

COMPANY REGISTRATION NUMBER: 01690026

The Copyright Licensing Agency Limited
Company Limited by Guarantee
Financial Statements
31 March 2024

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Financial Statements

Year ended 31 March 2024

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The Copyright Licensing Agency Limited

Company Limited by Guarantee

Officers and Professional Advisers

The board of directors

N Burgess
T Chatfield
A Freeman
J Freeman
R Glazebook
M Majurey
J McConnachie
O Nzelu
M Pflieger
S Voss
C W Quinn

Registered office

35 Ballards Lane
London
England
N3 1XW

Auditor

Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Strategic Report

Year ended 31 March 2024

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), Design and Artists Copyright Society Limited (DACs) and the Picture Industry Collecting Society for Effective Learning (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-three counterparts in forty 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 and services 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 ALCS, DACs, PICSEL and PLS are paid to their own members in accordance with their distributions policies, available on their respective websites.

Review of the Business

The Statement of Comprehensive Income is set out on page 11 and shows income of £11,807,749 (2023 - £12,247,036) and a deficit for the year of £295,092 (2023 surplus: £2,653). This is in line with CLA's agency agreements where income is retained 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.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Strategic Report *(continued)*

Year ended 31 March 2024

Code of Conduct

CLA complied with its Code of Conduct during the course of the year ended 31 March 2024. Full details of its Code of Conduct can be found on its website at www.cla.co.uk.

Principal risks and uncertainties

Owing to the uncertain economic environment, it is likely that CLA's licence income will be slightly affected in the current year from the failure of some of the company's customers in meeting their financial obligations for the services provided by the company. The Board manages this situation through robust credit control procedures, including offering payment plans where appropriate.

Changes in content consumption by customers, technological advances such as generative AI 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.

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.

19 September 2024

This report was approved by the board of directors on and signed on behalf of the board by:



M Pfleger
Director

Registered office:
35 Ballards Lane
London
England
N3 1XW

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Directors' Report

Year ended 31 March 2024

The directors present their report and the financial statements of the company for the year ended 31 March 2024.

Directors

The directors who served the company during the year were as follows:

N Burgess	
T Chatfield	
A Freeman	
R Glazebrook	
M Majurey	(Resigned 30 August 2024)
M Pflieger	
S Voss	
C W Quinn	
J Freeman	(Appointed 1 April 2023)
J McConnachie	(Appointed 1 May 2023)
O Nzelu	(Appointed 1 October 2023)
E J Revill	(Resigned 28 July 2023)
S Howes	(Resigned 1 April 2023)
M Walford	(Appointed 1 September 2024)

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report, including financial risk management objectives and policies and future developments.

Directors' responsibilities statement

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 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 judgments 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 Copyright Licensing Agency Limited

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Directors' Report *(continued)*

Year ended 31 March 2024

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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

19 September 2024

This report was approved by the board of directors on and signed on behalf of the board by:

Mat Pflieger

M Pflieger
Director

Registered office:
35 Ballards Lane
London
England
N3 1XW

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Copyright Licensing Agency Limited

Year ended 31 March 2024

Opinion

We have audited the financial statements of The Copyright Licensing Agency Limited (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 FRS 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 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditor's 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Copyright Licensing Agency Limited *(continued)*

Year ended 31 March 2024

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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.

Opinions 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.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Copyright Licensing Agency Limited *(continued)*

Year ended 31 March 2024

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the company's activities, controls and laws and regulations and assessed the susceptibility of the company's financial statements to material misstatement from irregularities, including fraud.

We determined that the laws and regulations that are most significant to the company are those relating to the reporting framework (FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)), the Companies Act 2006 and the Collective Management of Copyright (EU Directive) Regulations.

Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries on the management and those charged with governance; journal entry testing; review of bank letters; review of board minutes; review of transactions for any undisclosed related party transactions; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Copyright Licensing Agency Limited *(continued)*

Year ended 31 March 2024

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 on the effectiveness of the 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 auditor's 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 auditor's 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.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Copyright Licensing Agency Limited *(continued)*

Year ended 31 March 2024

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.

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 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.

