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CHAIRMAN AND CEO’S STATEMENT

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 PAY.

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.
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.

While 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-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 collectively 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
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.
INTERNATIONAL AGREEMENTS WITH MUSIC LICENSING COMPANIES AROUND THE WORLD

HOSPITAL RADIO STATIONS LICENSED

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

PERFORMERS FROM ALL OVER EUROPE SIGNED THE PETITION SUPPORTING COPYRIGHT EXTENSION

42
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

A FEW FACTS.
### The UK's Pop Favourites 2008

**1. Mercy**  
**Artist:** Duffy  
**Label:** Universal Music

**2. Rule the World**  
**Artist:** Take That  
**Label:** Universal Music

**3. Viva La Vida**  
**Artist:** Coldplay  
**Label:** Parlophone (EMI)

**4. Black & Gold**  
**Artist:** Sam Sparro  
**Label:** Island (Universal Music)

**5. Love Song**  
**Artist:** Sara Bareilles  
**Label:** Epic (Sony Music Entertainment)

**6. No Air**  
**Artist:** Jordin Sparks featuring Chris Brown  
**Label:** Jive (Sony Music Entertainment)

**7. Closer**  
**Artist:** Ne-Yo  
**Label:** Def Jam (Universal Music)

**8. American Boy**  
**Artist:** Estelle featuring Kanye West  
**Label:** Atlantic (Warner Music)

**9. Apologize**  
**Artist:** Timberland Presents OneRepublic  
**Label:** Interscope (Universal Music)

**10. About You Now**  
**Artist:** Sugababes  
**Label:** Island (Universal Music)

**11. Warwick Avenue**  
**Artist:** Duffy  
**Label:** Universal Music

**12. Bleeding Love**  
**Artist:** Leona Lewis  
**Label:** Syco (Sony Music Entertainment)

**13. Stop and stare**  
**Artist:** OneRepublic  
**Label:** Interscope (Universal Music)

**14. Take a Bow**  
**Artist:** Rihanna  
**Label:** Def Jam (Universal Music)

**15. Spotlight**  
**Artist:** Jennifer Hudson  
**Label:** RCA (Sony Music Entertainment)

**16. Chasing Pavements**  
**Artist:** Adele  
**Label:** XL Recordings (Beggars Banquet)

**17. With You**  
**Artist:** Cherie Brown  
**Label:** Epic (Sony Music Entertainment)

**18. The Man Who Can’t Be Moved**  
**Artist:** The Script  
**Label:** Phonogramic (Sony Music Entertainment)

**19. Valerie**  
**Artist:** Mark Ronson featuring Amy Winehouse  
**Label:** Columbia (Sony Music Entertainment)

**20. About You Now**  
**Artist:** Sugababes  
**Label:** Island (Universal Music)

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**Note:** 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.
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.

1. *Elgar* - *Pomp and Circumstance March No.1* by the London Philharmonic Orchestra with Sir Adrian Boult (EMI Classics)

2. *Gorecki* - *3 Pieces in Olden Style* by the Academy Chamber Orchestra with Armin Schönheit (EMI Classics)

3. *Mahler* - *Symphony No.1* by the Royal Philharmonic Orchestra with Yuri Simonov (Royal Philharmonic Orchestra)

4. *Vasks* - *Cello Concerto* by the Riga Philharmonic Orchestra with Jonas Aliksev (Sony Classics)

5. *Vivaldi* - *The Four Seasons* by the English Chamber Orchestra (Sony Music Entertainment)

6. *Saraste* - *Nocturne* by the I Solisti Veneti with Claudio Scimone (Erato)

7. *Puccini* - *Nessun Dorma* from ‘Turandot’ by the Crouch End Festival Chorus with David Temple (Silva Screen)

8. *Bartók* - *Scheherazade* by the London Symphony Orchestra with Charles Mackerras (Sony Music Entertainment)

9. *Rimsky-Korsakov* - *Scheherazade* by the London Symphony Orchestra with Charles Mackerras (Sony Music Entertainment)

10. *Howard Shore* - *The Prophecy* from ‘Lord of the Rings OST’ by the City of Prague Philharmonic Orchestra with Nic Raine (Silva Screen)

