE
TIMERLAND PRESENTS
ONEREPUBLIC
INTERSCOPE
(UNIVERSAL MUSIC)

WARWICK AVENUE
DUFFY
A&M
(UNIVERSAL MUSIC)

BLEEDING LOVE
LEONA LEWIS
SYCO
(SONY MUSIC ENTERTAINMENT)

STOP AND STARE
ONEREPUBLIC
INTERSCOPE
(UNIVERSAL MUSIC)

TAKE A BOW
RIHANNA
DEF JAM
(UNIVERSAL MUSIC)

SPOTLIGHT
JENNIFER HUDSON
RCA
(SONY MUSIC ENTERTAINMENT)

CHASING PAVEMENTS
ADELE
XL RECORDINGS
(BEGGARS BANQUET)

WITH YOU
CHRIS BROWN
JIVE
(SONY MUSIC ENTERTAINMENT)

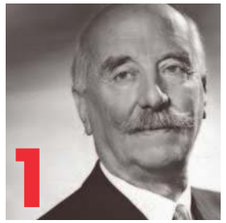
THE MAN WHO CAN'T
BE MOVED
THE SCRIPT
PHONOGENIC
(SONY MUSIC ENTERTAINMENT)

VALERIE
MARK RONSON FEATURING
AMY WINEHOUSE
COLUMBIA
(SONY MUSIC ENTERTAINMENT)

ABOUT YOU NOW
SUGARBABES
ISLAND
(UNIVERSAL MUSIC)

THE UK'S CLASSICAL FAVOURITES 2008.

IT IS FITTING IN OUR ANNIVERSARY YEAR TO COMPILE THE FIRST EVER ANNUAL PPL CLASSICAL CHART. MANY OF OUR MEMBERS ARE CLASSICAL MUSICIANS AND THE TWENTY RECORDINGS LISTED HERE CAN TRULY CLAIM TO BE THE UK'S CLASSICAL FAVOURITES.



ELGAR
POMP AND CIRCUMSTANCE MARCH NO.1
LONDON PHILHARMONIC ORCHESTRA WITH SIR ADRIAN BOULT
EMI CLASSICS
(EMI)

GORECKI
3 PIECES IN OLDEN STYLE
AMADEUS CHAMBER ORCHESTRA WITH AGNIESZKA DUCZMAL
SONY CLASSICS
(SONY MUSIC ENTERTAINMENT)

MAHLER
SYMPHONY NO.1
ROYAL PHILHARMONIC ORCHESTRA WITH YURI SIMONOV
ROYAL PHILHARMONIC ORCHESTRA
(RPO RECORDS LTD)

VASKS
CELLO CONCERTO
DAVID GERINGAS (CELLO)
RIGA PHILHARMONIC ORCHESTRA WITH JONAS ALEKSA
SONY CLASSICS
(SONY MUSIC ENTERTAINMENT)

VIVALDI
THE FOUR SEASONS
NIGEL KENNEDY (VIOLIN)
ENGLISH CHAMBER ORCHESTRA
EMI CLASSICS
(EMI)

DELIBES
SYLVIA
PHILHARMONIA ORCHESTRA WITH RICHARD BONYNGE
DECCA
(UNIVERSAL MUSIC)

GRIEG
PIANO CONCERTO
LEIF OVE ANDSNES (PIANO)
BERGEN PHILHARMONIC ORCHESTRA WITH DMITRI KITAYENKO
EMI CLASSICS
(EMI)

VAUGHAN WILLIAMS
JOB
ENGLISH NORTHERN PHILHARMONIA WITH DAVID MATHIAS
LLOYD-JONES
NAXOS
(SELECT MUSIC AND VIDEO)

PAISIELLO
MANDOLIN CONCERTO
UGO ORLANDI (MANDOLIN)
I SOLISTI VENETI WITH CLAUDIO SCIMONE
ERATO
(WARNER MUSIC)

GRIEG
PIANO CONCERTO
JEAN-YVES THIBAUDET (PIANO) ROTTERDAM PHILHARMONIC ORCHESTRA WITH VALERY GERGIEV
DECCA
(UNIVERSAL MUSIC)

BARBER
NOCTURNE
ERIC PARKIN (PIANO)
CHANDOS RECORDS
(CHANDOS RECORDS)

PUCCINI
NESSUN DORMA FROM 'TURANDOT'
TITO BELTRAN (TENOR)
CROUCH END FESTIVAL CHORUS AND CITY OF PRAGUE PHILHARMONIC ORCHESTRA WITH DAVID TEMPLE
SILVA SCREEN
(SILVA SCREEN)

KARL JENKINS PALLADIO
LONDON PHILHARMONIC ORCHESTRA WITH KARL JENKINS
SONY CLASSICS
(SONY MUSIC ENTERTAINMENT)

RIMSKY-KORSAKOV
SCHEHERAZADE
LONDON SYMPHONY ORCHESTRA WITH CHARLES MACKERRAS
SONY CLASSICS
(SONY MUSIC ENTERTAINMENT)

GRIEG
PIANO CONCERTO
KRYSTIAN ZIMERMAN (PIANO)
BERLIN PHILHARMONIC ORCHESTRA WITH HERBERT VON KARAJAN
DEUTSCHE GRAMMOPHON
(UNIVERSAL MUSIC)

SCHUBERT
SYMPHONY NO.5
ACADEMY OF ST. MARTIN IN THE FIELDS WITH NEVILLE MARRINER
DECCA
(UNIVERSAL MUSIC)

RIMSKY-KORSAKOV
SCHEHERAZADE
KIROV ORCHESTRA WITH VALERY GERGIEV
DECCA
(UNIVERSAL MUSIC)

TCHAIKOVSKY
PIANO CONCERTO NO.1
MARTHA ARGERICH (PIANO)
BERLIN PHILHARMONIC ORCHESTRA WITH CLAUDIO ABBADO
DEUTSCHE GRAMMOPHON
(UNIVERSAL MUSIC)

HOWARD SHORE
THE PROPHECY (FROM LORD OF THE RINGS OST)
THE CITY OF PRAGUE PHILHARMONIC ORCHESTRA WITH NIC RAINE
SILVA SCREEN
(SILVA SCREEN)

VAUGHAN WILLIAMS
FANTASIA ON GREENSLEEVES
ORPHEUS CHAMBER ORCHESTRA
DEUTSCHE GRAMMOPHON
(UNIVERSAL MUSIC)

BUSINESS REVIEW.

LICENCE FEE INCOME AND DISTRIBUTABLE REVENUE EACH GREW BY 11% IN 2008, PRINCIPALLY DRIVEN BY A RAPID ESCALATION IN INTERNATIONAL REVENUE AND INCREASED MARKET PENETRATION IN PUBLIC PERFORMANCE LICENSING.

THE ONSET OF ECONOMIC RECESSION IN THE LATTER HALF OF 2008 EXACERBATED THE CONTINUING DECLINE IN COMMERCIAL RADIO REVENUES, AND WILL IMPACT ON PPL'S LICENSEES IN COMMERCIAL TELEVISION AND PUBLIC PERFORMANCE THROUGHOUT 2009.

WITH REVENUE GROWTH OF 54% OVER THE PAST FOUR YEARS, ATTENTION HAS INCREASINGLY FOCUSED ON THE PEOPLE AND SYSTEMS WITHIN PPL CHARGED WITH ITS FAIR AND ACCURATE DISTRIBUTION. 2008 SAW A SIGNIFICANT RESTRUCTURING WITHIN THE MEMBER SERVICES FUNCTION AND THE COMMENCEMENT OF A LONG TERM IT DEVELOPMENT PROJECT TO OVERHAUL THE ENTIRE 'MONEY-OUT' SYSTEM INFRASTRUCTURE.

LICENCE FEE INCOME £

127.6M +11%

DISTRIBUTABLE REVENUE £

110.3M +11%

BROADCASTING

Overall broadcasting, online and mobile revenues grew by 2% in 2008 to £58.1million.

Revenue from commercial television and the BBC's services continued to grow, but this growth was substantially offset by a decline in revenue from commercial radio for the fourth year in a row, reflecting the continuing fall in advertising revenue generated by the commercial radio sector.

PPL's agreements with the BBC continue to drive forward the collective licensing agenda. The licensing of services delivered by the iPlayer in 2007 was followed by a groundbreaking agreement with BBC Worldwide in 2008 for the licensing of PPL repertoire in television programmes delivered to the consumer as permanent downloads from online retailers such as iTunes or as DVDs. PPL is looking to reach similar agreements with the commercial television sector in the course of 2009.

With such blanket licensing arrangements in place, a broadcaster can be certain that, at the time a programme is being made, the choice of music included in the programme will not restrict that programme's subsequent distribution via all available platforms.

Whilst new delivery platforms such as the Sky Player, BTVision and the ill-fated Project Kangaroo similarly took the headlines in the commercial television sector, television viewing in 2008 remained predominantly linear via terrestrial and satellite delivery. Despite increasing competition, viewing figures and the consumption of PPL repertoire were maintained, although spread over an ever growing number of channels.

Meanwhile the landscape for commercial radio has seen a number of significant changes. Mergers and acquisitions have concentrated ownership in the hands of three companies who between them now control approximately two thirds of commercial radio listening. The 'local' foundations of commercial radio have succumbed to economic pressures as national brands such as Heart, Smooth and Galaxy are applied to a network of previously independent stations.

Programme syndication between such stations has increased and Ofcom has progressively reduced the regulatory requirements for locally produced programming.

Commercial radio in all its formats continues to remain largely dependent on PPL members' music for the overwhelming majority of its content, with the development of national brands playing more music reinforcing this dependence. In this changing landscape the terms under which the rights to use sound recordings are licensed to commercial radio, based as they are on a decision of the Copyright Tribunal fifteen years ago, appear increasingly out of touch with the marketplace for music rights in an increasingly online music world.

The majority of PPL's online revenue in 2008 was generated from traditional broadcasters – commercial television, and the BBC – extending their means of delivery to online platforms. Their online media consumption via such platforms, although growing fast, remains modest alongside traditional platforms.

PPL estimates that, in 2008, viewing of television programming on the BBC iPlayer amounted to less than half of one percent of BBC television viewing on traditional platforms.

'DESPITE INCREASING COMPETITION, VIEWING FIGURES AND THE CONSUMPTION OF PPL REPERTOIRE WERE MAINTAINED ALTHOUGH SPREAD OVER AN EVER GROWING NUMBER OF CHANNELS.'

BROADCAST REVENUE £

58.1M **+2%**

PPL also continues to develop its licensing of internet radio services. The number of internet radio licences issued by PPL continued to grow throughout 2008, totalling over 250 by the year end. The majority of such stations are small non-commercial services benefiting from PPL's small webcaster licence, first launched in 2007.

The transmission of sound recordings over the internet in the form of downloads and on-demand streaming (via services such as iTunes and YouTube), as with more traditional channels of distribution, is in the most part licensed directly by record companies themselves as opposed to a collective licence by PPL.

PUBLIC PERFORMANCE AND DUBBING

Public performance licensing continued to drive forward in 2008, despite tough economic conditions.