Tim Hardy

Tim Hardy (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ
19 September 2024

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Statement of Comprehensive Income

Year ended 31 March 2024

	Note	2024 £	2023 £
Turnover	5	11,807,749	12,247,036
Gross surplus		<u>11,807,749</u>	<u>12,247,036</u>
Administrative expenses		(12,370,478)	(12,385,584)
Other operating income	6	–	303,050
Other operating charges		–	(303,050)
Operating deficit	8	<u>(562,729)</u>	<u>(138,548)</u>
Other interest receivable and similar income	12	<u>562,729</u>	<u>138,548</u>
Surplus before tax		–	–
Tax on surplus	13	(295,092)	2,653
(Deficit)/surplus for the financial year		<u>(295,092)</u>	<u>2,653</u>

All the activities of the company are from continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Statement of Financial Position

31 March 2024

	Note	2024		2023	
		£	£	£	£
Fixed assets					
Intangible assets	14		738,336		1,751,708
Tangible assets	15		135,206		63,041
			<u>873,542</u>		<u>1,814,749</u>
Current assets					
Debtors	16	13,063,607		12,859,943	
Investments	17	7,499,873		7,014,652	
Cash at bank and in hand		6,822,486		12,923,723	
		<u>27,385,966</u>		<u>32,798,318</u>	
Creditors: amounts falling due within one year	18	<u>(28,259,508)</u>		<u>(34,613,067)</u>	
Net current liabilities			<u>(873,542)</u>		<u>(1,814,749)</u>
Net assets			<u>—</u>		<u>—</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the medium companies regime.

These financial statements were approved by the board of directors and authorised for issue on 19 September 2024 and are signed on behalf of the board by:

Mat Pflieger

M Pflieger
Director

Company registration number: 01690026

The notes on pages 15 to 28 form part of these financial statements.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Statement of Changes in Equity

Year ended 31 March 2024

	Profit and loss account £
At 1 April 2022	–
Surplus for the year	2,653
Other comprehensive income for the year:	
Transfer to Administration Charge on account	(2,653)
At 31 March 2023	–
Deficit for the year	(295,092)
Other comprehensive income for the year:	
Transfer to Administration Charge on account	295,092
At 31 March 2024	–

The notes on pages 15 to 28 form part of these financial statements.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 March 2024

	2024 £	2023 £
Cash flows from operating activities		
(Deficit)/surplus for the financial year	(295,092)	2,653
<i>Adjustments for:</i>		
Depreciation of tangible assets	39,643	80,844
Amortisation of intangible assets	1,083,821	1,367,862
Other interest receivable and similar income	(562,729)	(138,548)
Loss on disposal of tangible assets	52,419	32,187
Tax on (deficit)/surplus	295,092	(2,653)
<i>Changes in:</i>		
Trade and other debtors	(358,967)	(58,919)
Trade and other creditors	(721,848)	527,277
Decrease in provisions	–	(275,000)
(Decrease) / increase in undistributed licence fees	(5,476,408)	2,913,270
Cash generated from operations	(5,944,069)	4,448,973
Net cash (used in)/from operating activities	<u>(5,944,069)</u>	<u>4,448,973</u>
Cash flows from investing activities		
Purchase of tangible assets	(126,594)	(74,506)
Purchase of intangible assets	(108,082)	(866,474)
Purchases of other investments	(7,499,873)	(7,014,652)
Proceeds from sale of other investments	7,014,652	5,025,000
Interest received	562,729	138,548
Net cash used in investing activities	<u>(157,168)</u>	<u>(2,792,084)</u>
Net (decrease)/increase in cash and cash equivalents	(6,101,237)	1,656,889
Cash and cash equivalents at beginning of year	12,923,723	11,266,834
Cash and cash equivalents at end of year	<u>6,822,486</u>	<u>12,923,723</u>

The notes on pages 15 to 28 form part of these financial statements.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2024

1. General information

The company is a private company limited by guarantee, registered in England and Wales. The address of the registered office is 35 Ballards Lane, London, N3 1XW, England.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Monetary amounts in the financial statements are rounded to the nearest pound.

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 Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Judgements 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:

Amortisation & impairment of intangible 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. At each period end, the directors consider whether any of the capitalised projects should be impaired, either as a result of technical obsolescence or as a result of required changes.

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.

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.

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 16 for the carrying value of debtors.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Revenue recognition

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

Administration charge on account

The administration charge comprises:

- a) a charge to cover the administrative and running costs of the organisation
- b) a charge to cover back office support provided to members
- c) interest income derived from the Company's bank accounts.

