



# *Our Story*

2014 ANNUAL REPORT



**COPY  
RIGHT**  
LICENSING  
NEW ZEALAND



# About us

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Copyright Licensing New Zealand (CLNZ) is jointly owned by the Publishers Association of New Zealand (PANZ) and the New Zealand Society of Authors (NZSA). As a member of the International Federation of Reproduction Rights Organisations (IFRRO), CLNZ is part of a global network that represents the interests of publishers and authors from around the world. Our tailored licensing solutions allow education facilities, businesses and government departments to copy, scan and share from copyright protected material including books, magazines, journals and periodicals; beyond what is permitted by the Copyright Act 1994. CLNZ is a non-profit business and all net proceeds from licensing are distributed to copyright owners.

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**CEO'S  
MESSAGE**  
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**WARNING:**  
*Contains  
Plot Spoilers!*

**PAULA'S PREFACE**

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People are at the heart of our business. In *Our Story: 2014* (Copyright Licensing New Zealand's Annual Report), rightsowners, licence holders, authors, publishers, our team and our directors form our cast of characters.  
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**T**he plot of *Our Story: 2014* is driven by two core objectives: to help owners of creative content earn a living from their work; and to support the growth and development of the publishing sector.

Like many good books, ours begins with a strong set of protagonists, or, in this case, our board of directors. In 2014 we said goodbye to two long serving directors, Mark Sayes and Stephen Stratford. We pay tribute to Mark and Stephen's service on page 8 of this report. We also bolstered our board with two new appointments: Andrew McKenzie and Professor Pat Walsh. Pat's experience in the tertiary education sector and Andrew's commercial focus complement our board's extensive publishing industry experience. Read their biographies and find out more about them in their 60 second interviews on page 9.

In financial terms 2014 was a mixed year. Rightsowners benefited from the settlement of the university licence scheme; however, the costs of achieving this settlement were significant. You can find at-a-glance as well as in-depth financial information from page 14 onwards.

In our corporate office setting, our small but dedicated team of eight worked hard to end the year on a strong note. In 2014 the number of licensed school students was up by 10,000 and our distribution team processed a large volume of survey material in order to distribute monies to rightsowners before year-end.

Of course no story is complete without a challenge. The licensing dispute between CLNZ and Universities New Zealand (UNZ), which resulted in a reference to the Copyright Tribunal, continued across much of 2014. As

the year drew to a close, however, we were able to agree a new pilot licensing scheme for the 2015 and 2016 academic years as well as to settle the financial aspects of 2013 and 2014. In addition, in April 2015, the Court of Appeal ruled in CLNZ's favour on matters arising from this dispute. This decision categorically supports the rights of licensing bodies, on behalf of authors and publishers, to set licence terms that are appropriate to a group of licensees. This is a turning point in the relationship between CLNZ and UNZ. Over the coming year we look forward to working with each university as it implements new systems. Board Chair Adrian Keane focuses on these developments in more detail in his message on page 7.

An important part of *Our Story: 2014* is our support of authors, publishing and the growth and development of the industry through our Cultural Fund. Find out about the latest developments in the Talking Books podcast project and the author programme for the Taipei International Book Exhibition (TIBE) that were our inaugural recipients of Contestable Funding on pages 10 and 11. Hear from an author of a new book due out in 2015 on what a CLNZ/ NZSA Research Grant means in practical terms for her project on page 12. And take a look at the CLNZ Education Awards through the eyes of one of our judges on page 13.

Of course our story continues! As we enter 2015, with a review of the Copyright Act on the political agenda, we're focused on our strategic goals: campaigning to achieve effective copyright legislation, strong customer relationships and operational excellence.

**Paula Browning**



CHAIR'S  
MESSAGE

*"It's heartening to be able to focus on this new chapter in our relationship with universities"*

ADRIAN'S NOTES ON THE TEXT

Fair remuneration for publishers and authors for use of their works is an obvious proposition but, over recent years, as the landscape has shifted rapidly and digital platforms have brought new and exciting ways of sharing information, rightsowners have sometimes been forgotten.

Across the globe, reproduction rights organisations like CLNZ have been party to litigation focussed on defining the terms and nature of when and how rightsowners should be paid for use of their works.

There was good news on this front for CLNZ in 2014. As the year drew to a close, so too did an important aspect of CLNZ's ongoing dispute over fair licence fees with Universities New Zealand. We enter 2015 with terms for a 2 year pilot e-reporting licence agreed with all New Zealand universities. While the journey has been a long one, it's heartening to be able to focus on this new chapter in our relationship with universities.

Against this backdrop, it is very clear that as a board we need to have the most robust governance structures in place. Over the last two years the CLNZ Board has engaged in an extensive exercise in governance and strategic planning. We have worked closely with leaders in these areas to set CLNZ's strategic direction and to enhance our directors' skills and board structure.

An important part of this piece of work has been to bring two talented new directors from outside the publishing sector onto our board. In 2014, after our shareholders ratified this change, we embarked upon a robust external selection process and appointed Andrew McKenzie and Professor Pat Walsh to the CLNZ Board.