11. *Delius* - *Stydia* by St Petersburg Philharmonic Orchestra with Richard Bonynge (Decca)

12. *Grieg* - *Piano Concerto* by the Bergen Philharmonic Orchestra with Dmitri Kitayenko (EMI Classics)

13. *Vaughan Williams* - *Job* by the English Northern Philharmonia with David Mathias (Naxos)

14. *Mahler* - *Symphony No.1* by the Royal Philharmonic Orchestra with Georg Solti (Decca)

15. *Grieg* - *Piano Concerto* by the Rotterdam Philharmonic Orchestra with Valery Gergiev (Decca)

16. *Schubert* - *Symphony No.5* by the Academy of St. Martin in the Fields with Neville Marriner (Decca)

17. *Rachmaninov* - *Piano Concerto No.1* by the Russian State Symphony Orchestra with Valery Gergiev (Decca)

18. *Tchaikovsky* - *Symphony No.5* by the Philharmonia Orchestra with Charles Mackerras (Deutsche Grammophon)

19. *Howard Shore* - *The Prophecy* (From ‘Lord of the Rings OST’) by the City of Prague Philharmonic Orchestra with Nic Raine (Silva Screen)

20. *Vaughan Williams* - *Fantasia on Greensleeves* by the Oxford Chamber Orchestra (Deutsche Grammophon)
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.


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.
BROADCASTING

Overall broadcasting, online and mobile revenue grew by 2% in 2008 to £58.1 million. 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 and YouTube, as with more traditional platforms, although growing fast, remains a modest alongside traditional platforms.

Commercial radio is in all 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 are used 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 viasuch 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.

Whilst new delivery platforms such as the Sky Player, BT Vision and the iPlayer 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 all 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.

Despite increasing competition, viewing figures and the consumption of PPL repertoire were maintained although spread over an ever growing number of channels.

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 benefitting from PPL’s small webcasters license, 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 platforms, are maintained, although spread over an ever growing number of channels.

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 without compromising customer service. As part of a rolling ‘operations review’ we will continue to assess and streamline our 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’ environment, it is 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 meant 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.

Despite increasing competition, viewing figures and the consumption of PPL repertoire were maintained although spread over an ever growing number of channels.

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 licences 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.

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INTERNATIONAL

PPL’s International service offers a comprehensive step-by-step 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 £13.4 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 to our 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 £17.5 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 to PPL 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.

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.

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.

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, BMI 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.

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.

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 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.

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.

INTERNATIONAL REVENUE £

+69%
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 accommodate 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.

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.
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 non-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 non-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.
OUR CULTURE.
Our Culture

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 bicycles 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 both inside and outside the music industry we are confident we can once again exceed it.

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.

CORPORATE SOCIAL RESPONSIBILITY

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.

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 APPGAG (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 APPGAG 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.

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 Year Awards category (both in November) and earlier in the year we sponsored the ‘Most Played UK Artist’ on Commercial Radio category at the Argyll 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.

We developed further the CSR programme in 2008 largely through the imagination, generosity and hard work of PPL staff. The company focuses 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 fundraising 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.
OUT OUR CULTURE

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.

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.

Out Standing Performance

29% Staff who have worked at PPL for over 5 years

35 In-house training workshops

Our People

In 2008 we continued to focus on the development of our systems and policies to create a ‘growth oriented’ 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 inhouse 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 Musac4Good, 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.

POLICIES AND PROCEDURES

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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.

REWARD AND RECOGNITION

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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.

‘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.’

IN-HOUSE TRAINING WORKSHOPS

35

STAFF WHO HAVE WORKED AT PPL FOR OVER 5 YEARS

29%
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-Kids 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.

4. Shaklin 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.

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 PES for Music were joint sponsors of the 2008 Whats 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.

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 musicians gathered together to support the ongoing campaign for term extension. Pat Halling, violist on countless recordings performed ‘Eleanor Rigby’.

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 PPI reception in Brussels to show their support.

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.

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

15. At the same event seen in conversation.

16. Also at the same event, pictured together.

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

OUR CULTURE IN ACTION
OUR CULTURE
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)

“THE BUSINESS MODEL FOR MUSIC IS IN RAPID TRANSITION, AND THE WAY MUSIC IS MONETISED IS CHANGING. IT IS IMPORTANT FOR ALL TO FOCUS ON 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 VALUE OF THEIR WORK IN THE FUTURE.”

