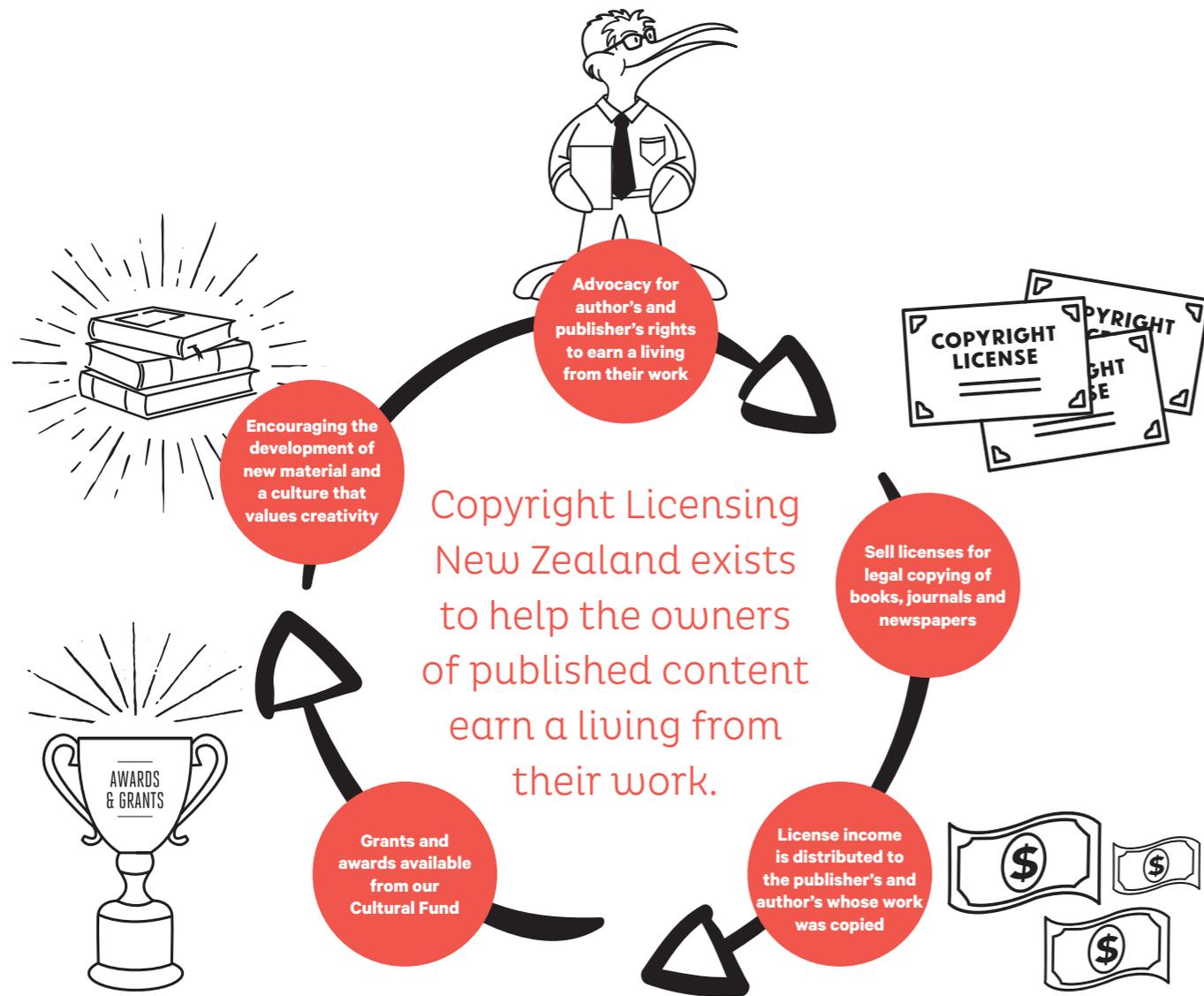


# #NZ CONTENT COUNTS

*Annual Report 2015*



# A LITTLE BIT ABOUT US



Copyright Licensing New Zealand exists to help the owners of published content earn a living from their work. We license the use of books, journals, magazines and newspapers to schools and other education and commercial organisations so that © material can be copied and distributed legally. We then distribute the nett income generated from our licenses to the authors and publishers of the work that has been copied.

Every year, more than \$4,000,000 is allocated by Copyright Licensing New Zealand to distribute to rights holders. This money contributes to the development of new works, creating a cycle which benefits all of society, and fosters a growing, vibrant New Zealand culture.

