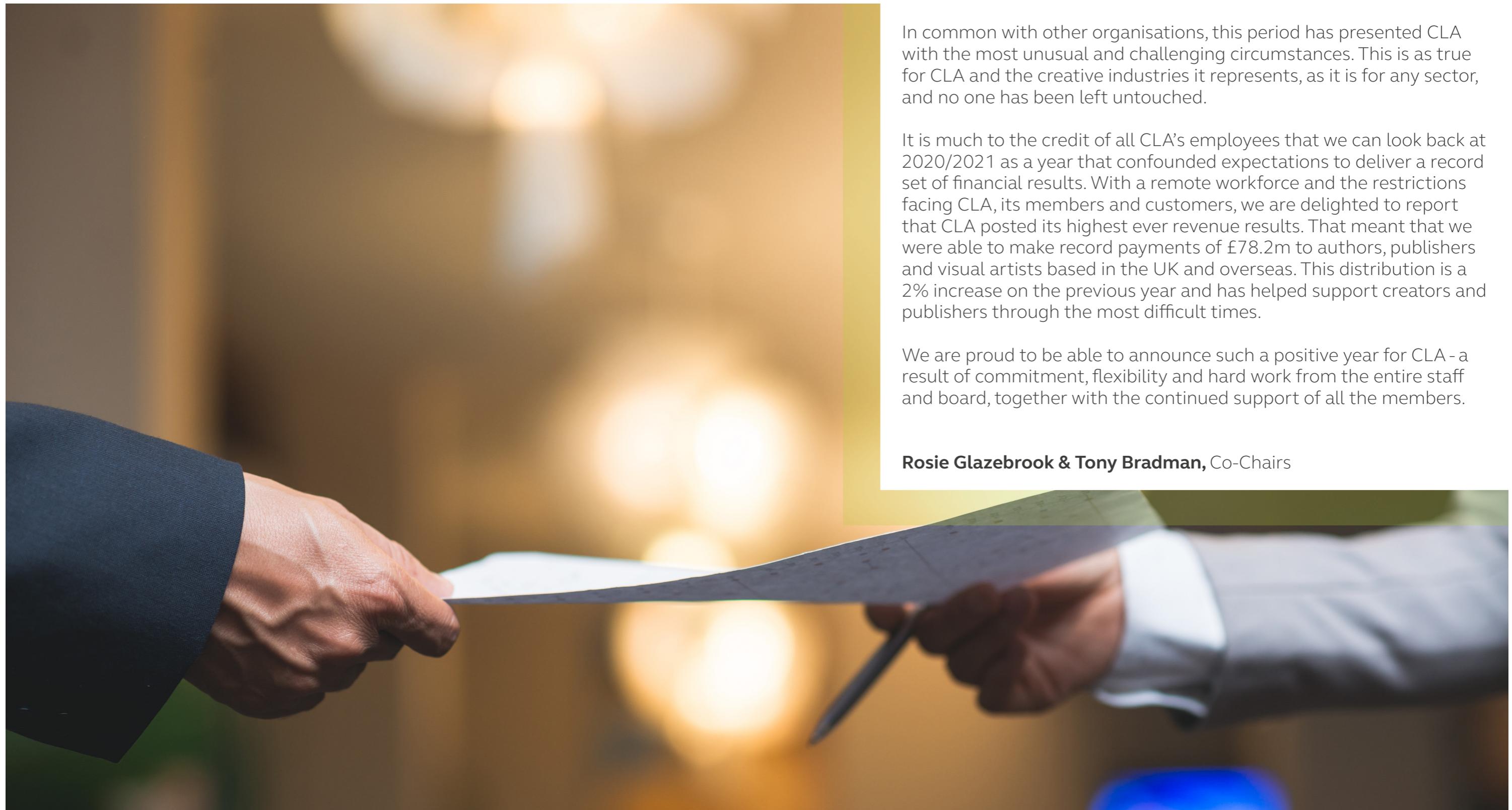




Annual Transparency Report 20/21

Message from the Co-Chairs



In common with other organisations, this period has presented CLA with the most unusual and challenging circumstances. This is as true for CLA and the creative industries it represents, as it is for any sector, and no one has been left untouched.

It is much to the credit of all CLA's employees that we can look back at 2020/2021 as a year that confounded expectations to deliver a record set of financial results. With a remote workforce and the restrictions facing CLA, its members and customers, we are delighted to report that CLA posted its highest ever revenue results. That meant that we were able to make record payments of £78.2m to authors, publishers and visual artists based in the UK and overseas. This distribution is a 2% increase on the previous year and has helped support creators and publishers through the most difficult times.