Andrew is General Manager Finance in the Construction Group at Fletcher Building and former Chief Financial Officer at Auckland Council. Pat is the former Vice Chancellor of Victoria University and former Chair of the Universities New Zealand Vice Chancellors' Committee.

The fresh perspectives and experience Pat and Andrew bring to our board put us in a great position to work towards our strategic objectives. Copyright reform is on the Government's agenda and — now that we've re-entered a licensing relationship with the universities — it is also time to focus on our relationships with tertiary providers. Our objectives for the coming years include campaigning for effective legislation, as well as developing even stronger relationships with all of our customer groups.

Of course, developing and maintaining strong customer relationships isn't a one-off exercise. It's something we're constantly working on. One of the steps CLNZ took in 2014, to help make our offering more customer-focussed, was to partner with Reproduction Rights Organisations for the recording, television and film industries, Screenrights and APRA, to offer pick and mix licensing solutions and one go-to website to make copyright licensing across all three media much easier for our school customers.

2015 is already shaping up to be a busy year and I am confident that our newly configured board, working alongside CEO Paula Browning and the CLNZ team, will take some important steps towards our strategic objectives.

Finally, to our departed directors Mark Sayes and Stephen Stratford: may I offer my sincere thanks for your wonderful contribution to this board and the copyright community. You've both consistently demonstrated a professional approach to the business and an outstanding collegiality to your fellow board members. We wish you both well.

Adrian Keane



Mark Sayes

Stephen Stratford

## New Beginnings: THANK YOU TO OUR RETIRING DIRECTORS

CLNZ pays tribute to retiring directors Mark Sayes and Stephen Stratford. Mark and Stephen stepped down from our board in the final quarter of 2014.

During his 15 years on the CLNZ Board ESA Publications Managing Director and Publisher Mark Sayes served as both a board member and as board chair. He says there have been a number of highlights over the years but several stand out. Our success in 2004 in the Waiariki Polytechnic copyright infringement case and the positive national attention this brought CLNZ, is one — another is “The IFRRO AGM in 2006 in Auckland when CLNZ hosted — serious event management and all that — it was a biggie for us and went off perfectly.”

Now that he has stepped down from the CLNZ Board, Mark says the year ahead will be business as usual with new titles and editions and an increased focus on digital. “Though I’m not on the CLNZ Board I’m still involved with many of the same issues in my new role on the PANZ Council.”

Author, editor and manuscript assessor Stephen Stratford joined our board as a

director in 2009. Stephen describes his attendance at the 2011 IFRRO conference in Slovenia as one of the most memorable events of his time with CLNZ.

“I represented NZSA on a panel discussion on “What Authors Want from their RRO” and spoke about how EU-centric IFRRO can seem to those of us from non-EU countries. I also spoke at the initial meeting of the International Authors’ Forum, which has become a very useful representative for authors. It was striking how much interest there was at both, in hearing a New Zealand view. I hope we can build on this.”

“It was also quite something to see CLNZ’s CEO Paula Browning in action: she is clearly greatly respected by her overseas colleagues, as is shown by the string of successful negotiations she has achieved. CLNZ today is, in every way, a much healthier organisation than the one I joined in 2009.”

In 2015 Stephen is focussed on returning to full-time book editing and manuscript assessing and says he will follow copyright issues with interest.

### CHARACTER LIST

*No story is complete without a strong set of characters – or, in this case, our 2014 board of directors.*

## Our DIRECTORS

**Sam Elworthy**  
PUBLISHER

**Adrian Keane**  
PUBLISHER

**Andrew McKenzie**  
INDEPENDENT

**Tony Simpson**  
AUTHOR

**Vanda Symon**  
AUTHOR

**Professor Pat Walsh**  
INDEPENDENT



## WITH OUR NEW DIRECTORS

*In 2014 CLNZ welcomed Andrew McKenzie and Professor Pat Walsh to its board of directors. Find out why they’re passionate about our business – and what they might achieve if they had half an hour extra each day.*



Andrew McKenzie

Professor Pat Walsh

**Andrew is General Manager Finance in the Construction Group at Fletcher Building and former Chief Financial Officer at Auckland Council. He brings significant commercial experience to the CLNZ Board and is passionate about the next generation being able to make a living from their creativity.**

**As a CLNZ director I aim to:**

Ensure our copyright laws and the application of these enable New Zealanders to keep producing creative and innovative work.

**My first ever job was:**

Counting people getting on and off buses!

**Licensing is important for publishing because:**

It enables talented people to use their time to express that talent.

**The best book I’ve ever read is:**

That’s a really difficult question. I try to read a book a fortnight and have done so since I was a child. That adds up to a lot of books and, of course, over time my interests have changed!

**If I had half an hour extra each day, I’d:**

Learn to play a musical instrument — probably the guitar.

**If I could be a superhero I’d be:**

Superman. The flying part particularly would be brilliant!

**Pat brings his breadth of experience in the tertiary sector to CLNZ. He is the former Vice Chancellor of Victoria University and former Chair of the Universities New Zealand Vice Chancellors’ Committee. He is currently Chair of Agri One, a joint venture between Lincoln and Massey Universities. He also chairs the New Zealand Indonesia Council and the Academic Quality Agency.**

**As a CLNZ director I aim to:**

Protect and advance the interests of writers and publishers and of the creative sector more generally.