TONY WADSWORTH
CHAIRMAN, BP

“IN THE YEARS SINCE I STARTED OUT IN THE MUSIC INDUSTRY IT HAS CHANGED ALMOST BEYOND RECOGNITION. NEVER SO MUCH AS RECENTLY, AND SINCE THE INTERNET BECAME SUCH A UNIVERSAL TOOL, IT IS THE CORE OF OUR INDUSTRY. PPL HAS BEEN AT THE FOREFRONT OF THIS CHANGING INDUSTRY; AS A BUSINESS ENTITY INTO A RESPECTED INSTITUTION, IT IS ONE OF DELIGHT WITH INCREASED PAYOUTS RECEIVED.”

JOE MORETTI
GUITARIST

“THE DRAMATIC IMPROVEMENT IN THE PLACEMENT AND AWARENESS 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 THEY DO. I AM INDEED PROUD TO SAY THAT I AM A MEMBER OF SUCH AN INCREDIBLE ORGANISATION.”

IAN MALL QOC
JOINT HEAD, BLACKSTONE CHAMBERS

“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 SPECIALIST SERVICE OF CARING LOBBYING, AND THE SPEEDY AND INCREASED TECHNICAL SIDE OF COLLECTION AND DISTRIBUTION WITH ITS EVER EXPANDING EFFICIENCY CONTROL.”

PEOPLE 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
CHAIRMAN, MUSIC MANAGERS’ FORUM (MMF)

THE UK HAS ALWAYS BEEN AN INCREDIBLE NATION PRODUCING SOME OF THE GREATEST MUSIC IN THE WORLD, THE US HAS BEEN AT THE FOREFRONT OF THIS CHANGING INDUSTRY IN A WAY THAT IS ONE OF DELIGHT WITH INCREASED PAYOUTS RECEIVED.”

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

“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.”

FERNANDO SHARKEY
CHIEF EXECUTIVE, UK MUSIC

“The business model for music is in rapid transition, and the way music is monetised is changing. It is important for all to focus on 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 value of their work in the future.”

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Tony Wadsworth
Chairman, BP

“The UK has always been an extraordinary 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 their members go on receiving that payment which they are entitled to.”

John Whittingdale, OBE
Chairman, Culture, Media and Sport Select Committee
Member of Parliament for Maldon and East Chelmsford

“The BBC congratulates PPL on its 75th anniversary. We look forward to continuing to work in partnership with PPL in a way that licensing will be critically important to the development of great services for the viewers and listeners.”

James Lancaster
Head of Rights and Business Affairs, BBC

“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.”

Fernando Sharkey
Chief Executive, UK Music

“The US has always been an extraordinary 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 their members go on receiving that payment which they are entitled to.”

John Whittingdale, OBE
Chairman, Culture, Media and Sport Select Committee
Member of Parliament for Maldon and East Chelmsford

“Once more technology is driving significant and long standing changes within our industry. The speed of this paradigm shift is producing exceptionally novel situations, amongst which the emergence of new and dynamic business models. PPL has been at the forefront of this development and with its progressive agenda is well placed to drive significant benefits for its creators and their business partners in the new music world.”

Brian Message
Chairman, Music Managers’ Forum (MMF)

“The feedback I receive from my fellow performers is one of delight with increased payouts received.”

James Lancaster
Head of Rights and Business Affairs, BBC

“Dear Fran and all at PPL, the work that PPL has done over the years has transformed the lives of musicians. We, as musicians, salute you! Thank you for all the support you have given us over the years.”

Pat Halling
Viola Violinist

“The lucrative future of the music industry is shifting from a transactional model to a relationship-based one. This is part of the evolution of the music industry.”

SIR GEORGE MARTIN CBE
CHAIRMAN, UK MUSIC

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Chairman, BP
"AS THE WAY THE WORLD LISTENS TO MUSIC CONTINUES TO TRANSFORM, SO WILL 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."

MICHAEL GERRIE, CHAIRMAN, FEATURED ARTISTS’ COALITION (FAC)

"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."

