

**COPY
RIGHT**
LICENSING
NEW ZEALAND



Let's do the right thing

2024
Annual
Report

copyright.co.nz

Contents

Independent Auditor's Report	3
Directors' Report	5
Chairs' Report	7
Statement of Service Performance Reporting CLNZ	8
Statement of Service Performance Reporting RRA	14
Financial Statements	20

About Copyright Licensing New Zealand

Copyright Licensing New Zealand (CLNZ) plays a key role in making creative rights valuable assets for all New Zealanders, be they rightsholders (like authors, publishers and artists), or users such as educators and students.

We enable New Zealand's creative people to record and manage their copyright, as well as package the copyright in such a way that users can access the work through a simple licence. We see ourselves as an empowering organisation, making sure everyone enjoys their rights and gets full value from them. We issue the licences, and collect the revenues to distribute back to the rightsholders.

We are a not-for-profit organisation, jointly owned by the Publishers Association of New Zealand (PANZ) and the New Zealand Society of Authors (NZSA). To support understanding of copyright we provide online learning and information resources, and we advocate for legislation that will support the endeavours of New Zealand's talented creative people.

Independent Auditor's Report To the shareholders of Copyright Licensing Limited

RSM Hayes Audit

Level 13, 125 Queen Street,
Auckland CBD, Auckland 1010

T +64 (9) 367 1656

www.rsmnz.co.nz

Opinion

We have audited the general purpose consolidated financial report (hereinafter referred to as 'consolidated financial report') of Copyright Licensing Limited and its subsidiary, Resale Royalties Aotearoa Limited (together, 'the Group'), which comprises the consolidated financial statements on pages 24 to 41 and the consolidated service performance information on pages 8 to 19. The complete set of financial statements comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 31 December 2024, and its financial performance, and its cash flows for the year then ended; and
- the consolidated service performance for the year ended 31 December 2024 in accordance with Group's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard, NZ AS 1 (Revised) *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, 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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report on pages 5 and 6, Chair's Report 2024 on page 7, Directory on page 22 and Directors' Report on page 23 (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the directors for the financial report

The directors are responsible, on behalf of the Group, for:

- (a) the preparation and fair presentation of the consolidated financial statements and service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- (c) such internal control as the directors determine is necessary to enable the preparation of financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the service performance information, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this financial report.

A further description of the auditor's responsibilities for the audit of the financial report is located at the XRB's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

Who we report to

This report is made solely to the shareholders, as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Copyright Licensing Limited and the shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

COPYRIGHT LICENSING LIMITED
FINANCIAL STATEMENTS: 31 DECEMBER 2024

DIRECTORS' REPORT

The Directors of Copyright Licensing Ltd are pleased to present the Company's report for the financial year ended 31 December 2024.

Directors

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

- | | |
|---------------------|---------------------|
| ● Karun Shenoy | Independent / Chair |
| ● Victoria Spackman | Independent |
| ● Melanee Winder | PANZ |
| ● Rose Carlyle | NZSA |
| ● Tom Rennie | PANZ |
| ● Amanda Hager | NZSA |

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.

CLNZ is also continuing to promote its licensing scheme for Auction Houses. This scheme allows an Auction House to pay licence fees to artists for the copying of the artist's works in promotional materials.

Copyright Licensing Ltd is a not-for-profit Company. All licensing revenue is returned to rightsholders after deduction of operating costs, a contribution of 2% of domestic licensing revenue to the CLNZ Cultural Fund and a contribution, if required, of 1% of domestic licensing revenue to the CLNZ Legal Reserve Fund. The Cultural Fund is used to invest in New Zealand cultural and social purposes that help to grow the sector. The Legal Reserve Fund is provisioned for claims against the indemnity provided in CLNZ licences and other legal matters to which the Company may need to respond.

In 2024 CLNZ won the contract to provide the collective management services for the Resale Right for Visual Artists Act 2023. The scheme launched on December 1st, 2024.

Operating Results

Gross revenue for the year was \$8,371,608 (2023: \$8,234,289) of which \$839,319 (2023: \$766,908) was received from overseas Reproduction Rights Organisations for distribution to New Zealand rightsholders. Domestic licensing revenue was \$6,359,807 (2023: \$6,018,383). Additional funding was generated from interest on investments, Ministry for Culture and Heritage - Manatū Taonga (MCH) funding, Auction House licensing and administration services.

After the deduction of operating costs and a contribution of \$127,196 (2023: \$120,368) to the Cultural Fund and this year no contribution (2022: \$0) to the Legal Reserve Fund, \$5,901,717 (2023: \$5,599,179) was allocated for distribution from domestic licensing revenue.

Total operating expenditure represented 18.7 % of gross revenue (2023: 19.6%)

Significant Changes

The launch of the subsidiary business, Resale Royalties Aotearoa, was the only significant change in the nature of the business of the Company during the financial year.

Directors' and Officers' Insurance

The Company has paid a premium of \$8,515 (2023 : \$7,220) to insure Directors and the Chief Executive 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 report gives a true and fair view of the Company's financial position as at 31 December 2024 and of its financial performance and service performance for the year ended on that date.

The Directors confirm that the Company is in a sound financial position.



Rose Carlyle
Director
4 June 2025



Karun Shenoy
Director
4 June 2025

CHAIR'S REPORT 2024

2024 marked some significant achievements for CLNZ, as well as changes at the board level.

In 2024 we increased our distributions to rightsholders by over \$400,000 – from \$5.5 million in 2023 to over \$5.9 million in 2024. As the only Reproduction Rights Organisation in New Zealand, distributing revenues to rightsholders is perhaps our most important function and we are pleased to have been able to increase this distribution during difficult economic times.

We also established Resale Royalty Aotearoa (Toi Huarau) to collect and distribute royalties under the Artist Resale Royalty Scheme on behalf of eligible visual artists. The scheme was established through the Resale Right for Visual Artists Act 2023, which was enacted to provide eligible artists with a 5% royalty on qualifying resales of their original visual artworks. The Act, along with the supporting Resale Right for Visual Artists Regulations 2024, came into force on 1 December 2024, aligning New Zealand with international standards and fulfilling obligations under free trade agreements. As the administrator of the scheme appointed by Ministry for Culture and Heritage - Manatū Taonga (MCH), we are responsible for ensuring the efficient collection and distribution of these royalties, thereby supporting artists and fostering a vibrant cultural sector. Sam and his team were busy during the year, completing all of the establishment activities, including people, process, policy, and systems in time for a successful launch on time. This has helped us to achieve our strategic objective of diversifying further into the visual arts – separately we have now signed up all the major auction houses to the Auction House Licensing Scheme to ensure compliance with national and international copyright laws.

We further extended the Auction House licensing scheme, for Visual artists, by signing up all major auction houses to the scheme. This scheme ensures auction houses are able to comply with national and international copyright laws.

We launched , with the assistance of MCH, the MyCreativeRights platform. This includes the Catalogue service, to assist creator's with record keeping and understanding of copyright and a subsidised Legal Service for creators. The Legal Service is particular has been well received and in 2025 we are looking to see what improvements we can make to both services.