## What's inside...

- 4 Highlights from 2015 and Looking Ahead to 2016
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# TODAY...

SEE YOU LATER  
2015!

## We ♥ NZ Authors

We supported the NZ Children and Young Adult Book Awards, raising the profile and importance of authors to schools and young readers with the "We ♥ NZ Authors" brand

### \$4.3M

allocated to publishers and authors for the copying of their work

### \$20K

to the Publishers Association of New Zealand Training Fund, providing for a wide range of professional development opportunities

## 2015 Highlights

From contributing to the success of new published works to the formal recognition of publishing excellence, 2015 was another year of positive investments into people and projects. Consistent with CLNZ's objectives, these investments support and encourage growth in New Zealand's writing and publishing industry. It was also a year of anticipating new opportunities heading into 2016. To celebrate the year that was and the year that will be, our team put together highlights looking back into 2015 as well as ahead.

### 10+

new literary projects (within a variety of genres) thanks to the help of our Cultural Fund awards and grants program for authors & publishers

### 535K

licensed students in NZ schools to enable legal copying and sharing of resources for learning and a fair return to the authors and publishers whose work is used

### \$20K Research Grants

In conjunction with NZ Society of Authors, we awarded 4 authors \$5000 to undertake research on a project

## Recognition!

With a panel of experts, we recognised excellence in education publishing and authorship in eight different categories

# TOMORROW...

WOOHOO  
2017!

### \$15K

investment into the inaugural NZ Society of Author's National Writers Forum

### \$15K

new Tertiary Scholarships to further CLNZ's support across the tertiary sector

### \$25K

new Writers' Award to be presented at the NZSA National Writers Forum

## LOOKING AHEAD TO 2016

CLNZ is proud to maintain a key role in supporting success in the New Zealand publishing industry. Heading into 2016 we're looking forward to:

## WISE

CLNZ is getting 'WISE' - a new cloud-based software system to manage our business processes  
*Find out more on page 15*

## WIPO + IFRRO

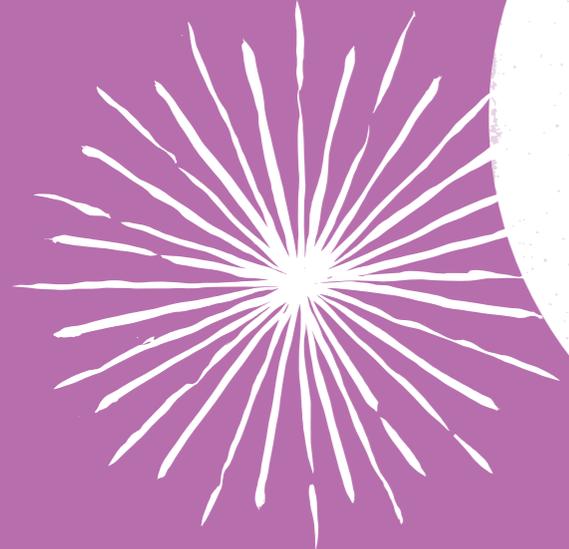
have developed a compendium of best practice in collective management  
*Find out more on page 15*

### \$160K

total annual allocation from the Cultural Fund

### \$60K

annual Contestable Fund with broad criteria for applications



### PAULA SAYS...

*Your challenge as we head into a review of the Copyright Act is to be a voice in the conversation.*

## Paula's message

At the beginning of 2015 we expected to be facing a review of the Copyright Act at some stage soon.... and then along came the Trans Pacific Partnership Agreement (TPP).

While much of the commentary on the TPP is negative, it is excellent news for New Zealand authors whose term of copyright will now match those of our major trading partners at life plus 70 years. If you've been following some of the media reports on term extension you'd think that they world was ending by giving authors and their heirs the right to earn from the author's work. Of course the world will not end and neither will works that are still within their copyright term be "locked up". It simply means that authors can generate a return on their efforts for just a little longer which sounds like a good thing to me! CLNZ has been making submissions on the various stages of the TPP implementation. We think it's important that our stakeholders know what we're saying on their behalf so we've added a new page to our website called Informing Government. Read more about this on **page 17**.

It's critically important to us that the stakeholders we serve understand who CLNZ is and what it is that we do. We've set this out on **pages 10-11** and you'll see examples of our work on **pages 4-5**. One project that was new in 2015 was our support of the Children and Young Adult Book Awards. You can no longer run a communications plan without a solid social media presence and the "We ♥ NZ authors" brand (and hashtag) that has

been developed for the Awards will be prominent in our future communications and advocacy efforts. You'll find more about this on **page 15**.

