

Video Performance Limited (VPL)

2017 Transparency Report

This transparency report relates to VPL's financial year ended 31 December 2017 and has been published in accordance with Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 (the "Regulations").

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

This transparency report also includes certain financial information which is contained in VPL's separately published financial statements for the year ended 31 December 2017 and such information has therefore been subject to audit by PricewaterhouseCoopers LLP, and their audit report is included with VPL's 2017 financial statements.

Activities during the year

The principal activity of VPL during 2017 was the collection and distribution of licence fees for the broadcasting and public performance of music videos on behalf of its membership. VPL did not undertake any activities unrelated to collective rights management.

Financial Results

During 2017, VPL collected licence fee income of £8.9m (2016: £8.8m) and had net distributable revenue of £7.9m (2016: £7.9m).

Distributions

VPL has continued to pay an increasing number of right holders. Over 750 right holders received at least one payment from VPL in 2017 (2016: 700). VPL continues to maintain a high pay-through rate in its distributions and achieved a 90.5% pay-through of 2016 collections by 30 September 2017 (98.6% excluding a single multi-territory licence).

Business Review

Continued preparatory work for the joint venture in the area of public performance licensing between Phonographic Performance Limited (PPL) and PRS for Music Limited (PRS) – which will also encompass VPL's public performance licensing (currently undertaken by PPL resource) – was a key focus area throughout 2017. Good progress was made across all aspects of this project, with the new joint licensing system close to completion at the end of 2017, ahead of the joint venture commencing public performance licensing operations on behalf of VPL in early 2018.

VPL members continue to be impacted by the changes within the music business, particularly with increasing access to music videos via online services meaning their 'use' in the broadcasting and public performance markets has been in decline.

Information on refusal to grant a licence

Regulation 21(4)(c) requires the Annual Transparency Report to include information on any refusals to grant a licence in accordance with paragraph (5)(b)(ii) of Regulation 15. During 2017, VPL offered a licence to all applicants who requested a licence within VPL's mandated scope of activity and who provided the information necessary in order to calculate the fees due.

Legal and Governance structure of VPL

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

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

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

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

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

Members of the Board of Directors during 2017

J French
G Kempin
P Leathem
J Radice
A Sear
M Smith
S Wheeler

Board Remuneration

VPL paid no directors' remuneration during 2017. However £28,795 was recharged to VPL by PPL, in respect of the employment of VPL's executive director.

Board Committees

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

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

Entities owned or controlled by VPL in whole or in part

VPL does not own or control any other entities.

Financial Information

The 2017 audited financial statements of VPL (comprising of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Cash Flow Statement) are shown on the following pages.

Statement of Comprehensive Income For the Year Ended 31 December 2017

	2017 £000
LICENCE FEE INCOME	8,898
Cost of collection and distribution	(988)
	<hr/>
NET INCOME BEFORE INTEREST AND TAXATION	7,910
Interest receivable	25
	<hr/>
NET INCOME BEFORE TAXATION	7,935
Taxation	-
	<hr/>
AMOUNT AVAILABLE FOR DISTRIBUTION	7,935
Amount to be distributed to members	(7,935)
	<hr/>
RETAINED RESERVES	-
	<hr/> <hr/>
Cost to income ratio	11.1%

Statement of Financial Position
As at 31 December 2017

	2017 £000
CURRENT ASSETS	
Licence fees receivable	253
Other debtors	12
Prepayments and accrued income	67
Short term fixed deposits	4,000
Cash at bank and in hand	2,956
	<hr/> 7,288 <hr/>
CREDITORS: amounts falling due within one year	<hr/> (7,234) <hr/>
NET CURRENT ASSETS	<hr/> 54 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	54
PROVISIONS FOR LIABILITIES	(54)
NET ASSETS	<hr/> - <hr/>
RESERVES	
Retained earnings	<hr/> - <hr/>

**Statement of Changes in Equity
For the Year Ended 31 December 2017**

	Retained Earnings £000
Balance as at 1 January 2016	-
Result for the financial year	-
Other comprehensive expense for the year	-
Total comprehensive expense for the year	-
Balance as at 31 December 2016	-
Result for the financial year	-
Other comprehensive income for the year	-
Total comprehensive income for the year	-
Balance as at 31 December 2017	-