We are proud to be able to announce such a positive year for CLA - a result of commitment, flexibility and hard work from the entire staff and board, together with the continued support of all the members.

Rosie Glazebrook & Tony Bradman, Co-Chairs

Annual summary by the CEO

Like other businesses, CLA responded to the Covid-19 pandemic by closing our physical offices in March 2020 and moving all our staff to remote working. Our primary concern has been to safeguard the health of our staff and customers whilst minimising any interruption to service levels. All of this was achieved during a major period of back office modernisation at CLA.

CLA's investment in key digital services including Check Permissions, Digital Content Store, Education Platform and NHS Licence Plus has ensured CLA has been able to effectively support many of its customers as they also switched to remote learning and working. We have seen usage increase across all of our digital platforms during the pandemic.

We have been particularly aware of the difficulties faced across the education sector during the pandemic. In collaboration with the Department for Education and Universities UK, and backed by our members, CLA has been able to support schools, colleges and universities throughout this time by providing flexibility in our licensing to help educators to access content for remote learning. CLA has demonstrated very clearly during the pandemic that copyright and copyright licensing enables users of content to efficiently access published material whilst ensuring the creators of that material are fairly compensated. By providing flexible and digital licensing solutions, CLA has been well placed to help its customers during the pandemic. Highlights of the year include:

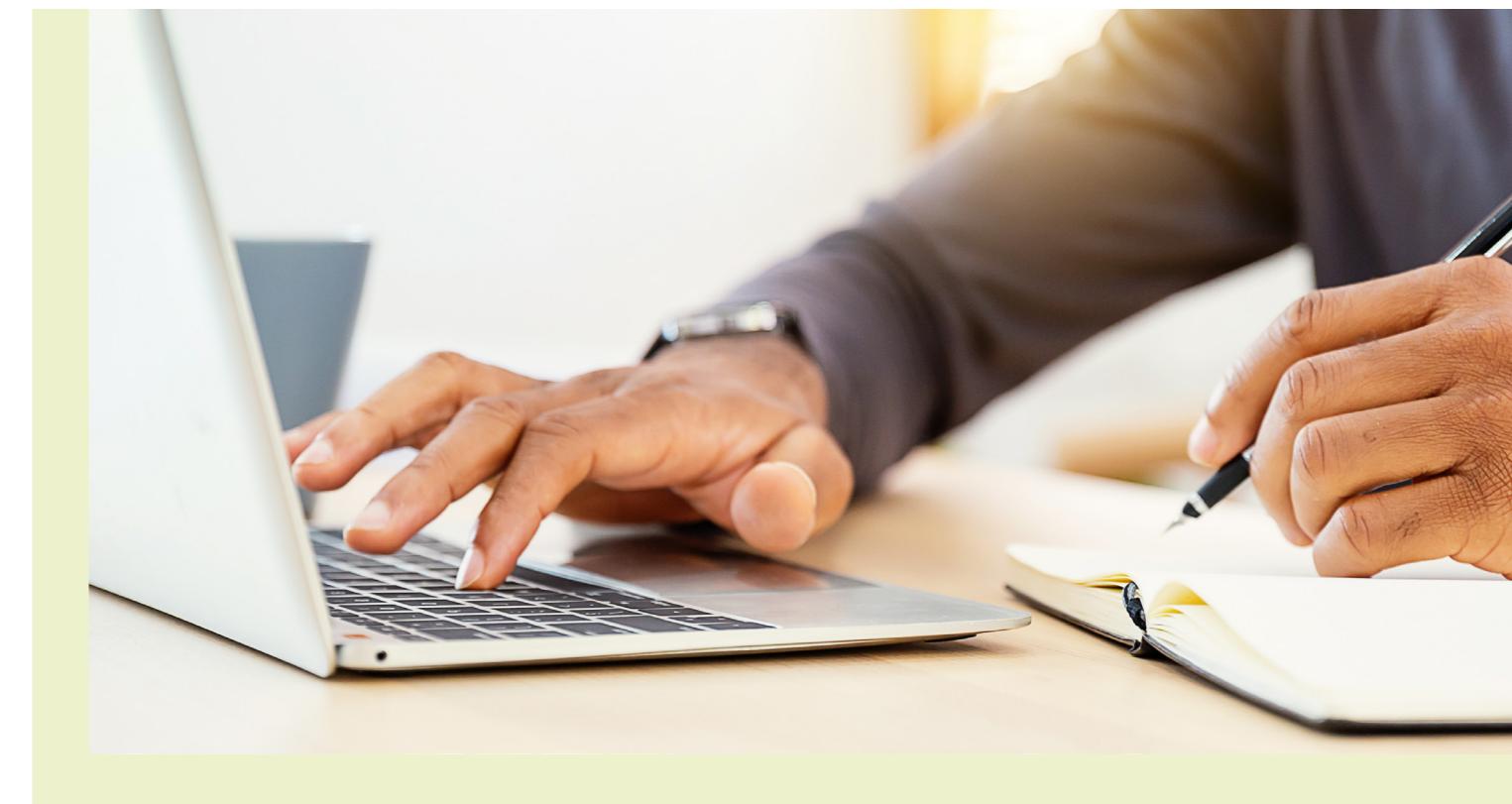
Record revenues of £89.7m, including UK revenue growth of 6%.