As a further insight into who we are you can "Meet the Team" across **pages 12 and 13**. We also introduce you to our new Board member, Dr Dana Wensley, on **page 14**. As we welcome Dana we need to say a huge "thank you" to Adrian Keane, who has stepped down following 4 years as Chair of the Board. Adrian's strong leadership during the 2013/2014 licence dispute with the universities was invaluable to both myself and the company. While he has handed the Chair role to Vanda Symon, he will continue as a director until the end of 2016.

While the majority of CLNZ's work is outward-facing, 2016 will see us spending more time than usual indoors. We are finally replacing our decade-old software that manages our distribution payments with a cloud-based system that will not only be used by CLNZ but a number of our sister-organisations in other countries. The timing of this couldn't be better as it will enable us to reap maximum benefit from the electronic provision of copying data that New Zealand universities will be providing to us under the new licence that was agreed for 2015-16. **Page 16** has more on this.

And lastly – a call to action. While a review of the Copyright Act won't happen this year, it will happen. Currently the dominant voices that the government is listening to in relation to copyright are content consumers. This needs to change. There's no other sector in New Zealand where the consumer is listened to more than the producer. Can you imagine the government talking to wine-drinkers about policy relating to wine production and export? No. And the creative sector should be engaged with in the same way – we create the content and should be the ones leading the conversation about what's needed so that our sector can develop and grow. Your challenge as we head into a review of the Act is to be a voice in that conversation. Talk to your family, friends, local MP and others – tell them why copyright is important to you.

CEO – Copyright Licensing NZ



### ADRIAN SAYS...

*2015 was my last year as Chair of CLNZ and I hand over to Vanda Symon knowing that the governance structure the business needs is in place.*

## Adrian's message

A clearly defined and articulated strategy is one of the main drivers of business success and in the past 5 years the CLNZ Board has invested time and resources to ensure that we have both the strategy, and monitoring of our delivery of it, firmly in our sights.

We have also taken steps to improve our governance practices and other, equally significant, areas of the business.

With this work behind us, we engaged in the process of measuring CLNZ against WIPO's new TAG (Transparency, Accountability, Governance) best practice recommendations in collective management with enthusiasm. We assessed CLNZ against TAG in the 8 areas of best practice that include financial administration, distribution policies and practice and member relations. While our processes met the recommended TAG standards, we found we could do better in making information about some of our practice available to both our licensees and rightsowners and steps have been taken to improve this.

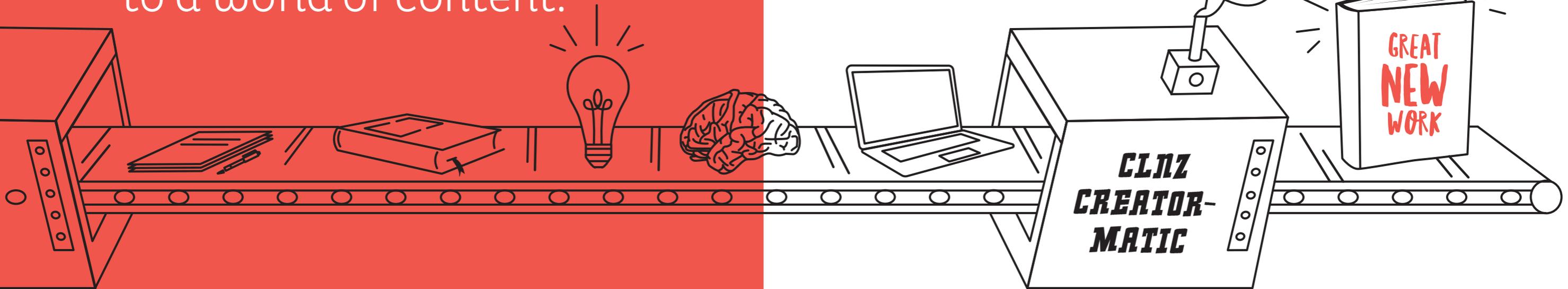
Risk has been another area of focus for the Board during 2015. This has included both business risks as well as the organisation's compliance with the new Health & Safety legislation. The CLNZ staff is a small team and this presents some challenges in terms of being able to separate certain duties, however we have worked with our auditors to ensure that, within the limitations we do have, we are operating with the appropriate level of oversight.