JOHN L. SIMSON, CEO, WHIZZ KID ENTERTAINMENT

"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 H. SIMON, EXECUTIVE DIRECTOR, SOUNDEXCHANGE (US)

"FRAN AND THE TEAM SAW THE WRITING ON THE WALL LONG BEFORE MOST OTHERS AND ARE PREPARED FOR PPL TO TAKE ON THE CHALLENGE OF COLLECTING 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."

DAVID JOSEPH, CHAIRMAN & CEO, UNIVERSAL MUSIC UK

"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 DIRECTOR, AND TO ACT IN PARTNERSHIP WITH PPL ON ISSUES THAT ARE OF MASSIVE IMPORTANCE TO THE PERFORMERS THAT I REPRESENT."

DAVID JESSOP, CHAIRMAN, THE PERFORMING RIGHTS SOCIETY


JOHN KENNEDY OBE, GENERAL SECRETARY, MUSICIANS’ UNION

"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, TO THE FUTURE AND I’M CONFIDENT THAT PPL IS IN GOOD SHAPE BUT WHILE CELEBRATING THE PAST IT IS IMPORTANT TO BE LOOKING EVER CLOSER TOGETHER."

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MICHAEL GERRIE, CHAIRMAN, FEATURED ARTISTS’ COALITION (FAC)
STATEMENT OF DIRECTORS’ RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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.

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 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.

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 £5.3 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.

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.

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 £5.3 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.

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

The directors are responsible for preparing 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.

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 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.

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 £5.3 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.

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.

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.

The directors submit the Annual Report and financial statements to the members for the year ended 31 December 2008.
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PPL
FOR THE YEAR ENDED 31 DECEMBER 2008

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.

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

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.

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.

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

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.

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.

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;
– the information given in the Report of the Directors is consistent with the financial statements.

PRICEWATERHOUSECOOPERS LLP

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

LONDON

22 APRIL 2009

INCOME, EXPENDITURE AND DISTRIBUTION ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

INCOME, EXPENDITURE AND DISTRIBUTION ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

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

The results above relate entirely to continuing operations.
### BALANCE SHEET
AS AT 31 DECEMBER 2008

<table>
<thead>
<tr>
<th>NOTE</th>
<th>31 DECEMBER 2008 £’000</th>
<th>31 DECEMBER 2007 £’000</th>
<th>31 DECEMBER 2006 £’000</th>
<th>31 DECEMBER 2005 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>9</td>
<td>2,993</td>
<td>3,397</td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licence fees receivable</td>
<td>17,701</td>
<td>29,277</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other debtors</td>
<td>2,174</td>
<td>1,942</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>2,475</td>
<td>2,477</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term fixed deposits</td>
<td>73,000</td>
<td>55,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>18,905</td>
<td>23,520</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>114,255</td>
<td>112,216</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(116,080)</td>
<td>(114,933)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET CURRENT LIABILITIES</strong></td>
<td>(1,825)</td>
<td>(2,717)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS LESS CURRENT LIABILITIES</strong></td>
<td>1,168</td>
<td>680</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PROVISIONS FOR LIABILITIES AND CHARGES</strong></td>
<td>(1,914)</td>
<td>(1,310)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET PENSION LIABILITY</strong></td>
<td>(985)</td>
<td>(1,694)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET LIABILITIES</strong></td>
<td>(1,731)</td>
<td>(2,324)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RESERVES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income, expenditure and distribution account</td>
<td>(1,731)</td>
<td>(2,324)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

---

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2008

<table>
<thead>
<tr>
<th>NOTE</th>
<th>YEAR ENDED 31 DECEMBER 2008 £’000</th>
<th>YEAR ENDED 31 DECEMBER 2007 £’000</th>
<th>YEAR ENDED 31 DECEMBER 2006 £’000</th>
<th>YEAR ENDED 31 DECEMBER 2005 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gain/(loss) on the pension scheme</td>
<td>14 780</td>
<td>(361)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement in deferred tax on the pension scheme</td>
<td>14 (187)</td>
<td>(131)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR</strong></td>
<td>593</td>
<td>(512)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE YEAR ENDED YEAR ENDED YEAR ENDED YEAR ENDED
31 DECEMBER 31 DECEMBER 31 DECEMBER 31 DECEMBER
£'000 £'000 £'000 £'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 (4,613) 4,742

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

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 predetermined 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 past 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.