Record distributions to authors, publishers and visual artists of £78.2m.

Growth of adoption of the Education Platform in schools and colleges – The Platform is an online service offered with the CLA licence, which gives schools access to digital resources to use for teaching. It was developed so teachers and other staff can access digital versions of books and magazines owned by their school. They can then make and share copies with students for teaching and learning.

Since its launch, over 14,000 users in 5,600 institutions, representing nearly 20% of all eligible schools and colleges, have adopted the Platform. Copies made using the Platform have now benefited 350,000 students. Our members and individual educational publishers have made a massive contribution to this success by providing digital versions of 20,000 books and other resources for use by educators. The Department for Education underlined its support for the value CLA is providing by agreeing a new 5-year licence for English state funded schools commencing April 2021.

Digital Content Store (DCS) goes from strength to strength – Like the Education Platform is for schools, the Digital Content Store (DCS) is offered to higher education customers as part of the licence 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 138 institutions and serving 62% of full-time equivalent students (FTEs) in the UK, it has seen more than 11.4m student downloads.



New NHS services – We work closely with the NHS to offer new services that benefit health workers and patients alike. We have an agreement with the national health authorities on licences that cover over 1.7m NHS staff. The licence is made up of two components that offer enhanced value to the NHS and all its individual employees. The first is the annual copying licence that provides blanket cover, so staff don't have to seek permission from copyright owners each time they copy, reuse or share content from publications at work. The second is annual access to our NHS document delivery ordering service enabling access to articles and reports from the British Library, Reprints Desk and the Royal Society of Medicine (RSM). The ordering service is used by the Medicines & Healthcare products Regulatory Agency (MHRA), Public Health England, the National Institute for Health & Care Excellence (NICE) and over 120 trusts. It provides access to article downloads as part of the standard licence cover. Over 30,000 unique articles have been downloaded from this service, providing vital information and aiding decision making across the NHS during this particularly demanding period.

Back office modernisation – During the pandemic CLA has undertaken a major programme of back office modernisation. This has included the adoption of Salesforce at enterprise level, and replacing our legacy rights and distribution platform. This has been a challenging programme during the pandemic, one that the CLA teams have risen to. The programme will enable CLA to be more nimble and flexible in future.

Development Fund – CLA made its first donations from its Development Fund to four chosen charities: Give A Book, Listening Books, Reading List Foundation and The Reading Agency. The charities were chosen due to the valuable contribution they each make in supporting access to creative works for disadvantaged people across the UK. The donations were very well-received, particularly in such a challenging year for many charities. Further information on the impact of the donations can be found at <https://cla.co.uk/charitable-and-community>

On behalf of our Board and members, we want to thank CLA's staff and Senior Leadership Team for their hard work in such a difficult year. We look forward to connecting with everyone again as CLA goes from strength to strength in the next year, and the years to come.

Mat Pfleger, 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 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), the Design and Artists Copyright Society (DACS), Picture Industry Collecting Society for Effective Licensing (PICSEL) and Publishers' Licensing Services (PLS).

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 that 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 Copyright Council (BCC)
- 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)
- Outsell
- 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 14% of CLA's total revenue in 2020/21. The breakdown of royalties distributed to overseas CMOs can be found in the Financial Information on Rights Revenue section below.

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. In 2020/21 we represented two UK CMOs in this way:

- 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.
- Until March 2021, we also acted for Printed Music Licensing Limited (PMLL) 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 received 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 section below. 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.



