
THE COPYRIGHT LICENSING AGENCY LIMITED

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

THE COPYRIGHT LICENSING AGENCY LIMITED

(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors

F Bird
T Bradman
N Burgess
T Chatfield
R Glazebrook
C P Graf (resigned 30 September 2020)
Dr S Howes
S Lotinga
M Majurey (appointed 1 September 2021)
M Pflieger
N Service
L Tribe (resigned 30 June 2021)
C W Quinn (appointed 1 October 2020)

Registered number

01690026

Registered office

Shackleton House Hay's Galleria
4 Battle Bridge Lane
London
SE1 2HX

Independent auditors

Berg Kaprow Lewis LLP
Chartered Accountants & Statutory Auditor
35 Ballards Lane
London
N3 1XW

THE COPYRIGHT LICENSING AGENCY LIMITED
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THE COPYRIGHT LICENSING AGENCY LIMITED
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Principal activities, trading review and future developments

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

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

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

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

Distribution policy

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

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

Review of the Business

The prolonged epidemic threat of COVID-19 is expected to have a small impact on the licence fee income that CLA generates. This has been evaluated for each sector and appropriate measures have been put in place to mitigate any financial and non-financial risk. CLA continues to remain in a strong financial position and monitor the situation closely.

The income statement is set out on page 10 and shows income of £10,497,425 (2020 - £9,780,039) and a deficit for the year of £4,772 (2020 surplus: £18,444). 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.

Code of Conduct

CLA complied with its Code of Conduct during the course of the year ended 31 March 2021. Full details of its Code of Conduct can be found on its website at www.cla.co.uk.

THE COPYRIGHT LICENSING AGENCY LIMITED
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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties

CLA moved to full remote working in March 2020 and has continued to successfully operate throughout the financial year. 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.

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

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

Brexit

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

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

M Pflieger
Chief Executive

Date: 12 October 2021

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £4,772 (2020 - profit £18,444).

The Company is a private company limited by guarantee and does not pay dividends.

THE COPYRIGHT LICENSING AGENCY LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Directors

The directors who served during the year were:

Nominated by the Authors' Licensing and Collecting Society Limited:

F Bird

T Bradman

T Chatfield

Nominated by the Visual Arts Collective Management Organisation:

N Burgess

Nominated by the Publishers' Licensing Services Limited:

R Glazebrook

S Lotinga

M Majurey (appointed 1 September 2021)

N Service

L Tribe (resigned 30 June 2021)

Independent Directors:

C P Graf (resigned 30 September 2020)

Dr S Howes

C W Quinn (appointed 1 October 2020)

Chief executive:

M Pflieger

Disclosure of information to auditors

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

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

THE COPYRIGHT LICENSING AGENCY LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Auditors

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

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

M Pfleger
Chief Executive

Date: 12 October 2021

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE COPYRIGHT LICENSING AGENCY LIMITED

Opinion

We have audited the financial statements of The Copyright Licensing Agency Limited (the 'Company') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE COPYRIGHT LICENSING AGENCY LIMITED
(CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

THE COPYRIGHT LICENSING AGENCY LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE COPYRIGHT LICENSING AGENCY LIMITED
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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:

- Enquiring of management and those charged with governance, including the Audit and Risk Committee, around actual and potential litigation and claims;
- Enquiring of management and those charged with governance, including the Audit and Risk Committee, to identify any instances of noncompliance with laws and regulations;
- Reviewing board meeting minutes for all meetings taking place throughout the year and indeed up until the date of signature of these financial statements;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, walkthrough testing and evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and,

THE COPYRIGHT LICENSING AGENCY LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE COPYRIGHT LICENSING AGENCY LIMITED
(CONTINUED)

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of our report

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

M Neville (Senior Statutory Auditor)

for and on behalf of

Myfanwy Neville FCA (Senior Statutory Auditor)

Chartered Accountants

Statutory Auditor

London

12 October 2021

THE COPYRIGHT LICENSING AGENCY LIMITED
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

		2021 £	2020 £
Income		10,497,425	9,780,039
Gross profit		10,497,425	9,780,039
Administrative expenses		(10,706,116)	(10,031,187)
Other operating income	4	667,374	473,222
Other operating charges	5	(555,237)	(473,222)
Operating loss	6	(96,554)	(251,148)
Interest receivable and similar income	10	96,656	251,148
Interest payable and similar expenses		(102)	-
Profit before tax		-	-
Tax on profit	11	(4,772)	18,444
(Loss)/profit for the financial year		(4,772)	18,444

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 15 to 33 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED

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REGISTERED NUMBER: 01690026

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	2,374,490	2,152,710
Tangible assets	13	187,322	304,145
		<u>2,561,812</u>	<u>2,456,855</u>
Current assets			
Debtors: amounts falling due within one year	14	14,494,954	10,464,586
Current asset investments	15	7,000,000	7,000,000
Cash at bank and in hand	16	10,111,757	12,627,484
		<u>31,606,711</u>	<u>30,092,070</u>
Creditors: amounts falling due within one year	17	(33,838,649)	(31,930,879)
Net current liabilities		<u>(2,231,938)</u>	<u>(1,838,809)</u>
Total assets less current liabilities		<u>329,874</u>	<u>618,046</u>
Creditors: amounts falling due after more than one year	18	(148,832)	(437,004)
Provisions for liabilities			
Other provisions	22	(181,042)	(181,042)
		<u>(181,042)</u>	<u>(181,042)</u>
Net assets		<u>-</u>	<u>-</u>
Capital and reserves		<u>-</u>	<u>-</u>

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

M Pflieger

Director

Date: 12 October 2021

The notes on pages 15 to 33 form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Profit and loss account £	Total equity £
Comprehensive income for the year to 31 March 2020		
Profit for the year	18,444	18,444
	<hr/>	<hr/>
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	18,444	18,444
Transfer to/from Administration Charge on account (Note 19)	(18,444)	(18,444)
	<hr/>	<hr/>
Total transactions with owners	(18,444)	(18,444)
	<hr/>	<hr/>
At 31 March 2020	-	-
Comprehensive income for the year to 31 March 2021		
Loss for the year	(4,772)	(4,772)
	<hr/>	<hr/>
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	(4,772)	(4,772)
Transfer to/from Administration Charge on account (Note 19)	4,772	4,772
	<hr/>	<hr/>
Total transactions with owners	4,772	4,772
	<hr/>	<hr/>
At 31 March 2021	-	-
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 33 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
(Loss) / profit for the financial year		(4,772)	18,444
Adjustments for:			
Amortisation of intangible assets	12	1,163,674	831,003
Depreciation of tangible assets	13	148,983	176,564
Income received under the Coronavirus Job Retention Scheme	4	(112,137)	-
Interest paid		102	-
Interest received	10	(96,656)	(251,148)
Taxation charge	11	4,772	(18,444)
(Increase) in debtors	14	(4,030,840)	(536,241)
Increase in creditors	17	931,104	321,691
Corporation tax received/(paid)	11	-	(4,300)
Increase/(decrease) in undistributed licence fees	17	688,966	1,027,701
Net cash generated from operating activities		(1,306,804)	1,565,270
Cash flows from investing activities			
Purchase of intangible fixed assets	12	(1,385,454)	(1,806,365)
Purchase of tangible fixed assets	13	(32,160)	(28,107)
Purchase of short term unlisted investments	15	(7,000,000)	(7,000,000)
Sale of short term unlisted investments	20	7,000,000	5,000,000
Income received under the Coronavirus Job Retention Scheme	4	112,137	-
Interest received	10	96,656	251,148
Net cash from investing activities		(1,208,821)	(3,583,324)
Cash flows from financing activities			
Interest paid		(102)	-
Net cash used in financing activities		(102)	-
Net (decrease) in cash and cash equivalents		(2,515,727)	(2,018,054)

THE COPYRIGHT LICENSING AGENCY LIMITED
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STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash and cash equivalents at beginning of year		12,627,484	14,645,538
Cash and cash equivalents at the end of year		<u>10,111,757</u>	<u>12,627,484</u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	16	10,111,757	12,627,484
		<u>10,111,757</u>	<u>12,627,484</u>

The notes on pages 15 to 33 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

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

The Company is a private company limited by guarantee and is incorporated in England and Wales.

The company registration number is 01690026.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

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

The directors have also considered the current economic climate and consider that Covid-19 is not expected to have a significant impact on CLA. The directors' determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that Covid-19 might have some impact, though not significant, for example, in relation to expected future performance.

CLA remains in a strong financial position and will continue to monitor the situation closely.

THE COPYRIGHT LICENSING AGENCY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.4 Income recognition

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

2.5 Administration charge on account

The administration charge comprises:

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

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

2.6 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

2.7 Coronavirus Job Retention Scheme income and expenditure

Furlough income is receivable as compensation for salary expenses already incurred and to give immediate financial support to the Company with no future related costs. This income is recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

THE COPYRIGHT LICENSING AGENCY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.8 Interest income

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

2.9 Pensions

Defined contribution pension plan

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

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

2.10 Intangible assets

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

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

Amortisation is provided on the following bases:

Computer software	-	33 % Straight line
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2.11 Tangible fixed assets

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

THE COPYRIGHT LICENSING AGENCY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold improvements	- evenly over the lease term
Furniture and equipment	- 15%
Computer equipment	- 20 to 33.3%

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

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

2.12 Valuation of Investments

Current asset investments

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

2.13 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.