2015 was my last year as Chair of CLNZ and I hand over to Vanda Symon knowing that the business now has the governance structure it needs to take it into what will be a challenging few years as we face a review of the Copyright Act. My thanks go to my fellow directors, including Tony Simpson whose term as a director representing authors came to an end in December, and to Paula and her team for helping to make my time as Chair rewarding.

Chairperson - Copyright Licensing NZ

# ~OUR~ PURPOSE

Enabling creativity and learning through access to a world of content.



## Who we are + What we do

### We are Advocators

As a non-profit organisation, Copyright Licensing New Zealand represents the interests of authors and publishers from New Zealand and around the world, paying them when their works are used. Established on the principles of collective rights management, we encourage respect for copyright and for those who create the work we love to read.

### We are Facilitators

CLNZ is perfectly positioned between publisher/author and reader to issue a Copying Licence that makes copying, scanning and sharing printed material (e.g. books, journals and newspapers) simple and legal for education providers, businesses and government departments, to the benefit of everyone.

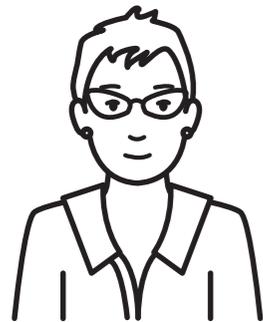
### We are Contributors

CLNZ actively contributes to the production and growth of new works in New Zealand by investing in publishers and authors' new projects and supporting industry initiatives. Through the CLNZ Cultural Fund, established in 2001, funding investments are made into people and projects that benefit cultural or social purposes that are directly in the interest of the rightsholders that we represent.

### CLNZ's main role is to:

- Provide licenses for the reproduction of extracts from books, journals and periodicals
- Distribute licensing fees collected to copyright owners
- Encourage respect for copyright
- Take action against copyright infringement

# Meet the team behind the scenes



## Ann

### LICENSING AND ADMINISTRATION MANAGER

Hi, I'm Ann. I've been with CLNZ for over 15 years, and as Licensing and Administration Manager I wear many "hats" dependant on what time of year it is and what's happening around the place. I would love to ride the NZ Alps to Ocean cycle trail one day for the fun and scenery, and if I were to rule the world for a day, the first thing I would do is just get everyone organised.



## Monika

### SAMPLING MANAGER

Hello, my name is Monika. For many years I enjoyed working as a secondary school teacher and in my role at CLNZ I continue to appreciate working within the education environment, communicating and encouraging the practice of copyright responsibility. I meet face-to-face with licensees to explain and advocate appreciation and respect for someone else's work. I ensure that a data collection of works copied is taking place and running smoothly. I have been at CLNZ for 15 years and I love sailing and reading good books.



## Emma & Katie

### DATA ENTRY & RESEARCH

We research, process and audit the information received from the data collection & ensure each title is assigned to the correct rights holder.

#### Emma

I love animals and the 80s – everything about that decade was cool.

#### Katie

I work part time at CLNZ, have two young daughters, am a lawyer by training and I enjoy yoga, wine with friends, reading, and going to the beach. Still on my list of things to do is explore India.



## Miriam

### DISTRIBUTION MANAGER

I ready the survey data for our Data Entry and Research Team. Once the data has been processed and audited, I action the Distribution. I notify rights holders and oversee the claims process. A perfect day for me would be one with no commitments and unlimited funds, but all I need to feel content is a good book and a cool breeze. Hawaii would be nice too.



## Jason

### SYSTEMS MANAGER

I've been at CLNZ for over 5 years, and as Systems Manager I am charged with ensuring we have the tools in place to perform our duties effectively. When I'm not monitoring and upgrading systems, I'm usually enjoying the beach with a book, beer and a boat.



## Kirsteen

### COMMUNICATIONS MANAGER

I inform stakeholders of CLNZ news and views, activities and opportunities during the year, including grants, sponsorships and community engagement. I manage the Copy. Write. e-newsletter and website communications. Outside of CLNZ, I enjoy yoga, biscuits and novels by Margaret Atwood, not necessarily in that order.

60  
SECONDS  
WITH

## DR Dana Wensley



CLNZ welcomes Dr Dana Wensley to the Board of the Company for a 3 year term commencing on 1 January 2016. Dana joins Vanda Symon (Chair) in the Author Director positions on the CLNZ Board. Dana writes on issues touching on the intersection of law, society, politics, and morality. She has a Ph.D. from King's College, London, an LLB (Hons) from University of Auckland, and a postgraduate diploma in writing from the School for Writers, Humber College, Toronto. Previously she has been a Research Fellow at the University of Otago, an assistant editor of the Bulletin of Medical Ethics in London, and a member of the Guelph Mercury Community Editorial Board in Canada. She is also a member of the Hospital Advisory Committee of the Nelson Marlborough District Health Board. We asked Dana to answer a mix of questions, just to get to know her a little better:

**What is one of your aims as a CLNZ Director?** To encourage a better understanding of copyright and why it's so important for writers and others in the creative industries.