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

2. LICENCE FEE INCOME

Licence fee income comprises the following:

- Public performance and dubbing income
- Broadcasting income
- International income

Analysis of turnover by territory of origin:

- United Kingdom
- Rest of Europe
- Rest of World

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
- Fees payable to the company’s auditor and its associates for other services:
  - Taxation services
  - Other assurance services
- Depreciation
- Operating lease rentals:
  - Land and buildings
  - Motor vehicles

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

| YEAR ENDED | YEAR ENDED |
| 31 DECEMBER | 31 DECEMBER |
| £’000 | £’000 |

- Licence fee income
- Public performance and dubbing income
- Broadcasting income
- International income

- Analysis of turnover by territory of origin:
  - United Kingdom
  - Rest of Europe
  - Rest of World

- Operating lease rentals:
  - Land and buildings
  - Motor vehicles

Total

127,648
114,966

127,648
114,966
### 4. Anti-Piracy/Copyright Protection Contributions

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Year Ended 31 December 2008 £’000</th>
<th>Year Ended 31 December 2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI (British Recorded Music Industry) Limited</td>
<td>1,554</td>
<td>1,443</td>
</tr>
<tr>
<td>The International Federation of the Phonographic Industry</td>
<td>869</td>
<td>927</td>
</tr>
<tr>
<td>Impala</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,473</strong></td>
<td><strong>2,420</strong></td>
</tr>
</tbody>
</table>

### 5. Interest Payable

Interest payable on Member and Performer balances: 2,903 £’000 in 2008 and 2,476 £’000 in 2007.

### 6. Employees and Directors

**a. Gross staff costs during the year amounted to:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Year Ended 31 December 2008 £’000</th>
<th>Year Ended 31 December 2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>8,527</td>
<td>7,772</td>
</tr>
<tr>
<td>Social security costs</td>
<td>757</td>
<td>704</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>220</td>
<td>183</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,504</strong></td>
<td><strong>8,659</strong></td>
</tr>
</tbody>
</table>

**b. Average number of employees during the year:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office and management</td>
<td>210</td>
<td>194</td>
</tr>
</tbody>
</table>

**c. Directors’ emoluments:**

<table>
<thead>
<tr>
<th>Description</th>
<th>£’000</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total directors’ emoluments</td>
<td>1,424</td>
<td>1,532</td>
</tr>
<tr>
<td>Emoluments in respect of the highest paid director amounted to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregate emoluments</td>
<td>671</td>
<td>740</td>
</tr>
<tr>
<td>Defined benefit pension scheme – accrued pension at end of year</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td><strong>Number of directors to whom retirement benefits are accruing under the defined benefit pension scheme</strong></td>
<td><strong>4</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

### 7. Transactions with Directors

There were no other transactions with directors during the year.

### 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year Ended 31 December 2008 £’000</th>
<th>Year Ended 31 December 2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from ordinary activities before taxation</td>
<td>110,268</td>
<td>99,485</td>
</tr>
<tr>
<td>Net income from ordinary activities at the UK tax rate 21% (2007: 20%)</td>
<td>23,156</td>
<td>19,897</td>
</tr>
<tr>
<td>Effects of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent differences</td>
<td>(23,125)</td>
<td>(19,875)</td>
</tr>
<tr>
<td>Accelerated capital allowances and other timing differences</td>
<td>(31)</td>
<td>(22)</td>
</tr>
<tr>
<td>Current tax credit for the year</td>
<td>––</td>
<td>––</td>
</tr>
</tbody>
</table>

The company had an unprovided deferred tax asset at 31 December 2008 as follows:

- Capital allowances in excess of depreciation: 224 £’000
- Other timing differences: 4 £’000
- Net deferred tax asset – unprovided: 228 £’000

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

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

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>31 DECEMBER 2008</th>
<th>31 DECEMBER 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>334</td>
<td>25</td>
</tr>
<tr>
<td>Other taxation and social security</td>
<td>2,921</td>
<td>4,017</td>
</tr>
<tr>
<td>Other creditors and accruals</td>
<td>9,272</td>
<td>9,039</td>
</tr>
<tr>
<td>Deferred income</td>
<td>30,112</td>
<td>30,849</td>
</tr>
<tr>
<td>Amounts due to members and performers</td>
<td>73,441</td>
<td>71,003</td>
</tr>
<tr>
<td></td>
<td>116,080</td>
<td>114,933</td>
</tr>
</tbody>
</table>

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.