Deductions for social, cultural and educational services

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



Activities separate to normal collective rights management activities

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



Financial Statements



The Financial Statements for the financial year 2020/21, are published annually on our website: www.cla.co.uk

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

Financial Information on Rights Revenue



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 £11,528,852, which represents 12.9% of gross fees invoiced in the year. Distribution of licence fees collected net of CLA administration charge amounted to £25,437,196 (2020: £23,965,724) to ALCS, £36,125,474 (2020: £35,101,450) to PLS, £4,569,052 (2020: £4,428,917) to DACS and £861,606 (2020: £759,773) to PICSEL. Full detail on how licence fees are split between the members can be found in CLA's Distribution Model Report (<https://www.cla.co.uk/sites/default/files/CLA-Royalties-Distribution-Model-Report.pdf>). Net distributions paid to NLA amounted to £1.8m and net distributions paid to PMLL amounted to £3.8m.

Sector licence analysis

Summary	Gross Fees Invoiced in Year	Distributed in Year	Undistributed	Admin Charge Allocation
Schools	£ 22,080,527	£ 21,835,363	(£ 245,164)	£ 2,837,398
FE	£ 4,422,247	£ 4,180,172	(£ 242,075)	£ 568,269
HE	£ 17,500,978	£ 15,530,674	(£ 1,970,304)	£ 2,248,916
Government	£ 7,813,927	£ 7,813,927	(£ 0)	£ 1,004,107
Business & Transactional	£ 25,062,596	£ 19,502,668	(£ 5,559,928)	£ 3,220,601
International	£ 12,836,815	£ 9,369,589	(£ 3,467,226)	£ 1,649,560
	£ 89,717,089	£ 78,232,392	(£ 11,484,697)	£ 11,528,852

Geographical source analysis

Summary	Gross Fees Invoiced in Year	Distributed in Year	Undistributed	Admin Charge Allocation
UK & Ireland	£ 74,976,465	£ 67,086,560	(£ 7,889,904)	£ 9,608,360
Europe	£ 6,991,790	£ 4,960,665	(3 2,031,125)	£ 846,131
USA & Canada	£ 4,936,398	£ 4,118,615	(£ 817,783)	£ 740,460
ROW	£ 881,632	£ 314,985	(£ 566,647)	£ 104,518
Australia & NZ	£ 1,930,804	£ 1,751,567	(£ 179,238)	£ 229,383
	£ 89,717,089	£ 78,232,392	(£ 11,484,697)	£ 11,528,852

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	£ 6,505	£ 1,329	£ 7,834
Australia	Copyright Agency	£ 206,608	£ 39,186	£ 245,794
Austria	Literar Mechana	£ 3,337	£ 629	£ 3,966
Belgium	Reprobel	£ 23,433	£ 4,721	£ 28,154
Canada	Access Copyright	£ 202,303	£ 39,779	£ 242,082
Quebec	Copibec	£ 15,236	£ 3,250	£ 18,486
Denmark	Copydan	£ 30,360	£ 6,078	£ 36,438
Finland	Kopiosto	£ 8,221	£ 1,552	£ 9,773
France	CFC	£ 209,611	£ 41,414	£ 251,025
Germany	VG Wort	£ 233,724	£ 46,769	£ 280,493
Greece	OSDEL	£ 6,369	£ 1,233	£ 7,602
Hong Kong	HKRRLS	£ 10,705	£ 2,016	£ 12,721
Iceland	Fjolis	£ 528	£ 100	£ 628
Ireland	ICLA	£ 155,649	£ 30,701	£ 186,350
Italy	SIAE	£ 104,540	£ 19,806	£ 124,346
Jamaica	Jamcopy	£ 987	£ 170	£ 1,157
Japan	JAC	£ 89,256	£ 17,262	£ 106,518
Korea	KOLAA	£ 12,365	£ 2,797	£ 15,162
Luxembourg	LUXXOR	£ 14,574	£ 2,765	£ 17,339
Mexico	CEMPRO	£ 4,627	£ 1,042	£ 5,669

Netherlands	Stichting Reprorecht	£ 99,943	£ 20,590	£ 120,533
New Zealand	CLNZ	£ 63,452	£ 11,880	£ 75,332
Norway	Kopinor	£ 14,820	£ 3,086	£ 17,906
Singapore	CLASS	£ 36,261	£ 6,783	£ 43,044
South Africa	DALRO	£ 32,771	£ 6,678	£ 39,449
Spain	CEDRO	£ 51,175	£ 9,787	£ 60,962
Sweden	Bonus Copyright Access	£ 19,334	£ 4,179	£ 23,513
Switzerland	Pro Litteris	£ 122,393	£ 24,749	£ 147,142
Turkey	Yaybir	£ 7,690	£ 1,669	£ 9,359
USA	CCC	£ 3,935,602	£ 767,686	£ 4,703,288
		£ 5,722,379	£ 1,119,686	£ 6,842,065