An increased focus on this area of the business resulted in a significant growth in revenue. We developed market penetration by identifying and licensing premises that were previously not licensed and we renewed attention to ensure existing licensees were, in fact, correctly licensed. We grew the revenue to £54.2 million which represented an 11% growth on 2007.

The pubs and clubs sector had a particularly tough 2008 with reportedly 36 pubs a week closing. Responding to the high volumes of businesses changing hands or ceasing trading within the pubs and clubs and retail sectors proved very time-consuming for PPL during a year which became increasingly tough as it reached its end. The company had to adapt – and continues to do so. Specialist teams were created to target 'change of ownership' and we managed to handle the increased workload, while also substantially increasing the licence fees collected across the whole of public performance licensing.

Building on work in 2008, plans for the year ahead include further review of the revenue collection process. We work to collect monies more cost-effectively and within a reasonable time frame without compromising customer service. As part of a rolling 'operations review' we will also continue to assess and streamline our existing processes to ensure optimum efficiencies.

PPL remains committed to keeping its tariffs under review to ensure that they are delivering an appropriate and fair return for our record company and performer members. In turn, as music has the ability to greatly enhance businesses, it is also critical that tariffs are reasonable and cover all the many differing requirements of our broad range of licensees. This process will continue in 2009.

In addition, for a number of years now PPL has been engaged in a number of Copyright Tribunal references for its tariffs for pubs and clubs, retail and offices, and factories. Hearings in the Copyright Tribunal and High Court in 2008 mean that a new Copyright Tribunal panel in 2009 will make a decision on these tariffs which will be extremely important for PPL.

Dubbing revenue continued to grow significantly in 2008 driven by the increased uptake of new technology in the background music market. PPL carried out an internal restructuring of this licensing function in December 2008, to enable the team to provide a more efficient, cost-effective service going forwards and, in addition, to be better able to respond to changes in the market and technology.

PUBLIC PERFORMANCE AND DUBBING £

54.2M **+11%**

INTERNATIONAL

PPL's International service offers a comprehensive 'one stop' solution to PPL's record company and performer members for the collection of revenue generated outside of the UK by British repertoire.

International revenue grew in 2008 by 69% to £15.4 million. Over three years this means that this area of our business has grown by over 400%.

Such a growth obviously requires an appropriate level of investment in both systems and resources to sustain it. Therefore, during 2008, additional full time heads were added to the International team and a plan was put in place to overhaul the team structure in 2009 to allow it to continue to grow and develop, given the increase in the workload. This plan should ensure that PPL will continue to deliver returns from those territories which are already delivering consistently high revenue streams to our members. In addition it also means that the business continues to develop and new markets are entered in a structured manner in order to deliver additional returns to members on an ongoing and timely basis.

The additional resources put into the International team in 2008 covered both functional and analytical areas. In order to ensure that our record company and performer members' requirements and expectations are met, it is critical that market penetration, payment trends and appropriate controls are all in place.

Supported by these additional resources, we introduced monthly distributions of international revenue at the start of the fourth quarter of 2008. This increased customer service meant that during the year £12.5 million of international revenue was distributed to PPL members. This was a 60% growth on the amount distributed in 2007. An additional £6.1 million was distributed in the first quarter of 2009.

International revenue is now distributed to PPL members within 90 days of receipt (where the appropriate distribution data is available) with a large number of payments being made in the month after receipt.

A PPL record company member's entitlement to public performance and broadcast revenue in any given territory is often tied up in an overlapping matrix of licensing agreements, contracts and appointments. Therefore disputes over the entitlement to revenue from the multi-territorial management of sound recording rights are inevitable.

In 2008 PPL attempted to help address this issue by engaging in an active strategy of highlighting and resolving ownership disputes on behalf of our record company members. This has led to the release of previously held revenue to those members as well as payment adjustments to correct historic situations. This dispute identification and resolution strategy will continue throughout 2009.

INTERNATIONAL REVENUE £

15.4M **+69%**

MEMBER SERVICES

PPL continues to grow substantially the licence fees that we collect and to provide more and more licensing services to our members.

Given the importance of our role and the distributions to our members, we want to improve the level of our overall services. The IT systems that the company currently operates will need to be updated and, following substantial work and consultation with members, PPL has prepared plans for a new systems implementation.

This next phase will involve a two and a half year programme which will be broken down into modules. The programme will initially address the company's data quality requirements and will deliver an improved, scalable, globally enabled version of the PPL Repertoire Database.

Subsequent modules of the programme will deliver a new rights repository system, a new usage and matching interface, an improved distribution rules engine, an improved payments system and a user-friendly query-handling suite enabling greater self-service for our performer and record company members. We have chosen the consultancy firm Deloitte as our delivery partner for this major investment programme.

Effective communication with our members has been a priority throughout 2008. We now send out electronic membership newsletters on a regular basis, with distribution updates, announcements, and other information. The new PPL website, launched in August 2008, is also playing a key role, and is regularly updated with information regarding topics such as payment dates, claims deadlines and myPPL.

A key focus for 2009 will be sound recording data. Complete and accurate data is vital if we are to be able to maximise collections on behalf of our members. That way we can then enhance the efficiency of the distribution process for members and release as much money as possible.

The quality of performer data has continued to be a key focus.The development of a 'data quality reporting tool' has improved the accuracy of record company registrations. Additional work with the Musicians' Union has allowed an increased number of sound recording data entries to be enhanced with performer data from the consent forms completed in recording studios. Seminars and meetings with AIM, BPI and Music Producers' Guild have improved awareness of the importance of capturing, retaining and ultimately supplying to PPL the details of performers' contributions to sound recordings.

RECORD COMPANIES

PPL's record company membership continues to increase significantly each year. In 2008, almost 1,000 record companies became new members of PPL.

With the challenging times the industry has faced over the past years, we are well aware of the growing importance to all our constituents of the revenue generated by PPL. A key project in 2008 focused on those sound recordings registered with PPL by its record company members.

However, with gaps in the associated data, it often meant that it was unclear who the registrant was. Quarterly reports were sent out to all record company members with details of these recordings, to encourage them to claim (with appropriate substantiation) any recordings of theirs from those reports. This enabled PPL to pay out significant sums of previously held revenue.

'WITH THE CHALLENGING TIMES THE INDUSTRY HAS FACED OVER THE PAST YEARS, WE ARE WELL AWARE OF THE GROWING IMPORTANCE TO ALL OUR CONSTITUENTS OF THE REVENUE GENERATED BY PPL.'

PERFORMERS

In 2008, 3,042 new performers registered with PPL, 86% of whom also signed the mandate to allow us to collect revenue from overseas on their behalf.

This, combined with some hard work from our International team, meant that 28% of the revenue paid by PPL to performers in 2008 came from overseas. Given the substantial increases in the UK revenue collections over the last few years this is a very encouraging figure which will only grow in the future.

These significant payment increases were backed up with a campaign to improve the performer line-up information provided to PPL by its record company members, with the intention of making performer payments more accurate and allowing a greater level of team resources to be focused on providing excellent customer service.

In November 2008, PPL held its second Annual Performer Meeting, which was well received. The event, at which Michael Connarty MP (Linlithgow and East Falkirk) was the guest speaker, took place at the famous Abbey Road Studios in order to accomodate the significant increase in attendees which virtually doubled year on year. More information and a copy of last year's Annual Performer Report can be found on the PPL website (also see pages 36/37).

There was continued focus on reuniting performers with their unclaimed PPL revenue throughout 2008, with over £2.6 million being released to new registrants.

In 2009 we are aiming to build on this with additional members of staff being employed exclusively to recruit new performers. The focus will be on recruiting performers who are achieving their first radio airplay, as well as attempting to identify those performers who are already registered with PPL but who are not yet registered against all of the sound recordings on which they performed.

The seeds were also sown in 2008 for PPL's 'Gold Repertoire Project'. This project relates to performer income still held by PPL on songs recorded in the decades from the 1950s through to the 1980s. It has historically proved difficult to obtain definitive performer line-ups for sound recordings from this period so we have started a consultation to consider an alternative, fair method of distributing any remaining income on these recordings, not based on individual track line-ups (see pages 36/37).

Under the guidance of PPL's Director of Performer Affairs, Keith Harris, the international dimension of the company's important outreach work for performers continued with PPL sponsored seminars in Japan, Namibia, and South Africa. Fran Nevrkla also attended the FIM (International Federation of Musicians) Congress in Johannesburg in September.

REVENUE RELEASED TO NEW REGISTRANTS £

2.6M

REPERTOIRE SERVICES

In June 2008, the database holding all of the information relating to the recorded music licensed by PPL (previously known as CatCo) was rebranded as the PPL Repertoire Database to underline the central role that the database holds within the company.

The database is the platform that supports PPL record company members in the registration of details, rights information and performer line-ups. That data is then not only used to support PPL's activities but also to supply services to The Official UK Chart Company as well as the anti-piracy teams at IFPI and BPI. PPL also continues to supply data for mechanical licensing purposes to *PRS for Music* on behalf of thousands of record companies.

A full technology 'refresh' was undertaken in 2008 to move the database to the latest version of Oracle technology. This database can now support the internationalisation of our service through handling foreign language character sets and increased volumes of data.

Customer service to PPL's record company members has been advanced with the release of PPL APP V4.2. This is the data registration software used by the majority of them in order to supply sound recording data to PPL. Modifications to facilitate the speed of data entry and the quality of the registrations were identified through a series of workshops attended by a cross-section of PPL's record company members, as well as AIM and *PRS for Music*. For the first time there are also now video tutorials available on the PPL website offering guidance on using the software.

In addition to improving the way in which new sound recordings are registered with PPL, the way in which the data is loaded into the PPL Repertoire Database was refined in 2008 to increase the number of sound recordings going directly into the database.

'A FULL TECHNOLOGY 'REFRESH' WAS UNDERTAKEN IN 2008 TO MOVE THE DATABASE TO THE LATEST VERSION OF ORACLE TECHNOLOGY.'

PPL AND THE GOVERNMENT

2008 was a momentous year for PPL's performers and record companies. We had breakthroughs on a number of issues which have been holding back our business and limiting the revenue we are able to generate for members.

The most significant and, to some, the most surprising was the turnaround on the term of copyright protection for sound recordings. In 2006, the Gowers Review of IP had recommended against any extension of copyright term and the UK Government accepted this recommendation.

At this point, many assumed that was the end of the road for removing this discrimination against the performers and record companies.

However, eighteen months later, after considerable work on an Impact Assessment, the European Commission announced proposals to draft legislation which they published in July 2008. The Copyright Term Directive then started its passage through the European Parliament and the Council of Ministers.

The real surprise came towards the end of the year. At the PPL Annual Performer Meeting in November, Abbey Road Studios was packed with performers who were frustrated that our own Government was still peddling the line from the Gowers Review and refusing to support UK musicians and the UK music industry.

There and then, they recorded a video message to the Prime Minister. The video was delivered to the Rt Hon Gordon Brown MP and posted on the PPL website and on YouTube. Three weeks later, on 11 December, the Government announced a change of heart, that it would in fact support the principle of copyright term extension.