**Why is licensing important for New Zealand authors?** A world without copyright is a world where talent goes unrewarded, creativity is not promoted, and the next generation is denied a rich cultural heritage.

**Who is your favourite author?** Helen Humphreys, my writer mentor in Toronto. She taught me that the space between the words, is as important as the words themselves.

**How do you "recharge"?** Walk my dog. I credit her with my best ideas. Without her, I would be stuck looking at a blank computer screen, waiting for inspiration.

**What is one word you would use to describe yourself as a child?** 'Excired'. It's a word invented by my son. A combination of excited and scared. It pretty much sums up my enthusiasm for the future, but a deep worry about what it might bring.

## 2015 DIRECTORS

### AUTHOR DIRECTORS

**Vanda Symon**  
**Tony Simpson**

### PUBLISHER DIRECTORS

**Sam Elworthy**  
**Adrian Keane**  
(Chair)

### INDEPENDENT DIRECTORS

**Emeritus Professor Pat Walsh**  
**Andrew McKenzie**

WE ♥  
NZ AUTHORS



CLNZ IS  
GETTING WISE

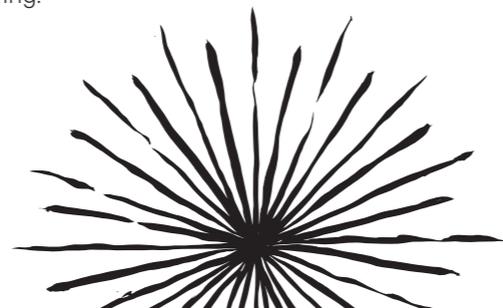
A new project for 2015 was the development of the "We ♥ NZ Authors" brand. This is part of CLNZ's advocacy efforts on behalf of authors in NZ, aimed at communicating with schools and students the essence of copyright responsibility – respect for the authors who write the books they read.

The current avenue for the new brand is a presence on Twitter and through supporting the New Zealand Book Awards for Children and Young Adults. CLNZ envisions continuing this partnership with the New Zealand Book Awards Trust until at least 2017. As part of our support, we took the opportunity to spread a love of authors amongst their readers by providing "We ♥ NZ Authors" branded bookmarks to the students to use as they read, and posters for the schools to display. The message is simple – a love and appreciation of books goes hand in hand with a love and appreciation of the authors who write them.

CLNZ is proud to take a lead role in connecting the dots when it comes to encouraging knowledge and creativity with respect for authors. We whole-heartedly agree with our European colleagues who recently commented that "a world that values knowledge and culture must value its creators". This is what the We ♥ NZ Authors brand is all about.

CLNZ's international body (IFRRO) has recently secured a licensing agreement with a Canadian cloud-based software company to provide a number of RRO's (like CLNZ) with software that manages both groups of RRO customers, licensees and rightsholders.

The software – WISE – will replace CLNZ's current business operating system that was custom-built in 2006. The core functions of WISE have been in use in Ireland and South Africa for a year and reports from the RRO's in those territories on the systems' benefits are all positive. In order for CLNZ to achieve optimal business process improvement from the software, some customisation is needed and this work is underway at present, led by CLNZ's Systems Manager Jason Kay. "We have already migrated our licensing functions to WISE and will have the distribution functions in place for when we receive the first sets of e-reporting data from the universities later in 2016. Being cloud-based enables us to integrate other business software, such as the Xero accounting system, into WISE to maximise our investment and streamline our payments to rightsholders". Rightsholders will hear more about the timeline for the system rollout and what this means in terms of licensing distribution payments, as 2016 progresses.



# CLNZ EDUCATION AWARDS GIVES TEACHERS A CHANCE



We know that students learn best when they can see themselves reflected in the educational resources used in their classroom and we know that 61% of teachers say that access to resources with NZ content is very important and further, that more than half of all teachers say they need materials with NZ content to meet their teaching requirements.

CLNZ believes that the excellent resources New Zealand publishers and authors release in the education market should be celebrated, so created the annual CLNZ Education Awards to do just that. In 2015, for the first time, classroom teachers from across New Zealand joined forces with the judging panel of education experts to add their choice of best resources to the judge's selection of award winning educational resources.

