
THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors	M Bide (resigned 31 May 2019) F Bird (appointed 25 March 2020) T Bradman N Burgess T Chatfield R Glazebrook (appointed 1 June 2019) C P Graf Dr S Howes S Lotinga J McConnachie (resigned 1 January 2020) M Pflieger N Service L Tribe
Registered number	01690026
Registered office	Shackleton House Hay's Galleria 4 Battle Bridge Lane London SE1 2HX
Independent auditors	Berg Kaprow Lewis LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 32

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Principal activities, trading review and future developments

The Copyright Licensing Agency Limited (CLA) operates as an agent for its members, the Authors' Licensing and Collecting Society Limited (ALCS), Publishers' Licensing Services Limited (PLS), the Design and Artists Copyright Society Limited (DACS) and the Picture Industry Collecting Society for Effective Licensing (PICSEL). Further details of their memberships can be found on their own websites.

CLA is an active member of the International Federation of Reproduction Rights Organisations and has reciprocal licensing agreements with forty counterparts in thirty-eight countries.

The company is the representative of the owners and licensees of literary and artistic works published in the United Kingdom and Overseas for the purposes of:

- negotiating licence terms and issuing licences for the photocopying, scanning and digital re-use of literary and artistic works; and
- collecting and distributing licence fees, royalties and other monies to its members and other rights holders.

Distribution policy

Licence fees received by CLA are distributed to its members and other rights holders after making provision for CLA's liabilities and expenses, on the basis of agreements between the members and other rights holders. CLA undertakes data collection exercises across a sample of its licensed organisations each year to help it pay the authors, publishers and visual creators whose work has been copied under its licences. Distributions are made each month on a sector-by-sector basis, while CLA aims to minimise the time between licence fees being collected and distributions being made.

Monies paid to the Authors' Licensing and Collecting Society Limited, the Design and Artists Copyright Society Limited, the Picture Industry Collecting Society for Effective Licensing and Publishers' Licensing Services Limited are paid to their own members in accordance with their distributions policies, available on their respective websites.

Post balance sheet events

The prolonged epidemic threat of COVID-19 is expected to have an impact on the licence fee income that CLA generates. These have been evaluated on a sector by sector basis and appropriate cost saving measures have been put in place to match the anticipated income decline. CLA remains in a strong financial position and will continue to monitor the situation closely.

Review of the Business

The income statement is set out on page 10 and shows income of £9,780,039 (2019 - £9,959,232) and a surplus for the year of £18,444 (2019 – £169,392). This is in line with CLA's agency agreements where income is intended to match operating expenses for the year. The tax charge or credit is made against undistributed licence fees. As such, members funds are nil at the end of the reporting year.

Code of Conduct

CLA complied with its Code of Conduct during the course of the year ended 31 March 2020. Full details of its Code of Conduct can be found on its website at www.cla.co.uk.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Principal risks and uncertainties

COVID 19 is expected to have an impact on the income that CLA generates which is being monitored closely as events unfold.

Changes in content consumption and challenges to copyright present an ongoing risk for CLA. which may result in it losing income in the future. CLA manages the risk by providing added value services to its customers, building and maintaining strong customer relationships and operating efficient supply and account handling processes.

Credit risk is mitigated through a robust credit control function.

As a result of receiving funds from foreign RRO's, CLA's results could be affected by changes in foreign exchange rates. Foreign exchange gains and losses are included in the operating expenses. CLA mitigates the risk by converting foreign currency received on a regular basis.

Brexit

The UK's imminent departure from the European Union may have complicated long term impacts to the UK and the rest of the EU which increases the level of uncertainty in the markets where CLA operates. CLA continues to monitor the situation to identify risks and opportunities to safeguard revenue.

This report was approved by the board and signed on its behalf.

mat.pfleger

M Pfleger
Chief Executive

Date: Sep 28, 2020

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Results and dividends

The surplus for the year, after taxation, amounted to £18,444 (2019 - £169,392).