Attention then turned back to Brussels and the votes in the European Parliament and the Council of Ministers, both of which must pass new legislation before it becomes law.

We also took a step closer to having two music licensing exceptions removed, after many years of pressure from PPL. Under two sections of copyright legislation, we are unable to license not-for-profit organisations and charities for various uses of recordings.

We have long maintained that these exceptions are incompatible with European legislation which gives performers and record companies a general right to be recompensed when their recordings are played in public, including by not-for-profit organisations and charities.

In July 2008, the Government launched a consultation on the music licensing exceptions and stated that retaining them in their existing form was not an option. We remain hopeful that secondary legislation will be tabled in 2009 to remove these exceptions and PPL has committed to work closely with Government and the new licensees to smooth the implementation of the new music licensing regime.

The Copyright Tribunal plays a key role in collective licensing, determining the tariff that should be paid in the event of a dispute between a collective licensing body and a user. PPL and a number of other stakeholders raised concerns about the Copyright Tribunal and the way in which it handles disputes and these became the focus of an Inquiry by the Parliamentary Select Committee for Innovation, Universities and Skills.

PPL gave evidence and was cross-examined by the Committee. The outcome was a report recommending a number of changes, including a right for collective licensing bodies to make references to the Copyright Tribunal.

Most of these recommendations were formally accepted by the Government. Some, such as revising the criteria for Lay Members of the Copyright Tribunal, were implemented in 2008 and we await further improvements as this becomes an ever more important part of the creative economy.

Lastly, there was some interim good news from across the pond. The musicFIRST coalition in Washington D.C., actively supported by PPL, secured the tabling of the Performance Rights Bill which would remove the decades-old anomaly in US copyright legislation whereby radio stations do not have to pay either performers or the record companies for their recordings which make up the bulk of their programming.

Six thousand performers signed a PPL petition calling on the US Government to end this unfairness and to bring the USA into line with the rest of the developed world. The only countries to retain such a derogation from international treaties are the likes of China, North Korea, Iran and Iraq.

The legislation did not have time to go through all the committee processes before the Presidential elections so it was re-tabled in February 2009. PPL continues to support its smooth passage.

PPL, along with all other businesses in the creative industries, operates in an increasingly difficult environment in terms of respect for copyright. Online, illegal downloads outnumber legal sales by 20 to 1, leading to calls from the digital activists for the removal of copyright.

Meanwhile, the Government gives out mixed messages, praising the creative industries for their economic performance whilst at the same time proposing additional exceptions which undermine the value of what we produce.

PPL is working constantly with other partners, such as UK Music, the new pan-industry body, and the CBI, to improve the business environment for our performer and record company members.

PERFORMER VIDEO MESSAGE
DELIVERED TO THE PRIME MINISTER

26.11.08

'PPL, ALONG WITH ALL OTHER BUSINESSES IN THE CREATIVE INDUSTRIES, OPERATES IN AN INCREASINGLY DIFFICULT ENVIRONMENT IN TERMS OF RESPECT FOR COPYRIGHT. ONLINE, ILLEGAL DOWNLOADS OUTNUMBER LEGAL SALES BY 20 TO 1, LEADING TO CALLS FROM THE DIGITAL ACTIVISTS FOR THE REMOVAL OF COPYRIGHT.'

OUR CULTURE.

CORPORATE SOCIAL RESPONSIBILITY

We developed further the CSR programme in 2008 largely through the imagination, generosity and hard work of PPL staff. The company focus is stronger than ever ensuring that we give something back, not just to the music industry, but to a whole variety of charities and projects.

As in previous years, there were two key areas we targeted where we believed we could make a contribution. These were environmental causes and local community initiatives.

In 2008 PPL decided to devote its main fund-raising community efforts to disabled children's charity Whizz-Kidz and, following the bond that was established with them, staff have elected to continue that support in 2009.

Our historical support of other music industry causes remained strong, in particular, our involvement with The BRIT School and Nordoff-Robbins Music Therapy. For the first time we also supported the Justice for Kirsty campaign, founded by Jean MacColl in honour of her late daughter, the great singer Kirsty MacColl (see pages 36/37).

Our staff, once again, gave their time, money and enthusiasm in abundance to make all our CSR efforts a resounding success.

ENVIRONMENT

We launched our Cycle to Work Scheme and the response has been hugely positive.

This scheme enables PPL staff to benefit from an annual tax exemption introduced by the Government which allows employers to loan cycles and cyclists' safety equipment to employees as a tax free benefit. The aim is to promote healthier journeys to work and to reduce environmental pollution.

Julie's Bicycle, the industry champion for climate change which we proudly support, continues its good work. We, along with other major music industry bodies, work alongside them to develop and initiate ways in which the entire industry can reduce its impact on the environment.

We continue to improve services for our member stakeholders and the successful launch of the PPL website has ensured that communications take place in a much more environmentally friendly manner. Our improved online functionality has dramatically decreased the amount of paper consumption, both inbound and outbound from PPL, and this is something we will continue to develop.

Other initiatives we have undertaken include rolling out a green email signature to the entire company which encourages recipients of emails to only print hard copies if truly necessary. We continue to operate a 'binless office' having instead centralised recycling bins for each floor. We also make donations to the Trees for Cities charity and donate our used postage stamps to RSPB.

The carbon audit we began conducting last year continues into this one. Benchmarking ourselves against similar sized companies both inside and outside the music industry ensures the strength of our commitment to reducing our carbon footprint.

'OUR IMPROVED ONLINE FUNCTIONALITY HAS DRAMATICALLY DECREASED THE AMOUNT OF PAPER CONSUMPTION, BOTH INBOUND AND OUTBOUND FROM PPL, AND THIS IS SOMETHING WE WILL CONTINUE TO DEVELOP.'

COMMUNITY

PPL employees truly did themselves proud with their fundraising efforts this past year. We set ourselves a target of £7,000 for our company charity Whizz-Kidz.

Whizz-Kidz aims to improve the lives of disabled children by providing them with motorised equipment such as wheelchairs and scooters. Our fundraising efforts included everything from beard growing contests to cake baking and a Devon to London cycle ride! In total we raised nearly £9,000 which bought a wheelchair for Jody, an 18 year old with cerebral palsy. We have raised our target for this year and are confident we can once again exceed it.

We have continued our work with the KIDS Charity who support disabled young people and their families. We had two staff volunteer days in which we refurbished the kitchen and gardens in two of their centres. PPL staff gave up their time to help with these projects and the results were fantastic.

In lieu of sending Christmas cards we again made a donation to Crisis (the national charity dedicated to ending homelessness by delivering life-changing services and campaigning for change).

MUSIC INDUSTRY

PPL's support of a significant number of music industry charities and events continued throughout the year.

PPL was heavily involved with Nordoff-Robbins Music Therapy and co-sponsored several of their events including the Silver Clef Lunch and HMV Football Extravaganza – two highly popular events which raised substantial additional funds. PPL also continued its partnership with *PRS for Music* to co-sponsor the Music Industry Trusts' Award which in 2008 honoured Universal Music Group International Chairman and CEO, Lucian Grainge (see pages 36/37). The event was a phenomenal success, surpassing all previous years' fundraising totals.

The PPL sponsored APPJAG (The All Party Parliamentary Jazz Appreciation Group) had a successful year with the annual Parliamentary Jazz Awards again being hosted by renowned broadcaster Paul Gambaccini. Co-chaired by Lord Colwyn and Michael Connarty MP and with over 100 members, the aim of APPJAG is to promote jazz as a musical form, to raise its profile inside and outside Parliament and to encourage a deeper and wider enjoyment of the art.

EMPLOYEES WHO GAVE UP DAYS TO WORK AT KIDS CHARITY

30

PPL continues its long association with both the BRIT Trust and BRIT School in Croydon. Adele, a former pupil of the school and recipient of the 2008 BRIT Critics Choice Award, has gone on to achieve global success. Many other highly talented students from the school are heading the same way.

Our commitment to The Young Person's Concert Foundation remains strong. Chaired by Lady Martin, with involvement by Sir George Martin, the charity aims to support young musicians, with special focus on the provision of music in state schools.

Our long standing support of the Hospital Broadcast Association continues and we made donations to the British Association for Performing Arts Medicine and The Young Musicians' Symphony Orchestra (see pages 36/37).

We also ventured into several new sponsorship areas in 2008. We were headline co-sponsors with Radio 1 at the Student Radio Awards, we sponsored the Best Student Writer at the Record of The Day Awards category (both in November) and earlier in the year we sponsored the 'Most Played UK Artist' on Commercial Radio category at the Arqiva Commercial Radio Awards. Our support of The Radio Academy continued and we also attended and hosted many functions in London and around the country to ensure we reached out to and met as many of our constituents as possible.

OUR PEOPLE

In 2008 we continued to focus on the development of our systems and policies to create a 'growth orientated' environment where our employees can add value to the business whilst being given the opportunity to realise their own potential.

COMMUNICATION

Following on from last year we held:

- Two employee communication sessions attended by all employees where the company's Mission, Values and Objectives were presented.
- A management awayday to discuss and communicate with our managers on strategic issues.
- We continued with our CSR activities to encourage cross-departmental team working and communication across the company.

DEVELOPMENT

We ran 35 in-house training workshops. In particular we continued with our Supervisor and Management Development Programmes, and our core skills workshops such as Excel, debt collection, dealing with difficult callers and project management. All our managers and employees received health and safety training.

Having received ILM (Institute of Leadership and Management) accreditation last year to run our first strategic management course, four of our senior managers, Christian Barton, Shula Kerr, John McGuire and Barry Reynolds took part in the programme which will lead to a national management qualification. We are looking to extend this further next year.

We also took part in Music4Good, which is a social enterprise initiative working in partnership with the music industry to provide accredited six month apprenticeships for young people from a range of diverse and/or underprivileged backgrounds. These apprenticeships give those selected a chance to gain skills, experience and insight into the industry. We have taken two apprentices within our Public Performance Operations and International teams.

IN-HOUSE TRAINING WORKSHOPS

35

STAFF WHO HAVE WORKED AT PPL FOR OVER 5 YEARS

29%

POLICIES AND PROCEDURES

We conducted an audit of our Employee Handbook, employment contracts and policies to ensure we continue to follow best practice in these areas and that we are compliant with relevant legislation.

A new HR and payroll system was implemented, which will allow us to provide information to employees and managers. It will allow us to provide much more effective management reporting to the business.

In recruitment we have implemented the use of psychometric tests and assessment centres to provide additional selection tools to fairly and effectively select the best candidates for our vacancies.

'HAVING RECEIVED ILM ACCREDITATION LAST YEAR TO RUN OUR FIRST STRATEGIC MANAGEMENT COURSE, FOUR OF OUR SENIOR MANAGERS TOOK PART IN THE PROGRAMME WHICH WILL LEAD TO A NATIONAL MANAGEMENT QUALIFICATION.'