2.14 Provisions for liabilities

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

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

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

THE COPYRIGHT LICENSING AGENCY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.15 Distribution policy

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

2.16 Other operating income and charges

There exists a licence agreement between CLA and three other licensees to share the general lease and other running costs associated with their joint office premises 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.

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

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NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.17 Financial instruments

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

(i) Financial assets

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

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

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

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

(ii) Financial liabilities

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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

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

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

i) Amortisation & impairment of intangible fixed assets

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

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.

ii) Depreciation of tangible fixed assets

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

iii) Distribution model

Distributions are made in line with the Company's distribution policy, which can be accessed on the CLA website and is available on request from the company, refer to 2.16.

iv) Debtor provision

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

4. Other operating income

	2021 £	2020 £
Other operating income	555,237	473,222
Income received under the Coronavirus Job Retention Scheme	112,137	-
	<u>667,374</u>	<u>473,222</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Other operating charges

Other operating charges represents costs contractually paid for by CLA that are subject to recharge under the license agreement as referred to in accounting policy 2.16.

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	148,983	176,564
Amortisation of intangible assets	1,163,674	831,003
Hire of motor vehicles - operating leases	5,793	7,936
Land and buildings - operating leases	278,617	305,828
Exchange differences	(2,986)	(5,339)
Defined contribution pension cost	<u>454,964</u>	<u>419,165</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>18,000</u>	<u>17,500</u>

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

All other services	<u>7,000</u>	<u>8,100</u>
	<u>7,000</u>	<u>8,100</u>

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NOTES TO THE FINANCIAL STATEMENTS
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8. Employees

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

	2021 £	2020 £
Wages and salaries	5,567,609	4,929,442
Social security costs	584,130	485,553
Cost of defined contribution scheme	454,964	419,165
	<u>6,606,703</u>	<u>5,834,160</u>

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

	2021 No.	2020 No.
Staff	<u>97</u>	<u>97</u>

In 2018 the Company created a long term incentive plan to reward members of senior management which has now come to an end.

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

Included within administrative charges in the Statement of Comprehensive Income for the year is £Nil (2020: £250,622) in respect of accrued bonuses under the scheme. This includes amounts due to one director. The total accrual is £Nil (2020: £250,622).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

9. Directors' remuneration

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

	2021	<i>2020</i>
	£	<i>£</i>
Directors' emoluments	332,816	<i>287,897</i>
Company contributions to defined contribution pension schemes	20,682	<i>20,682</i>
	<hr/> 353,498 <hr/>	<hr/> <i>308,579</i> <hr/>

During the year retirement benefits were accruing to 1 director (*2020: 1*) in respect of defined contribution pension schemes.

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The emoluments of the directors are as follows:

	2021 £	2020 £
CEO		
Emoluments and other remuneration	218,155	169,676
Pension contributions (to a defined contributions scheme)	<u>20,682</u>	<u>20,682</u>
	236,837	190,358
<i>Fees paid to Non-Executive Directors (received as individuals)</i>		
M Bide	-	2,571
P Bird	12,017	858
T Bradman	15,425	15,425
N Burgess	11,500	10,300
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	-	9,625
N Service	10,300	10,300
L Tribe	10,300	10,300
C Quinn	<u>5,150</u>	<u>-</u>
	107,067	106,204
Benefits	782	984
<i>Fees paid to Non-Executive Directors (received indirectly via service company)</i>		
S Loringa	<u>10,300</u>	<u>12,017</u>
	10,300	12,017
Total payments to Directors	<u>354,986</u>	<u>309,443</u>
Total remuneration of highest paid Director	<u>236,837</u>	<u>190,358</u>

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

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

10. Interest receivable

	2021 £	2020 £
Other interest receivable	96,656	251,148
	<u>96,656</u>	<u>251,148</u>

11. Taxation

	2021 £	2020 £
Corporation tax		
Adjustments in respect of previous periods	-	(4,300)
	<u>-</u>	<u>(4,300)</u>
Total current tax	<u>-</u>	<u>(4,300)</u>
Deferred tax		
Origination and reversal of timing differences	4,772	(14,144)
Total deferred tax	<u>4,772</u>	<u>(14,144)</u>
Taxation on profit/(loss) on ordinary activities	<u>4,772</u>	<u>(18,444)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1,990
Other differences leading to an increase (decrease) in the tax charge	-	(1,990)
Deferred tax	4,772	(14,144)
Refund relating to prior year	-	(4,300)
Total tax charge for the year	<u><u>4,772</u></u>	<u><u>(18,444)</u></u>