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Directors

The directors who served during the year were:

Nominated by the Authors' Licensing and Collecting Society Limited:

F Bird (appointed 25 March 2020)
T Bradman
T Chatfield
J McConnachie (resigned 1 January 2020)

Nominated by the Visual Arts Collective Management Organisation:

N Burgess

Nominated by the Publishers' Licensing Services Limited:

M Bide (resigned 31 May 2019)
R Glazebrook (appointed 1 June 2019)
S Lotinga
N Service
L Tribe

Independent Directors:

C P Graf
Dr S Howes

Chief executive:

M Pflieger

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Auditors

Under section 487(2) of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

mat pfleger

M Pfleger
Chief Executive

Date: Sep 28, 2020

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF THE COPYRIGHT LICENSING AGENCY LIMITED

Opinion

We have audited the financial statements of The Copyright Licensing Agency Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF THE COPYRIGHT LICENSING AGENCY LIMITED (CONTINUED)

doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF THE COPYRIGHT LICENSING AGENCY LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF THE COPYRIGHT LICENSING
AGENCY LIMITED (CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

M Neville

Myfanwy Neville FCA (Senior Statutory Auditor)

Chartered Accountants
Statutory Auditor

London

Date: Sep 28, 2020

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

		2020 £	2019 £
Income			
Administration charge		9,780,039	9,959,232
Total income		9,780,039	9,959,232
Operating expenses		(10,031,187)	(10,181,153)
Other operating income	4	473,222	980,682
Other operating charges		(473,222)	(980,682)
Results on ordinary activities before interest	6	(251,148)	(221,921)
Interest receivable and similar income	10	251,148	221,921
Results on ordinary activities before taxation		-	-
Tax on results of ordinary activities	11	18,444	169,392
Results on ordinary activities after taxation		18,444	169,392

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 14 to 32 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 01690026

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	2,152,710	1,177,348
Tangible assets	13	304,145	452,602
		<u>2,456,855</u>	<u>1,629,950</u>
Current assets			
Debtors: amounts falling due within one year	14	10,464,586	9,905,601
Current asset investments	15	7,000,000	5,000,000
Cash at bank and in hand	16	12,627,484	14,645,538
		<u>30,092,070</u>	<u>29,551,139</u>
Creditors: amounts falling due within one year	17	(31,930,879)	(30,748,220)
Net current liabilities		<u>(1,838,809)</u>	<u>(1,197,081)</u>
Total assets less current liabilities		<u>618,046</u>	<u>432,869</u>
Creditors: amounts falling due after more than one year	18	(437,004)	(251,827)
Provisions for liabilities			
Other provisions	22	(181,042)	(181,042)
		<u>(181,042)</u>	<u>(181,042)</u>
Net assets		<u>-</u>	<u>-</u>
Capital and reserves			
		<u>-</u>	<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

mat.pfleger

M Pfleger
 Director Sep 28, 2020

The notes on pages 14 to 32 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Profit and loss account £	Total equity £
Comprehensive income for the year		
Profit for the year	169,392	169,392
Total comprehensive income for the year	<u>169,392</u>	<u>169,392</u>
Transfer to/from Administration Charge on account (Note 19)	(169,392)	(169,392)
At 1 April 2019	-	-
Comprehensive income for the year		
Profit for the year	18,444	18,444
Total comprehensive income for the year	<u>18,444</u>	<u>18,444</u>
Transfer to/from Administration Charge on account (Note 19)	(18,444)	(18,444)
Total transactions with owners	<u>(18,444)</u>	<u>(18,444)</u>
At 31 March 2020	<u>-</u>	<u>-</u>

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	18,444	169,392
Adjustments for:		
Amortisation of intangible assets	831,003	423,162
Depreciation of tangible assets	176,564	220,237
Loss on disposal of tangible assets	-	83,304
Interest received	(251,148)	(221,921)
Taxation charge	(18,444)	(169,392)
(Increase)/decrease in debtors	(536,241)	55,724
Increase in creditors	321,691	533,874
Increase/(decrease) in provisions	-	(137,325)
Corporation tax (paid)	(4,300)	(11,767)
Increase/(decrease) in undistributed licence fees	1,027,701	(1,464,062)
Net cash generated from operating activities	1,565,270	(518,774)
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,806,365)	(610,796)
Purchase of tangible fixed assets	(28,107)	(307,561)
Purchase of short term unlisted investments	(7,000,000)	(5,000,000)
Sale of short term unlisted investments	5,000,000	5,015,000
Interest received	251,148	221,921
Net cash from investing activities	(3,583,324)	(681,436)
Net (decrease) in cash and cash equivalents	(2,018,054)	(1,200,210)
Cash and cash equivalents at beginning of year	14,645,538	15,845,748
Cash and cash equivalents at the end of year	12,627,484	14,645,538
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	12,627,484	14,645,538
	12,627,484	14,645,538

The notes on pages 14 to 32 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. General information

The principal activity of the company is that of collecting and distributing royalty fees for reprography as an agent on behalf of its members.