Cash Flow Statement
For the Year Ended 31 December 2017

	2017 £000
NET CASH FLOW FROM OPERATING ACTIVITIES	9,384
Taxation paid	-
	9,384
CASH FLOW FROM INVESTING ACTIVITIES	
Interest received	14
Cash outflow for investment	(1,000)
	(986)
CASH FLOW FROM FINANCING ACTIVITIES	
Payments to members	(8,182)
	(8,182)
NET INCREASE IN CASH AT BANK AND IN HAND	216
Cash and cash equivalents at the beginning of the year	2,740
	2,956
Cash and cash equivalents at the end of the year	2,956
Cash and cash equivalents comprises of:	
Cash at bank and in hand	2,956
	2,956
Total cash and cash equivalents	2,956

Rights Revenue Collected and Associated Costs

The rights revenue collected during 2017 and the associated costs are shown below. All costs are funded from licence fee income:

Category of Rights	Revenue Collected £000	Costs Allocated £000	Cost Allocation %
Public Performance	1,257	247	20%
Broadcast	7,538	715	9%
New Media	34	3	9%
Programme	12	1	8%
Total	8,841	966	

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

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

All costs incurred during a financial year are deducted from the subsequent distribution of revenue for that year. VPL's licensing and distribution activities are undertaken using PPL's resources and a portion of PPL's costs are recharged to VPL. VPL undertakes a full cost allocation exercise each year to determine the deduction of costs from each revenue stream. This involves looking at each cost directly incurred or included in the recharge, such as the time spent by PPL employees, to determine the rights categories to which the costs relate. Direct costs of licensing and distribution are allocated directly to each category of rights revenue depending on the type of activity. Indirect costs that cannot be allocated directly are pro-rated across each category of rights based on the revenue collected. During the year, £0.03 million in interest income was generated from the investment of rights revenue. Interest income was pro-rated across the categories of rights revenue and offset against the costs attributed to that revenue type for the year.

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

Non-Management Cost Deductions

There were no 'non-management cost' deductions made during 2017.

Allocations and Payments of Rights Revenue

Total allocations and payments of rights revenue made during 2017 (primarily relating to revenue collected in 2016) were as follows:

Allocations by Rights Category	2017 £000
Public Performance	1,238
Broadcast	6,626
New Media	219
Programme	23
Total	8,106

Payments	2017 £000
UK Revenue ¹	8,184
Payment Adjustments ²	965
Total	9,149

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

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

The main annual distribution of UK revenue took place in June 2017, while adjustments to payments relating to previous distributions took place at intervals throughout the year as shown below:

Payment Date	Payment Type
30 June 2017	Main annual payment of UK revenue collected in 2016
29 September 2017	Main annual payment of multi territory broadcast revenue 2016 and adjustment of previous years
18 December 2017	Adjustment of UK and multi territory broadcast revenue

Distributions made outside the Regulation 12(2) deadline

Regulation 12(2) specifies that distributions of a CMO's rights revenue should be made within 9 months from the end of the financial year in which the rights revenue was collected, unless prevented by objective reasons. Of the net UK revenue collected in 2016, £6,884 (less than 0.1% of the 2016 net distributable revenue) remained undistributed to right holders at 31 December 2017 and outside the timescale set in Regulation 12(2).

VPL was prevented from distributing these monies within the Regulation 12(2) timescale due to objective reasons that are acknowledged under the regulations, including the identification of the correct right holders and matching of information on videos used with right holders.

Held Revenue

Rights revenue that was unallocated to right holders as at 31 December 2017, broken down by rights category and year of collection, is shown below:

Category of Rights	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	Total £000
Public Performance	23	4	10	8	11	21	77
Broadcast	38	90	79	442	521	545	1,715
New Media	5	2	1	2	1	0	11
Programme	0	0	0	0	0	0	0
Total	66	96	90	452	533	566	1,803
<i>% of Net Distributable Revenue</i>	<i>1%</i>	<i>1%</i>	<i>1%</i>	<i>5%</i>	<i>6%</i>	<i>7%</i>	<i>4%</i>

VPL has continued to focus on reducing amounts that have been collected but not yet allocated to right holders, with the result that, excluding a single multi-territory licence (in respect of which specific factors apply), only a very small percentage remains unallocated. Of the £1.8 million held monies as at 31 December 2017, £1.6 million is related to said multi-territory licence, where management of rights in multiple non-UK territories necessitates a claims process of longer duration.

VPL's success in paying out monies has broadly been achieved via two main approaches. Firstly, investment in systems, processes and policies has enabled the pay-through rate to remain consistently high year on year in respect of collections from the previous year (92.9% in respect of 2016 monies paid out in 2017, which rises to 98.9% if excluding the single multi-territory licence referred to above). Secondly, VPL has focused on reducing unallocated amounts from older collection periods. This stream of work has focused on repertoire and member data-quality and the development of distribution data policy.