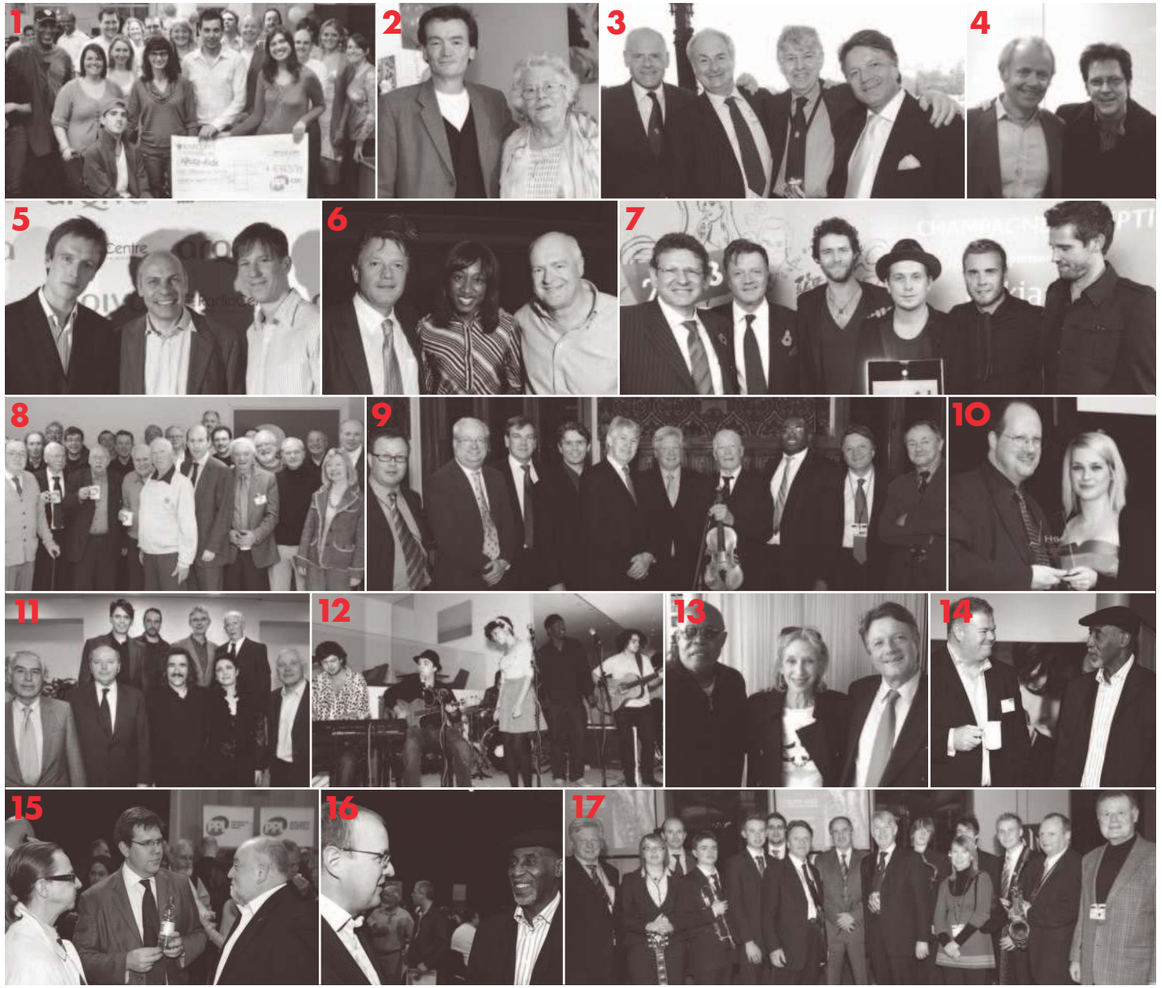
REWARD AND RECOGNITION

In 2008 our Employee of the Year was Chris Austin from our Repertoire Services Department. Chris was originally nominated by seven people for the Employee of the Month, which feeds into the Employee of the Year Scheme for his excellent customer service and the 'monumental' work he has done on the Repertoire Database and the Official Charts data.

Mark Steel (Tariff Development) and Cheryl Harper (Public Performance Operations) were recognised for reaching the 10 year service milestone with the company, whilst Colin Edwardson (Public Performance Operations) reached 15 years.

IN ACTION

OUR COMMITMENT TO STRONG WORKING RELATIONSHIPS IS BUILT AROUND OUR ACTIVE INVOLVEMENT IN A WIDE RANGE OF EVENTS AND ACTIVITIES IN THE UK AND GLOBALLY



1
18 year old Jody, recipient of the PPL Whizz-Kidz fund raising effort for 2008, comes to receive his cheque at a special party held for him at PPL.

2
Jean MacColl, mother of late singer Kirsty MacColl, and honorary guest at the company Christmas Drinks meets Feargal Sharkey, Chief Executive, UK Music.

3
Another enjoyable Jazz Awards at the House of Commons in May. PPL works closely with the All Party Parliamentary Jazz Appreciation Group (APPJAG) and hosts three events a year with them which have great support from all Parties.

Left to right: Lord Colwyn (Co-chair APPJAG), broadcaster and award compère for the evening Paul Gambaccini, Michael Connarty MP (Co-chair APPJAG) and Fran Nevrkla (Chairman & CEO, PPL).

4
Shakin' Stevens dropped by the offices and caught up with PPL's Director of PR & Corporate Communications, Jonathan Morrish.

5
We are proud to support many industry events, one of which is the Arqiva Commercial Radio Awards. PPL sponsors the 'Most Played UK Artist' on UK commercial radio, which was won by Take That.

Left to right: Sam Moorhouse (Legal & Business Affairs Executive, PPL), Andrew Harrison (Chief Executive, RadioCentre) and Iestyn David (Radio Broadcasting Executive, PPL).

6
Soul singer Beverley Knight is congratulated by Fran Nevrkla and BPI Chairman Tony Wadsworth on her PPL sponsored Gold Badge Award in October 2008.

7
PPL and *PRS for Music* were joint co-sponsors of the 2008 MITS Awards at which Lucian Grainge was the recipient. The two companies raffled an award celebrating Take That as 'The Most Played and Performed Artists' in 2007 for Nordoff-Robbins Music Therapy.

Left to right: Lucian Grainge (Chairman and CEO, Universal Music Group International), Fran Nevrkla and Take That with their award.

8
A group of performers who played on tracks from the 1950s came into the PPL offices to discuss royalty payments. They are pictured here with PPL's Executive Director, Peter Leathem.

9
Ahead of the Legal Affairs Committee meeting in February 2009, a group of MPs and musicans gathered together to support the ongoing campaign for term extension. Pat Halling, violinist on countless recordings performed 'Eleanor Rigby'.

Left to right: Ian Fletcher (Chief Executive of UKIPO), Lord Smith of Finsbury, John Whittingdale OBE MP, Dominic McGonigal (Director of Government Relations, PPL), Michael Connarty MP, Pat Halling, David Lammy MP, Fran Nevrkla and Phil Pickett.

10
PPL's Radio Broadcasting Assistant Natalie Thomas presents Hospital Radio Plymouth with their Silver Award for 'Station of the Year' at the Hospital Broadcast Awards which PPL is proud to sponsor.

11
Continuing the fight for a fair term on copyright, representatives gathered together at a PPL reception in Brussels to show their support.

Left to right back row: Dominic McGonigal, Manuel Espinosa (artist), Tom McGuinness (artist), Pat Halling (artist). Front row: Manuel Medina Ortega MEP, Jacques Toubon MEP, Luis Cobos (artist), Alicia Gill (artist), Michael Cashman MEP

12
PPL hosted a cocktail party at the Performing Rights Committee (PRC) meetings which took place in London. Delegates gathered from all around the world and were entertained by BRIT School students.

13
Sam and Joyce Moore visited London to discuss the lack of a performance right in the USA.

Left to right: Sam Moore, Joyce Moore and Fran Nevrkla.

14
PPL's Annual Performer Meeting was held at the famous Abbey Road Studios in November 2008.

Left to right: David Wood (Director of Anti-Piracy, BPI) and Keith Harris (Director of Performer Affairs, PPL).

15
At the same event seen in conversation.

Left to right: Nigel Parker (Performer Director, PPL), Laurence Oxenbury (Head of International, PPL) and John Smith (General Secretary, Musicians' Union).

16
Also at the same event, pictured together.

Left to right: Keith Ames (Communications Official, Musicians' Union) and Keith Harris.

17
Renowned saxophonist Alan Barnes accompanied The Hot House Band at one of the APPJAG jazz events this year.

Left to right: with the band are Gerald Newson (Chairman, Performer Board, PPL) , Peter Leathem, Fran Nevrkla, Kim Howells MP, Michael Connarty MP, broadcaster Helen Mayhew, Alan Barnes and Bill Holland.

WE ARE 75 AND HOW THE WORLD SEES US

"PPL CONTINUES TO STRIVE FOR EXCELLENCE IN ALL THAT IT DOES FOR THE RECORD COMPANIES AND PERFORMERS. GREAT PROGRESS HAS BEEN MADE IN THE LAST FEW YEARS, AND THE AMBITION TO CREATE THE WORLD'S BEST COLLECTION SOCIETY IS VERY LIKELY TO BECOME A REALITY. CONGRATULATIONS TO FRAN AND ALL AT PPL."

ALISON WENHAM
CHIEF EXECUTIVE, ASSOCIATION OF INDEPENDENT MUSIC (AIM)
CHAIRMAN, WORLD INDEPENDENT NETWORK (WIN)

"PPL PLAYS AN INCREASING AND CRUCIAL ROLE IN THE DELIVERY OF VALUE FOR MUSIC IN OUR EVOLVING INDUSTRY; AS A BOARD MEMBER FOR LONGER THAN I CARE TO REMEMBER, I BELIEVE THAT IT HAS GROWN INTO AN ORGANISATION FOR THE INDUSTRY TO BE PROUD OF."

MARTIN MILLS MBE
CHAIRMAN, BEGGARS GROUP

"THE BUSINESS MODEL FOR MUSIC IS IN RAPID TRANSITION, AND THE WAY MUSIC IS MONETISED IS SHIFTING FROM A TRANSACTIONAL MODEL TO ONE WHICH FOCUSES MORE ON USAGE. SO, AN ORGANISATION WITH THE STRENGTH AND SKILLS OF PPL SHOULD BE A SOURCE OF GREAT PRIDE FOR THE UK MUSIC INDUSTRY – BOTH FOR WHAT IT HAS DONE IN RECENT YEARS TO INCREASE DISTRIBUTED INCOME TO PERFORMERS AND RECORD COMPANIES, AND ALSO FOR THE INCREASED PART THAT IT CAN UNDOUBTEDLY PLAY IN ENSURING THAT MEMBERS WILL BE FAIRLY REWARDED FOR THE USE OF THEIR WORK IN THE FUTURE."