Tom Rennie stepped down as Publisher Director after completing two terms. We would like to thank Tom for his extensive work on the board, including chairing the Audit and Risk Committee. Tom brought a remarkable range and depth of knowledge to our discussions and his contributions came from a place of great experience and reflection. They were always measured and helpful in moving the discussions forward. We were also delighted to welcome two new directors on Board in 2024 - Rose Carlyle as Shareholder Director from NZSA and Victoria Spackman, as an Independent Director.

On other matters, AI continues to dominate discussions, and Sam has spent considerable time on the subject. This will probably continue to be the case in coming years.

In conclusion, I would like to extend my sincere thanks to my fellow Board members for their support, and to our Chief Executive Sam Irvine and his team for all their work resulting in another successful year for CLNZ.

Statement of Service Performance Reporting

Vision and mission

Adopted in 2020, Copyright Licensing New Zealand's (CLNZ) purpose is: *Making creative rights work for all New Zealanders.*

Strategy

The four high-level areas of work through which we will achieve our purpose are:

Rights	We provide services that enable New Zealand creators to record and manage their copyright and be paid when their work is used by others. We advocate for copyright law that works for New Zealand creators
Licence	We generate revenue for rightsholders through services that are efficient and accessible for license-holders
Promote	We provide information on rights and licensing that makes doing the right thing easier and we support our creative people through our Cultural Fund
Develop	We will be an organisation that people want to work for and work with, constantly looking to improve in all aspects of our business

In delivering our strategy we will take the following customer-centred approach:

Experts: Our **expertise** helps everyone get it right when it comes to rights

Simplify: Our technology and approach makes the rights process **easier**

Empower: We **empower** both creators and users of rights to get full value from them

Our business

Introducing Copyright Licensing New Zealand

CLNZ plays a key role in making creative rights valuable assets for all New Zealanders. We do this for authors, publishers and visual artists, as well as users of copyright works. Our tailored licensing solutions allow education facilities, businesses and government departments to copy, scan and share from copyright protected material including books, magazines, art works, images, journals and periodicals; beyond what is permitted under the Copyright Act 1994.

We are a limited liability company that operates as a not-for-profit organisation, jointly owned by the Publishers Association of New Zealand (PANZ) and the New Zealand Society of Authors (NZSA). To support growing New Zealanders' understanding of why copyright matters, we provide resources to inform and educate about copyright. We work with our shareholder organisations and creative sector partners to advocate to central government for policy and a legal framework that underpins the rights of creators to choose what they do with their work.

Governance

The Company is governed by a Board of Directors. Two directors are appointed in conjunction with each of the shareholder organisations and two directors are appointed independently via an open recruitment process. The Board operates in accordance with the CLNZ Board Charter and best-practice corporate governance processes and standards. The Board sets the strategic vision for the Company and approves an annual business plan and budget. The Chief Executive is responsible for delivering the targets set in the business plan.

Directors of CLNZ serve an initial term of 3 years which can be extended by a further term of 3 years. In 2021 a Board Intern was appointed for a two-year term and in 2022 a Visual Arts Working Group was established, including an appointed Visual

Artist. The Working Group now provides advice, as required, to the Board on service development for visual artists as well as recommendations for visual artist representation in CLNZ's governance. In 2024 a visual arts advisor was a member of the Board.

CLNZ is a Reproduction Rights Organisation (RRO)

CLNZ is the only Reproduction Rights Organisation (RRO – also known as a CMO or Collective Management Organisation) in New Zealand for text-based copyright material and visual art, and is a member of the global body, the International Federation of Reproduction Rights Organisations (IFRRO).

Although the structure and operation of RROs around the world can differ, each serves the same purpose – the collection and distribution of copyright licensing fees.

The licensing services we provide are underpinned by agreements with rightsholders. For CLNZ this means visual artists, the majority of New Zealand publishers and, through the publisher, authors. We also have reciprocal agreements with overseas RROs so that when New Zealand titles are copied overseas under licence, the local RRO can distribute the funds to us for distribution to the New Zealand copyright owner. Likewise, if an international title is copied under our licensing schemes, we will distribute the funds to the relevant overseas RRO for distribution to the copyright owner.

We package multiple copyrights in a way that allows users of copyright works to have legal access to the materials they wish to copy through a simple licence. We establish the relevant licence fee, issue the licences, collect the data and revenues and distribute funds to the rightsholders whose works have been copied. Our licence customers include education organisations – Universities, Institutes of Technology and Polytechnics (ITP's), Wānanga, Private Training Establishments (PTE's) and schools – non-profit organisations, charities, government agencies and businesses. In 2021 we signed the first licence agreement with a New Zealand auction house that will see payments made to New Zealand artists that have signed an agreement with CLNZ when their work is used to promote a sale on the secondary art market.

Supporting rightsholders

CLNZ operates in accordance with the WIPO (World Intellectual Property Organisation) Good Practice Toolkit for CMOs. Our Distribution Policy, approved by our shareholders at each Annual General Meeting, determines how the net funds (gross fees less our annual overheads and contributions to our Cultural Fund and Legal Reserve Fund) we receive from each licence category are put aside into distribution pools. These funds are then allocated according to the copying records we receive from licensees. We divide the total value in each distribution pool by the total number of pages in that pool's copying records. This gives us a page-rate.

The number of pages of each copyright owner's works that have been copied in that pool are then multiplied by the page rate to give a sum owing from that pool.

Since 2019, distribution payments and data relating to funds owing to New Zealand copyright owners have been made available via our online portal, *MyCopyright*. In 2021 licensee customers were also provided with access to *MyCopyright* to simplify the process of uploading copying data, for making use-requests under their licence and for other reporting against the licence terms. In 2022, further software development was undertaken to provide access to *MyCopyright* to visual artists who are due licensing fees from CLNZ.

Cultural and legal reserve funds

The CLNZ Cultural Fund is allocated 2% of local licence revenue each year, as well as any international funds that are not able to be distributed to local rightsholders. The Cultural Fund invests in people and projects that meet its objectives to *Protect, Support and Grow* the publishing industry. As CLNZ's revenue from visual arts licensing grows, we anticipate working with artists to develop ways to support this sector in a similar way.

The CLNZ Legal Reserve Fund is allocated 1% of local licence revenue each year (to a cap of \$400,000) and provides an equitable mechanism to fund legal actions taken by CLNZ that will provide benefit to a group or groups of rightsholders. The indemnity provided in CLNZ licences is also backed by the Legal Reserve Fund.



CLNZ's operations are underpinned by a number of technology solutions. Copyright work records and data received from licensees are processed through cloud-based software called WISE, operated by PepperTag in Canada. WISE was developed by IFRRO for developing-RRO's and CLNZ has worked with PepperTag to build on the core functionality and develop integrations with our customer relationship management (CRM) software, Zoho.