The company is a private company limited by guarantee and is incorporated in England and Wales. The company registration number is 01690026.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the results for the year, the Statement of Financial Position at the accounting date and reviewed forecasts and are satisfied that the Company is in a position to meet its liabilities as they fall due for a period of at least twelve months from the date of signing these financial statements.

The directors have also considered the current economic climate and understand that the global Coronavirus pandemic will have a serious impact on the UK economy and all businesses. The prolonged epidemic threat of COVID-19 is expected to have an impact on the licence fee income that CLA generates. These have been evaluated on a sector by sector basis and appropriate cost saving measures have been put in place to match the anticipated income decline. CLA remains in a strong financial position and will continue to monitor the situation closely.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Revenue recognition

The Company recognises revenue as it becomes legally entitled to it in the form of an administrative charge deducted from royalty payments distributed to members. The company is only legally entitled to retain revenue equating to the expenditure incurred during the year, with the remainder held on account for repayment to the members.

2.5 Administration charge on account

The administration charge comprises:

- i) a charge to cover the administrative and running costs of the organisation
- ii) a charge to cover back office support provided to its members
- iii) interest income derived from the Company's bank account.

The difference between the administration charge collected and the revenue the Company is legally entitled to recognise as per 2.4 is included in the balance sheet within undistributed licence fees (notes 17 and 19), pending distribution to members.

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the non-cancellable period of the lease, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Computer software	33 % Straight line
-------------------	--------------------

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- evenly over the lease term
Furniture and equipment	- 15%
Computer equipment	- 20 to 33.5%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.11 Valuation of investments

Current asset investments

Investments in cash held as fixed term deposits are initially recognised at transaction price, and subsequently carried at amortised cost.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.12 Cash and cash equivalent

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Distribution policy

Royalties are allocated to members and rights holders for distribution in accordance with the Royalties Distribution Model of The Copyright Licensing Agency Limited "CLA". A copy of the current model can be accessed on the CLA website and is available on request from the Company.

2.15 Other operating income and charges

There exists a licence agreement between CLA and three other licensees to share the general lease and other running costs associated with their joint office premises. The primary contractual responsibility over those costs lies with CLA, under separate legal agreements. As a result, the Companies Act requires the company to reflect the distinct nature of these contracts in its financial statements, by separately disclosing the costs and associated license income within its Statement of Comprehensive Income.

Operating charges reflect the costs incurred by CLA subject to recharge under the license agreement, and Operating income reflects the license income received under the terms of the agreement with CLA's fellow licensees. As expected, given the nature of the arrangement, if taken together, the income and expenditure net off to a Nil balance.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.16 Financial instruments

The company only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

(i) Financial assets

Basic financial assets, including trade and other debtors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and accruals, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates.

In preparing these financial statements, the directors have had to make the following judgements:

i) Amortisation of intangible fixed assets

The amortisation policies of the company have been determined by reference to the period over which future cash flows are expected to be generated.

ii) Depreciation of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect the current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

iii) Distribution model

Distributions are made in line with the Company's distribution policy, which can be accessed on the CLA website and is available on request from the company, refer to 2.14.

iv) Debtor provision

The company makes an estimate of the recoverable value of trade and other debtors and accrued income. When assessing impairment of these balances, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors.

4. Other operating income

	2020 £	2019 £
Other operating income	473,222	980,682
	<u>473,222</u>	<u>980,682</u>

Other operating income represents income from licensees as referred to in accounting policy 2.15.

5. Other operating charges

Other operating charges represents costs contractually paid for by CLA that are subject to recharge under the license agreement as referred to in accounting policy 2.15.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6. Operating loss

The operating loss is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	176,564	220,236
Amortisation of intangible assets	831,003	423,162
Exchange differences	(5,339)	2,082
Hire of motor vehicles - operating leases	7,936	4,560
Land and buildings - operating leases	305,828	529,252
Defined contribution pension cost	412,354	363,359
	<u>1,748,414</u>	<u>1,547,441</u>

7. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17,500	17,000
	<u>17,500</u>	<u>17,000</u>

Fees payable to the Company's auditor and its associates in respect of:

All other services	8,100	7,711
	<u>8,100</u>	<u>7,711</u>

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£	£
Wages and salaries	4,929,442	4,656,185
Social security costs	485,553	408,799
Cost of defined contribution scheme	419,165	363,359
	<u>5,834,160</u>	<u>5,428,343</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Staff	<u>97</u>	<u>94</u>

In 2018 the Company created a long term incentive plan to reward members of senior management.

