

The background of the cover is a dark teal color. It is decorated with several large, overlapping, semi-circular or fan-shaped segments in various shades of green and teal, creating a dynamic, layered effect.

Annual
Transparency
Report 19/20

Message from the Co-Chairs

We had great pleasure in becoming Co-Chairs on 1 June 2019 shortly after the beginning of the financial year covered by this report and at such an interesting time for the organisation. The CLA mission is to simplify copyright for its customers and ensure copyright owners receive fair payment and this has been a year of great achievement on both fronts. During the latest operating year CLA has successfully launched new services for the education and health sectors that give them greater and faster access to copyright content while posting another strong set of financial results. This meant that in 2019/20, CLA was able to make record payments of £76.8m to authors, publishers and visual artists based in the UK and overseas, helping to support them in creating content that we all benefit from. CLA hosted the 2019 IFRRO World Congress in Edinburgh, which brought together over 200 delegates from 50 countries. Overall, a very positive year for CLA - a result of hard work from the entire staff and the continued support from all the members.

Rosie Glazebrook & Tony Bradman, Co-Chairs

Annual summary by the CEO

In the financial year to the end of March 2020, CLA delivered licence fee revenues totalling £86.9m. Growth in UK revenue was negated by a small decline in international revenues. During the year we continued our mission to make copyright simple for our customers by developing innovative new products that provide content users with new ways to access and use copyright content. CLA is also midway through an ambitious back office modernisation programme that will improve how we work with both licensees and members. Among the highlights of the year have been:

Launch of the Education Platform – The platform is a new online service that has been made available at no extra cost to licensed schools and further education institutions. It's an online service that gives teachers access to digital versions of textbooks, offering a flexible new way to make and use copies for teaching. It allows copies to be shared via a Virtual Learning Environment (VLE), displayed on an interactive screen or sent direct to a student device. Teachers can login to prepare lesson content without needing a physical textbook to hand, making it ideal for remote working or teaching. Since the system went fully live in September 2019 we have built a user base in 3,500 schools, and seen copies made for more than 150,000 students.

Digital Content Store (DCS) goes from strength to strength – Like the Education Platform, the Digital Content Store (DCS) is offered to higher education customers as part of the licence and at no additional charge. It is a web-based system that combines a searchable repository of digitised book and journal extracts with an online workflow management tool. The DCS helps university academic and library services to manage the provision of student course packs. Adopted by 124 institutions and serving 62% of full-time equivalent students (FTEs) in the UK it has seen more than 9m student downloads.

IFRRO World Congress in Edinburgh - In November 2019 CLA hosted the IFRRO World Congress at the Assembly Rooms in Edinburgh. The IWC brought together over 200 delegates from 50 countries with a focus on Technology, Copyright and the Global South: Embracing Possibilities for the Future.

New NHS services – We have been working closely with the NHS to offer new services that benefit health workers and patients alike. Last year to support shared decision making in the NHS, we announced that staff can now share digital copies from books and journals with patients and carers, while earlier this year we reached new licence agreements with NHS Wales and Northern Ireland. We also responded to the needs of the NHS to develop a digital article ordering service in partnership with Reprints Desk, who are highly experienced in providing similar systems for corporate customers. This new service offers NHS library staff a quicker, easier way to order journal articles and will be launched during 2020.

Finally, although this report covers our financial year to March 2020, I want to acknowledge and thank our customers and staff for their efforts, understanding and support throughout a summer dominated by the Covid-19 health crisis. At the time of writing the full effects of the pandemic are unknown and although our priority is always to safeguard the health of our employees and the public, I am proud to say we have also managed to maintain a high level of service for our customers and rightsholders throughout this time. On behalf of our Board and Members I want to thank all our staff for their hard work in making it possible.

Mat Plfeger, CEO

About CLA



We are the Copyright Licensing Agency and we exist to simplify copyright for content users and copyright owners.

We help our customers to legally access, copy and share the published content they need, while also making sure that copyright owners are paid royalties for the use of their work.

For more than 35 years we've been providing rights and licences, as well as a growing range of services that simplify copyright and make it easier to access content. Our blanket licences allow customers to copy and share extracts from published content, without having to seek permission from copyright owners each time. We also offer technology-based services that help our customers to manage content and workflow.

We are non-profit-making, after deducting an agency fee to cover operational costs, our revenue is paid out as royalties to the copyright owners - authors, publishers and visual artists.

Legal and governance structure



CLA is a collective management organisation (CMO) and is controlled by its members, the Authors' Licensing and Collecting Society (ALCS), Publishers' Licensing Services (PLS), the Design and Artists Copyright Society (DACS) and Picture Industry Collecting Society for Effective Licensing (PICSEL).