TONY WADSWORTH
CHAIRMAN, BPI

"IF THE BRITISH MINISTRY OF FINANCE, BANKS, LENDING INSTITUTIONS, ETC. HANDLED THEIR BUSINESS WITH THE DEGREE OF EFFICIENCY THAT PPL HANDLE THEIRS, THE UNITED KINGDOM WOULD BE OUT OF THE ECONOMIC CART IN A YEAR. THE STAFF OF PPL ARE CIVIL, COURTEOUS, AND DISPLAY AN INCREDIBLE ZEAL IN EVERYTHING THEY DO. I AM INDEED PROUD TO SAY THAT I AM A MEMBER OF SUCH AN HONOURABLE ORGANISATION."

JOE MORETTI
GUITARIST

"THE DRAMATIC IMPROVEMENT IN THE STATUS, REPUTATION AND FORTUNES OF PPL OVER THE PAST DECADE HAS BEEN QUITE REMARKABLE. IT IS A LASTING TESTAMENT TO FRAN AND TO THE OUTSTANDING TEAM THAT HE HAS ASSEMBLED AROUND HIM THAT PPL HAS BEEN TRANSFORMED DURING THIS PERIOD FROM BEING A PERIPHERAL ENTITY INTO A RESPECTED INSTITUTION WHICH HAS A KEY ROLE TO PLAY IN THE FUTURE OF THE MUSIC INDUSTRY IN THIS COUNTRY."

IAN MILL QC
JOINT HEAD, BLACKSTONE CHAMBERS

"IN THE YEARS SINCE I STARTED OUT IN THE MUSIC INDUSTRY IT HAS CHANGED ALMOST BEYOND RECOGNITION, NEVER MORE SO THAN RECENTLY, AND SINCE THE INTERNET BECAME SUCH A UNIVERSAL TOOL.

MUSIC IS AT THE VERY HEART OF ALMOST EVERYONE IN THE WORLD AND IT IS THE CORE OF OUR INDUSTRY. PPL HAS BEEN AT THE FOREFRONT OF MANY OF THE CHANGES AND IS NOW WELL PLACED TO SERVE THIS INDUSTRY. BY BRINGING IN THE PERFORMERS AND THE STUDIO PRODUCERS ALONGSIDE THE RECORD COMPANIES, PPL TOO HAS MUSIC AT ITS HEART. I WISH THE ORGANISATION MUCH CONTINUED SUCCESS FOR THE FUTURE."

SIR GEORGE MARTIN CBE
PRODUCER, ARRANGER AND COMPOSER

"PPL REMAINS ONE OF THOSE INNOVATIVE, DEPENDABLE AND QUIETLY EFFICIENT LYNCHPINS OF THE UK MUSIC INDUSTRY.

THE ORGANISATION'S WORK ON BEHALF OF SOME 38,000 UK PERFORMER MEMBERS AND 3,400 UK RECORD COMPANIES IS CRUCIAL – NOT ONLY IN TERMS OF THE LICENSING, COLLECTION AND DISTRIBUTION OF ROYALTIES; BUT ALSO AS A SUPPORTER OF NEW MUSIC AND A TIRELESS CAMPAIGNER FOR THEIR RIGHTS.

THE BOUNDLESS ENERGY AND DETERMINATION SHOWN BY FRAN NEVRKLA AND HIS TEAM, BOTH IN THE FIGHT TO EXTEND COPYRIGHT TERM FOR PERFORMERS AND IN THEIR ONGOING CLAIM FOR US RADIO ROYALTIES IS NOTHING SHORT OF INSPIRATIONAL.

WE ARE PROUD TO HAVE PPL ALONGSIDE US AT UK MUSIC, AND WISH ALL WHO WORK THERE A VERY HAPPY 75TH BIRTHDAY."

FEARGAL SHARKEY
CHIEF EXECUTIVE, UK MUSIC

"AS A NON FEATURED PERFORMER WITH ONE OF LONDON'S MAJOR ORCHESTRAS, I CAN ONLY SAY THAT THE PAST TWO YEARS, AND LAST YEAR IN PARTICULAR, HAVE SEEN AN ENORMOUS GROWTH IN PPL INCOME FOR ALL MUSICIANS. THE FEEDBACK I RECEIVE FROM MY FELLOW PERFORMERS IS ONE OF DELIGHT WITH INCREASED PAYOUTS RECEIVED.

AS PERFORMERS, WE HAVE ALSO BECOME INCREASINGLY AWARE OF ALL THE WORK BEING DONE AT PPL; THE LOGISTICAL PROCESSES INVOLVED, THE SUCCESSFUL AND CARING LOBBYING, AND THE SPEEDY AND INCREASED TECHNICAL SIDE OF COLLECTION AND DISTRIBUTION WITH ITS EVER EXPANDING EFFICIENCY AND QUALITY CONTROL.

PPL INCOME IS NOW BECOMING ONE OF THE MAJOR FACTORS IN OUR WORKING LIVES AND I ONLY HEAR POSITIVE AND GOOD THINGS FROM MY FELLOW PERFORMERS IN THE ORCHESTRAS ABOUT THE COLLECTION AND DISTRIBUTION OF THAT INCOME."

GERALD NEWSON
DOUBLE BASS, FORMER MEMBER OF LSO
VICE CHAIRMAN, MUSICIANS' UNION EXECUTIVE COMMITTEE
CHAIRMAN, PPL PERFORMER BOARD

"THE UK HAS ALWAYS BEEN AN EXTRAORDINARILY CREATIVE NATION PRODUCING SOME OF THE GREATEST MUSIC IN THE WORLD. HOWEVER, WE WILL ONLY BE ABLE TO MAINTAIN THAT IF OUR ARTISTS CONTINUE TO RECEIVE PAYMENT FOR THE USE OF THEIR WORKS. PPL HAS FOR 75 YEARS DONE A FANTASTIC JOB IN ENSURING THAT ITS MEMBERS GO ON RECEIVING THE ROYALTIES THAT THEY ARE ENTITLED TO."

JOHN WHITTINGDALE, OBE, MP
CHAIRMAN, CULTURE, MEDIA AND SPORT SELECT COMMITTEE
MEMBER OF PARLIAMENT FOR MALDON AND EAST CHELMSFORD

"ONCE MORE TECHNOLOGY IS DRIVING SIGNIFICANT AND JAW DROPPING CHANGE WITHIN OUR INDUSTRY. THE SPEED OF THIS PARADIGM SHIFT IS PROVING EXCEPTIONALLY CHALLENGING, ESPECIALLY FOR THOSE THAT CLING TO OUT OF DATE BUSINESS MODELS. PPL FINDS ITSELF AT THE HEART OF THIS EVOLUTION AND WITH ITS PROGRESSIVE AGENDA IS WELL PLACED TO DRIVE SIGNIFICANT BENEFITS FOR CREATORS AND THEIR BUSINESS PARTNERS IN THE NEW MUSIC WORLD."

BRIAN MESSAGE
CHAIRMAN, MUSIC MANAGERS' FORUM (MMF)

"DEAR FRAN AND ALL AT PPL. THE WORK THAT PPL HAS DONE OVER THE YEARS HAS TRANSFORMED THE LIVES OF MUSICIANS. WE, OF THE FREELANCE SESSION WORLD, OWE AN ENORMOUS DEBT TO PPL FOR THEIR DEDICATION TO THE ONEROUS TASK OF SORTING OUT ALL THE PROBLEMS RELATED TO RESIDUAL PAYMENTS AND COPYRIGHT. BRITISH MUSICIANS SALUTE YOU! GRATEFUL THANKS AND MAY WE CONTINUE TO HAVE A LONG PARTNERSHIP TOGETHER."

PAT HALLING
VIOLINIST

"THE BBC CONGRATULATES PPL ON ITS 75TH ANNIVERSARY. WE LOOK FORWARD TO CONTINUING TO WORK IN PARTNERSHIP WITH PPL IN A WORLD WHERE COLLECTIVE LICENSING WILL BE CRITICALLY IMPORTANT TO THE DEVELOPMENT OF GREAT SERVICES FOR THE VIEWER AND LISTENER."

JAMES LANCASTER
HEAD OF RIGHTS AND BUSINESS AFFAIRS, BBC

WE ARE 75 AND HOW THE WORLD SEES US

"PPL AND PRS FOR MUSIC SHARE MANY COMMON GOALS AND OVER THE LAST COUPLE OF YEARS HAVE FOUND MORE AND MORE OPPORTUNITIES TO WORK TOGETHER.

CONGRATULATIONS ON 75 YEARS OF FANTASTIC ACHIEVEMENTS AND SUCCESS."

STEVE PORTER
CHIEF EXECUTIVE, PRS FOR MUSIC

"AS THE WAY THE WORLD LISTENS TO MUSIC CONTINUES TO TRANSFORM, SO WE SEEK NEW WAYS FOR MAKING SURE WE GET PAID FOR CREATING AND MARKETING IT. AS I WRITE THIS THERE ARE 40 MILLION PIECES OF MUSIC AVAILABLE ON THE INTERNET.

MY SEVEN YEAR SUPPORT FOR FRAN NEVRKLA AND PPL HAS BEEN BASED ON THREE FACTS. FIRST, PPL IS A RESPONSIBLE, SCRUTINISED COLLECTOR AND DISTRIBUTOR OF MUSIC REVENUE. SECOND, FRAN AND THE TEAM SAW THE WRITING ON THE WALL LONG BEFORE MOST OTHER PEOPLE AND ARE PREPARED FOR PPL TO TAKE ON THE CHALLENGE OF COLLATING EVERY PIECE OF DATA ON EVERY SONG OR TUNE. THEY ARE STANDING READY TO COLLECT AND PAY OUT, EQUITABLY, ON ANY AND ALL THE NEW MUSIC OFFERINGS.

FINALLY PPL IS THE ONLY ORGANISATION WHICH TRULY REFLECTS THE INTERESTS OF RECORD LABELS, STARS, STUDIO PRODUCERS AND SESSION PLAYERS WITHOUT FAVOUR.

I FEEL THOSE OF US WHO ATTEND THE PERFORMER BOARD AND PPL BOARD MEETINGS ARE THE CUSTODIANS OF A FAIR FUTURE FOR THE WHOLE BUSINESS WE LOVE."

ROBIN MILLAR
HONORARY PATRON, MUSIC PRODUCERS' GUILD

"MUSIC IS GOOD FOR COMMERCIAL RADIO AND COMMERCIAL RADIO IS GOOD FOR MUSIC. WE'RE PLEASED TO HAVE A GOOD RELATIONSHIP WITH PPL AND LOOK FORWARD TO CONTINUING THAT INTO THE FUTURE. WE WISH PPL A VERY HAPPY 75TH BIRTHDAY."

ANDREW HARRISON
CHIEF EXECUTIVE, RADIOCENTRE

"PPL – PROFESSIONAL, PERSPICACIOUS AND LIKEABLE EVEN DURING OUR OCCASIONAL LITTLE DISAGREEMENTS!"

CLAIRE JARVIS
DIRECTOR OF MUSIC SERVICES, BSKYB

"AS THE INDUSTRY MOVES FROM SELLING BITS OF PLASTIC TO SELLING SOMETHING ALTOGETHER MORE FLEXIBLE, PPL IS LEADING THE WAY IN BUILDING A SUSTAINABLE FUTURE. CONGRATULATIONS ON 75 YEARS!"