The difference between the administration charge collected and the revenue the Company is legally entitled to recognise is included in the balance sheet within the administration charge on account (note 19), pending distribution to members.

Interest income

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

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Computer software - 33% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Computer equipment - 20 - 33.3% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Current asset investments

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

Cash and cash equivalents

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.

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

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.

Other operating income and charges

There existed in the prior year a licence agreement between CLA and three other licensees to share the general lease and other running costs associated with their joint office premises under separate legal agreements. The primary contractual responsibility over those costs lies with CLA. 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. This licence agreement finished in January 2023 when the office lease expired.

Operating charges reflect the costs incurred by CLA subject to recharge under the license agreement, and Operating income reflects the licence 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.

4. Company limited by guarantee

The Company is a private company limited by guarantee and consequently does not have any 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.

5. Turnover

Turnover arises from:

	2024	2023
	£	£
Administration charge	11,807,749	12,247,036

See note 19 for geographical analysis of administration charge earned during the year.

6. Other operating income

	2024	2023
	£	£
Other operating income	–	303,050

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

6. Other operating income *(continued)*

Other operating income represented income from licensees received under the terms of the agreement with CLA's fellow licensees in respect of joint office premises.

7. Other operating charges

Other operating charges represents costs contractually paid for by CLA that are subject to recharge under the license agreement for the joint office premises.

8. Operating deficit

Operating surplus or deficit is stated after charging/crediting:

	2024	2023
	£	£
Amortisation of intangible assets	1,083,821	1,367,862
Depreciation of tangible assets	39,643	80,844
Loss on disposal of tangible assets	52,419	32,187
Impairment of trade debtors	16,812	(40,085)
Foreign exchange differences	6,612	11,331
Land and buildings - operating leases	<u>499,591</u>	<u>433,661</u>

9. Auditor's remuneration

	2024	2023
	£	£
Fees payable for the audit of the financial statements	<u>26,000</u>	<u>26,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>7,750</u>	<u>2,200</u>

10. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2024	2023
	No.	No.
Administrative staff	<u>98</u>	<u>92</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2024	2023
	£	£
Wages and salaries	5,954,894	6,011,538
Social security costs	625,421	671,151
Other pension costs	517,137	507,435
	<u>7,097,452</u>	<u>7,190,124</u>

The Copyright Licensing Agency Limited

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

11. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2024	2023
	£	£
Remuneration	321,864	318,367
Company contributions to defined contribution pension plans	24,890	22,516
	<u>346,754</u>	<u>340,883</u>

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

11. Directors' remuneration *(continued)*

During the year, there were no retirement benefits accruing to any director (2023 - £nil) in respect of defined contribution pension schemes.

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 emoluments of the directors are as follows:

	2024 £	2023 £
CEO		
Emoluments and other remuneration	184,143	184,741
Pension contributions to defined contribution scheme	24,890	22,516
	<u>209,033</u>	<u>207,257</u>
Fees paid to Non-Executive Directors (received as individuals)		
F Bird	–	10,815
T Bradman	–	15,000
N Burgess	11,248	10,815
T Chatfield	18,337	12,276
R Glazebrook	24,052	22,500
Dr Howes	–	12,075
N Service	–	5,408
C Quinn	14,081	12,075
S Voss	11,248	5,407
J Revill	6,118	5,625
J Freeman	12,558	–
J McConnachie	10,584	–
O Nzelu	6,999	–
	<u>115,225</u>	<u>111,996</u>
Fees paid directly to Non-Executive Directors (received indirectly via service company)		
S Lotinga	–	3,605
M Majurey	11,248	10,815
A Freeman	11,248	7,210
	<u>22,496</u>	<u>21,630</u>
Total payments to Directors	346,754	340,883

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

12. Other interest receivable and similar income

	2024 £	2023 £
Interest on cash and cash equivalents	562,729	138,548

13. Tax on surplus

Major components of tax expense/(income)

	2024 £	2023 £
Current tax:		
UK current tax expense	139,789	–
Deferred tax:		
Origination and reversal of timing differences	107,110	(37,203)
Losses and other deductions	48,193	34,550
Total deferred tax	155,303	(2,653)
Tax on surplus	295,092	(2,653)

Reconciliation of tax expense/(income)

The tax assessed on the surplus on ordinary activities for the year is higher than (2023: lower than) the standard rate of corporation tax in the UK of 25% (2023: 19%).