We are a private company limited by guarantee and are governed by a Board of Directors. CLA has two Co-Chairs who are nominated by ALCS and PLS and who alternate annually in performing the Chair role at meetings and co-chair other activities together. The majority of the non-executive Board Directors are nominated by the members, with two Independent Directors. All Directors must submit themselves for re-election at least every three years if they wish to continue serving and are considered by the Board to be eligible.

Membership of CLA is open to any Collective Management Organisation which can demonstrate;

- That it represents rights holders
- That it has acquired the necessary mandates relevant to CLA Licences
- That it operates under the terms of and complies with, an effective code of conduct compliant with the established regulatory regime

Any Collective Management Organisation which considers itself eligible for membership may apply for admission.

Membership of other bodies



During this financial period CLA has been a member of, or affiliated to, the following bodies:

- Association of Learned and Professional Society Publishers (ALPSP)
- British Educational Suppliers Association (BESA)
- The Chartered Institute of Library and Information Professionals (CILIP)
- Independent Publishers Guild (IPG)
- International Federation of Reproduction Rights Organisations (IFRRO)
- Press Database and Licensing Network (PDLN)
- Professional Publishers Association (PPA)
- Trading Standards Institute (TSI)



Relationships with other CMOs

We have contractual relationships with other CMOs whereby we act in two capacities:

i. Reciprocal agreements with overseas CMOs

We have reciprocal agreements with overseas CMOs enabling us to include their repertoire in CLA licences sold in the UK and for our repertoire to be included in licences sold in their territories overseas. These agreements generate significant revenue for CLA with money from overseas licensing through international CMOs making up 16.5% of CLA's total revenue in 2019/20. The breakdown of royalties distributed to overseas CMOs can be found in the Financial Information on Rights Revenue.

In relation to this we are members of the International Federation of Reproduction Rights Organisations (IFRRO), the international CMO's network. As a member we comply with the IFRRO Code of Conduct, which sets out what is expected in terms of their representation of copyright owners and relationships with users. Membership of IFRRO and compliance with the Code is a necessary condition to exchange a bilateral agreement with a CMO in another country.

ii. Agency licensing agreements with UK CMOs

We also act as agents for other UK CMOs in selling their licences within UK markets where we have an established presence and well-developed relationships. We currently represent two UK CMOs in this way:

- a. We are agents for NLA media access Ltd (NLA) and sell licences on their behalf across the education sector including schools, further education and higher education. Under this agreement we market and sell the licences and distribute the licence fees to NLA and take an agency fee in the form of a subvention from the monies distributed to NLA.
- b. We also act for Printed Music Licensing Limited in marketing and selling the Schools Printed Music Licence to the UK state and independent schools sector. Some state schools are covered under central licence arrangements with regional government departments and others through licences held by local authorities. In the independent sector the licence is sold through the Independent Association of Preparatory Schools (IAPS) in England and the Scottish Council of Independent Schools (SCIS) in Scotland with others (including in Wales and Northern Ireland) licensed directly by CLA. In these agreements CLA receives an agency fee in the form of a subvention from monies distributed to PMLL.

Details on the amounts distributed to the UK CMOs can be found in Financial Information on Rights Revenue. No disclosure has been made with regards to the administration fee on the grounds that this is deemed sensitive information.



Information on refusals to grant a licence

We have not refused to grant any licences in the period of this report.



Activities separate to normal collective rights management activities

CLA continues its commercial partnership with Kortext Limited in the provision of a Resource List Management product called 'KeyLinks' to the education sector.



Deductions for social, cultural and educational services

We have not made any deductions for social, cultural or educational services.



Financial Statements



The Financial Statements for the financial year 2019/20, are published annually on our website: www.cla.co.uk

A summary of key financial activities for the financial year is set out below:

Remuneration of Chief Executive Officer and Board of Directors

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

	2020	2019
Directors at year end	11	11
Average number of directors during the year	11	11

CEO

Emoluments and other remuneration	£ 169,676	£ 165,681
Pension contributions (to a defined contributions scheme)	£ 20,682	£ 19,666
	£ 190,358	£ 185,347

Fees paid to Non-Executive Directors (received as individuals)

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 S 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

Fees paid to Non-Executive Directors (received indirectly via service company)

	2020	2019
A McCulloch	-	£10,048
S Lotinga	£12,017	£10,048
	£ 12,017	£20,096

Total Payments to Directors	£ 309,443	£ 302,347
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Financial Information on Rights Revenue



The information below was updated in January 2021 and now includes further detail on international distributions and receipts

CLA makes monthly distributions based on the timing of income and cash receipts.

All administrative overheads and costs relate to the management of rights and are allocated in direct proportion to gross fees invoiced in the year.

During this financial year, in accordance with the distribution policy, commission of 11% was deducted on renewed licences and commission of 40% deducted on new licences by CLA at the point of invoicing to cover operational costs.