**My first ever job was:**

As a student, working in the freezing works. My first non-student job was as a lecturer in business administration at the University of Canterbury.

**Licensing is important for publishing because:**

Without it, writers and publishers may be deprived of their legitimate return from their creative endeavours.

**The best book I’ve ever read is:**

*One Hundred Years of Solitude*  
by Gabriel García Márquez

**If I had half an hour extra each day, I’d:**

Read more.

**If I could be a superhero I’d be:**

Charles Xavier (Professor X). Could a lifelong academic choose any other?

## PLOT DEVELOPMENTS

# Spotlight on the Cultural Fund 2014

**W**e're committed to the growth and development of current and future writers, educators and the publishing industry. CLNZ puts aside a small percentage (2%) of the domestic licensing fees we collect into a Cultural Fund. We use this money to help fund projects that are in the interests of the authors, publishers and educators we represent. CLNZ's main funding programmes in 2014 were our Contestable Fund, the CLNZ/NZSA Research Grants, the PANZ Training Fund and the CLNZ Educational Publishing Awards.

## 2014 CONTESTABLE FUNDING RECIPIENTS

New Zealand Book Council  
Talking Books podcast series

Author programme  
management for the  
Taipei International  
Book Exhibition



### Podcasting New Zealand books:

## CONTESTABLE FUNDING HELPS GET BOOKS TALKING

**I**n a dystopian London, the ruling class keeps a tight control on the populace through music... *The Chimes*, New Zealand author Anna Smalls's exciting new book, is just one of the topics on the agenda for discussion in the first of the Book Council's Talking Books podcasts... and CLNZ Contestable Funding helped make it possible!

The CLNZ Contestable Fund, launched in 2014, provides support for strategic projects that demonstrate publishing or education sector growth and development. The Book Council was awarded funding in 2014 for their podcast series, Talking Books, a project which provides a new medium for public discussion around New Zealand books and writing.

Talking Books aims to raise the profile of New Zealand writers and books, at home and overseas and encourage greater readership of New Zealand works, as well as provide professional opportunities for New Zealand writers.

Each month a panel of respected writers, critics and literary experts discuss a range of book-related topics from new books to Kiwi classics, to literary festivals, to

awards and events. Panellists include Kate De Goldi, Guy Somerset, Selina Tusitala Marsh, Catherine Robertson and many others. Each podcast will be widely and permanently accessible on the Book Council website — and will be embedded into the site's Writers' Files, which collectively receive more than 200,000 views across the world every year.

Book Council Chief Executive Catriona Ferguson explains: "Talking Books provides a digital and very accessible platform that we hope will become a go-to place for interesting updates and debate on books and book-related news. We'll be facilitating some great discussion and debate around some of the stories that shape our culture and identity as New Zealanders."

Take a look at [www.bookcouncil.org.nz](http://www.bookcouncil.org.nz) for the series, available to download from May 2015. Highlights for the year ahead include discussion around the exchange between New Zealand and Taiwan-based graphic novelists, Paul Cleave's new thriller *Five Minutes Alone*, and New Zealand critics' response to Harper Lee's much awaited *Go Set a Watchman*.



### Letter from Taipei:

## CONTESTABLE FUNDING HELPS BRING NEW ZEALAND AUTHORS TO TIBE

**W**iti Ihimaera lifted onto the shoulders of an enthusiastic crowd of indigenous Taiwanese, author signing queues stretching as far as the eye could see and agreements made over Taiwan and China rights for NZ books... these were just some of the highlights of New Zealand's participation as the Guest of Honour at the 2015 Taipei International Book Exhibition (TIBE). But how did a grant from CLNZ's Contestable Fund help make it happen?

The Contestable Fund provides support for strategic projects that demonstrate publishing or education sector growth and development. The Publishers Association of New Zealand (PANZ) was awarded funding in 2014 to contribute to administering the author programme for New Zealand's presence as Guest of Honour at TIBE.

TIBE is one of the largest and most international book fairs in the region, attracting over 500,000 public visitors and approximately 700 publisher exhibitors from 67 countries. The 2015 festival ran across six days in February and involved a delegation of more than 85 New Zealand authors, publishers and government representatives. Over 20 New Zealand books were translated into simplified and traditional Chinese in anticipation of the event.

Children's author Mark Sommerset, speaking to PANZ prior to the event said: "I can't wait to return to Taiwan for New Zealand's

Guest of Honour year. Our award-winning book *Baa Baa Smart Sheep* will be published in traditional Chinese by Hsinex International and I am really looking forward to sharing this cheeky and funny little story with the people of Taiwan."

By all counts the 2015 event was a success for the New Zealand delegation. Crowds thronged the pavilion, there were high turn outs for author events — attendees said crime writer Paul Cleave's signing queue stretched out of sight — and attending publishers reported that they were able to network, meet international publishers and in many instances sell overseas rights to their books. David Ling was one such publisher. At TIBE, David sold Taiwan and China rights to two books from his list as well as gaining interest in a number of his Duck Creek Press children's picture books — all in 20 hours.