11. PROVISIONS FOR LIABILITIES AND CHARGES

<table>
<thead>
<tr>
<th></th>
<th>AT 1 JANUARY 2008 £’000</th>
<th>UTILISED IN THE YEAR £’000</th>
<th>INCREASE FOR THE YEAR £’000</th>
<th>AT 31 DECEMBER 2008 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for dilapidations</td>
<td>855</td>
<td>–</td>
<td>–</td>
<td>855</td>
</tr>
<tr>
<td>Provision for legal costs</td>
<td>455 (455)</td>
<td>825</td>
<td>825</td>
<td>825</td>
</tr>
<tr>
<td>Provision for refunds</td>
<td>– (234)</td>
<td>234</td>
<td>234</td>
<td>234</td>
</tr>
<tr>
<td></td>
<td>1,310 (455)</td>
<td>1,059</td>
<td>1,914</td>
<td></td>
</tr>
</tbody>
</table>

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

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:

<table>
<thead>
<tr>
<th>Land and Buildings</th>
<th>Motor Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases which expire after 2 – 5 years</td>
<td>Leases which expire within 1 year</td>
</tr>
<tr>
<td>869</td>
<td>19</td>
</tr>
<tr>
<td>870</td>
<td>3</td>
</tr>
</tbody>
</table>

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.

The major assumptions used by the actuary were (in nominal terms):

- Rate of increase in salaries: 4.20% (2008) 4.90% (2007)
- Rate of increase of pensions in payment: 2.70% (2008) 3.40% (2007)
- Rate of increase of pensions in deferment: 2.70% (2008) 3.40% (2007)

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.

The assets in the scheme, the expected rates of return and the amounts recognised in the balance sheets are as follows:

<table>
<thead>
<tr>
<th>31 December 2008</th>
<th>EROA%</th>
<th>AMOUNT%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity (equities)</td>
<td>7.50%</td>
<td>95%</td>
</tr>
<tr>
<td>Gilts</td>
<td>3.70%</td>
<td>5%</td>
</tr>
<tr>
<td>Cash</td>
<td>2.00%</td>
<td>0%</td>
</tr>
<tr>
<td>Total market value of assets</td>
<td>8.016</td>
<td>10.256</td>
</tr>
<tr>
<td>Present value of scheme liabilities</td>
<td>9.254</td>
<td>12.380</td>
</tr>
<tr>
<td>Deficit in the scheme</td>
<td>(1.248)</td>
<td>(1.144)</td>
</tr>
<tr>
<td>Related deferred tax asset</td>
<td>263</td>
<td>450</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>(985)</td>
<td>(1,694)</td>
</tr>
</tbody>
</table>

No differences in the value of plan assets arise as a result of the adoption of FRS17 (revised).
### 13. PENSION COSTS CONTINUED

#### The amount recognised in the income, expenditure and distribution account:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>(343)</td>
<td>(408)</td>
</tr>
<tr>
<td>Interest on pension scheme liabilities</td>
<td>(730)</td>
<td>(536)</td>
</tr>
<tr>
<td>Expected return on pension scheme assets</td>
<td>775</td>
<td>733</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(298)</td>
<td>(231)</td>
</tr>
<tr>
<td>Actual return on assets</td>
<td>(2,650)</td>
<td>468</td>
</tr>
</tbody>
</table>

#### Changes in the present value of the defined benefit obligation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening defined benefit obligation</td>
<td>12,380</td>
<td>11,303</td>
<td>9,640</td>
</tr>
<tr>
<td>Current service costs</td>
<td>343</td>
<td>408</td>
<td>556</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>86</td>
<td>97</td>
<td>102</td>
</tr>
<tr>
<td>Interest costs</td>
<td>730</td>
<td>556</td>
<td>688</td>
</tr>
<tr>
<td>Actuarial (loss)/gain</td>
<td>(4,203)</td>
<td>96</td>
<td>(686)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(72)</td>
<td>(80)</td>
<td>(80)</td>
</tr>
<tr>
<td><strong>Closing defined benefit obligation</strong></td>
<td>9,264</td>
<td>8,343</td>
<td>6,242</td>
</tr>
</tbody>
</table>