Under the scheme each individual is entitled to an amount equal to 50% of their salary at the end of the three years provided that certain targets are met.

Included within the statement of comprehensive income for the year is £250,622 (2019: £92,670) in respect of accrued bonuses under the scheme. This includes amounts due to one director. The total accrual is £250,622 (2019: £92,670).

The maximum amount to be paid out under the scheme at the end of the three year period is £351,392 (2019: £318,900).

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9. Directors' remuneration

Key management personnel include all directors across the group who together have authority and responsibility for planning, directing and controlling the activities of the company. Directors comprise the CEO, individual non-executive directors, and non executive directors paid via their representative company. The total compensation paid is below:

	2020	<i>2019</i>
	£	£
Directors' emoluments	275,880	<i>261,667</i>
Company contributions to defined contribution pension schemes	20,682	<i>19,666</i>
Directors fees	12,017	<i>20,096</i>
	308,579	<i>301,429</i>

There was an average of 11 directors during the year (2019 - 11).

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution schemes.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

The emoluments of the directors are as follows:

	2020	2019
	£	£
CEO		
Emoluments and other remuneration	169,676	165,681
Pension contributions (to a defined contributions scheme)	20,682	19,666
	190,358	185,347
 <i>Fees paid to Non-Executive Directors (received as individuals)</i>		
M Bide	2,571	15,048
F Bird	858	-
T Bradman	15,425	12,179
N Burgess	10,600	10,929
T Chatfield	10,300	8,373
R Glazebrook	15,425	-
C Graf	11,500	13,798
Dr Howes	10,300	10,048
T Faber	-	1,871
J McConnachie	8,625	10,048
N Service	10,300	10,342
L Tribe	10,300	3,349
	106,204	95,985
 Benefits	 864	 918
 <i>Fees paid to Non-Executive Directors (received indirectly via service company)</i>		
A McCulloch	-	10,048
S Lotinga	12,017	10,048
	12,017	20,096
 Total payments to Directors	 309,443	 302,347

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Benefits to the non-Executive Directors include reimbursement through the payroll for the travel and subsistence costs from their home to/from CLA, and the tax thereon.

The other non-Executive directors were not paid directly by CLA for their services as directors, and instead the companies they represent were paid equivalent fees.

10. Interest receivable

	2020	2019
	£	£
Other interest receivable	251,148	221,921
	<u>251,148</u>	<u>221,921</u>

11. Taxation

	2020	2019
	£	£
Corporation tax		
Adjustments in respect of previous periods	(4,300)	11,767
	<u>(4,300)</u>	<u>11,767</u>
Total current tax	<u>(4,300)</u>	<u>11,767</u>
Deferred tax		
Origination and reversal of timing differences	(14,144)	(181,159)
	<u>(14,144)</u>	<u>(181,159)</u>
Taxation on loss on ordinary activities	<u>(18,444)</u>	<u>(169,392)</u>

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (*2019 - higher than*) the standard rate of corporation tax in the UK of 19% (*2019 - 19%*). The differences are explained below:

	2020	2019
	£	£
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,990	1,675
Unrelieved loss on foreign subsidiaries	-	-
Other differences leading to an increase (decrease) in the tax charge	(1,990)	7,712
Deferred tax	(14,144)	(178,779)
Refund relating to prior year	(4,300)	-
Total tax charge for the year	(18,444)	(169,392)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Intangible assets

	Computer software £
Cost	
At 1 April 2019	1,798,460
Additions	1,806,365
At 31 March 2020	<u>3,604,825</u>
Amortisation	
At 1 April 2019	621,112
Charge for the year	831,003
At 31 March 2020	<u>1,452,115</u>
Net book value	
At 31 March 2020	<u>2,152,710</u>
<i>At 31 March 2019</i>	<u>1,177,348</u>