CLNZ CEO Paula Browning says: "New Zealand's presence at TIBE provided great exposure for our authors and publishers. It was an excellent opportunity to put New Zealand authors in front of a new audience and in many instances for publishers to sell rights to NZ works. Our Contestable Fund was set up to help grow and develop the sector and New Zealand's presence at TIBE aligns really well with this."

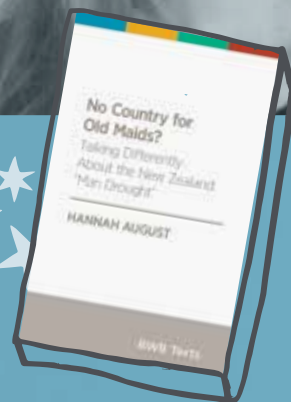
ABOVE LEFT Author panel, including Witi Ihimaera, Judith White and Eleanor Catton ABOVE CENTRE The New Zealand Guest of Honour Pavilion

ABOVE RIGHT Publishers' display stands

Hannah August



## RESEARCH GRANT CRUCIAL FOR NEW AUTHOR'S BIG IDEA



### CLNZ/ NZSA RESEARCH GRANTS

Stout Research Centre Grant:  
**HANNAH AUGUST**  
*No Country for Old Maids? Talking Differently About the New Zealand 'Man Drought'*

Open Research Grants:  
**ADAM DUDDING**  
*Biography of Robin Dudding*

**ALISON WONG**  
*Pure Brightness*

**MATT VANCE**  
*for his book on the Southern Ocean between New Zealand and Antarctica*

The 2014 Stout Research Centre Grant recipient Hannah August says the support she gained as a grant recipient was central to the process of writing her forthcoming book: *No Country for Old Maids? Talking Differently About the New Zealand 'Man Drought'*. But she very nearly didn't apply!

Hannah had been keen to write a response to the way media, and some academic commentators, have portrayed New Zealand's male to female ratio for a while. Home on a break from her doctorate work at Kings College London a few years ago, she picked up a copy of the *Sunday Star Times*. As she thumbed the pages, her eye caught an article. It gave perspectives from single women living in what media often call a 'man drought'. But it was syndicated from a US publication. Why, she wondered, aren't we writing about this topic, in this way, from a New Zealand perspective?

It was the seed of an idea that led her to publisher Bridget Williams Books (BWB) and to an application form for the CLNZ/NZSA Stout Research Centre Grant.

"I wanted to look at the ways the statistics get talked about in the media and the narratives commentators have given to these, and contextualise them. I wanted to talk to a larger and more representative group of single New Zealand women to understand their perspectives on the 'man drought'."

Once she'd started, Hannah realised that what she really needed was time and funding to research and conduct interviews. Tom Rennie, publisher at BWB, saw Hannah's topic as an interesting addition to the BWB Texts imprint — a series of short digital-first works, 'short books on big subjects' — and called Hannah's attention to the CLNZ/NZSA Research Grants.

On the strength of her application, she was awarded the Stout Research Centre Grant — a combination of funding and six weeks' use of the Stout Research Centre facilities at Victoria University.

Having time to focus solely on her project while at the Centre allowed for what Hannah calls a 'percolating phase' — as she read more, her research and themes took shape. Access to library resources and journal databases that would have otherwise been inaccessible, also helped ensure the calibre of her research was high.

But it could have been a very different process. Hannah says even after encouragement from BWB she was hesitant to apply. "While I'm a PhD, I didn't really consider myself an author yet. It's great to know that CLNZ and the New Zealand Society of Authors recognise short works and that the judging panel focuses on the merits of the proposal not where you're at in your career."

Hannah's book is due out as a BWB Text in mid 2015.

Jenny Robertson



## Awarding excellence in Educational Publishing: A JUDGE'S PERSPECTIVE



**What does excellence in educational publishing look like? Dr Jenny Robertson talks about her experience as a judge on the three-member 2014 Educational Publishing Awards judging panel.**

**Hi Jenny, tell us about yourself.**

I'm, originally, a secondary school teacher. I've got a BSc and a MEd and PhD in education — I've also lectured for Auckland University's Faculty of Education. Over the last few years, I've worked on a variety of projects for the Ministry of Education, New Zealand Qualifications Authority and Ministry of Health. I've also experienced the publishing process as an author — I write educational texts for ESA.

**How did you come to be a judge of the 2014 awards?**

I think it was probably the combination of my big picture view of secondary education as well as subject expertise in science and health education that made me a good candidate. I was appointed by the CLNZ Board and PANZ Council.

**How did the judging panel work together?**

My fellow judges, Hone Apanui and Dr Rebecca Jesson, and I individually reviewed the submissions in each category. Then we got together to discuss our views and agree finalists. We each had a particular area of expertise — mine was secondary education.

**What stood out for you?**

I was interested in new material and

approaches. It's been more than ten years since I taught in a school environment — and there are many texts that are similar to those that were around when I was last in front of a class. But these awards are about recognising excellence and so we were focussed on finding finalists that were doing something new and responsive to the current schooling environment.