MyCopyright gives our customers access to these systems. We use API's (application programming interfaces) between WISE, Zoho and Xero (cloud accounting software) to create efficiency with data handling and operational processes.

MyCreativerights

During 2022 Manatū Taonga took applications to an Innovation Fund (part of the Creative and Cultural Sector COVID19 Recovery Programme) and CLNZ was allocated \$790,000 towards developing Creative Rights Management Services.

In 2023 the project to develop the creative rights management service portal was started, with a full launch in 2024. The platform is called MyCreativerights and provides access to a subsidised legal service (legal service) and a record keeping service(catalogue). Both these services are targeted at creators and local independent publishers.

Rights

	Tactics	2024 Target (Unaudited)	2024 Actual	2023 Target (Unaudited)	2023 Actual
<p><i>Goal Services that enable NZ creators to record and manage their copyright, be paid when their work is used by others, and advocating for Copyright that works for NZ creators</i></p> <p><i>Success A sustainable future operating model, underpinned by fit-for-purpose technology</i></p>	<p>Reduce time between usage data being received and distribution payments being made</p> <p>*Authors' Licensing and Collecting Society (ALCS) distributions are paid directly to copyright owners without undergoing a notification and claiming process. All other distributions notifications are generated and sent to NZ Rightsholders*, with payment completed after a claim is returned.</p> <p>*includes Visual art copyright owners</p>	<ul style="list-style-type: none"> • Payments to NZ authors due funds from ALCS are made within 10 working days of CLNZ receiving the funds and data • Payments to NZ rightsholders due funds from overseas licensing are made available for claim within 2 months of the end of the collection period • 90% of distributable funds to NZ rightsholders paid within 4 months of notification. 	<ul style="list-style-type: none"> • ALCS data received April 10, payment generated to Authors April 15. ALCS funds received September 27, payment generated to Authors 1 October. • Notification sent for collection period closing 31/12/2023 on 22/02/24. Notification sent for collection period closing 30/06/2024 on 19/08/24. • 71.3% claimed by rightsholders within 4 months. 	<ul style="list-style-type: none"> • Payments to NZ authors due funds from ALCS are made within 10 working days of CLNZ receiving the funds and data • Payments to NZ rightsholders due funds from overseas licensing are made available for claim within 2 months of the end of the collection period • 90% of distributable funds to NZ rightsholders paid within 4 months of notification. 	<ul style="list-style-type: none"> • ALCS Received March 22, payment generated March 30. Received September 27, payment generated September 28 • Period ending 31/12/22 notifications sent 13/02/23. Period ending 30/06/23 notifications sent 10/08/23. • 81 % of funds paid before 18/11/23
	<p>Efficient and effective collection of data on which to base distributions</p>	<ul style="list-style-type: none"> • 45 % of 197 schools approached participate in data collection 	<ul style="list-style-type: none"> • 39% of 191 schools approached participated 	<ul style="list-style-type: none"> • 45 % of 188 schools approached participate in data collection 	<ul style="list-style-type: none"> • 54 % of 197 schools approached participated
		<ul style="list-style-type: none"> • 88 % of 15 ITPs/PTEs approached participate in data collection 	<ul style="list-style-type: none"> • 60% (9 of 15) ITPs/PTEs approached participated in data collection 	<ul style="list-style-type: none"> • 88 % of 8 ITPs/PTEs approached participate in data collection 	<ul style="list-style-type: none"> • 100% of 8 ITPs/PTEs approached participate in data collection
	<p>Our service and technology offerings are innovative and adapt and evolve to meet</p>	<ul style="list-style-type: none"> • MyCreativeRights launched 	<ul style="list-style-type: none"> • Full launch of MyCreativeRights 	<ul style="list-style-type: none"> • MyCopyright development to bring Visual Artists (Auction House licensing) 	<ul style="list-style-type: none"> • MyCreativeRights soft launch

	the changing needs of the business and our customers		commenced March 28, 2024	online and into the customer portal	
	Stakeholder management to influence regulations that are adopted and implemented* by Government, to meet the needs of rightsholders and licence holders.	<ul style="list-style-type: none"> Submissions on Copyright and RRS in UK and EU Free Trade Agreements (FTA's) Make submissions as opportunities arise for the benefit of stakeholders. 	<ul style="list-style-type: none"> Direct engagement with the Minister of Commerce (Minister Bayly) in the Copyright Act review. Meeting resulted in further information being shared with Minister. Direct engagement with MBIE on Ai Governance in the public service. Submission and attendance at the Amplify creative strategy. 	<ul style="list-style-type: none"> Submissions on Copyright and RRS in UK and EU Free Trade Agreements (FTA's) Make submissions as opportunities arise for the benefit of stakeholders. 	<ul style="list-style-type: none"> Four briefings to incoming ministers Artificial intelligence position statement Select committee submission on ARR regulations Commerce Commission submission

Licence

	Tactics	2024 Target	2024 Actual	2023 Target	2023 Actual
Goal Generating revenue for rightsholders through services that are efficient and accessible for license-holders (LH) Success increasing levels of revenue generated for rightsholders and high levels of customer satisfaction	Grow domestic licensing revenue	\$6,293,300	\$6,359,807	\$6,110,000	\$6,018,383
	Maintain or grow %age of licensed entities	Universities 100% Schools 80% PTE 25%	Universities 100% Schools 77.3% PTE 21.7%	Universities 100% Schools 80% PTE 25%	Universities 100% Schools 81 % PTE 23 %

Promote

	Tactics	2024 Target	2024 Actual	2023 Target	2023 Actual
<p>Goal Provide information on rights and licensing that makes doing the right thing easier and to support our creative people through our Cultural Fund</p> <p>Success Increasing use of our resources by others</p>	<p>Provision of resources that inform and educate creators and users of copyright works.</p> <p>Sector support via cultural fund awards.</p> <p>Launch of MyCreativeright</p>	<ul style="list-style-type: none"> • Participation in CRE workshops - 500 people per year • Licensee education program • Distribution of cultural fund via 4 main awards • 300 users of MyCreativerights 	<ul style="list-style-type: none"> • 988 attendees at Copyright and Licensee education workshops • 399 users registered for MyCreativerights • \$185,000 distributed via the Cultural fund 	<ul style="list-style-type: none"> • 800 knowledge base monthly average total views • Participation in CRE workshops - 500 people per year 	<ul style="list-style-type: none"> • 700 knowledge base monthly average total views • 668 registrants in 2023 workshops

Develop

	Tactics	2024	2023
<p>Goal We will be an organisation that people want to work for and work with, constantly looking to improve in all aspects of our business</p> <p>Success Our people and our partnerships evolve to ensure we deliver on our strategy</p>	<p>We are a best-practice CMO, in our governance and our operations</p>	<p>Best practice is reviewed as part of Board compliance.</p>	<p>We and reviewed our privacy policy against anticipated changes to legislation and new products under development.</p>
	<p>We respect New Zealand's te ao Māori heritage and reflect the values of the country we operate in</p>	<p>Have engaged with MANAVATION. Includes a full immersion Te reo Māori workshop in 2025.</p>	<p>We continued on-going Māori cultural training for staff.</p>

Standard: PBE FRS 48 Service Performance Reporting. [EG A10](#)

Statement of Service Performance Reporting: Resale Royalties Aotearoa Toi Huarau

1. Purpose/Vision

Entity Overview:

Resale Royalties Aotearoa Toi Huarau (RRA) serves as the collection agency for the Artist Resale Royalty Scheme under the Resale Right for Visual Artists Act 2023, as appointed by the Ministry for Arts, Culture and Heritage (MCH). We are committed to elevating the status of visual artists by ensuring they receive ongoing royalties from the resale of their original artwork.