DAVE ROWNTREE
DRUMMER
CHAIRMAN, FEATURED ARTISTS' COALITION (FAC)

"IN ITS 75TH YEAR PPL AS AN ORGANISATION, AND IN ITS PEOPLE, IS AN ABSOLUTE FORCE FOR GOOD IN THE MUSIC INDUSTRY. FROM FRAN NEVRKLA DOWNWARDS AND OUTWARDS THEY REALLY CHAMPION THE RIGHTS OF THE PERFORMERS AND THEIR COMPANIES, ALWAYS IMPRESSING ME WITH THE WAY THEY RESPOND AND INNOVATE IN A CHANGING ENVIRONMENT. THERE IS ALWAYS A SENSE OF SERVICE AND A CARING ATTITUDE TOWARDS THOSE WHO CREATE AND PERFORM FOR A LIVING, BUT A BUSINESSLIKE APPROACH THAT GIVES ME CONFIDENCE THAT THEY WILL CONTINUE TO WIN A FAIR DEAL FOR THE MUSIC INDUSTRY."

MICHAEL CONNARTY MP
CO-CHAIR, ALL PARTY PARLIAMENTARY JAZZ APPRECIATION GROUP
MEMBER OF PARLIAMENT FOR LINLITHGOW AND EAST FALKIRK

"SERVING OUR RIGHTS HOLDERS AS PROFESSIONALLY AS POSSIBLE, THAT IS WHAT OUR LONG-LASTING RELATIONSHIP WITH PPL IS ALL ABOUT. IN PRACTICE, IT BOILS DOWN TO A SOLID COOPERATION AIMED AT OPTIMAL LICENSING – AND DISTRIBUTION RESULTS AT THE LEAST POSSIBLE COST. SECURING THESE OBJECTIVES IN A PROFESSIONAL MANNER REQUIRES A PROFESSIONAL PARTNER. I AM PROUD AND PRIVILEGED TO OPERATE WITH OUR FRIENDS AT PPL."

HANS VAN BERKEL
MANAGING DIRECTOR, SENA (HOLLAND)

"PPL HAS BEEN A TRULY DEDICATED AND 'NOTEWORTHY' SUPPORTER OF OUR MUSIC INDUSTRY FOR THE LAST 75 YEARS – CONGRATULATIONS ON YOUR ANNIVERSARY AND I LOOK FORWARD TO OUR TWO ORGANISATIONS WORKING EVER CLOSER TOGETHER."

ELLIS RICH
CHAIRMAN, THE PERFORMING RIGHT SOCIETY

"IT IS IMPOSSIBLE TO CONCEIVE OF A SUCCESSFUL UK MUSIC BUSINESS WITHOUT PPL WORKING AT THE VERY CENTRE OF IT – FIGHTING FOR THE LIVELIHOODS OF PERFORMERS AND PRODUCERS, PROMOTING THE VALUE OF MUSIC IN ALL WALKS OF LIFE AND CAMPAIGNING FOR A FAIRER ENVIRONMENT FOR ITS MEMBERS.

I BELIEVE PPL HAS A MORE IMPORTANT ROLE IN TODAY'S MUSIC INDUSTRY THAN IT EVER HAD. ITS REVENUE COLLECTIONS ARE GROWING FAST, ITS TECHNOLOGICAL EXPERTISE SETS AN EXAMPLE TO MUSIC LICENSING COMPANIES THE WORLD OVER, AND ITS VOICE AS AN ADVOCATE OF THE VALUE OF MUSIC IS STRONGER THAN IT HAS EVER BEEN. I CONGRATULATE PPL AND MY FRIEND FRAN NEVRKLA, NOT ONLY FOR THE ACHIEVEMENTS OF THE LAST 75 YEARS, BUT ALSO ON THE WAY PPL IS GOING ABOUT IMPROVING LIFE FOR THE UK MUSIC COMMUNITY OVER THE NEXT 75 YEARS."

JOHN KENNEDY OBE
CHAIRMAN AND CEO, IFPI

"THE WAY PPL QUIETLY GET ON AND DO THEIR BUSINESS, ON BEHALF OF US ALL, IS A TESTAMENT TO FRAN AND HIS TEAM. HAVING A RECORD IN THEIR ANNUAL CHARTS – WHICH PULL TOGETHER AIRPLAY AND PUBLIC USE OF SONGS – IS A REAL SIGN OF SUCCESS FOR AN ARTIST AS WELL AS VALUABLE REVENUE. TO THEIR NEXT 75 YEARS!"

DAVID JOSEPH, CHAIRMAN & CEO
UNIVERSAL MUSIC UK

"DURING THE PAST 10 YEARS, COLLECTIVE MANAGEMENT OF RIGHTS HAS UNDERGONE A DRAMATIC TRANSFORMATION, CHARACTERIZED BY A GREATER EMPHASIS ON CUSTOMER SERVICE, ADVOCACY ON BEHALF OF MEMBERS AND A COMMITMENT TO TRANSPARENCY AND EFFICIENCY. PPL HAS BEEN AT THE VANGUARD OF THIS TRANSFORMATION AND CONTINUES TO BE A WORLD LEADER IN THE DEMAND FOR EFFECTIVE AND INNOVATIVE WAYS TO IMPROVE OUR OPERATIONS AND EXCHANGES."

JOHN L. SIMSON
EXECUTIVE DIRECTOR, SOUNDEXCHANGE (USA)

"THE CHANGES THAT HAVE OCCURRED AT PPL SINCE I WAS FIRST INVOLVED WITH THE ORGANISATION HAVE BEEN REMARKABLE. IT IS MY GREAT HONOUR AND PLEASURE TO WORK WITHIN PPL AS A PERFORMER DIRECTOR, AND TO ACT IN PARTNERSHIP WITH PPL ON ISSUES THAT ARE OF MASSIVE IMPORTANCE TO THE PERFORMERS THAT I REPRESENT.

THE LOBBY FOR AN EXTENSION OF THE TERM OF PROTECTION IS A PERFECT EXAMPLE OF THIS PARTNERSHIP IN ACTION. IN ADDITION TO MY WORK ALONGSIDE PPL IN THE UK, I AM VERY HAPPY THAT PPL HAS EMBRACED THE ACTIVITIES OF THE INTERNATIONAL FEDERATION OF MUSICIANS (FIM). THE GENEROUS SUPPORT, AND THE ATTENDANCE OF PPL EXPERTS AT FIM 'CAPACITY BUILDING' SEMINARS FOR MUSICIANS IN DEVELOPING COUNTRIES, HAS BEEN INVALUABLE.

I KNOW FROM MY TRAVELS ON BEHALF OF FIM HOW HIGHLY PPL IS REGARDED AROUND THE WORLD; THIS HIGH REGARD IS WELL DESERVED. MANY CONGRATULATIONS ON THE 75TH ANNIVERSARY, BUT WHILE CELEBRATING THE PAST IT IS IMPORTANT TO BE LOOKING TO THE FUTURE AND I'M CONFIDENT THAT PPL IS IN GOOD SHAPE TO ADDRESS THE CHALLENGES THAT WE'LL ALL UNDOUBTEDLY FACE."

JOHN SMITH
GENERAL SECRETARY, MUSICIANS' UNION
PRESIDENT, INTERNATIONAL FEDERATION OF MUSICIANS (FIM)

"FRAN AND HIS TEAM HAVE ACHIEVED THE IMPOSSIBLE: TO TURN AN ORGANIZATION WHICH WAS PERCEIVED BY PEOPLE LIKE ME (TV FOLK) AND MY INDUSTRY FROM 'A BLOODY HEADACHE' INTO A 'SOLUTION PROVIDER' AND A PANACEA FOR ALL (MUSIC) ILLS. AT A TIME OF RELENTLESS CHANGE AND MELTDOWN IT IS COMFORTING TO KNOW THAT SOME THINGS REMAIN CONSTANT: PPL REMAINS ONE OF THE CORNERSTONES OF WHAT MAKES MUSIC TICK – AND FOR THAT WE SHOULD BE VERY GRATEFUL."

MALCOLM GERRIE
CEO, WHIZZ KID ENTERTAINMENT

EXECUTIVE MANAGEMENT TEAM

FRAN NEVRKLA
CHAIRMAN AND CEO

PETER LEATHEM
EXECUTIVE DIRECTOR

TONY CLARK
DIRECTOR OF LICENSING

JANICE DAVIES
DIRECTOR OF HR
& FACILITIES

KEITH HARRIS
DIRECTOR OF
PERFORMER AFFAIRS

FRANK JASCHINSKI
DIRECTOR OF IT

BEN LAMBERT
FINANCE DIRECTOR

DOMINIC MCGONIGAL
DIRECTOR OF
GOVERNMENT RELATIONS

JONATHAN MORRISH
DIRECTOR OF PR
& CORPORATE
COMMUNICATIONS

SENIOR MANAGEMENT TEAM

SARAH AXSON
HR DEVELOPMENT MANAGER

CHRISTIAN BARTON
FINANCIAL PLANNING &
ANALYSIS MANAGER

IESTYN DAVID
RADIO BROADCASTING EXECUTIVE

CHRISTINE GEISSMAR
HEAD OF PUBLIC PERFORMANCE
OPERATIONS

CLARE GOLDIE
PRESS OFFICER

DAVID HARMSWORTH
HEAD OF LEGAL & BUSINESS AFFAIRS

FIONA HAYCOCK
EVENTS & MARKETING MANAGER

SHULA KERR
BUSINESS DEVELOPMENT MANAGER

MATT LININ
IT SERVICES MANAGER

CHRISTIE LOVINGS
FINANCE MANAGER

STEVE MACCHIA
HEAD OF DISTRIBUTION SYSTEMS

JOHN MCGUIRE
HEAD OF TV BROADCASTING

LAURENCE OXENBURY
HEAD OF INTERNATIONAL

VICKI POMPHREY
FACILITIES MANAGER

BARRY REYNOLDS
BUSINESS SYSTEMS MANAGER

JASON ROBERTS
IT SOLUTIONS MANAGER

VICKIE SPENCER
HR MANAGER

RICHARD STEWART
HEAD OF DUBBING &
TARIFF DEVELOPMENT

DANIELLE TILLEY
HEAD OF PUBLIC PERFORMANCE
NEW BUSINESS

SUZANNE WILLEMS
PRODUCTION MANAGER
PPL VIDEO STORE

BOARD OF DIRECTORS

FRAN NEVRKLA
PPL (CHAIRMAN)

GLEN BARNHAM
PERFORMER DIRECTOR
(BRITISH ACTORS' EQUITY)

MIKE BATT
DRAMATICO
ENTERAINMENT LTD

TED CARROLL
ACE RECORDS LIMITED

TONY CLARK
PPL

JULIAN FRENCH
EMI MUSIC UK AND IRELAND

PETER LEATHEM
PPL

DOMINIC MCGONIGAL
PPL

MARTIN MILLS
BEGGARS GROUP LIMITED

GERALD NEWSON
PERFORMER DIRECTOR

NIGEL PARKER
PERFORMER DIRECTOR

JAMES RADICE
POLYDOR LIMITED

ADRIAN SEAR
DEMON MUSIC GROUP

RT HON LORD SMITH OF FINSBURY
INDEPENDENT DIRECTOR

JOHN SMITH
PERFORMER DIRECTOR
(MUSICIANS' UNION)

MICHAEL SMITH
SONY MUSIC
ENTERTAINMENT UK LTD

JOHN WATSON
WARNER MUSIC
INTERNATIONAL

ATTENDEES

ROBIN MILLAR
MUSIC PRODUCERS' GUILD

DAVID STOPPS
MUSIC MANAGERS' FORUM

GEOFF TAYLOR
BPI

ALISON WENHAM
AIM

EXTERNAL ADVISER

JOHN DEACON CBE
POLITICAL ADVISER

FINANCIAL STATEMENTS.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors submit the Annual Report and financial statements to the members for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The company's principal activity is the collection of licence fees for broadcasting and public performance of sound recordings on behalf of its members.