**Why are these awards important?**

Teachers are highly dependent on the resources available. It's crucial that publishers are working closely with the education sector and are able to come up with materials that are innovative and address a need in the classroom. So, I think it's very important to recognise those resources that are original, excellent and are helping teachers to teach well.

**Did you face any challenges?**

I wanted to make sure I was being as objective as possible. But I came to the realisation that having a personal view was unavoidable to some degree. That's why making sure I had looked at the submission carefully in the context of the awards' criteria, and was able to make a genuine argument for it on that basis, was important.

**Any funny moments to share?**

Almost every speaker at the ceremony talked about the importance of the digital space for educational publishing. I spoke later in the programme and so listening to the speakers before me I did have a sense of 'hey, that was my line'!

### EDUCATIONAL PUBLISHING AWARD RECIPIENTS

**Best Resource in Primary Education:**  
*Connected 2013 – Level 2 I Spy, Level 3 Food For Thought and Level 4 Are You Sure?* (Ministry of Education)

**Best Resource in Secondary Education:**  
*Conflict and Kiwis* (Pearson/Edify)

**Joint Best Resource in Tertiary Education:**  
*The Spirit of Māori Leadership* (Huia NZ)  
*Kia Rōnaki: Māori Performing Arts* (Pearson/Edify)

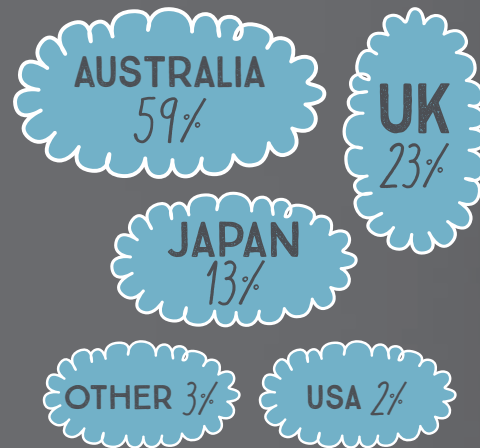
**Best Resource in Te Reo Maori:**  
*Living by the Moon – Te Maramataka o Te Whanau-ā-Apanui* (Huia NZ)

# Financials at-a-glance

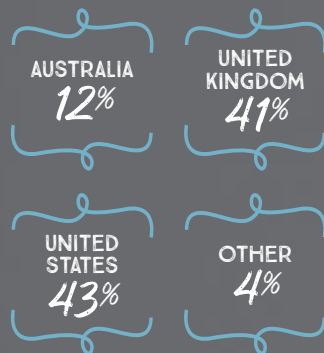
GROSS REVENUE 2014  
\$6,895,385

OVERSEAS REVENUE 2014  
\$717,404

WHERE DID OVERSEAS REVENUE FOR NZ RIGHTSOWNERS COME FROM IN 2014?



WHERE DID OVERSEAS DISTRIBUTIONS OF LICENSING REVENUE GO IN 2014?

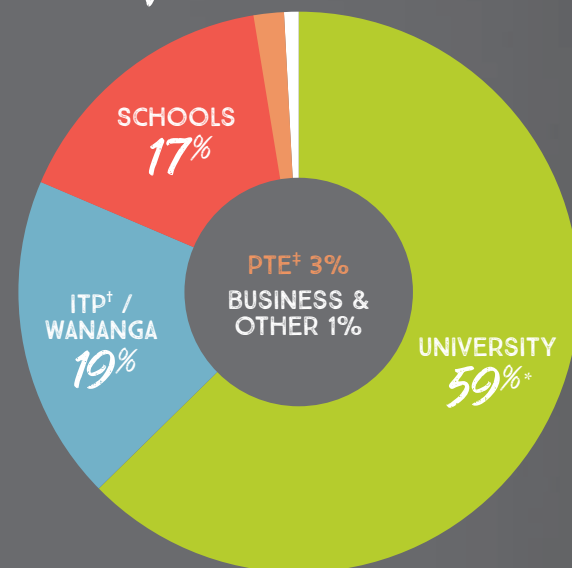


DID YOU KNOW THAT SCHOOL LICENSING IN NEW ZEALAND IS VOLUNTARY?

NUMBER OF STUDENTS LICENSED  
509,405

PERCENTAGE OF SCHOOLS LICENSED  
75%

Licensing Revenue by Sector in 2014



\*includes settlement for 2013  
\*ITP (institutes of technology and polytechnics)  
\*PTE (private training establishments)

# Financial Statements

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## INDEPENDENT AUDITOR'S REPORT

# TO THE SHAREHOLDERS OF COPYRIGHT LICENSING LIMITED REPORT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of Copyright Licensing Limited on pages 18 to 23, which comprise the Statement of Financial Position as at 31 December 2014, and the Statement of Financial Performance and Statement of Movements in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors, we have no relationship with, or interests in, Copyright Licensing Limited.

### Opinion

In our opinion, the financial statements on pages 18 to 23:

- Comply with generally accepted accounting practice in New Zealand;
- Give a true and fair view of the financial position of Copyright Licensing Limited as at 31 December 2014 and its financial performance for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by Copyright Licensing Limited as far as appears from an examination of those records.