Vision:

To support and sustain the artistic community by providing a transparent, efficient, and fair royalty distribution system, thereby fostering a robust arts ecosystem that recognises the value of visual art, artists and their successors.

RRA Core Functions

- **Eligibility Registration:**
Artists and their successors are encouraged to register with RRA for timely royalty payments, facilitating efficient identification, collection, and distribution of owed payments.
- **Resale Obligations:**
Members of the Art Market Profession and Publicly Funded Galleries, Libraries, Archives and Museums (GLAM) sector involved in qualifying resales must report specific resale details (e.g., artwork title, resale value, original artist information) to RRA. This information is essential for verifying sales and ensuring rightful royalties for artists.
- **Royalty Distribution:**

Upon verifying a qualified resale, RRA collects the 5% royalty from the seller (or their agent) and distributes it to the eligible artists, retaining 20% of the collected fee for funding operational functions.

- **Reciprocal Agreements:**
RRA will form reciprocal agreements with Australia, the United Kingdom, and the members of the European Union as mandated by the NZ-UK and NZ-EU Free Trade Agreements and the Resale Right for Visual Artists Act 2023.
- **Record Keeping and Reporting:**
RRA maintains and publishes records related to resale royalty collection, financial statements and other pertinent information, including engagement with Māori, complaints, and enforcement.
- **Public Education:**
RRA provides information to stakeholders and the wider public about their rights and obligations under the scheme, along with developing specific policies and processes (e.g., distribution policy, complaints process).
- **Cultural Fund:**
RRA is establishing a Cultural Fund focused on supporting the career sustainability of visual artists.

2. Key Objectives

- **Collecting Resale Royalties:** Ensure effective processes for the collection of resale royalties to benefit eligible artists and their successors.
- **Distributing Royalties:** Timely and accurate distribution of collected royalties.
- **Educating Stakeholders:** Increase awareness of the Artist Resale Royalty Scheme among all stakeholders, including artists, art market professions, GLAM and art buyers, and sellers.
- **Promoting Visual Art:** Support New Zealand visual artists through initiatives such as the Cultural Fund.

3. Expected Outcomes/Impacts

- Achieve a high rate of registration among eligible artists and their successors.
- Improve the understanding of rights and obligations among stakeholders regarding resale royalties.
- Establish a Cultural Fund that actively contributes to the sustainability of artists' careers. The Cultural Fund will be funded by the gifting of royalties from visual artists and successors. After six years, any unclaimed royalties will be transferred to the Cultural Fund pool.
- Enhance overall compliance with the Artist Resale Royalty Scheme across the visual arts sector.

4. Medium to Long-Term Plans

RRA plans to achieve its objectives through:

- Strengthening relationships with stakeholders in the art market and GLAM sectors.
- Expanding educational resources and workshops tailored to diverse stakeholder needs.
- Developing and implementing a comprehensive stakeholder engagement strategy.
- Collaborating with international counterparts to establish reciprocal agreements.

5. Performance Measures

To assess our effectiveness, we will track the following performance measures annually:

- **Royalty Distribution Efficiency:** Percentage of royalties distributed to rightsholders within established timelines.
- **Stakeholder Engagement:** Number of workshop attendees and engagement through digital channels (website visits, social media followers).
- **Cultural Fund Development:** Progress in establishing and operationalizing the Cultural Fund through stakeholder surveys and policy drafts.

6. Measurement Systems and Controls

RRA will implement the following approaches/systems to measure and collect selected Service Performance Information (SPI):

- **Data Management Systems:** Utilize integrated SaaS solutions (e.g., WISE and Zoho) for effective reporting, tracking, and collection of resale royalty data.
- **Regular Reviews:** Establish a routine for assessing data accuracy and compliance with legislative requirements (i.e. Auditing resale reports against verifiable public sales information).
- **Stakeholder Feedback Mechanism:** Create channels for ongoing stakeholder feedback to enhance engagement strategies and education efforts (e.g. Annual survey of stakeholder groups, Engagement with sector on Cultural Fund, and Changes to scheme).

7. Information Gathering

Throughout the reporting period, RRA will:

- Collect performance data, including information on royalty collections, distributions, stakeholder engagement, and education initiatives.
- Maintain supporting documentation for all reported measures.

Note: In most instances the above data collection is consistent with the data collection we require to report to the Ministry for Arts, Culture and Heritage (MCH)

8. Presentation of Period-End SPI

At the end of the each annual reporting period, RRA will:

- Present service performance information alongside financial statements in a clear and accessible format.
- Summarize key performance measures and highlight any achievements or challenges faced during the period.

9. Compliance Review

RRA will conduct a thorough review of the SPI to ensure compliance with PBE FRS 48, encompassing all reporting obligations and standards.

10. Governance and Approval

The board will approve the SPI prior to each annual period-end, ensuring accountability

and oversight of all reported information.

11. Continuous Improvement

Following the completion of the reporting period, RRA will review and assess performance to identify areas for improvement for the next period, ensuring continued alignment with best practices and stakeholder needs.

12. RRA Operating Principles

In delivering our strategy, we adhere to the following operating principles:

- Compliance with the operational rules set out in the Resale Right for Visual Artists Regulations 2024.
- Operations that are transparent, accountable, and respectful.
- Acting in the best interests of right holders.
- Acknowledgment and respect for Māori as tangata whenua, providing culturally appropriate support to Māori artists.
- Inclusivity regarding the diverse needs of all New Zealanders.



