

**The Copyright Licensing Agency
Limited**
(A company limited by guarantee)

Report and Financial Statements

Year Ended

31 March 2017

Company number 01690026

The Copyright Licensing Agency Limited

Annual report and financial statements for the year ended 31 March 2017

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Directors

M Bide	S Lotinga
T Bradman	J R McConnachie
T Faber	Dr A McCulloch
P Graf	M Pflieger
Dr S Howes	N Service

Registered office

Barnards Inn, 86 Fetter Lane, London, EC4A 1EN

Company number

01690026

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

The Copyright Licensing Agency Limited

Report of the directors for the year ended 31 March 2017

The directors present their report together with the audited financial statements for the year ended 31 March 2017.

Directors

The directors of the company during the year were:

Nominated by the Authors' Licensing and Collecting Society Limited:

T Bradman (appointed 6 December 2016)
T Faber
P Powell (appointed 18 April 2016, resigned 17 June 2016)
J R McConnachie
A Singer (resigned 25 November 2016)

Nominated by the Publishers Licensing Society Limited:

M Bide
S Lotinga (appointed 28 February 2017)
Dr A McCulloch
N Service

Independent Director:

P Graf

Chief executive:

M Pflieger

Subsequent to the year end, on 1 April 2017 Dr S Howes was appointed as an independent director.

The Copyright Licensing Agency Limited

Report of the directors for the year end 31 March 2017 (Continued)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The appointment of auditors will be made at the next Annual General Meeting.

By order of the Board


Mat Pflieger
Chief Executive

Date: 19th SEPTEMBER 2017

The Copyright Licensing Agency Limited

Strategic report for the year end 31 March 2017

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) and the Publishers Licensing Society Limited (PLS), and since February 2017, the Design and Artist Copyright Society (DACCS) 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 thirty eight counterparts in thirty six 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 Artist Copyright Society, the Picture Industry Collecting Society for Effective Licensing and the Publishers Licensing Society Limited are paid to their own members in accordance with their distributions policies, available on their respective websites.

Post balance sheet events

There have been no events since the balance sheet date which materially affect the position of the company.

Review of the Business

The income statement is set out on page 7 and shows income of £8,243,096 (2016 - £8,556,700) and a loss for the year of £281 (2016 – £2,754 profit). 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 2017. Full detail of its Code of Conduct can be found on its website at www.cla.co.uk.

The Copyright Licensing Agency Limited

Strategic report for the year end 31 March 2017 *(Continued)*


Principal risks and uncertainties

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.

Due to the nature of CLA's business the directors deem the only financial risk relevant to the Company is credit risk. The risk is mitigated through a robust credit control function.

As a result of receiving funds from foreign Reproduction Rights Organisations, 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.

By order of the Board


Mat Pflieger
Chief Executive

Date: 19th September 2017

The Copyright Licensing Agency Limited

Independent auditor's report

To the members of The Copyright Licensing Agency Limited

We have audited the financial statements of The Copyright Licensing Agency Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion of financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its result for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Copyright Licensing Agency Limited

Independent auditor's report *(Continued)*

Matters on which we are required to report by exception

We have nothing to report, in respect of the following matters where 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.



*Jason Goodhind (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date: 26/5/17

BDO LLP is a limited liability partnership registered in England and Wales (with registration number OC305127).

The Copyright Licensing Agency Limited

Income Statement for the year ended 31 March 2017

	Note	2017 £	2016 £
Income			
Administration charge	11	<u>8,243,096</u>	<u>8,556,700</u>
Total income		8,243,096	8,556,700
Operating expenses		<u>(8,243,096)</u>	<u>(8,556,700)</u>
Result on ordinary activities before taxation	4	-	-
Taxation on result on ordinary activities	5	(281)	2,754
Result on ordinary activities after taxation		<u>(281)</u>	<u>2,754</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the income statement.

The notes on pages 10 to 18 form part of these financial statements.

The Copyright Licensing Agency Limited

Statement of financial position at 31 March 2017

Company number 01690026

	Note	2017 £	2017 £	2016 £	2016 £
Fixed Assets					
Intangible Assets	6	337,515		205,497	
Tangible Assets	7	<u>345,050</u>		<u>430,160</u>	
			682,565		635,657
Current Assets					
Debtors	8	8,581,203		7,868,585	
Cash at Bank		<u>18,412,851</u>		<u>5,999,249</u>	
		26,994,054		13,867,834	
Creditors: amount falling due within one year	9	<u>(10,705,846)</u>		<u>(4,953,651)</u>	
Net current assets			16,288,208		8,914,183
Undistributed licence fees	10	(16,970,773)		(9,549,840)	
Provision for liabilities and charges		<u>-</u>		<u>-</u>	
			(16,970,773)		(9,549,840)
Net assets			<u>-</u>		<u>-</u>
Members' funds			<u>-</u>		<u>-</u>

The financial statements were approved by the Board and authorised for issue on 19th SEPTEMBER 2017

Chief Executive

Mat Pfleger



The notes on pages 10 to 18 form part of these financial statements.