**RSM Hayes Audit**  
Auckland,  
New Zealand  
8 April 2015



## DIRECTORS' REPORT

The directors of Copyright Licensing Ltd are pleased to present the company's report for the financial year ended 31 December 2014.

### DIRECTORS

The names of the directors in office at the end of the year are:

**Sam Elworthy**  
PUBLISHER

**Adrian Keane**  
PUBLISHER

**Andrew McKenzie**  
INDEPENDENT

**Tony Simpson**  
AUTHOR

**Vanda Symon**  
AUTHOR

**Professor Pat Walsh**  
INDEPENDENT

### Principal Activities

Copyright Licensing Ltd (CLNZ) is part of a global network of copyright collectives that provide centralised licensing services for the reproduction of extracts from published works. CLNZ makes it easier for users of books, journals and periodicals to gain clearance to copy from a worldwide repertoire of literary works.

Copyright Licensing Ltd is a non-profit organisation. All licensing revenue is returned to rightsholders after deduction of operating costs and a contribution of 2% of domestic licensing revenue to the CLNZ Cultural Fund. The Cultural Fund is used to invest in cultural and social purposes that help to grow the sector.

### Operating Results

Gross revenue for the year was \$6,895,385 (2013 : \$6,080,851) of which \$717,404 (2013 : \$773,737) was received from overseas Reproduction Rights Organisations for distribution to New Zealand rightsholders. Domestic licensing revenue was \$5,818,884 (2013 : \$4,976,334) which included a back-payment of \$422,866 relating to 2013 university licence income (nett proceeds of this back-payment will be distributed to rightsowners using the same methodology as annual distributions). Additional revenue was generated from interest on investments and administrative services.

After the deduction of operating costs and a contribution of \$116,378 (2013 : \$99,527) to the Cultural Fund, \$4,514,982 (2013 : \$4,085,686) was allocated for distribution from domestic licensing revenue.

Total operating costs represented 23.5% (2013 : 19.2%) of gross revenue.

### Significant Changes

There has been no change in the nature of the business of the company during the financial year.

  
**Adrian Keane**  
Director | Auckland

### Events Subsequent to Balance Date

On 12 February 2015 the Court of Appeal considered an appeal from CLNZ on a High Court decision from May 2014. The issue on appeal was whether the CLNZ agreement with the universities in New Zealand constitutes a licence or a licensing scheme as defined by the Copyright Act 1994. At the date of signing these financial statements, the decision of the Court of Appeal has not been received. There are no financial implications to the company from this decision.

### Directors' and Officers' Insurance

The company has paid a premium of \$5,800 (2013 : \$5,785) to insure directors and the Chief Executive Officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company other than conduct involving a wilful breach of duty in relation to the company.

### Directors' Declaration

The directors of the company declare that the following financial statements comply with Accounting Standards, the Companies Act 1993 and the Financial Reporting Act 1993 and give a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the year ended on that date.

The company has taken advantage of the exemptions to exclude certain information required in Section 211 (1)(a), (e)-(j) of the Companies Act.

The directors confirm that the company is in a sound financial position.

This declaration is made in accordance with a resolution of the board of directors dated 11 May 2015.

  
**Vanda Symon**  
Director | Auckland

**STATEMENT OF FINANCIAL PERFORMANCE**  
FOR THE YEAR ENDED 31 DECEMBER 2014

The accompanying notes form part  
of these financial statements

	Note	2014 \$	2013 \$
<b>REVENUE</b>			
Domestic licensing		5,818,884	4,976,334
Overseas Reproduction Rights Organisations		717,404	773,737
Interest received		328,990	301,795
Other income		30,106	28,985
<b>Total revenue</b>		<b>6,895,385</b>	<b>6,080,851</b>
<b>EXPENDITURE</b>			
Audit fee		10,250	10,000
Copyright Tribunal costs		543,748	179,041
Depreciation	3	25,041	35,182
Directors' costs		97,309	67,065
Operations		346,643	316,287
Partner development		1,000	11,000
Office lease costs		74,819	73,402
Salaries and wages		522,991	478,291
<b>Total expenditure</b>		<b>1,621,800</b>	<b>1,170,268</b>
Less tax expense	1(vii)	0	1,185
Less transfers to Cultural Fund	1(ix)		
- Domestic revenue		116,378	99,527
- Unattributable overseas revenue		87,638	90,021
<b>Net available for distribution to rightsholders</b>		<b>5,069,569</b>	<b>4,719,850</b>

**STATEMENT OF MOVEMENTS IN EQUITY**  
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Equity brought forward		100	100
Net licensing revenue for the year	1(xii)	5,069,569	4,719,850
Funds transferred for distribution		(5,069,569)	(4,719,850)
<b>Equity carried forward</b>		<b>100</b>	<b>100</b>