The locally relevant, NZ content that won the vote of teachers, as well as awards from a panel of education experts at the CLNZ Education Awards in 2015, is summarised below. We head into 2016 eager to see what new and exciting resources will be brought to market to meet the needs of teachers and students around the country.

**The CONNNECTORS Fiction Series (Global Ed)** was named **Best Resource in Primary for 2015** by the judging panel. The commercial success of the series developed for the UK market also saw CONNNECTORS Fiction named as the 2015 Best Resource for Export – demonstrating that excellent NZ content also performs very well in overseas education markets.

**The Teachers' Choice award for Best Resource in Primary** was presented to **NZ Curriculum Mathematics: Connecting all Strands (Caxton Educational)**.

**Winner of Best Resource in Secondary** was **Tangata Whenua: An Illustrated History (Bridget Williams Books)**. Visually rich, Tangata Whenua charts Māori history from ancient origins to present day. **Teachers' Choice** in this category was awarded to **ESA Publications' custom workbooks**.

**Working with Māori children with special education needs: He mahi whakahirahira (NZCER Press)** won the judges award for **Best Resource in Higher Education**. The book explores physical disability, intellectual disability, vision and hearing impairment, autism spectrum disorder, and giftedness from a Māori perspective as well as the key components of culturally responsive, evidence-based, special education practice.

**The Te Reo Singalong Books (The Writing Bug)** were named the **Best Resource in Te Reo Māori**. This series impressed the judges as well as the Te Reo Tuatahi teaching network. **Matariki** was voted as **Teachers' Choice**.

# WIPO & IFRRO FOR CMO'S

## ON BOARD WITH TRANSPARENCY, ACCOUNTABILITY & GOOD GOVERNANCE

In 2015 WIPO (World Intellectual Property Organisation) and IFRRO (International Federation of Reproduction Rights Organisations) released a compendium of advice for collective management organisations (like CLNZ) on transparency, accountability and governance.

Our CEO was a member of the reference panel that developed the resource and the good news is that CLNZ's business practices are well on the way to being fully compliant with the best-practice recommendations.

One of the improvements CLNZ has made recently, in line with these recommendations, is to make our submissions and advocacy efforts to government more readily available to stakeholders. CLNZ submissions will now be accessible on the CLNZ website at: <http://www.copyright.co.nz/About/Informing-Government/>

CLNZ plays an active role in informing and influencing future government policy, advocating the importance of authors and publishers and their absolute right to earn a living from their work. A review of the Copyright Act is on the political agenda and a government study of the creative industries use of copyright and design is currently being undertaken. We will continue to engage with government on this and other matters, and we strongly encourage authors and publishers to participate in the conversation and be heard by government also.

## CLNZ PLAYS AN ACTIVE ROLE...

*informing and influencing  
government on the importance  
of authors and publishers and  
their absolute right to earn a  
living from their work*

# Financial Statements

- 19 Financials at a Glance
- 20 **Money Map** – Where did overseas revenue for NZ rightsowners come from in 2015?
- 22 Independent Auditor’s Report
- 23 Directors’ Report
- 24 Statement of Financial Performance  
Statement of Movements in Equity
- 25 Statement of Financial Position
- 26 Notes to the Financial Statements

# Financials at-a-glance

GROSS REVENUE 2015  
**\$6,793,303**

TOTAL OVERSEAS REVENUE 2015  
**\$850,867**

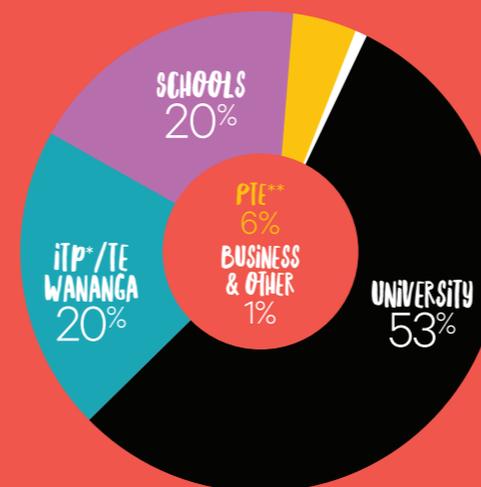
DID YOU KNOW LICENSING IS VOLUNTARY IN NZ?

NO. OF SCHOOL STUDENTS LICENSED  
**537,922**

WHERE DID OVERSEAS DISTRIBUTIONS OF REVENUE GO IN 2015?