The Copyright Licensing Agency Limited

Statement of Cash flows for the year ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Result for the financial year		(281)	2,754
Adjustments for:			
Depreciation of tangible fixed assets	7	136,441	141,216
Amortisation of intangible fixed assets	6	140,651	325,917
Loss on disposal of tangible fixed assets		-	24,471
Net interest receivable		(85,885)	(171,787)
Taxation expense/(credit)	5	281	(2,754)
(Increase) in debtors	8	(712,618)	(2,002,805)
Increase/(Decrease) in creditors	9	5,752,195	(122,007)
Increase/(Decrease) in undistributed licence fees	10	7,420,933	(1,735,484)
(Decrease) in provisions		-	(128,208)
Cash from operations		12,651,717	(3,668,687)
Taxation paid	5	-	(38,162)
Net cash paid from operating activities		12,651,717	(3,706,849)
Cash flows from investing activities			
Purchase of tangible fixed assets	7	(51,331)	(485,388)
Purchase of intangible fixed assets	6	(272,669)	(16,086)
Interest received		85,885	171,787
Net cash from investing operations		(238,115)	(329,687)
Net decrease in cash and cash equivalents		12,413,602	(4,036,536)
Cash and cash equivalents at beginning of the year		5,999,249	10,035,785
Cash and cash equivalents at end of the year		18,412,851	5,999,249

The notes on pages 10 to 18 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the reporting standard applicable in the United Kingdom and Republic of Ireland.

The following principal accounting policies have been applied consistently:

Administration charge on Account

The administration charge earned by the company comprises i) an amount which the Board considers to be an appropriate level for CLA to cover its operating overheads, calculated at an agreed percentage of gross licence fees invoiced in the year, ii) a fee for providing certain back office functions to its members, and iii) interest received on the company’s cash at bank.

The difference between the administration charge collected and that required to cover the company's operating overheads is included in the balance sheet within undistributed licence fees (notes 10 and 11). As such the company is a not for profit organisation.

In the first period of a new contract, the administration charge is only recognised when expenditure directly attributable to the distribution of income to the owners of rights has been incurred.

Interest receivable

Interest receivable represents bank interest receivable on distributable and undistributable funds and is included as a part of administration income. Therefore it is not shown separately in the income statement.

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the income statement.

Leased assets

Operating lease rentals are charged to the income statement on a straight line basis over the lease of the term. Lease incentives are capitalised and then systematically released to the income statement over the period of the lease term.

Depreciation of tangible fixed assets

Depreciation is provided to write off the cost less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

- Short leasehold improvements - evenly over the lease term
- Furniture and equipment - 15% per annum
- Computer equipment - 20% to 33 1/3% per annum

The Copyright Licensing Agency Limited

License fee collections for the year ended 31 March 2017

1 Accounting policies *(Continued)*

Amortisation of intangible fixed assets

Intangible fixed assets are stated at cost, with assets held under construction until bought into use. Computer software is amortised over its expected useful life of three years.

Pension costs

Contributions made to a defined contribution pension arrangement are charged to the income statement in the year in which they become payable. The assets of the scheme are held separately from those of the company in an independently administered fund.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has been accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2 Employees

Staff costs, excluding directors, consist of:

	2017	2016
	£	£
Wages and salaries	3,350,582	2,991,295
Social security costs	390,640	345,502
Other pension costs	264,018	278,323
	<u>4,005,240</u>	<u>3,615,120</u>

The average number of employees during the year was 75 (2016 - 71).

The Copyright Licensing Agency Limited

License fee collections for the year ended 31 March 2017

3 Directors

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. The total compensation paid to key management personnel is below:

	2017	2016
	£	£
Directors' emoluments	234,311	212,409
Other pension contributions	19,328	19,030
Amounts paid to third parties in respect of directors' services	25,876	24,432
	<u>279,515</u>	<u>255,871</u>

There was an average of 8 directors during the year (2016 – 6).