**STATEMENT OF FINANCIAL POSITION**  
FOR THE YEAR ENDED 31 DECEMBER 2014

The accompanying notes form part  
of these financial statements

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and bank balance		1,228,909	525,452
Investments	2	6,577,301	6,561,451
Indemnity Fund	1(x)	210,698	353,961
South Pacific Development Fund	1(xi)	12,511	12,154
Receivables	1(vi)	832,346	77,811
Taxation refund	1(vii)	68,883	60,102
GST refund		0	120,662
Other current assets		12,352	0
Prepayments	10,714	7,995	
<b>Total current assets</b>		<b>8,953,714</b>	<b>7,719,588</b>
<b>FIXED ASSETS</b>			
	<b>3</b>	<b>33,031</b>	<b>59,240</b>
<b>TOTAL ASSETS</b>		<b>8,986,745</b>	<b>7,778,828</b>
<b>CURRENT LIABILITIES</b>			
Distributable funds	1(xii)	7,903,030	7,132,909
Cultural Fund	4	425,799	330,783
Holiday pay accrual		33,829	24,775
Income in advance		3,886	0
Accruals		50,451	47,961
PAYE due		19,333	16,641
GST payable		113,497	0
NRWT payable		202,937	0
Indemnity provision	1(x)	221,018	213,177
Provision for development in South Pacific		12,864	12,482
<b>Total current liabilities</b>		<b>8,986,645</b>	<b>7,778,728</b>
<b>TOTAL LIABILITIES</b>		<b>8,986,645</b>	<b>7,778,728</b>
<b>NET ASSETS</b>		<b>100</b>	<b>100</b>
<b>EQUITY</b>			
Share capital	7	100	100
<b>TOTAL EQUITY</b>		<b>100</b>	<b>100</b>

## NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes form part of these financial statements

### 1. STATEMENT OF ACCOUNTING POLICIES

#### (i) Basis of Reporting

Copyright Licensing Limited is a private company registered under the Companies Act 1993. The directors consider Copyright Licensing Limited to be a non-profit company. The company is a qualifying entity within the Differential Reporting Framework and has taken advantage of the differential reporting concessions available to it. The company qualifies for differential reporting exemptions as it is not publicly accountable and the company is "not large" as defined by the External Reporting Board (XRB) A1 Accounting Standards Framework.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

These financial statements have been prepared on the basis of historical cost.

Copyright Licensing Ltd has chosen to adopt generally accepted accounting practice in New Zealand (GAAP) as defined by financial reporting standards and statements of standard accounting practice.

#### (ii) Foreign Currencies

Transactions in a foreign currency are converted at the exchange rate at the date the transaction is settled. Foreign currency receivables and payables at balance date are translated at exchange rates current at balance date. Any resulting exchange gains or losses are recognised in the Statement of Financial Performance.

#### (iii) Fixed Assets and Depreciation

Fixed assets costing \$1,000 or more are recorded at original cost less depreciation. Depreciation, using the straight line method, is calculated at 15% on furniture and fittings, 39% on office equipment and 40% on computer hardware and software. Gains and losses on disposal of fixed assets are taken into account in arriving at the net surplus for the year.

#### (iv) Leased Assets

Assets obtained under an operating lease are expensed over the period of the lease.

#### (v) Investments

Investments are valued at cost.

#### (vi) Receivables

Receivables are valued at anticipated realisable value. A provision is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

#### (vii) Income Tax

The entity qualifies as a non-profit company under the Income Tax Act 2007, section DV 8. The entity does not have the purpose of making a profit for a proprietor, member or shareholder. Under the constitution, the entity prohibits the distribution of property in any form to a member, proprietor or shareholder. After expensing operating costs and the Cultural Fund contribution, the net surplus is transferred to the distributable funds account resulting in a zero net surplus. Due to timing differences, the entity is subject to non-deductible expenditure which may result in an income tax liability.

#### (viii) Goods and Services Tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST except for accounts receivable and accounts payable.

#### (ix) Contribution to Cultural Fund

A contribution of 2% of annual domestic licensing revenue is transferred to the Cultural Fund each year (refer to Note 4). This amount is deducted before arriving at the net surplus.

#### (x) Indemnity Provision

Unallocated overseas licensing revenue was historically placed into the Indemnity Fund which is held in a separate bank account and shown as a current asset in the Statement of Financial Position. A corresponding amount is accounted for as a liability at balance date. Funds held to satisfy the indemnity provision are held as term deposits and therefore have not been broken so as to maximise the investment returns to Copyright Licensing Limited. The result at year end is bank accounts identified to cover the indemnity provision exceed the amount of the provision.

#### (xi) South Pacific Development Fund

Unspent money budgeted for the development of copyright licensing in the South Pacific has been set aside for future use.

#### (xii) Distributable Funds

New Zealand licensing revenue is received from a number of different sectors each year and is accounted for by sector by year. After pro rata deductions are made for operating costs and contributions to the Cultural Fund, the net surplus is allocated for distribution pending the identification of publishers and authors whose works are copied under licence through annual sampling surveys carried out in each sector.

#### (xiii) Distribution

Revenue from overseas Reproduction Rights Organisations and transactional licensing services is distributed to identified publishers and authors after deduction of an appropriate administrative charge (7.5% for distributions to mandated rightsholders, 15% for distribution to non-mandated rightsholders).