	2024 £	2023 £
Effect of expenses not deductible for tax purposes	19,688	–
Deferred tax	–	(2,653)
Other timing difference	275,404	–
Tax on surplus	295,092	(2,653)

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

14. Intangible assets

	Computer Software £
Cost	
At 1 April 2023	6,326,410
Additions	108,082
Disposals	(765,020)
At 31 March 2024	<u>5,669,472</u>
Amortisation	
At 1 April 2023	4,574,702
Charge for the year	1,083,821
Disposals	(727,387)
At 31 March 2024	<u>4,931,136</u>
Carrying amount At 31 March 2024	<u>738,336</u>
At 31 March 2023	<u>1,751,708</u>

15. Tangible assets

	Computer Equipment £
Cost	
At 1 April 2023	150,528
Additions	126,594
Disposals	(107,053)
At 31 March 2024	<u>170,069</u>
Depreciation	
At 1 April 2023	87,487
Charge for the year	39,643
Disposals	(92,267)
At 31 March 2024	<u>34,863</u>
Carrying amount At 31 March 2024	<u>135,206</u>
At 31 March 2023	<u>63,041</u>

The Copyright Licensing Agency Limited

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

16. Debtors

	2024	2023
	£	£
Trade debtors	5,707,758	6,525,739
Deferred tax asset	87,695	242,998
Prepayments and accrued income	4,088,791	3,875,533
Other debtors	3,179,363	2,215,673
	<u>13,063,607</u>	<u>12,859,943</u>

17. Investments

	2024	2023
	£	£
Cash deposits	<u>7,499,873</u>	<u>7,014,652</u>

18. Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	291,832	412,201
Accruals and deferred income	1,742,059	2,144,899
Corporation tax	139,789	–
Social security and other taxes	242,247	170,110
Undistributed licence fee creditor	19,640,094	25,312,922
Administration Charge on Account	5,892,290	5,990,962
Other creditors	311,197	581,973
	<u>28,259,508</u>	<u>34,613,067</u>

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

19. Administration on charge

The administration charge on account is analysed as follows:

	2024	2023
	£	£
Balance at 1 April	5,990,962	5,298,059
Administration charge earned from gross licence fees	13,858,450	12,797,763
Net interest receivable	562,729	138,549
Corporation tax (charge) / credit	(295,092)	2,653
Administration on account distributed	(2,000,000)	–
Administration charge from provision of bank office services	145,721	139,523
Transfer to statement of comprehensive income	(12,370,480)	(12,385,585)
Balance at 31 March	<u>5,892,290</u>	<u>5,990,962</u>

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

	2024	2023
	£	£
United Kingdom	11,695,191	10,668,697
Europe	704,609	929,431
USA and Canada	809,669	775,950
Rest of the World	648,981	423,685
	<u>13,858,450</u>	<u>12,797,763</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2024	2023
	£	£
Included in debtors (note 16)	<u>87,695</u>	<u>242,998</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2024	2023
	£	£
Accelerated capital allowances	(87,695)	(194,805)
Unused tax losses	–	(48,193)
	<u>(87,695)</u>	<u>(242,998)</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £517,137 (2023: £507,435).

The Copyright Licensing Agency Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

22. Analysis of changes in net debt

	At 1 Apr 2023	Cash flows	At 31 Mar 2024
	£	£	£
Cash at bank and in hand	12,923,723	(6,101,237)	6,822,486

23. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2024	2023
	£	£
Not later than 1 year	283,894	358,441
Later than 1 year and not later than 5 years	16,100	283,894
	<u>299,994</u>	<u>642,335</u>

24. Related party transactions

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

The distribution of licence fees collected net of CLA administration are as follows:

	2024	2023
	£	£
Licence fees collected net of CLA administration charge		
ALCS	31,566,924	27,549,474
PLS	44,906,980	39,374,447
DACS	8,630,416	4,316,156
PICSEL	1,730,676	787,767
	<u>86,834,996</u>	<u>72,027,844</u>

Amounts collected but not yet paid to ALCS, PLS and DACS at 31 March 2024 are included within undistributed licence fees (see note 18).

PLS and ALCS also purchased some administration services from CLA and in the prior year shared office space with CLA, with a total charged during the year of £85,277 (2023: £267,299). At 31 March 2024, the outstanding balance was a creditor of £10,803 (2023: debtor of £41,347).

See note 11 for disclosure of the directors remuneration.