There was also an additional £80,212 collected prior to 2011 that remained unallocated at year-end.

Rights revenue that was allocated but unpaid at 31 December 2017, due to member accounts being on hold, for such reasons as VPL was awaiting valid bank details, was £160,438.

Non-Distributable Revenue

VPL operates a general policy on non-distributable amounts, as adopted by VPL's AGM. A subset of the broadcasting revenue relating to a single multi-territory licence is subject to a distribution closure process whereby any undistributed revenue after a period of 3 years from the point of first distribution is reallocated to right holders who previously received allocations in respect of that distribution year. The 2013 year was closed in accordance with this distribution closure process and these funds were paid to right holders in December 2017. Any other revenue undistributed after a period of 3 years from the first point of distribution is reallocated using a separate distribution closure process. The 2011 to 2013 years were closed and the funds paid to right holders in February 2018.



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

18 April 2018

Dear Sirs

Report of factual findings in connection with 2017 Annual Transparency Report

This report is produced in accordance with the terms of our agreement dated 19 February 2018.

The directors of Video Performance Limited (the “company”) have prepared the 2017 Annual Transparency Report and remain solely responsible for it and for the creation and maintenance of all accounting and other records supporting its contents.

We have performed the procedures agreed with you and listed below on the 2017 Annual Transparency Report. Our work was performed in accordance with the International Standard on Related Services (ISRS) 4400 ‘Engagements to perform agreed-upon procedures regarding financial information.’ The procedures were performed solely to assist the company’s directors in fulfilling their reporting obligations under section 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016. We performed the following procedures:

Required Procedures	Work performed
1. We will perform the procedures set out in paragraphs 2-20 and report to Video Performance Limited (“VPL”) the results of our work.	See below for procedures performed.
2. We will agree the balances in the financial statements required by section 21(4)(a) of the Collective Management of Copyright (EU Directive) Regulations 2016 (the “Regulations”) to Video Performance Limited’s (“VPL”) statutory financial statements for the year ended 31 December 2017.	We performed the procedures as set out with no matters to report.

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Required Procedures

Work performed

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

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

In relation to the procedure, no testing has been performed as there are no non-management costs, including for the purposes of social, cultural and educational services, incurred by VPL. A disclosure to this effect has been included on page 7 of the Annual Transparency Report.

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

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

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



Required Procedures	Work performed
<p>5. We will obtain a detailed analysis of the use of the rights revenue, including the income arising from the investment of rights revenue disclosed in accordance with section 21(4)(h)(ii) of the Regulations and:</p> <ul style="list-style-type: none">• agree the totals in the analysis to the disclosure in VPL’s Transparency Report; and• for the items in the sample selected for (4):<ul style="list-style-type: none">○ agree the items to the detailed analysis of the use of the income arising from the investment of rights revenue;○ agree the items to supporting evidence whether it had been paid to right holders, other CMOs or otherwise used; and○ agree that it had been correctly included in the analysis of use.	<p>We performed the procedures as set out with no matters to report.</p>
<p>6. We will obtain a detailed analysis of all operating and financial costs disclosed in accordance with section 21(4)(i)(i) of the Regulations and:</p> <ul style="list-style-type: none">• agree the aggregate cost to VPL’s statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in VPL’s Transparency Report• select a sample of items and:<ul style="list-style-type: none">○ agree the items directly to invoices or other third party documentation;○ check that the narrative information on the invoice or other third party documentation was consistent with their categorisation; and○ check that the category of rights managed and type of use to which VPL had allocated the income was consistent with the third party evidence; and○ check that the method of allocation of the indirect costs was consistent with VPL’s disclosure in accordance with the Regulations.	<p>We performed the procedures as set out with no matters to report.</p>