13. RRA Service Performance Reporting Information FY24

Strategic Goal	Tactics	2024 Target	2024 Actual
Resale Royalty Distribution	Collect and pay resale royalties efficiently and in accordance with relevant legislation.	95% of royalties paid within 10 working days of receipt of fully completed distribution claim.	N/A. Scheme has been operational since 1st Dec 2024 and no distributions have been run.
	Build sector relationships and grow the AMP & Artist registry to support timely distribution payments.	Registry signups: 150	Registry signups: 232
Stakeholder Education	Provide workshops and resources for key stakeholders on their rights and obligations under the scheme.	Workshop attendees: 150	Workshop attendees: 303
	Deliver public education activities and marketing campaigns on the operation of the scheme and the Act.	Website homepage visitors: 1,000 Social media followers: 1,200	Website homepage visitors: 1,870 Social media followers: Instagram: 1,120 Facebook: 32 Linkedin: 51
Promote New Zealand Visual Artists	Establish a Cultural Fund focused on supporting the career sustainability of visual artists.	Identify stakeholders, and draft consultation approach for the preferred structure of the Cultural Fund Policy.	Completed

Copyright Licensing Limited
Consolidated Annual Report
for the year ended 31 December 2024

Copyright Licensing Limited

Contents of the Consolidated Annual Report

For the year ended 31 December 2024

Directory	1
Independent Auditor's Report	2-3
Directors' Report	4
Consolidated Statement of Comprehensive Revenue and Expenses	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Cash Flows	8
Notes to and forming part of the Consolidated Financial Statements	9-22
Statement of Service Performance – Copyright Licensing Limited	23-28
Statement of Service Performance – Resale Royalties Aotearoa Limited	29-34

Copyright Licensing Limited

Directory

As at 31 December 2024

Nature of Business	Licensing & Royalty Services	
Address	Level 6, BDO Towers 19-21 Como Street Takapuna Auckland 0622	
Registered Office	Level 6, BDO Towers 19-21 Como Street Takapuna Auckland 0622	
Directors	Rosanna Carlyle Amanda Hager Karunakar Shenoy Victoria Spackman Melanee Winder Thomas Rennie (resigned 1 January 2025)	
Shareholders	The New Zealand Society of Authors (Pen New Zealand Incorporated) Publishers Association of New Zealand	50 Ordinary Shares 50 Ordinary Shares
Date of Incorporation	10 August 1988	
Accountants	Nexia New Zealand Limited Chartered Accountants 5 William Laurie Place Albany Auckland 0632	
Auditor	RSM Hayes Audit	
IRD Number	050-636-305	
Company Number	396745	
Business Number	9429039440839	

Copyright Licensing Limited

Directors' Report

For the year ended 31 December 2024

The board of directors submit their annual report including the Consolidated Financial Statements for the year ended 31 December 2024.

The ultimate shareholders of the group have exercised their right under section 211(3) of the Companies Act 1993, whereby pursuant to a decision of the ultimate shareholders of the group who together hold at least 95% of the voting shares, have agreed not to comply with any of paragraphs (a) and (e) - (j) of section 211(1).

Auditor

These Consolidated Financial Statements have been audited and RSM Hayes Audit have been appointed as auditors for the ensuing year.

For and on behalf of the Board



Director

Dated: 4 June, 2025



Director

Dated: 4 June, 2025

Copyright Licensing Limited

Consolidated Statement of Comprehensive Revenue and Expenses

For the year ended 31 December 2024

	Note	2024 \$	2023 \$
Revenue from Exchange Transactions			
Domestic Licensing		6,359,807	6,018,383
Funding		444,000	-
Overseas Reproduction Rights Organisations		839,319	766,908
Royalties Income		6,409	-
Interest Received		420,900	374,465
Other Income		301,173	1,074,533
Total Revenue		8,371,608	8,234,289
Expenses			
Accountancy Fees		46,933	2,450
Amortisation	6	97,691	23,673
Audit Fees		49,181	22,333
Depreciation	5	16,409	18,288
Directors' Expenses	12	141,205	95,130
Legal Expenses		40,681	12,838
MCH Grant Spending		246,530	159,610
Office Lease Expenses		123,153	116,179
Operating Expenses		586,735	324,047
Staff Expenses		861,364	800,480
Total Expenses		2,209,882	1,575,028
Cultural Fund Expenses	7	165,213	220,523
Net Revenue after Expenses		5,996,513	6,438,738
Distributions Payable for the Year	1 (u)	5,901,717	5,599,179
Net Surplus for the Year Before Tax		94,796	839,558
Income Tax Expense	2	33,806	-
Total Comprehensive Revenue and Expenses for the Year		60,990	839,558

These Financial Statements should be read in conjunction with the notes to the Financial Statements and the Independent Auditor's Report.

Copyright Licensing Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share Capital	Retained Earnings	MCH Funded Projects Reserve	Cultural Reserve	Legal Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2024	100	-	851,117	269,055	400,000	1,520,272
Total Comprehensive Revenue and Expenses for the Year	-	60,990	-	-	-	60,990
Transfer to/(from) Reserves	-	(35,463)	(78,019)	113,482	-	-
Balance as at 31 December 2024	100	25,527	773,098	382,537	400,000	1,581,262
Balance as at 1 January 2023	100	-	-	280,614	400,000	680,714
Total Comprehensive Revenue and Expenses for the Year	-	839,558	-	-	-	839,558
Transfer to/(from) Reserves	-	(839,558)	851,117	(11,559)	-	-
Balance as at 31 December 2023	100	-	851,117	269,055	400,000	1,520,272

These Financial Statements should be read in conjunction with the notes to the Financial Statements and the Independent Auditor's Report.

Copyright Licensing Limited
Consolidated Statement of Financial Position
As at 31 December 2024

	Note	2024 \$	2023 \$
Equity			
Share Capital	11	100	100
Cultural Reserve Fund	7	382,537	269,055
Legal Reserve Fund	8	400,000	400,000
MCH Funded Projects Reserve	9	773,098	851,117
Retained Earnings		25,527	
Total Equity		1,581,262	1,520,272
Represented by:			
Current Assets			
Cash & Cash Equivalents		1,498,451	1,610,593
Investments	3	6,611,140	6,548,359
Accounts Receivable		33,389	27,410
Accrued Income		153,459	95,215
Income Tax		160,669	134,546
GST Receivable		5,551	47,895
Prepayments		35,668	10,478
Total Current Assets		8,498,327	8,474,496
Non Current Assets			
Property, Plant & Equipment	5	115,759	127,602
Intangibles	6	1,024,457	892,117
Total Non-Current Assets		1,140,216	1,019,719
Total Assets		9,638,543	9,494,215
Current Liabilities			
Accounts Payable		119,350	139,434
Accruals		85,728	58,805
Revenue in Advance		100,033	137,191
Provision for Holiday Pay		68,816	55,318
Distributable Funds		7,683,354	7,583,195
Total Current Liabilities		8,057,281	7,973,943
Net Assets		1,581,262	1,520,272

Authorised by:



Director

Dated: 4 June, 2025



Director

Dated: 4 June, 2025

Copyright Licensing Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	2024	2023
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from:		
Interest Received	362,656	374,465
Funding	444,000	-
Licensing Revenue	7,193,147	6,749,420
Royalties	6,409	-
Other Activities	301,173	1,063,067
GST Receipts	60,977	-
	8,368,362	8,186,952
Cash was disbursed to:		
Payments to Suppliers & Employees	(2,119,272)	(1,431,395)
Distributions to Right Holders	(5,952,196)	(5,549,474)
Payments to Cultural Fund	(51,730)	(205,986)
Tax Payments	(59,929)	(98,483)
GST Payments	-	(92,801)
	(8,183,127)	(7,378,139)
Net Cash Flows from Operating Activities	185,235	808,813
Cash Flows from Investing Activities		
Cash was provided from:		
Sale of Property, Plant & Equipment	-	2,144
	-	2,144
Cash was disbursed to:		
Payments to acquire Property, Plant & Equipment	(234,596)	(862,348)
Investments	(62,781)	(977,050)
	(297,377)	(1,839,398)
Net Cash Flows to Investing Activities	(297,377)	(1,837,254)
Cash Flows from Financing Activities		
Cash was disbursed to:		
Finance Lease Repayments	-	(3,559)
	-	(3,559)
Net Cash Flows to Financing Activities	-	(3,559)
Net Decrease in Cash Held	(112,142)	(1,032,000)
Effect of Exchange Rate Gain/(Loss) on Cash	-	-
Cash at Beginning of the Year	1,610,593	2,642,593
Cash at the End of the Year	1,498,451	1,610,593

These Financial Statements should be read in conjunction with the notes to the Financial Statements and the Independent Auditor's Report.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. Statement of Accounting Policies

Reporting Entity

Copyright Licensing Limited is incorporated in New Zealand, registered under the Companies Act 1993.