The total amount available for distribution is distributed to the company's members and performers, with the intention that there are no retained reserves at any particular balance sheet date. The recognition of the net pension liability on introduction of FRS17 in 2005, resulted in a deficit on the income, expenditure and distribution account.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

During the year the company increased its licence fee revenue from most sources in accordance with management objectives. It is expected that this trend will continue.

PPL considers its key performance indicators to be revenue, revenue growth and cost to revenue ratio. 2008 was a year when the company delivered a strong set of results with distributable revenue growing by 11% to £110.3 million. Broadcasting income grew by £1.2 million (2%) despite an 8% fall in commercial radio revenues, which was as a direct result of a downturn in advertising revenue in this sector. In addition, public performance revenue grew by £5.2 million (11%). International revenue increased by £6.3 million (69%) to £15.4 million. Despite further investment in IT systems and employees, the cost to revenue ratio remained at 14.6%, as per the 2007 cost ratio.

BUSINESS ENVIRONMENT

In tough market conditions for PPL's members the changes within the music business in recent times have been immense. Sales of physical music carriers continue to decline generally around the world though the 'use' of music continues to grow as media expands and public performance and dubbing increases.

STRATEGY

It is critical that the company plans carefully for the future. Investment in systems will continue to meet the demands of increasing membership, evolving media, new tariffs and the developments that the company has started, and will continue, to make in overseas collection for members and performers. In addition to investment in systems, the company will continue to place increasing emphasis on staff and employee training. The company needs to maintain the high quality of service for members and performers against a backdrop of increasing media platforms and expanding numbers of territories.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of PPL's new public performance tariffs remain subject to review by the Copyright Tribunal following a reference in 2005. The Tribunal has yet to reach a decision and PPL continues to license users under its new tariffs pending such a decision.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

PricewaterhouseCoopers LLP are the auditors of PPL.

For each of the persons who were directors at the time this report was prepared, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

CHARITABLE DONATIONS

The following charitable donations were made during the year ended 31 December 2008:

Hospital Broadcasting Association
£26,000

The Young Musicians Symphony Orchestra
£5,000

Crisis UK (in lieu of Christmas cards)
£3,000

Young Persons Concert Foundation
£10,000

Justice for Kirsty Campaign
£1,000

DIRECTORS AND THEIR INTERESTS

The directors of the company who served throughout the year from 1 January 2008 to 31 December 2008, unless otherwise noted, were as follows:

G Barnham

M Batt (appointed 18 November 2008)

D Carroll

A Clark

J French

P Harris (resigned 6 January 2008)

G Holmes (resigned 18 October 2008)

D McGonigal

M Mills

F Nevrkla

G Newson

P Leathem

N Parker

J Radice

A Sear (appointed 11 March 2008)

Rt Hon Lord Smith of Finsbury

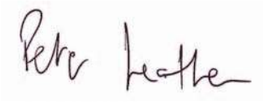
M Smith

J Smith

J Watson

None of the directors who held office at the end of the financial year had any disclosable interest in the company.

By Order of the Board



P LEATHEM
SECRETARY

21 APRIL 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPL
FOR THE YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of PPL for the year ended 31 December 2008 which comprise the Income, Expenditure and Distribution Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman and CEO's Statement, The Year's Highlights, A Few Facts, The UK's Pop Favourites, The UK's Classical Favourites, Business Review, Broadcasting, Public Performance and Dubbing, International, Member Services, PPL and The Government, Our Culture, Corporate Social Responsibility, Our People, In Action, We Are 75 and How The World Sees Us, Executive Management Team, Senior Management Team and Board of Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPL

FOR THE YEAR ENDED 31 DECEMBER 2008

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its result and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

LONDON

22 APRIL 2009

INCOME, EXPENDITURE AND DISTRIBUTION ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
Licence fee income	2		127,648		114,966
Cost of collection and distribution		(18,638)		(16,834)	
Cost of servicing the defined benefit pension scheme		(343)		(408)	
Total cost of collection and distribution			(18,981)		(17,242)
NET INCOME FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAXATION	3		108,667		97,724
Interest receivable			4,459		4,060
Interest payable	5		(2,903)		(2,476)
Other finance income	13		45		177
NET INCOME FROM OPERATING ACTIVITIES BEFORE TAXATION			110,268		99,485
Taxation	8		–		–
AMOUNT AVAILABLE FOR DISTRIBUTION			110,268		99,485
Anti-piracy/copyright protection contributions	4		(2,473)		(2,420)
Amount to be distributed to members and performers			(107,795)		(97,065)
RETAINED RESERVES			Nil		Nil
Cost to Income Ratio (excluding pension scheme costs)			**14.6%**		**14.6%**

The results above relate entirely to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2008

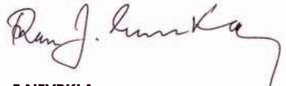
	NOTE	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
Retained reserves		–	–
Actuarial gain/(loss) on the pension scheme	14	780	(361)
Movement in deferred tax on the pension scheme	14	(187)	(151)
TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR		593	(512)

BALANCE SHEET

AS AT 31 DECEMBER 2008

	NOTE	31 DECEMBER 2008 £'000	31 DECEMBER 2008 £'000	31 DECEMBER 2007 £'000	31 DECEMBER 2007 £'000
FIXED ASSETS					
Tangible assets	9		2,993		3,397
CURRENT ASSETS					
Licence fees receivable		17,701		29,277	
Other debtors		2,174		1,942	
Prepayments and accrued income		2,475		2,477	
Short term fixed deposits		73,000		55,000	
Cash at bank and in hand		18,905		23,520	
		114,255		112,216	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(116,080)		(114,933)	
NET CURRENT LIABILITIES			(1,825)		(2,717)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,168		680
PROVISIONS FOR LIABILITIES AND CHARGES	11		(1,914)		(1,310)
NET PENSION LIABILITY	13		(985)		(1,694)
NET LIABILITIES			(1,731)		(2,324)
RESERVES					
Income, expenditure and distribution account	14		(1,731)		(2,324)

The financial statements which comprise the Income, Expenditure and Distribution account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes were approved by the board of directors on 21 April 2009 and are signed on its behalf by:



F NEVRKLA
DIRECTOR

J FRENCH
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15		121,870		80,668
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		4,396		3,528	
Interest paid		(3,459)		(2,612)	
Net cash inflow from returns on investments and servicing of finance			937		916
CAPITAL EXPENDITURE					
Payment to acquire tangible fixed assets		(591)		(1,268)	
Net cash outflow from capital expenditure			(591)		(1,268)
DISTRIBUTIONS					
Payments to members and performers		(104,855)		(75,612)	
Anti-piracy/copyright protection contributions paid		(3,976)		(1,962)	
Net cash outflow from distributions			(108,831)		(77,574)
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES			13,385		2,742
MANAGEMENT OF LIQUID RESOURCES					
(Increase)/decrease in cash placed on fixed term deposits			(18,000)		2,000
(DECREASE)/INCREASE IN CASH	16		(4,615)		4,742

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. A summary of the more important accounting policies, which have been applied consistently, is set out below.

a. Format of income, expenditure and distribution account and the balance sheet

The formats of the income, expenditure and distribution account and the balance sheet have been adapted from that prescribed by Schedule 4 to the Companies Act 1985 in order to better reflect the nature of the business.

b. Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention.

c. Contributions to pensions

During the year the company operated a contributory defined benefit pension scheme covering its permanent employees and those of Video Performance Limited. FRS17 'Retirement Benefits' requires the net pension asset or liability of a company's pension scheme to be recognised in full on the balance sheet. Since PPL makes the majority of contributions to the pension scheme and is also making additional contributions in order to fund the deficit, then it is PPL who bears the risks and rewards of the deficit or surplus in the scheme. Accordingly the full net pension liability has been recorded in the balance sheet of PPL and no liability has been recorded in Video Performance Limited.

The regular service cost of providing pension benefits to employees during the year, together with the costs of any benefits relating to past service, is charged to costs of collection and distribution in the income, expenditure and distribution account in the year.

Interest on the pension scheme liabilities is charged to other finance costs in the income, expenditure and distribution account.

The expected return on the assets of the pension scheme during the year is based on the market value of the assets at the start of the financial year and is offset within other finance costs in the income, expenditure and distribution account.

The difference between the actual and expected return on the assets of the scheme is shown in the statement of total recognised gains and losses for the year, along with any related movement in deferred tax.

The difference between the market value of the assets and the present value of the scheme liabilities is shown net of deferred tax in the balance sheet.

PPL has adopted the amendment to FRS17 'Retirement Benefits' in the current year.

d. Licence fee income

Licence fee income, which excludes value added tax, represents the invoiced value, and is recognised evenly over the period of the licence term.

Licence fee income from overseas societies is recognised when an agreement is in place with the overseas society and on a cash received basis.

1. ACCOUNTING POLICIES CONTINUED

e. Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided at rates calculated to write off the cost of each asset over the expected useful life or pre-determined replacement date:

Fixtures and fittings	3 years
Office equipment	3 years
Computer hardware	3 years
Computer software (systems)	5 years
Computer software (other)	3 years

f. Unclaimed Members' and Performers' distributions

Allocations to members and performers remaining unclaimed for more than seven years are reallocated in accordance with the Distribution Policy.

g. Interest payable to Members and Performers

Interest is accrued on balances payable to members and performers who do not receive advances at a rate based on the average deposit rate earned by the company for the relevant periods.

h. Foreign currencies

Foreign currency assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are translated at the rate ruling on the date of the transaction. All foreign exchange differences are taken to the income, expenditure and distribution account in the year in which they arise.

i. Operating leases

Costs in respect of operating leases are charged to the income, expenditure and distribution account on a straight-line basis over the lease term.

j. Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

k. Deferred taxation

Deferred taxation has been recognised as a liability or an asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future, using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

l. Provisions for liabilities and charges

Dilapidations
Provision is made for dilapidations where the lease requires the reinstatement of the premises to its original state. The level of provision is based upon a damages report and is reviewed annually.