Required Procedures	Work performed
<p>7. We will obtain a detailed analysis of the operating and financial costs only with regard to the management of rights, including management fees deducted from or offset against rights revenue or income arising from the investment of rights revenue disclosed in accordance with section 21(4)(i)(ii) of the Regulations and:</p> <ul style="list-style-type: none">• agree the aggregate cost to VPL's statutory financial statements/underlying financial systems; agree the totals in the analysis to the disclosure in VPL's Transparency Report;• select a sample of items and:<ul style="list-style-type: none">○ agree the items directly to invoices or other third party documentation; and○ check that the narrative information on the invoice or other third party documentation was consistent with their categorisation; and• check that the method of allocation of the indirect costs was consistent with VPL's disclosure in accordance with the Regulations	<p>As disclosed in the Annual Transparency Report, all costs associated with VPL relate to the management of rights and therefore this procedure has been tested as part of procedure 6 above.</p>
<p>8. We will obtain a detailed analysis of the operating and financial costs with regard to services other than the management of rights but including social, cultural and educational services disclosed in accordance with section 21(4)(i)(iii) of the Regulations and:</p> <ul style="list-style-type: none">• agree the aggregate cost to VPL's statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in VPL's Transparency Report; and• select a sample of items and:<ul style="list-style-type: none">○ agreed the items directly to invoices or other third party documentation; and○ checked that the narrative on the invoice or other third party documentation was consistent with their categorisation.	<p>As disclosed in the Annual Transparency Report, all costs associated with VPL relate to the management of rights and therefore no work has been performed for this procedure.</p>
<p>9. We will obtain a detailed analysis of the resources used to cover the costs disclosed in accordance with section 21(4)(i)(iv) of the Regulations and:</p> <ul style="list-style-type: none">• agree the aggregate cost to VPL's statutory financial statements/underlying financial systems;• agree the totals in the analysis to the disclosure in VPL's Transparency Report; and• select a sample of items and agreed the items to supporting evidence.	<p>In relation to the procedure, no testing has been performed as VPL does not require external funding in order to cover costs. A disclosure to this effect has been included on page 7 of the Annual Transparency Report.</p>



Required Procedures	Work performed
<p>10. We will obtain a detailed analysis of the deductions made from rights revenue disclosed in accordance with section 21(4)(i)(v) of the Regulations and:</p> <ul style="list-style-type: none"> • agree the aggregate deduction to VPL’s statutory financial statements/underlying financial systems; • agree the totals in the analysis to the disclosure in VPL’s Transparency Report; and • select a sample of items and: <ul style="list-style-type: none"> ○ agree the items directly to third party documentation; and ○ check that the third party documentation is consistent with their categorisation. 	<p>As disclosed in the Annual Transparency Report, all costs associated with VPL relate to the management of rights and therefore this procedure has been tested as part of procedure 6 above.</p>
<p>11. We will recalculate the percentages that the cost of the rights management and other services provided to right holders represents compared to the rights revenue disclosed in accordance with section 21(4)(i)(vi) of the Regulations.</p>	<p>We performed the procedures as set out with no matters to report.</p>
<p>12. We will obtain a detailed analysis of the indirect costs included in the analysis of the cost of the rights management and other services provided to right holders for the purposes of section 21(4)(i)(vi) of the Regulations and:</p> <ul style="list-style-type: none"> • select a sample of items and agreed the items directly to third party invoices or other third party documentation; and • check that the method of allocation of the indirect costs was consistent with VPL’s disclosure in accordance with the Regulations. 	<p>We performed the procedures as set out with no matters to report.</p>
<p>13. We will obtain a detailed analysis of the total amount attributed to right holders, the total amount paid to rights holders, the total amount collected but not attributed to right holders and the total amount attributed to, but not yet paid to, right holders disclosed in accordance with sections 21(4)(j)(i), 21(4)(j)(ii), 21(4)(j)(iv) and 21(4)(j)(v) of the Regulations and:</p> <ul style="list-style-type: none"> • agree the aggregate amounts to VPL’s statutory financial statements/underlying financial systems; • agree the totals in the analysis to the disclosure in VPL’s Transparency Report; and • select a sample of items and traced the items to third party documentation to check that the amount allocated and the category of rights managed and type of use to which was it was allocated was consistent with the documentation. 	<p>We have performed all procedures listed except for testing for the appropriate split of rights types for ‘Amounts paid to rights holders’ and ‘Amount attributed to, but not yet paid to rights holders’ as the data relating to these items is not disaggregated in this manner in VPL’s systems and the information (i.e. the split by rights type for these items) is not available to be disclosed.</p>