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	£ 1,393,479	£ 179,065
Austria	Literar Mechana	£ 119,768	£ 15,390
Belgium	Reprobel	£ 134,199	£ 17,245
Canada	Access Copyright	£ 72,899	£ 9,368
Quebec	Copibec	£ 132,761	£ 17,060
Denmark	Copydan	£ 1,644,992	£ 211,385
Finland	Kopiosto	£ 237,581	£ 30,530
France	CFC	£ 778,127	£ 99,991
Germany	VG Wort	£ 374,643	£ 48,142
Greece	OSDEL	£ 46,168	£ 5,933
Hong Kong	HKRRLS	£ 82,377	£ 10,586
Iceland	Fjolis	£ 40,345	£ 5,184
Ireland	ICLA	£ 294,077	£ 37,790

Italy	SIAE	£ 125,446	£ 16,120
Japan	JAC	£ 281,336	£ 36,152
Japan	JCOPY	£ 7,059	£ 907
Netherlands	Stichting Reprorecht	£ 493,608	£ 63,430
Netherlands	IPRO	£ 283,704	£ 36,457
New Zealand	CLNZ	£ 537,325	£ 69,048
Norway	Kopinor	£ 1,606,477	£ 206,436
Singapore	CLASS	£ 98,641	£ 12,676
South Africa	DALRO	£ 212,823	£ 27,348
South Korea	KOLAA	£ 199,397	£ 25,623
Spain	CEDRO	£ 408,080	£ 52,439
Sweden	Bonus Copyright Access	£ 476,574	£ 61,241
Switzerland	Pro Litteris	£ 222,078	£ 28,538
USA	CCC	£ 4,730,738	£ 607,912

Financial Information on Rights Revenue Continued



CLA Development Fund

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 is used to support charitable causes in the creative industries and to assist in the development of collective licensing overseas. The breakdown of the development fund in 2020/21 is detailed below:

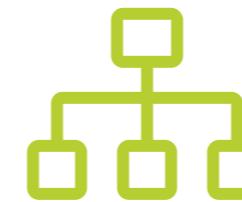
Total Undistributed Amount	£ 736,000
Total distributed to members (paid in April 2020)	£ 368,000
Total Available in Development Fund	£ 368,000
Paid to UK based charities (paid in July 2021)	£ 100,000
Allocated to international support	£ 40,800
Funds remaining in the Development Fund	£ 227,200

The charitable causes supported during 2020/21 were:

The Reading List Foundation	£ 25,000
The Reading Agency	£ 25,000
Listening Books	£ 25,000
Give a Book	£ 25,000

An additional £40,800 was allocated to support CARROSA, the pan-Caribbean CMO.

Funds remaining in the Development Fund will be used in 2021/22.



Directors' remuneration

The emoluments of the directors are as follows:

	2021	2020
CEO		
Emoluments and other remuneration	£ 216,155	£ 169,676
Pension contributions (to a defined contributions scheme)	£ 20,682	£ 20,682
£ 236,837	£ 190,358	

Fees paid to Non-Executive Directors

(received as individuals)

M Bide	-	£ 2,571
F Bird	£ 12,017	£ 858
T Bradman	£ 15,425	£ 15,425
N Burgess	£ 11,500	£ 10,600
T Chatfield	£ 10,300	£ 10,300
R Glazebrook	£ 15,425	£ 15,425
C Graf	£ 5,250	£ 11,500
Dr Howes	£ 11,400	£ 10,300
J McConnachie	-	£ 8,625
N Service	£ 10,300	£ 10,300
L Tribe	£ 10,300	£ 10,300
C Quinn	£ 5,150	-
£ 107,067	£ 106,204	
Benefits	£ 782	£ 864

Fees paid to Non-Executive Directors

(received indirectly via service company)

S Lotinga	£ 10,300	£ 12,017
	£ 10,300	£ 12,017

Total payments to Directors

Total remuneration of highest paid Director

£ 354,986	£ 309,443
£ 236,837	£ 190,358

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 2021. 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), j(i)(ii)(iii)(vi)(vii) and k (i)(ii)and(iii) of the Collective Management of Copyright (EU Directive) Regulations 2016 that is included in the Annual Transparency Report (ATR) as at 31 March 2021 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, and
- 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.
- iv. Section 21.4k(iv), amounts distributed directly to right holders originating from other collective management organisations with a breakdown for each category of rights and for each organisation cannot be easily determined and is therefore not disclosed 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 2021.

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:

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