These Consolidated Financial Statements for the year ended 31 December 2024 comprise Copyright Licensing Limited ('the controlling entity') and its wholly owned subsidiary Resale Royalties Aotearoa Limited (together referred to as the 'group').

The Consolidated Financial Statements are general purpose financial statements which have been prepared according to the requirements set out by the External Reporting Board.

The Directors consider Copyright Licensing Limited to be a not-for-profit public benefit entity as the full amount of the net surplus each year is required to be distributed to right holders in accordance with the entity's Constitution and Distribution Policy.

Resale Royalties Aotearoa Limited operates a royalty scheme on behalf of right holders of resold artwork. The net returns from royalties are paid out to the right holders whose materials have been sold by Art Market Professionals.

Statement of Compliance and Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR) and other applicable financial reporting standards, as appropriate for public benefit entities as set out in the External Reporting Board Standard A1: Application of the Accounting Standards Framework.

The group is eligible to apply Tier 2 PBE RDR accounting standards (Public Benefit Entity Standards - Reduced Disclosure Regime) on the basis that it does not have public accountability and is not large as defined by XRB A1. The group has elected to report in accordance with PBE Standards RDR and has applied disclosure concessions.

The accounting principles recognised as appropriate for the measurement and reporting of the Consolidated Statement of Comprehensive Revenue and Expenses and Consolidated Statement of Financial Position on a historical cost basis are followed by the group, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest dollar.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Consolidated Statement of Comprehensive Revenue and Expenses and Consolidated Statement of Financial Position have been applied:

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the group and revenue can be reliably measured.

- Revenue from exchange transactions
Domestic licensing revenue is received from licence-holders in accordance with the terms of licensing schemes that help to make copying, scanning and sharing printed works easy and legal. Licences are issued annually for the calendar year with invoicing for licences happening in the year the licence is issued. Domestic licensing revenue is recognised on receipt.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Periodically, funds are received from Reproduction Rights Organisations in other countries as a result of New Zealand works being copied overseas. The group has no control over the amount or timing of receipt of those funds. As such, these funds are recognised as revenue when received in accordance with the Distribution Policy.

Royalty revenue is received on the sale of artwork on the secondary art market.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

- Revenue from non-exchange transactions
Grant revenue is recognised when any use or return conditions attached to the grant have been complied with. Where there are unfulfilled conditions the amount relating to these is recognised as a liability and released to revenue as the conditions are met.

(b) Expenses

A liability is accrued for expenses incurred in the year estimated at future cash outflows for the goods and services provided and yet to be billed.

(c) Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

(d) Finance Leases

Finance leases and hire purchases, which effectively transfer substantially to the group all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are disclosed, and the leased assets are depreciated over the period for which the group is expected to benefit from their use.

(e) Cash & Cash Equivalents

Cash & cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Accounts Receivable

Accounts Receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses. Individual debts that are known to be uncollectable are written off in the period that they are identified.

(g) Prepayments

Prepayments are recorded when payment is made to a supplier in advance of a product or service being received.

(h) Property, Plant & Equipment

Items of property, plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

All other repairs and maintenance are recognised as expenses in the Consolidated Statement of Comprehensive Revenue and Expenses in the financial period in which they are incurred.

Depreciation is charged on a diminishing value over the useful life of the asset for furniture & fittings, office equipment and computer hardware. Depreciation is charged on a straight-line basis over the lease term for leased assets. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life: The following depreciation rates/useful lives have been used:

Furniture & Fittings	7% - 17.5% DV
Office Equipment	15% - 39% DV
Computer Hardware	50% DV (previous years 40%)
Leased Asset	4 Years

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(i) Intangible Assets

Intangible assets include trademarks and software development which are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The following amortisation rates have been used:

Trademarks	0%
Computer software	10 Years - 50% DV

(j) Income Tax

The income tax expense charged to the Consolidated Statement of Comprehensive Revenue and Expenses includes both the current year's provision and the income tax effects of taxable temporary differences and deductible temporary differences to the extent that it is probable that they will be utilised.

Copyright Licensing Limited 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, other than as a right holder, to a member, proprietor or shareholder. After expensing operating costs and transfers to reserves, the net surplus is transferred to the distributable funds account so the only funds held in equity are to achieve specific purposes. Due to timing differences, the entity is subject to non-deductible expenditure which may result in an income tax liability.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

(k) Financial Instruments

Financial instruments are recognised in the Consolidated Statement of Financial Position when the group becomes party to a financial contract. They include cash & cash equivalents, investments, term deposits, payables and receivables.

The group derecognises a financial asset or, where applicable, a part of a financial asset, where the rights to receive cash flows from the asset have expired or are waived, or the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cashflows in full without material delay to a third party and either:

- The group has transferred substantially all the risk and rewards of the asset; or
- The group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(l) Financial Instruments – Financial Assets

At initial recognition, the group determines the classification of financial assets as either held at fair value or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised Cost

Includes assets where the group intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Fair Value

Financial assets not held at amortised cost are held at fair value. Assets are subsequently measured at fair value only when the fair value can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available, the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in profit or loss for movements in the fair value of the assets and when the assets are derecognised.

(m) Financial Instruments – Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

(n) Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are recognised in the Consolidated Statement of Comprehensive Revenue and Expenses.