Legal costs
Provision is made for the estimated legal costs where litigation is pending and an obligating event has occurred prior to the balance sheet date.

Refunds
Provision is made for all significant refunds made in the post balance sheet period which relate to licence fees received in the year.

Provisions for liabilities and charges are not discounted and any movements in the provisions are recorded in the income, expenditure and distribution account.

	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
2. LICENCE FEE INCOME		
Licence fee income comprises the following:		
Public performance and dubbing income	54,167	48,976
Broadcasting income	58,076	56,849
International income	15,405	9,141
	127,648	114,966
Analysis of turnover by territory of origin:		
United Kingdom	112,243	105,825
Rest of Europe	13,997	7,241
Rest of World	1,408	1,900
	127,648	114,966
3. NET INCOME FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAXATION		
Net income from operating activities before interest and taxation is stated after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	54	52
Fees payable to the company's auditor and its associates for other services:		
Taxation services	5	29
Other assurance services	107	122
Depreciation	995	906
Operating lease rentals:		
Land and buildings	855	840
Motor vehicles	31	26

	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
4. ANTI-PIRACY/COPYRIGHT PROTECTION CONTRIBUTIONS		
BPI (British Recorded Music Industry) Limited	1,554	1,443
The International Federation of the Phonographic Industry	869	927
Impala	50	50
	2,473	2,420
5. INTEREST PAYABLE		
Interest payable on Member and Performer balances	2,903	2,476
6. EMPLOYEES AND DIRECTORS		
a. Gross staff costs during the year amounted to:		
Wages and salaries	8,527	7,772
Social security costs	757	704
Other pension costs	220	183
	9,504	8,659
b. Average number of employees during the year:	**Number**	**Number**
Office and management	210	194
c. Directors' emoluments:	**£'000**	**£'000**
Total directors' emoluments	1,424	1,532
Emoluments in respect of the highest paid director amounted to:		
Aggregate emoluments	671	740
Defined benefit pension scheme – accrued pension at end of year	10	9
	Number	**Number**
Number of directors to whom retirement benefits are accruing under the defined benefit pension scheme	4	4
7. TRANSACTIONS WITH DIRECTORS		
There were no other transactions with directors during the year.		

	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
8. TAXATION		
The charge for taxation for the year is calculated on disallowable items after the deduction of capital allowances.		
Current Tax		
UK corporation tax	–	–
Adjustment in respect of prior periods	–	–
Total current tax credit for the year	–	–
The tax assessed for the year differs from the standard rate applying in the UK (2008: 21%, 2007: 20%). The differences are explained below:		
Net income from ordinary activities before taxation	110,268	99,485
Net income from ordinary activities at the UK tax rate 21% (2007:20%)	23,156	19,897
Effects of:		
Permanent differences	(23,125)	(19,875)
Accelerated capital allowances and other timing differences	(31)	(22)
Current tax credit for the year	–	–
The company had an unprovided deferred tax asset at 31 December 2008 as follows:		
Capital allowances in excess of depreciation	224	128
Other timing differences	4	21
Net deferred tax asset – unprovided	228	149

No provision has been made for this deferred tax asset on the basis that given that the majority of the company's net income is not taxable, the availability of suitable future taxable profits is not certain.

The standard rate of corporation tax in the UK applicable to small companies changed from 20% to 21% on 1 April 2008. Accordingly, the company's profits from this period are taxed at 21%.

	FIXTURES, FITTINGS & OFFICE EQUIPMENT £'000	COMPUTER EQUIPMENT & SOFTWARE DEVELOPMENTS £'000	TOTAL £'000
9. TANGIBLE ASSETS			
Cost			
Balance at start of year	290	9,851	10,141
Additions	188	403	591
Disposals	(51)	(46)	(97)
Balance at end of year	427	10,208	10,635
Accumulated Depreciation			
Balance at start of year	161	6,583	6,744
Charge for the year	68	927	995
Disposals	(51)	(46)	(97)
Balance at end of year	178	7,464	7,642
Net Book Value at end of year	**249**	**2,744**	**2,993**
Net Book Value at start of year	129	3,268	3,397

	31 DECEMBER 2008 £'000	31 DECEMBER 2007 £'000
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	334	25
Other taxation and social security	2,921	4,017
Other creditors and accruals	9,272	9,039
Deferred income	30,112	30,849
Amounts due to members and performers	73,441	71,003
	116,080	114,933

The distributions to members and performers cannot be separately identified until the usage returns in respect of that period have been received and matched against the repertoire database. This reflects the Distribution rules driven by the Council Directive No 92/100/EEC of 19 November 1992 ('The Rental Directive') introduced in the UK with effect from 1 December 1996.

	AT 1 JANUARY 2008 £'000	UTILISED IN THE YEAR £'000	INCREASE FOR THE YEAR £'000	AT 31 DECEMBER 2008 £'000
11. PROVISIONS FOR LIABILITIES AND CHARGES				
Provision for dilapidations	855	–	–	855
Provision for legal costs	455	(455)	825	825
Provision for refunds	–	–	234	234
	1,310	(455)	1,059	1,914

Dilapidations

The dilapidations provision represents the amount required to reinstate the premises to a state as required under the lease, which expires in 2012. The provision will be fully utilised in 2012.

Legal Costs

Legal costs are provided as required for cases where litigation is pending. This provision is expected to be utilised in 2009.

Refunds

Provision is made for all significant refunds made in the post balance sheet period which relate to licence fees received in the year.

	31 DECEMBER 2008 £'000	31 DECEMBER 2007 £'000
12. COMMITMENTS		
Operating Lease Commitments		
At 31 December 2008 the company was committed to making the following payments during the next year in respect of operating leases:		
Land and Buildings		
Leases which expire after 2 – 5 years	869	870
Motor Vehicles		
Leases which expire within 1 year	19	3
Leases which expire within 2 – 5 years	8	26

13. PENSION COSTS

The company operates a defined benefit scheme in the UK with assets held in a separately administered fund. The basis on which the net pension liability is recognised in the financial statements is set out in note 1. The scheme was closed to new entrants from 1 July 2003.

A full actuarial valuation using the projected unit method was carried out at 30 June 2006 and updated to 31 December 2008 by a qualified independent actuary.

The company is currently contributing to the Scheme at a rate of 15.3% of pensionable salaries and is making additional contributions of £150,000 per annum until 30 June 2010, reverting to 15.3% of pensionable salaries from 1 July 2010.

	31 DECEMBER 2008	31 DECEMBER 2007
13. PENSION COSTS CONTINUED		
The major assumptions used by the actuary were (in nominal terms):		
Rate of increase in salaries	4.20%	4.90%
Rate of increase of pensions in payment	2.70%	3.40%
Rate of increase of pensions in deferment	2.70%	3.40%
Discount rate	6.50%	5.80%
Inflation assumption	2.70%	3.40%
Expected return on scheme assets	6.54%	7.40%

The expected return on scheme assets is based on market expectations at the beginning of the financial period for returns over the life of the asset. The expected return on equities has been determined by including a premium over fixed interest securities to reflect the out performance of equities relative to fixed interest securities.

	31 DECEMBER 2008 £'000	EROA%	AMOUNT%	31 DECEMBER 2007 £'000	EROA%	AMOUNT%
The assets in the scheme, the expected rates of return and the amounts recognised in the balance sheets are as follows:						
Equities	7,602	6.70%	95%	9,702	7.55%	95%
Gilts	389	3.70%	5%	486	4.55%	5%
Other (cash)	25	2.00%	0%	48	5.50%	0%
Total market value of assets	8,016			10,236		
Present value of scheme liabilities	(9,264)			(12,380)		
Deficit in the scheme	(1,248)			(2,144)		
Related deferred tax asset	263			450		
Net pension liability	(985)			(1,694)		

No differences in the value of plan assets arise as a result of the adoption of FRS17 (revised).

	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
13. PENSION COSTS CONTINUED		
The amount recognised in the income, expenditure and distribution account:		
Current service cost	(343)	(408)
Interest on pension scheme liabilities	(730)	(556)
Expected return on pension scheme assets	775	733
Total	(298)	(231)
Actual return on assets	(2,650)	468
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	12,380	11,303
Current service costs	343	408
Employee contributions	86	97
Interest costs	730	556
Actuarial (loss)/gain	(4,203)	96
Benefits paid	(72)	(80)
Closing defined benefit obligation	9,264	12,380
Changes in the fair value of plan assets are as follows:		
Opening fair value of scheme assets	10,236	9,301
Expected return on assets	775	733
Actuarial loss	(3,424)	(265)
Employer contributions	415	450
Employee contributions	86	97
Benefits paid	(72)	(80)
Closing fair value of scheme assets	8,016	10,236

	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000	YEAR ENDED 31 DECEMBER 2006 £'000	YEAR ENDED 31 DECEMBER 2005 £'000	YEAR ENDED 31 DECEMBER 2004 £'000
13. PENSION COSTS CONTINUED					
Amounts for current and previous four years:					
Defined benefit obligation	(9,264)	(12,380)	(11,303)	(9,640)	(7,879)
Scheme assets	8,016	10,236	9,301	8,343	6,242
Deficit	(1,248)	(2,144)	(2,002)	(1,297)	(1,637)
History of experience gains and losses:					
Adjustment due to change in assumptions	4,205	(95)	(686)	(727)	(239)
Experience adjustments on scheme assets	(3,425)	(266)	(88)	1,066	89
Total amount recognised in statement of total recognised gains and losses:	780	(361)	(774)	339	(150)

The cumulative loss recorded in the statement of total recognised gains and losses in respect of the defined benefit pension scheme and related deferred tax asset is £1,731k (2007: £2,324k).

	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
14. RETAINED RESERVES – INCOME, EXPENDITURE AND DISTRIBUTION ACCOUNT		
At start of year	(2,324)	(1,812)
Actuarial gain/(loss) on the pension scheme	780	(361)
Movement in deferred tax on the pension scheme	(187)	(151)
	(1,731)	(2,324)

	YEAR ENDED 31 DECEMBER 2008 £'000	YEAR ENDED 31 DECEMBER 2007 £'000
15. RECONCILIATION OF NET INCOME FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Net income from operating activities before interest and taxation	108,667	97,724
Depreciation	995	906
Difference between pension charge and cash contributions	(72)	(42)
Decrease/(increase) in debtors	11,283	(18,152)
Increase in creditors	393	725
Increase/(decrease) in provisions	604	(493)
Net cash inflow from operating activities	121,870	80,668
16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
(Decrease)/increase in cash in the period	(4,615)	4,742
Increase/(decrease) in cash placed on fixed term deposits	18,000	(2,000)
Changes in net funds resulting from cash flows	13,385	2,742
Net funds at 31 December 2007	78,520	75,778
Net funds at 31 December 2008	91,905	78,520

	AT 1 JANUARY 2008 £'000	CASH FLOW £'000	AT 31 DECEMBER 2008 £'000
17. ANALYSIS OF CHANGES IN NET FUNDS			
Cash at bank and in hand	23,520	(4,615)	18,905
Short-term investments	55,000	18,000	73,000
	78,520	13,385	91,905

CREDITS

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