Factors that may affect future tax charges

On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantially enacted in the Finance Act 2021.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. Intangible assets

	Computer software £
Cost	
At 1 April 2020	3,604,825
Additions	1,385,454
	<hr/>
At 31 March 2021	4,990,279
	<hr/>
Amortisation	
At 1 April 2020	1,452,115
Charge for the year	1,163,674
	<hr/>
At 31 March 2021	2,615,789
	<hr/>
Net book value	
At 31 March 2021	<u>2,374,490</u>
<i>At 31 March 2020</i>	<u>2,152,710</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Tangible fixed assets

	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 April 2020	158,709	135,685	389,325	683,719
Additions	-	70	32,090	32,160
At 31 March 2021	158,709	135,755	421,415	715,879
Depreciation				
At 1 April 2020	50,787	57,806	270,981	379,574
Charge for the year	38,090	19,550	91,343	148,983
At 31 March 2021	88,877	77,356	362,324	528,557
Net book value				
At 31 March 2021	69,832	58,399	59,091	187,322
At 31 March 2020	107,922	77,879	118,344	304,145

14. Debtors

	2021 £	2020 £
Trade debtors	8,836,806	4,721,217
Other debtors	276,407	219,587
Prepayments and accrued income	3,397,278	3,189,111
Tax recoverable	1,801,109	2,146,545
Deferred taxation	183,354	188,126
	<u>14,494,954</u>	<u>10,464,586</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Current asset investments

	2021 £	2020 £
Cash deposits	7,000,000	7,000,000
	<u>7,000,000</u>	<u>7,000,000</u>

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	10,111,757	12,627,484
	<u>10,111,757</u>	<u>12,627,484</u>

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Undistributed licence fee creditor	23,520,589	22,009,819
Trade creditors	1,126,100	710,811
Other taxation and social security	200,078	137,006
Obligations under finance lease and hire purchase contracts	6,467,554	7,294,130
Other creditors	352,899	233,237
Accruals and deferred income	2,171,429	1,545,876
	<u>33,838,649</u>	<u>31,930,879</u>

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

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

	2021 £	2020 £
Accruals and deferred income	148,832	437,004
	<u>148,832</u>	<u>437,004</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Administration Charge on account

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

The administration charge on account is analysed as follows:

	2021 £	2020 £
Balance at 1 April 2020/19	7,294,130	5,813,220
Administration charge earned from gross licence fees	11,528,852	11,125,115
Net interest receivable	96,554	251,148
Income tax (charge)/credit	(4,772)	18,444
Administration on account distributed	(2,000,000)	-
Administration charge from provision of back office services	146,867	117,390
Transfer to statement of comprehensive income	(10,594,081)	(10,031,187)
Balance at 31 March 2021/20	6,467,550	7,294,130

	2021 £	2020 £
United Kingdom	9,608,360	9,066,845
Europe	846,131	956,444
USA and Canada	740,460	649,837
Rest of the World	333,901	451,989
	11,528,852	11,125,115

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

20. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	7,000,000	7,000,000

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

21. Deferred taxation

	2021 £
At beginning of year	188,126
Charged to profit or loss	(4,772)
At end of year	<u>183,354</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	108,905	100,964
Tax losses carried forward	62,356	47,619
Short term timing differences	12,093	39,543
	<u>183,354</u>	<u>188,126</u>

22. Provisions

	Provision £
At 1 April 2020	181,042
At 31 March 2021	<u>181,042</u>

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

23. Company status

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £454,964 (2020: £419,165). Contributions totalling £63,645 (2020: £Nil) were payable to the fund at the reporting date and are included within other creditors.

25. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	713,931	662,732
Later than 1 year and not later than 5 years	574,171	1,088,241
	<u>1,288,102</u>	<u>1,750,973</u>

26. Related party transactions

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

Distribution of licence fees collected net of CLA administration charge amounted to £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.

Amounts collected but not yet paid to ALCS, PLS and DACS at 31 March 2021 are included within undistributed licence fees (see note 17).

PLS and ALCS also share office space with CLA and purchase some administration services from CLA,

with a total charged during the year of £513,650 (2020: £473,222). This is reported within Other operating income. At 31 March 2021 the outstanding balance was £141,168 (2020: £228,570) which is reported within other debtors.

See note 9 for disclosure of the directors' remuneration.

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