(o) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the Consolidated Financial Statements exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Consolidated Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST. The Consolidated Statement of Cashflows is stated on a gross basis.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

- (p) Revenue in Advance
Advance grant revenue from Manatū Taonga Ministry for Culture and Heritage is recognised upon receipt or when the right to receive funds is established, with unearned revenue recorded as a liability pending the expenditure as per the funding contract.
- (q) Employee Benefits
Liabilities for wages and salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.
- (r) MCH Funded Projects Reserve
In 2023 Copyright Licensing Limited constructed a software asset for creative rights management and other services to offer to right holders. The majority of the funds for this asset have been granted by Manatū Taonga Ministry of Culture and Heritage and are required to be recognised in 2023. So that right holders in the future years are not unfairly disadvantaged as the asset is amortised, this reserve has been created that will be released over the assets useful life.
- (s) Cultural Fund
A contribution of 2% of annual domestic licensing revenue is transferred to the Cultural Fund each year. This amount is deducted before arriving at the net surplus.
- (t) Legal Reserve Fund
The Legal Reserve Fund was established in 2016 to help to manage a significant risk from unplanned legal expenditure. Any movement in the reserve fund are added or deducted to the operating results for the year before arriving at the net surplus. A formal policy has been adopted on the management of the fund including its purpose, setting a cap on the maximum value of funds to be held, and how the repatriation of unused funds will be handled in future years.
- (u) 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, contributions to the Cultural Fund and contributions to the Legal Reserve Fund, the net surplus is allocated for distribution pending the identification of publishers and authors whose works are copied under licence through the provision of electronic usage data from the New Zealand universities and via annual sampling surveys carried out in all other licence sectors.
- Revenue from overseas Reproduction Rights Organisations and copyright clearance licensing services is distributed to identified publishers and authors after deduction of the relevant administration charge.
- Royalty revenue is received from the secondary art market and 80% of the royalty revenue is allocated for distribution pending the identification of artists whose works were sold.
- (v) Significant Judgements, Estimates and Assumptions
The preparation of financial statements requires management to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The directors consider that no judgements, estimates and assumptions undertaken are deemed to be significant.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

(w) Basis of Consolidation

Controlled entities are those entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from that entity's activities. The financial statements of the group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with owners of the controlling entity in their capacity as owners, within net assets/equity.

The financial statements of the controlled entities are prepared for the same reporting period as the controlling entity, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(x) Changes in Accounting Policies and Disclosures

This is the first year of consolidated financial reporting undertaken by the group. Accordingly, the accounting policies stated above will form the basis of reporting.

2. Tax Reconciliation

	2024	2023
	\$	\$
Net Surplus for the Year Before Tax	94,796	839,558
Prima Facie Tax Expense at 28%	26,543	235,076
Tax Effect of Differences		
Transfer to Reserves	(9,930)	(235,076)
Permanent Differences	10,525	120
Timing Differences	11,915	2,559
Utilised Tax Losses	(5,246)	(2,678)
Income Tax Expense	33,806	-

Copyright Licensing Limited has tax losses of \$60,250 to carry forward (2023:\$78,987).

3. Investments

	2024	2023
	\$	\$
Westpac New Zealand Limited - Term Deposit 81	6,611,140	6,548,359
Total Investments	6,611,140	6,548,359

Investments are term deposits with original maturities over 90 days. Term deposits of less than 90 days are included in cash & cash equivalents.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4. Financial Assets & Liabilities

The carrying amounts of financial instruments presented in the Consolidated Statement of Financial Position relate to the following categories of assets and liabilities stated at amortised cost.

	2024	2023
	\$	\$
Financial Assets		
Cash & Cash Equivalents	1,498,451	1,610,593
Investments - Current	6,611,140	6,548,359
Receivables from Exchange Transactions	33,389	27,410
	<u>8,142,980</u>	<u>8,186,362</u>
Financial Liabilities		
Trade and Other Creditors	188,166	139,300
Distributable Funds	7,683,354	7,583,195
	<u>7,871,520</u>	<u>7,722,495</u>

5. Property, Plant & Equipment

Property, Plant & Equipment 2024	Cost or Valuation	Accumulated Depreciation	Carrying Amount
	\$	\$	\$
Furniture & Fittings			
Opening Balance	156,383	(42,056)	114,327
Additions	-	-	-
Disposals	-	-	-
Depreciation	-	(8,435)	(8,435)
Closing Balance	<u>156,383</u>	<u>(50,491)</u>	<u>105,892</u>
Office Equipment			
Opening Balance	10,658	(9,467)	1,191
Additions	-	-	-
Disposals	-	-	-
Depreciation	-	(409)	(409)
Closing Balance	<u>10,658</u>	<u>(9,876)</u>	<u>782</u>
Computer Hardware			
Opening Balance	31,726	(19,642)	12,084
Additions	4,566	-	4,566
Disposals	-	-	-
Depreciation	-	(7,565)	(7,565)
Closing Balance	<u>36,292</u>	<u>(27,207)</u>	<u>9,085</u>

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Property, Plant & Equipment 2024	Cost or Valuation \$	Accumulated Depreciation \$	Carrying Amount \$
Leased Asset			
Opening Balance	18,480	(18,480)	-
Additions	-	-	-
Disposals	-	-	-
Depreciation	-	-	-
Closing Balance	18,480	(18,480)	-
Total			
Opening Balance	217,247	(89,645)	127,602
Additions	4,566	-	4,566
Disposals	-	-	-
Depreciation	-	(16,409)	(16,409)
Closing Balance	221,813	(106,054)	115,759

Property, Plant & Equipment 2023	Cost or Valuation \$	Accumulated Depreciation \$	Carrying Amount \$
Furniture & Fittings			
Opening Balance	156,383	(32,918)	123,465
Additions	-	-	-
Disposals	-	-	-
Depreciation	-	(9,138)	(9,138)
Closing Balance	156,383	(42,056)	114,327
Office Equipment			
Opening Balance	10,658	(8,812)	1,846
Additions	-	-	-
Disposals	-	-	-
Depreciation	-	(655)	(655)
Closing Balance	10,658	(9,467)	1,191
Computer Hardware			
Opening Balance	28,432	(20,019)	8,413
Additions	11,231	-	11,231
Disposals	(7,937)	5,792	(2,145)
Depreciation	-	(5,415)	(5,415)
Closing Balance	31,726	(19,642)	12,084

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Property, Plant & Equipment 2023	Cost or Valuation	Accumulated Depreciation	Carrying Amount
	\$	\$	\$
Leased Asset			
Opening Balance	18,480	(15,400)	3,080
Additions	-	-	-
Disposals	-	-	-
Depreciation	-	(3,080)	(3,080)
Closing Balance	18,480	(18,480)	-
Total			
Opening Balance	213,953	(77,149)	136,804
Additions	11,231	-	11,231
Disposals	(7,937)	5,792	(2,145)
Depreciation	-	(18,288)	(18,288)
Closing Balance	217,247	(89,645)	127,602

6. Intangibles

Intangibles 2024	Cost or Valuation	Accumulated Amortisation	Carrying Amount
	\$	\$	\$
Software & Operating Systems			
Opening Balance	1,444,050	(557,423)	886,627
Additions	230,031	-	230,031
Disposals	-	-	-
Amortisation	-	(97,691)	(97,691)
Closing Balance	1,674,081	(655,114)	1,018,967
Trademarks			
Opening Balance	5,490	-	5,490
Closing Balance	5,490	-	5,490
Total			
Opening Balance	1,449,540	(557,423)	892,117
Additions	230,031	-	230,031
Disposals	-	-	-
Amortisation	-	(97,691)	(97,691)
Closing Balance	1,679,571	(655,114)	1,024,457

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Intangibles 2023	Cost or Valuation \$	Accumulated Amortisation \$	Carrying Amount \$
Software & Operating Systems			
Opening Balance	595,129	(535,946)	59,183
Additions	851,117	-	851,117
Disposals	(2,196)	2,196	-
Amortisation	-	(23,673)	(23,673)
Closing Balance	1,444,050	(557,423)	886,627
Trademarks			
Opening Balance	5,490	-	5,490
Closing Balance	5,490	-	5,490
Total			
Opening Balance	600,619	(535,946)	64,673
Work in Progress	851,117	-	851,117
Disposals	(2,196)	2,196	-
Amortisation	-	(23,673)	(23,673)
Closing Balance	1,449,540	(557,423)	892,117

7. Cultural Fund

Annual contributions of 2% of domestic licensing revenue are made to this fund which is then invested in New Zealand for cultural and social purposes to benefit the right holders the group represents.