Commission rate deductions for CMOs with agency agreements with CLA are at individually agreed rates. As a result of this policy, the actual commission rate charged to members during this year was £11,125,119 which represents 12.8% of gross fees invoiced in the year. 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. Full detail on how licence fees are split between the members can be found in CLA's Distribution Model Report (www.cla.co.uk/sites/default/files/CLA-Royalties-Distribution-Model-Report.pdf). Net distributions paid to NLA amounted to £2.1m and net distributions paid to PMLL amounted to £3.6m

In 2019 CLA agreed a Policy for Undistributed Amounts assigned to non-UK rightsholders. From 20/21 onwards, where CLA has amounts over three years old relating to non-UK rightsholders that it is unable to distribute, these monies may be reallocated to CLA's members for distribution to rightsholders and / or added to CLA's Development Fund. The Development Fund will be used to support good causes in the creative industries and to assist in the development of collective licensing overseas.

Summary	Gross Fees Invoiced in Year	Distributed in Year	Undistributed	Admin Charge Allocation
Schools	£ 21,942,445	£ 21,903,118	(£ 39,327)	£ 2,809,696
FE	£ 4,570,458	£ 4,464,049	(£ 106,409)	£ 585,240
HE	£ 16,679,411	£ 15,819,813	(£ 859,598)	£ 2,135,773
Government	£ 7,093,075	£ 6,823,758	(£ 269,317)	£ 908,257
Business & Transactional	£ 22,218,301	£ 17,413,979	(£ 4,804,322)	£ 2,845,019
International	£ 14,378,412	£ 9,591,854	(£ 4,786,558)	£ 1,841,133
	£ 86,882,101	£ 76,016,570	(10,865,531)	£ 11,125,119

Summary	Gross Fees Invoiced in Year	Distributed in Year	Undistributed	Admin Charge Allocation
UK & Ireland	£ 70,807,957	£ 64,893,059	(£ 5,914,898)	£ 9,066,849
Europe	£ 7,469,385	£ 5,577,458	(£ 1,891,926)	£ 956,443
USA & Canada	£ 5,074,928	£ 3,083,469	(£ 1,991,460)	£ 649,837
ROW	£ 691,258	£ 471,338	(£ 219,920)	£ 88,514
Australia & NZ	£ 2,838,573	£ 1,991,246	(£ 847,327)	£ 363,475
	£ 86,882,101	£ 76,016,571	(£ 10,865,531)	£ 1,125,119

Financial Information on Rights Revenue Continued



International distributions paid in the year were as follows

Territory	CMO	Net Distribution	Admin Fee	Gross Distribution
Argentina	CADRA	£ 7,890	£ 1,673	£ 9,563
Australia	Copyright Agency	£ 237,037	£ 46,633	£ 283,670
Austria	Literar Mechana	£ 3,830	£ 771	£ 4,601
Belgium	Reprobel	£ 19,193	£ 3,939	£ 23,132
Canada	Access Copyright	£ 203,998	£ 40,620	£ 244,618
Quebec	Copibec	£ 17,825	£ 3,858	£ 4,601
Denmark	Copydan	£ 29,486	£ 6,026	£ 35,512
Finland	Kopiosto	£ 7,963	£ 1,579	£ 9,542
France	CFC	£ 206,368	£ 42,786	£ 249,154
Germany	VG Wort	£ 212,755	£ 43,209	£ 255,964
Ghana	CopyGhana	£ 332	£ 41	£ 373
Greece	OSDEL	£ 6,916	£ 1,447	£ 8,363
Hong Kong	HKRRLS	£ 14,032	£ 2,930	£ 16,961
Iceland	Fjolis	£ 362	£ 72	£ 434
Ireland	ICLA	£ 195,299	£ 39,888	£ 235,187
Italy	SIAE	£ 105,373	£ 20,711	£ 126,084
Jamaica	JAMCOPY	£ 1,945	£ 400	£ 2,345
Japan	JAC	£ 97,539	£ 19,318	£ 116,857
Luxembourg	Luxorr	£ 12,178	£ 2,267	£ 14,444
Mexico	CEMPRO	£ 3,923	£ 901	£ 4,824

Netherlands	Stichting Reprorecht	£ 86,069	£ 17,793	£ 103,862
New Zealand	CLNZ	£ 40,862	£ 8,184	£ 49,045
Norway	Kopinor	£ 13,349	£ 2,877	£ 16,226
Singapore	CLASS	£ 45,389	£ 8,710	£ 54,099
South Africa	DALRO	£ 32,221	£ 6,744	£ 38,965
South Korea	KORRA	£ 11,648	£ 2,686	£ 14,334
Spain	CEDRO	£ 55,982	£ 11,057	£ 67,038
Sweden	Bonus Copyright Access	£ 22,616	£ 4,900	£ 27,517
Switzerland	Pro Litteris	£ 131,265	£ 27,664	£ 158,929
Turkey	YAYBIR	£ 8,635	£ 1,947	£ 10,581
USA	CCC	£ 3,832,344	£ 759,117	£ 4,591,462