Required Procedures	Work performed
<p>14. We will obtain a detailed analysis of the payments made to rights holders and:</p> <ul style="list-style-type: none"> • agree the frequency disclosed in VPL’s Transparency Report for each category of rights managed and type of use to the analysis; • select a sample of items and agreed the items to bank payments to check that the payments were made in accordance with the analysis; and • from a total population of all incoming receipts received by VPL for distribution within the period provided for in paragraph (2) in regulation (12), select a sample of receipts, and, <ul style="list-style-type: none"> ○ When the distribution process has identified the intended recipients check that bank payments were made to those recipients within the specified timescales. If any distributions had not met the specified timescales, understand the reasons why and checked that they agreed to those disclosed by VPL in accordance with the Regulations; and ○ When the distribution process has not yet identified the intended recipients, understood the reasons why and check that they agreed to those disclosed by VPL in accordance with the Regulations. 	<p>We performed the procedures as set out with no matters to report.</p>
<p>15. We will review a sample of 10 transfers from non-distributable income to distributable, understand the basis of the transfer, and ensure it has been transferred in accordance with the specified timescales. For the non-distributable income transferred out, we will select a sample of 10 payments and ensure the explanation of the use to which the amounts were put agrees to source documentation.</p>	<p>We have selected a sample of 10 payments to rights holders to ensure that payments were made in line with the 9 months deadline set out in the Regulations. No matters to report.</p>
<p>16. We will obtain a detailed analysis of the amounts received from and paid to other CMOs disclosed in accordance with section 21(4)(k)(i) of the Regulations and:</p> <ul style="list-style-type: none"> • agree the aggregate amounts received from and paid to other CMOs to VPL’s statutory financial statements/underlying financial systems; • agree the totals for each category of rights managed and type of use to the amounts disclosed in VPL’s Transparency Report; and • select a sample of items and agree them to: <ul style="list-style-type: none"> ○ bank receipts or payments; and ○ supporting documentation evidencing that the receipt or payment was from/due to another CMO. 	<p>VPL does not receive amounts from or pay amounts to other CMOs - therefore no information has been disclosed.</p>



Required Procedures	Work performed
<p>17. We will obtain a detailed analysis of the management fees and other deductions from the rights revenue due to other CMOs and the management fees and other deductions from the amounts paid by other CMOs disclosed in accordance with sections 21(4)(k)(ii) and 21(4)(k)(iii) of the Regulations and:</p> <ul style="list-style-type: none">• agree the aggregate deduction for each category of rights and type of use to the amounts disclosed in VPL's Transparency Report; and• select a sample of 10 invoices and agree them to invoices or other supporting documentation evidencing that the classification was consistent.	VPL does not receive amounts from or pay amounts to other CMOs - therefore no information has been disclosed.
<p>18. We will obtain a detailed analysis of the amounts distributed directly to right holders from other CMOs disclosed in accordance with section 21(4)(k)(iv) of the Regulations and:</p> <ul style="list-style-type: none">• agree the totals for each category of rights managed to the amounts disclosed in VPL's Transparency Report; and• select a sample of items and agree them to:<ul style="list-style-type: none">○ bank receipts from VPL and payments to the right holders; and○ supporting documentation evidencing that the receipt from VPL was due to the right holders.	VPL does not receive amounts from or pay amounts to other CMOs - therefore no information has been disclosed.
<p>19. We will read the other financial and non-financial information presented within and with VPL's Transparency Report and consider whether there is a material inconsistency between the other financial and non-financial information presented and the financial information that we have performed work on in tests 2-18 or our knowledge obtained during the course of our work.</p>	We performed the procedures as set out with no matters to report.
<p>20. For the purposes of tests 2-19, we selected a sample of items in accordance with Appendix 1.</p>	No matters to report.

Our procedures, as stated in our agreement, did not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the 2017 Annual Transparency Report. We do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the 2017 Annual Transparency Report in accordance with generally accepted auditing standards, other matters might have come to our attention that we would have reported to you. This report relates only to the 2017 Annual Transparency Report and does not extend to any financial statements of the company taken as a whole.



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

Our report is prepared solely for the use of Video Performance Limited and solely for the purpose of its compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016. It may not be relied upon by Video Performance Limited for any other purpose whatsoever. Our report was not prepared for the benefit of any party other than Video Performance Limited. PricewaterhouseCoopers LLP neither owes nor accepts any duty to any other party (including any copyright owner, heirs to copyright owners, agents, distributors or licensees) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report. No part of this report is to be copied or distributed to any other party except as permitted under the terms of our agreement.

Yours faithfully,

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers LLP' with a horizontal line underneath.

PricewaterhouseCoopers LLP
Chartered Accountants
London
18 April 2018



Appendix 1: Thresholds and Sampling

Thresholds

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

Sampling

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

Notes:

- a. All items over thresholds are to be tested, limited to the total sample size.
- b. Any remaining items in the sample are to be selected at random.