	2024 \$	2023 \$
Opening Balance	269,055	280,613
Contribution from Licensing Revenue	127,196	120,368
Less grants, awards and expenses paid from Cultural Fund	(165,213)	(208,681)
Less wages cost for Copyright communications campaign	-	(11,842)
Unattributable Overseas Revenue - This Year	56,156	74,060
Unattributable Overseas Revenue - Last Year	95,343	14,537
Closing Balance	382,537	269,055

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

8. Legal Reserve Fund

Annual contributions of 1% of domestic licensing revenue are made to this fund, up to a cap of \$400,000. The funds are set aside for any claim against the indemnity provided by the licenses the group sells and for any unplanned legal expenditure on matters that impact the right holders the group represents. In 2024 no contribution was allocated to the fund (2023: nil). Unspent funds may be reallocated to revenue at a later date in accordance with the provisions of the Distribution Policy.

	2024	2023
	\$	\$
Opening Balance	400,000	400,000
Closing Balance	400,000	400,000

9. MCH Funded Projects Reserve

	2024	2023
	\$	\$
Opening Balance	851,117	-
Transfer to Reserve	(78,019)	851,117
Closing Balance	773,098	851,117

10. Operating Lease Commitments

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

	2024	2023
	\$	\$
Future minimum lease payments under non-cancellable leases		
No later than one year	95,807	96,420
Later than one year and no later than five years	159,338	256,728
Total Operating Lease Commitments	255,145	353,148

11. Share Capital

	2024	2023
	\$	\$
100 Ordinary Shares	100	100
Total Share Capital	100	100

All issued shares are fully paid.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

12. Related Party Transactions

	2024	2023
	\$	\$
a. New Zealand Society of Authors - 50% Shareholder of Copyright Licensing Limited		
<i>Payments made:</i>		
Contestable Fund Grant (NZ Writers Program)	20,000	20,000
Donation to President Honour Event	1,000	-
Administration Costs for Research Grants	2,999	4,125
Administration Costs for Writers Award	3,770	4,125
Library Bulletin Advertising	150	-
Membership Fee	161	-
	28,080	28,250
<i>Receipts:</i>		
Office Recovery Costs	9,860	9,860
Printing & Copying	240	354
Membership Fees	-	161
	10,100	10,375
Accounts Receivable for Office Recovery Costs	968	968
b. Publishers Association of New Zealand - 50% Shareholder of Copyright Licensing Limited		
<i>Payments made:</i>		
Professional Development Training	-	17,391
Contribution to NZ Market Sizing Report	18,753	18,207
Membership Fees	1,371	-
	20,124	35,598
<i>Receipts:</i>		
Office Recovery Costs	9,860	9,860
Printing & Copying	960	1,016
Membership Fees	-	980
	10,820	11,856
Accounts Receivable for Office Recovery Costs	1,037	945

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 Constitution. There are no amounts owed to or by related parties at year end.

Melanee Winder and Thomas Rennie, directors of the controlling entity, are employed by a publishing company that receives distribution payments. Amanda Hager and Rosanna Carlyle may receive distributions from their publishers from time to time.

Any payments made are on an arm's length basis on the same terms as all other distributions.

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the Board of Directors, Chief Executive, Technology Manager, Marketing Manager and the Policy and Legal Manager. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2024	2023
Senior Management - Remuneration	\$542,250	\$477,455
Senior Management - Full Time Equivalent	3.35	3
Directors - Remuneration	\$129,590	\$87,112
Directors - Full Time Equivalent	0.1	0.1

13. Expenses to Revenue Ratio

The ratio for 2024 is 18.7%. This is in line with international best practice guidelines that CMOs maintain their administrative expenses at or below 20% of collected revenues to support the primary objective of CMOs:- that is to distribute the maximum possible royalties to creators and rights holders.

	2024	2024	2024	2023
	Consolidated	Resale Royalties Aotearoa Limited	Copyright Licensing Limited	Copyright Licensing Limited
	\$	\$	\$	\$
Revenue	8,371,608	450,409	7,921,199	8,234,289
Less Funding received from MCH	(444,000)	(444,000)	-	-
Less MCH Funded Reserve included in Other Income	(246,530)	-	(246,530)	(1,010,728)
Revenue Excluding MCH Funding	7,681,078	6,409	7,674,669	7,223,561
Expenses not relating to Funded Activities				
Accountancy Fees	46,933	25,168	21,765	2,450
Amortisation	19,672	1,917	17,755	23,673
Audit Fees	49,181	20,000	29,181	22,333
Depreciation	16,409	54	16,355	18,288
Directors Expenses	141,205	2,023	139,182	95,130
Legal Expenses	40,681	35,536	5,145	12,838
Office Lease Expenses	123,153	6,125	117,028	116,179
Operating Expenses	586,735	157,286	429,449	324,047
Staff Expenses	793,379	137,840	655,539	758,298
Total Expenses not relating to Funded Activities	1,817,348	385,949	1,431,399	1,373,236
Expenses to Revenue Ratio			18.7%	19.0%

Reconciliation to total Expenses in the Consolidated Statement of Comprehensive Revenue and Expenses

Expenses Funded from Reserves

Amortisation (MCH activity related)	78,019	-
Staff Expenses on CAAS/CRMS activities	67,985	42,182
MCH Grant Spending	246,530	159,610
Cultural Fund Expenses	165,213	220,523
Total Expenses Funded from Reserves	557,747	422,315
Total Expenses	2,375,095	1,795,551
Net Revenue after Expenses	5,996,513	6,438,738

Copyright Licensing Limited

Notes to and forming part of the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14. Group Information

Resale Royalties Aotearoa Limited was incorporated on 21 June 2024 as a wholly owned subsidiary of Copyright Licensing Limited.

15. Capital Commitments

The group has no capital commitments as at 31 December 2024 (2023: \$416,036).

16. Contingent Liabilities

The group has no contingent liabilities and no guarantees as at 31 December 2024 (2023: Contingent Liabilities Nil, Guarantees Nil).

17. Events Occurring After Balance Date

There have been no significant events occurring after balance date that would materially affect the issuance of these financial statements.