The emoluments of the directors are as follows:

	2017	2016
	£	£
CEO		
Emoluments and other remuneration	162,352	155,442
Pension contributions (to a defined contributions scheme)	19,328	19,030
	<u>181,680</u>	<u>174,472</u>
Total remuneration of highest paid Director	<u>181,680</u>	<u>174,472</u>

Fees paid to Non-Executive Directors

Tony Bradman	5,016	-
Toby Faber	11,223	11,223
Dave Jago	-	7,536
James McConnachie	10,048	1,675
Mark Bide	15,048	15,048
Jonathan Turner	-	8,373
Philip Graf	11,331	5,024
Nick Service	11,223	876
	<u>63,889</u>	<u>49,755</u>
Benefits	7,780	7,212
Total payments to Directors	<u>253,349</u>	<u>231,439</u>

The Copyright Licensing Agency Limited

License fee collections for the year ended 31 March 2017

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.

	2017	2016
	£	£
Adam Singer	14,952	15,048
Audrey McCulloch	10,048	876
Stephen Lotinga	876	-
Richard Mollet	-	8,508
	<u>25,876</u>	<u>24,432</u>

4 Result on ordinary activities before and after taxation

	2017	2016
	£	£
This has been arrived at after charging:		
Depreciation of tangible fixed assets	136,441	141,216
Amortisation of intangible fixed assets	140,651	325,917
Hire of motor vehicles - operating leases	4,605	4,235
Land and buildings - operating leases	234,090	577,157
Auditors' remuneration - audit services	28,600	20,300
- non-audit services	11,400	6,800
	<u>11,400</u>	<u>6,800</u>

5 Taxation

a) Taxation on result on ordinary activities

The tax charge/(credit) on the result on ordinary activities is based upon a corporation tax rate in the UK of 20% (2016 – 20%) is as follows.

	2017	2016
	£	£
<i>UK Corporation tax</i>		
Current tax charge on the result on ordinary activities	-	(3,029)
Over provision in respect of prior years	281	275
Total current tax charge/(credit)	<u>281</u>	<u>(2,754)</u>

The Copyright Licensing Agency Limited

License fee collections for the year ended 31 March 2017

The result on ordinary activities for the year is reconciled to the current tax (credit)/charge as follows;

	2017	2016
	£	£
Result on ordinary activities before taxation	<u>-</u>	<u>-</u>
Result multiplied by the standard rate of corporation tax in the UK of 20%	-	-
Effects of:		
Disallowed expenditure	1,862	9,478
Losses carried back to prior periods	-	3,029
Over/(under) provision in respect of prior years	281	275
Deferred tax not recognised	<u>(1,862)</u>	<u>(15,536)</u>
Tax charge/(credit) for the year	<u><u>281</u></u>	<u><u>(2,754)</u></u>

b) Deferred taxation

The Company has at the balance sheet date carried forward timing differences as a result of depreciation in excess of capital allowances of £13,887 (2016 - £84,206), and a corresponding unrecognised deferred tax asset on these timing differences of £2,361 (2016 -£15,157); carried forward tax losses of £35,306 (2016 - £nil), and a corresponding unrecognised deferred tax asset on these of £6,002 (2016 - £nil); and other carried forward short term timing differences of £65,481 (2016 - £49,215) and a corresponding unrecognised deferred tax asset on these timing differences of £11,132 (2016 - £8,859).

6 Intangible assets

	Computer software £
<i>Cost</i>	
At 1 April 2016	1,120,418
Additions	<u>272,669</u>
At 31 March 2017	<u>1,393,087</u>
<i>Amortisation</i>	
At 1 April 2016	914,921
Provided for the year	<u>140,651</u>
At 31 March 2017	<u>1,055,572</u>
<i>Net book value</i>	
At 31 March 2017	<u><u>337,515</u></u>
At 31 March 2016	<u>205,497</u>

The Copyright Licensing Agency Limited

License fee collections for the year ended 31 March 2017

7 Tangible assets

	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
<i>Cost</i>				
At 1 April 2016	280,637	383,694	2,691,556	3,355,887
Additions	-	9,758	41,573	51,331
At 31 March 2017	<u>280,637</u>	<u>393,452</u>	<u>2,733,129</u>	<u>3,407,218</u>
<i>Depreciation</i>				
At 1 April 2016	60,137	212,654	2,652,936	2,925,727
Provided for the year	80,182	20,595	35,664	136,441
At 31 March 2017	<u>140,319</u>	<u>233,249</u>	<u>2,688,600</u>	<u>3,062,168</u>
<i>Net book value</i>				
At 31 March 2017	<u>140,318</u>	<u>160,203</u>	<u>44,529</u>	<u>345,050</u>
At 31 March 2016	<u>220,500</u>	<u>171,040</u>	<u>38,620</u>	<u>430,161</u>