Financial Information on Rights Revenue Continued



International receipts received in the year were as follows

Territory	CMO	Receipt	CLA Admin Fee Allocation
Australia	Copyright Agency	£ 2,304,138	£ 295,041
Austria	Literar Mechana	£ 198,518	£ 25,420
Belgium	Reprobel	£ 110,852	£ 14,194
Canada	Access Copyright	£ 109,029	£ 13,961
Quebec	Copibec	£ 342,371	£ 43,840
Denmark	Copydan	£ 1,783,273	£ 228,345
Finland	Kopioisto	£ 217,024	£ 27,790
France	CFC	£ 768,167	£ 98,363
Germany	VG Wort	£ 1,726,592	£ 221,087
Greece	OSDEL	£ 55,155	£ 7,062
Iceland	Fjolis	£ 44,376	£ 5,682
Ireland	ICLA	£ 400,801	£ 51,322
Italy	SIAE	£ 106,435	£ 13,629
Japan	JAC	£ 282,646	£ 36,192

Netherlands	IPRO	£ 292,127	£ 37,406
New Zealand	CLNZ	£ 534,435	£ 68,434
Norway	Kopinor	£ 1,454,756	£ 186,279
Singapore	CLASS	£ 59,219	£ 7,583
South Africa	DALRO	£ 188,692	£ 24,162
South Korea	KORRA	£ 160,701	£ 20,578
Spain	CEDRO	£ 266,617	£ 34,140
Sweden	Bonus Copyright Access	£ 272,627	£ 34,909
Switzerland	Pro Litteris	£ 172,866	£ 22,135
USA	CCC	£ 4,623,528	£ 592,036

Independent Chartered Accountants' Review Report to the Copyright Licensing Agency Limited

To the directors of The Copyright Licensing Agency Limited

We have performed the procedures agreed with you and appended to the Letter of Engagement dated 7 November 2017 with respect to the Annual Transparency Report of The Copyright Licensing Agency Limited for the year ended 31 March 2020. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely for the purpose of your compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016 and are summarised in the guidance provided by the IPO available (October 2017) as appended to the Letter of Engagement dated 7 November 2017.

We report our findings as follows:

Based on our review, nothing has come to our attention that causes us to believe that the information required by sections 21.4a, h(i)(ii), i(iv)(v)(vi) and j(i)(ii)(iii)(vi)(vii) of the Collective Management of Copyright (EU Directive) Regulations 2016 that is included in the Annual Transparency Report (ATR) as at 31 March 2020 is incomplete or misleading, or that the ATR has not been compiled in accordance with the requirements of the Regulations.

We would comment as follows on the following sections:

- i. Section 21.4(g), no report was produced as no amounts were deducted for the purpose of social, cultural or educational services,
- ii. Sections 21.4(i)(ii), (iii) and (vii), as the only category of rights managed is reprography and there are no other services provided other than rights management, operating expenses were not split between different categories of rights managed or between different services,
- iii. Sections 21.4(j)(iv)(v), the amounts due to rights holders were not split to show amounts collected but not yet attributed to rights holders, but a breakdown of total amount due to rights holders has been provided in the ATR.

Although the procedures performed are of an audit nature, they do not constitute a full scope audit or review engagement performed in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland). Accordingly, we do not express any assurance on the annual transparency report for the year ended 31 March 2020.

Had we performed additional procedures or had we performed engagements in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland), matter other than those highlighted above might have come to our attention that would have been reported to you.

Use and purpose of our report

Our Report is prepared solely for the use of The Copyright Licensing Agency 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 The Copyright Licensing Agency Limited for any other purpose whatsoever. Our Report was not prepared for the benefit of any party other than The Copyright Licensing Agency Limited. Berg Kaprow Lewis LLP neither owes nor accepts any duty to any other party (including any copyright owner, heirs to copyright owners, agents 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.

Directors' Responsibilities

The directors are responsible for the preparation of the Transparency Report, and for being satisfied that it is complete and compliant with the requirements of the Regulations.

The directors are also 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have undertaken to make available to us as and when required, all the company's accounting records and related financial information, including minutes of management and directors' meetings that we need to do our work. This includes excerpts from relevant legal documentation, and any other explanations they believe are relevant to enable us to fulfil our responsibilities.

Myfanwy Neville FCA

For and on behalf of

BERG KAPROW LEWIS LLP

Chartered Accountants
London

Date: 27 January 2021

The Copyright Licensing Agency Limited

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