#### (xiv) Changes in Accounting Policies

There have been no changes in accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes form part of these financial statements

### 2. INVESTMENTS

	2014 \$	2013 \$
ANZ - term deposits	91,629	5,447,667
Westpac - term deposit	6,485,672	1,113,784
	<b>6,577,301</b>	<b>6,561,451</b>

### 3. FIXED ASSETS

#### Furniture and fittings

At cost	23,246	13,450
Loss on disposal	0	0
Accumulated depreciation	(6,173)	(10,872)
	<b>17,073</b>	<b>2,578</b>
<i>Depreciation expense for year</i>	1,517	1,170

#### Furniture and fittings

At cost	11,562	22,875
Loss on disposal	0	0
Accumulated depreciation	(10,320)	(21,301)
	<b>1,242</b>	<b>1,574</b>
<i>Depreciation expense for year</i>	332	463

#### Computer hardware/software

At cost	46,002	96,990
Loss on disposal	0	0
Accumulated depreciation	(31,282)	(78,619)
	<b>14,720</b>	<b>18,370</b>
<i>Depreciation expense for year</i>	8,504	9,070

#### System development

At cost	349,080	349,080
Accumulated depreciation	(349,080)	(349,080)
	<b>0</b>	<b>0</b>
<i>Depreciation expense for year</i>	0	0

#### Website development

At cost	68,000	68,000
Loss on disposal	22,032	0
Accumulated depreciation	(45,968)	(31,280)
	<b>0</b>	<b>36,720</b>
<i>Depreciation expense for year</i>	14,688	24,480

Opening book value	59,240	84,489
Plus additions	20,864	9,933
Less disposals	22,032	0
Less depreciation	25,041	35,182
<b>Closing book value</b>	<b>33,031</b>	<b>59,240</b>

## NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes form part of these financial statements

### 4. CULTURAL FUND

Annual contributions of up to two percent of domestic licensing revenue are made to this fund which is then invested in cultural and social purposes to benefit the rightsowners the company represents. The sum of \$116,378 (2013 : \$99,527) has been transferred from 2014 domestic licensing revenue. The fund has also benefitted from non-title-specific revenue received from overseas RROs.

	2014 \$	2013 \$
Opening balance	330,783	226,985
Less awards and grants payments	109,000	85,750
Unattributable overseas revenue	87,638	90,021
Contribution from licensing revenue	116,378	99,527
<b>Closing balance</b>	<b>425,799</b>	<b>330,783</b>

### 5. CAPITAL AND LEASING COMMITMENTS

Obligations payable after balance date on financial and operating leases are as follows:

	2014 \$	2013 \$
<b>Premises (operating lease) expires November 2016</b>		
Payable		
- Not later than one year	57,480	57,480
- Later than one year but not later than five years	48,060	105,540
<b>Motor vehicle (operating lease) expires May 2016</b>		
Payable		
- Not later than one year	7,956	7,956
- Later than one year but not later than five years	2,851	10,807
<b>Photocopier (operating lease) expires November 2015</b>		
Payable		
- Not later than one year	4,543	4,956
- Later than one year but not later than five years	0	4,543

### 6. COMPANY VISA CARD

A company Visa card used by senior staff has a limit of \$10,000.

## NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes form part of these financial statements

7. SHARE CAPITAL	2014	2013
Authorised, issued and fully paid up capital		
100 ordinary shares of \$1	100	100

### 8. RELATED PARTY TRANSACTIONS

#### Shareholders

The shareholders in Copyright Licensing Limited are the Publishers Association of New Zealand (PANZ — 50 shares) and New Zealand Society of Authors (NZSA — 50 shares).

	2014 \$	2013 \$
<b>NZ Society of Authors</b>		
Research Grant funds (paid to grant winners)	20,000	7,000
Administration of Research Grants	1,000	1,000
<b>Total</b>	<b>21,000</b>	<b>8,000</b>

#### Publishers Association of New Zealand

Professional Development Training* (paid to publishers)	30,000	10,000
<b>Total</b>	<b>30,000</b>	<b>10,000</b>

None of the above payments have been made as dividends, bonuses or payments of profits to these organisations and therefore do not contravene clause 2.6 of the company's constitution.

\*The annual allocation for Professional Development is \$20,000. In 2013, only \$10,000 was paid. In 2014 the balance of 2013 was paid in addition to the 2014 allocation.

#### Directors

Sam Elworthy was employed by the University of Auckland during the year and did not take part in any discussions regarding the matter before the Copyright Tribunal, High Court and the Court of Appeal.

### 9. GOING CONCERN

The financial statements have been prepared using the going concern assumption. The directors have adopted the going concern assumption based on the future cash flows expected to be received in the year after balance date and the cash reserves that are able to be utilised to fund operating activities.

### 10. EVENTS SUBSEQUENT TO BALANCE DATE

On 12 February 2015 the Court of Appeal considered an appeal from CLNZ on a High Court decision from May 2014. The issue on appeal was whether the CLNZ agreement with the universities in New Zealand constitutes a licence or a licensing scheme as defined by the Copyright Act 1994. At the date of signing these financial statements, the decision of the Court of Appeal has not been received. There are no financial implications to the company from this decision.

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