8 Debtors

	2017 £	2016 £
Trade debtors	3,208,359	3,017,778
Taxation and social security	2,429,887	2,462,986
Accrued income	2,246,433	940,627
Other debtors	152,124	869,523
Prepayments	544,400	577,671
	<u>8,581,203</u>	<u>7,868,585</u>

All amounts shown under debtors fall due within one year.

The Copyright Licensing Agency Limited

License fee collections for the year ended 31 March 2017

9 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	398,520	340,590
Taxation and social security	141,247	243,281
Other creditors	9,216,980	3,354,526
Deferred income	99,728	61,507
Accruals	849,371	953,747
	<u>10,705,846</u>	<u>4,953,651</u>

10 Undistributed licence fees

	2017	2016
	£	£
Undistributed licence fees	12,398,216	5,705,031
Administration charge on account (note 11)	4,572,557	3,844,809
	<u>16,970,773</u>	<u>9,549,840</u>

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

All amounts are due within one year.

The Copyright Licensing Agency Limited

License fee collections for the year ended 31 March 2017

11 Administration Charge on account

	2017	2016
	£	£
The administration charge on account is analysed as follows:		
Balance at 1 April 2016/2015	3,844,809	3,863,024
Administration charge earned from gross licence fees	8,789,102	8,320,831
Interest receivable	85,885	171,787
Income tax (charge)/credit	(281)	2,754
Administration on account distributed	-	-
Administration charge from provision of back office services	96,138	43,113
Transfer to income and expenditure account	(8,243,096)	(8,556,700)
Balance at 31 March 2017/2016	<u>4,572,557</u>	<u>3,844,809</u>

The geographical analysis is:

United Kingdom	7,509,811	7,334,923
USA and Canada	492,774	301,475
Rest of the World	516,859	433,223
Europe	<u>269,658</u>	<u>251,210</u>
	<u>8,789,102</u>	<u>8,320,831</u>

The administration charge earned by the company arises from the principal activity of the company. The geographical analysis above is in respect of the charge earned in the year and not the amount shown in the income statement. This is a result of the accounting treatment of the administration charge as detailed in the accounting policies.

The Copyright Licensing Agency Limited

License fee collections for the year ended 31 March 2017

12 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	2017	2017	2016	2016
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Not later than one year	283,203	29,754	769,810	8,891
Later than one year, but not greater than five	<u>195,561</u>	<u>502</u>	<u>1,288,800</u>	<u>-</u>

13 Related party transactions

The board of directors of the company comprised eight directors until February 2017 when a ninth was appointed. Three directors are nominated by the Authors' Licensing and Collecting Society Limited (2016 – three) and four by the Publishers Licensing Society (2016 – three). In addition one independent director was appointed in September 2015, with the CEO also a director of the company. All directors are set out in the directors' report and are directors or members of the company that nominated them.

CLA operates as an agent for its members, ALCS, DACS, PICSEL and PLS. Distribution of licence fees collected net of CLA administration charge to ALCS and PLS amounted to £19,970,431 (2016 - £21,088,270) and £30,165,630 (2016 - £33,365,247) respectively, and to DACS £4,653,222 (2016 - £4,674,899). Amounts collected but not yet paid to ALCS, PLS and DACS at 31 March 2017 are included within undistributed licence fees (see note 10).

PLS and ALCS also share office space with CLA and purchase some administration services from CLA, with £193,976 charged to PLS (2016 - £187,822) and £380,792 charged to ALCS (2016 - £455,130) during the year. At 31 March 2017 the outstanding balance was £ 61,117 (2016 – £54,946) from PLS and £8,484 (2016 – £120,834) from ALCS.

CLA provides operational and commercial services to Fetter Investments Limited ('Fetter'), a joint venture owned by PLS and ALCS. At 31 March 2017 CLA has a debtor due from Fetter for £0 (2016 – £551,509) in respect of amounts paid by CLA on Fetter's behalf for the development of software that CLA will license for use within its business.

14 Members' liabilities

The company is limited by guarantee and as such has no share capital. The members of the company are ALCS, PLS, DACs and PICSEL whose liability is a maximum of £1 each.