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

13. Tangible fixed assets

	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2019	158,709	126,204	370,699	655,612
Additions	-	9,481	18,626	28,107
At 31 March 2020	<u>158,709</u>	<u>135,685</u>	<u>389,325</u>	<u>683,719</u>
Depreciation				
At 1 April 2019	12,697	38,896	151,417	203,010
Charge for the year	38,090	18,910	119,564	176,564
At 31 March 2020	<u>50,787</u>	<u>57,806</u>	<u>270,981</u>	<u>379,574</u>
Net book value				
At 31 March 2020	<u>107,922</u>	<u>77,879</u>	<u>118,344</u>	<u>304,145</u>
At 31 March 2019	<u>146,012</u>	<u>87,308</u>	<u>219,282</u>	<u>452,602</u>

14. Debtors

	2020 £	2019 £
Trade debtors	4,492,647	4,125,595
Other debtors	448,157	417,273
Prepayments and accrued income	3,189,111	2,995,572
Taxation and social security	2,146,545	2,193,179
Deferred taxation	188,126	173,982
	<u>10,464,586</u>	<u>9,905,601</u>

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Current asset investments

	2020 £	2019 £
Cash held in fixed term deposits	7,000,000	5,000,000
	<u>7,000,000</u>	<u>5,000,000</u>

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	12,627,484	14,645,538
	<u>12,627,484</u>	<u>14,645,538</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Undistributed licence fee creditor	22,009,819	22,460,236
Trade creditors	710,811	798,868
Other taxation and social security	137,006	141,547
Administration charge on account (note 19)	7,294,130	5,813,220
Other creditors	233,237	418,639
Accruals and deferred income	1,545,876	1,115,710
	<u>31,930,879</u>	<u>30,748,220</u>

Undistributed licence fees are matched by amounts included in cash at bank and in hand.

18. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Accruals and deferred income	437,004	251,827
	<u>437,004</u>	<u>251,827</u>

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

19. Administration Charge on account

Undistributed licence fees are matched by amounts included in cash at bank and in hand.

The administration charge on account is analysed as follows:

	2020 £	2019 £
Balance at 1 April 2019/18	5,813,220	5,002,993
Administration charge earned from gross licence fees	11,125,115	10,465,888
Interest receivable	251,148	221,921
Income tax (charge)/credit	18,444	169,392
Administration on account distributed	-	-
Administration charge from provision of back office services	117,390	134,179
Transfer to income and expenditure account	(10,031,187)	(10,181,153)
Balance at 31 March 2020/19	7,294,130	5,813,220
	2020 £	2019 £
United Kingdom	9,066,849	8,653,929
USA and Canada	649,837	141,188
Rest of the World	451,989	715,834
Europe	956,444	954,937
	11,125,119	10,465,888

The geographical analysis above is in respect of the administration charge collected in the year, not that recognised per the revenue recognition policy.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

20. Financial instruments

	2020	<i>2019</i>
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	7,000,000	<i>5,000,000</i>
Financial assets that are debt instruments measured at amortised cost	7,634,733	<i>7,048,439</i>
	<u>14,634,733</u>	<i><u>12,048,439</u></i>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>24,440,044</u>	<i><u>24,989,108</u></i>

Financial assets measured at fair value through profit or loss comprise current asset investments.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, provisions and accruals and undistributed licence fee creditors.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

21. Deferred taxation

	2020 £
At beginning of year	173,982
Charged to profit or loss	14,144
At end of year	188,126

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	100,976	158,228
Losses and other deductions	39,532	-
Short term timing differences	47,618	15,754
	188,126	173,982

22. Provisions

	Provision £
At 1 April 2019	181,042
At 31 March 2020	181,042

The company has recognised a provision in respect of dilapidations in relation to the operating premises.

23. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

THE COPYRIGHT LICENSING AGENCY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £419,165 (2019- £363,359) . Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	662,732	666,072
Later than 1 year and not later than 5 years	1,088,241	1,697,919
	<u>1,750,973</u>	<u>2,363,991</u>

26. Related party transactions

CLA operates as an agent for its members, ALCS, PLS, DACS and PICSEL.

Distribution of licence fees collected net of CLA administration charge amounted to £23,965,724 (2019- £23,967,342) to ALCS, £35,101,450 (2019- £35,236,291) to PLS, £4,428,917 (2019- £5,353,974) to DACS and £759,773 (2019- £692,953) to PICSEL.

Amounts collected but not yet paid to ALCS, PLS and DACS at 31 March 2020 are included within undistributed licence fees (see note 17).

PLS and ALCS also share office space with CLA and purchase some administration services from CLA, with a total charged during the year of £473,222 (2019 - £980,682). At 31 March 2020 the outstanding balance was £228,570 (2019 - £275,257).

See note 9 for disclosure of the directors' remuneration.