#### Changes in the fair value of plan assets are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening fair value of scheme assets</td>
<td>10,236</td>
<td>9,301</td>
<td>8,343</td>
</tr>
<tr>
<td>Expected return on assets</td>
<td>775</td>
<td>733</td>
<td>688</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>(3,424)</td>
<td>(265)</td>
<td>(727)</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>415</td>
<td>450</td>
<td>102</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>86</td>
<td>97</td>
<td>102</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(72)</td>
<td>(80)</td>
<td>(80)</td>
</tr>
<tr>
<td><strong>Closing fair value of scheme assets</strong></td>
<td>8,016</td>
<td>10,236</td>
<td>6,242</td>
</tr>
</tbody>
</table>

#### History of experience gains and losses:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment due to change in assumptions</td>
<td>4,205</td>
<td>(95)</td>
<td>(686)</td>
</tr>
<tr>
<td>Experience adjustments on scheme assets</td>
<td>(3,425)</td>
<td>(266)</td>
<td>(88)</td>
</tr>
<tr>
<td><strong>Total amount recognised in statement of total recognised gains and losses</strong></td>
<td>780</td>
<td>(361)</td>
<td>(774)</td>
</tr>
</tbody>
</table>

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).

---

### 14. RETAINED RESERVES – INCOME, EXPENDITURE AND DISTRIBUTION ACCOUNT

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>At start of year</td>
<td>(2,324)</td>
<td>(1,812)</td>
</tr>
<tr>
<td>Actuarial gain/(loss) on the pension scheme</td>
<td>780</td>
<td>(361)</td>
</tr>
<tr>
<td>Movement in deferred tax on the pension scheme</td>
<td>(1,731)</td>
<td>(2,324)</td>
</tr>
</tbody>
</table>
### 15. RECONCILIATION OF NET INCOME FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Year Ended 31 December £’000</th>
<th>Year Ended 31 December £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from operating activities before interest and taxation</td>
<td>108,667</td>
<td>97,724</td>
</tr>
<tr>
<td>Depreciation</td>
<td>995</td>
<td>906</td>
</tr>
<tr>
<td>Difference between pension charge and cash contributions</td>
<td>(72)</td>
<td>(45)</td>
</tr>
<tr>
<td>Decrease/(increase) in debtors</td>
<td>11,283</td>
<td>(18,152)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>393</td>
<td>725</td>
</tr>
<tr>
<td>Increase/(decrease) in provisions</td>
<td>604</td>
<td>(493)</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>121,870</td>
<td>80,668</td>
</tr>
</tbody>
</table>

### 16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

<table>
<thead>
<tr>
<th>Description</th>
<th>At 1 January £’000</th>
<th>Cash Flow £’000</th>
<th>At 31 December £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Decrease)/increase in cash in the period</td>
<td>(4,615)</td>
<td>4,742</td>
<td></td>
</tr>
<tr>
<td>Increase/(decrease) in cash placed on fixed term deposits</td>
<td>18,000</td>
<td>(2,000)</td>
<td></td>
</tr>
<tr>
<td>Changes in net funds resulting from cash flows</td>
<td>13,385</td>
<td>2,742</td>
<td></td>
</tr>
<tr>
<td>Net funds at 31 December 2007</td>
<td>78,520</td>
<td>75,778</td>
<td></td>
</tr>
<tr>
<td>Net funds at 31 December 2008</td>
<td>91,905</td>
<td>78,520</td>
<td></td>
</tr>
</tbody>
</table>

### 17. ANALYSIS OF CHANGES IN NET FUNDS

<table>
<thead>
<tr>
<th>Description</th>
<th>At 1 January £’000</th>
<th>Cash Flow £’000</th>
<th>At 31 December £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>23,520</td>
<td>(4,615)</td>
<td>18,905</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>55,000</td>
<td>18,000</td>
<td>73,000</td>
</tr>
<tr>
<td></td>
<td>78,520</td>
<td>13,385</td>
<td>91,905</td>
</tr>
</tbody>
</table>
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