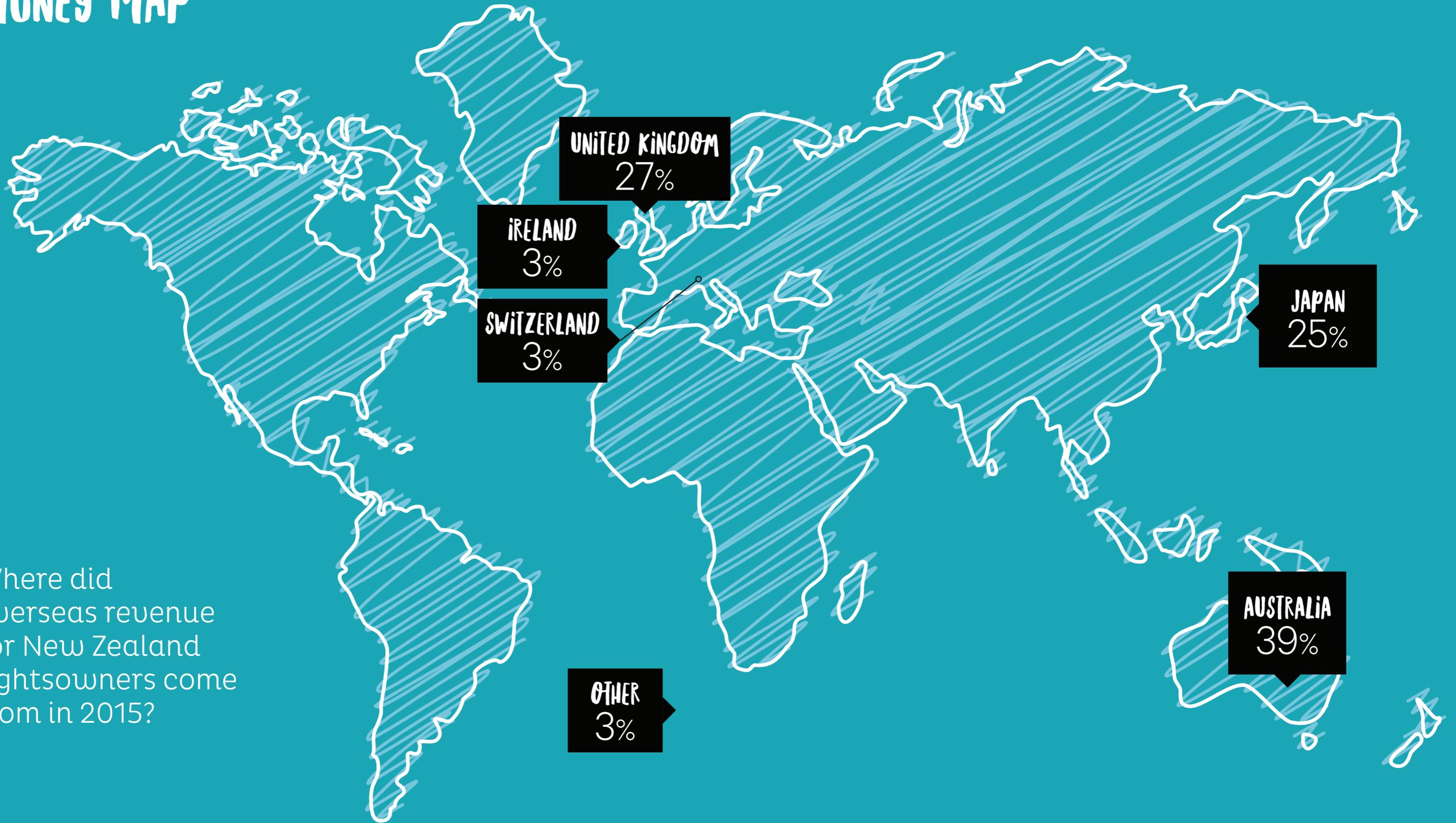


LICENSING REVENUE BY SECTOR IN 2015



\*ITP (Institutes of Technology & Polytechnics), \*\*PTE (Private Training Establishments).

# MONEY MAP



Where did overseas revenue for New Zealand rightsowners come from in 2015?

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Copyright Licensing Limited

We have audited the financial statements of Copyright Licensing Limited on pages 3 to 9, which comprise the statement of financial position as at 31 December 2015, 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.

This report is made solely to the company's shareholders, as a body, in accordance with Section 207B(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's 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 the company and the company's shareholders as a body, for our work, for this report, or for the opinions we have formed.

#### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand, 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 and fair presentation of financial statements 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 auditor we have no relationship with, or interests in, Copyright Licensing Limited.

#### Opinion

In our opinion, the financial statements on pages 3 to 9 present fairly, in all material respects, the financial position of Copyright Licensing Limited as at 31 December 2015 and its financial performance for the year ended on that date, in accordance with generally accepted accounting practice in New Zealand.



**RSM Hayes Audit**  
Auckland, New Zealand  
14 April 2016



## DIRECTORS' REPORT

### To the Shareholders of Copyright Licensing Limited

The Directors of Copyright Licensing Ltd are pleased to present the company's report for the financial year ended 31 December 2015.

#### Directors

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

- Adrian Keane (Chairman) PANZ
- Sam Elworthy PANZ
- Vanda Symon NZSA
- Tony Simpson NZSA
- Professor Pat Walsh Independent
- Andrew McKenzie 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 \$6,793,303 (2014 : \$6,895,385) of which \$850,867 (2014 : \$717,404) was received from overseas reproduction rights organisations for distribution to New Zealand rightsholders. Domestic licensing revenue was \$5,587,254 (2014 : \$5,818,884). Additional revenue was generated from interest on investments and administrative services.

After the deduction of operating costs and a contribution of \$111,745 (2014 : \$116,378) to the Cultural Fund, \$4,820,514 (2014 : \$4,514,982) was allocated for distribution from domestic licensing revenue. Operating expenditure represented 16.0% of gross revenue (2014 : 15.6%).

#### Significant Changes

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

#### Events Subsequent to Balance Date

#### Directors' and Officers' Insurance

The company has paid a premium of \$5,805 (2014 : \$5,800) 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 2015 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.



**Adrian Keane**  
Chairman, Auckland



**Vanda Symon**  
Director, Dunedin

## STATEMENT OF FINANCIAL PERFORMANCE

|  | Note   | 2015<br>\$       | 2014<br>\$       |
|--|--------|------------------|------------------|
| <b>Revenue</b>   |        |                  |                  |
| Domestic licensing                                     |        | 5,587,254        | 5,818,884        |
| Overseas Reproduction Rights Organisations             |        | 850,867          | 717,404          |
| Interest received                                      |        | 341,068          | 328,990          |
| Other income   |        | 14,114           | 30,106           |
| <b>Total revenue</b>                                   |        | <b>6,793,303</b> | <b>6,895,385</b> |
| <b>Expenditure</b>                                     |        |                  |                  |
| Audit fee  |        | 10,250           | 10,250           |
| Copyright Tribunal costs                               |        | 0                | 543,748          |
| Depreciation   | 3      | 10,265           | 25,041           |
| Directors' costs                                       |        | 97,304           | 97,309           |
| Operations   |        | 343,814          | 346,643          |
| Partner development                                    |        | 0                | 1,000            |
| Office lease costs                                     |        | 74,156           | 74,819           |
| Salaries and wages                                     |        | 547,787          | 522,991          |
| <b>Total expenditure</b>                               |        | <b>1,083,577</b> | <b>1,621,800</b> |
| Less tax expense                                       | 1(vii) | 2,302            | 0                |
| Less transfers to Cultural Fund                        | 1(ix)  |                  |                  |
| - Domestic revenue                                     |        | 111,745          | 116,378          |
| - Unattributable overseas revenue                      |        | 50,229           | 87,638           |
| <b>Net available for distribution to rightsholders</b> |        | <b>5,545,450</b> | <b>5,069,569</b> |

## STATEMENT OF MOVEMENTS IN EQUITY

|                                    | Note   | 2015<br>\$  | 2014<br>\$  |
|------------------------------------|--------|-------------|-------------|
| Equity brought forward             |        | 100         | 100         |
| Net licensing revenue for the year | 1(xii) | 5,545,450   | 5,069,569   |
| Funds transferred for distribution |        | (5,545,450) | (5,069,569) |
| <b>Equity carried forward</b>      |        | <b>100</b>  | <b>100</b>  |

The accompanying notes form part of these financial statements

## STATEMENT OF FINANCIAL POSITION

|  | Note   | 2015<br>\$       | 2014<br>\$       |
|--|--------|------------------|------------------|
| <b>Current Assets</b>                      |        |                  |                  |
| Cash and bank balance                      |        | 436,089          | 1,228,909        |
| Investments                                | 2      | 7,615,021        | 6,577,301        |
| Indemnity Fund                             | 1(x)   | 206,970          | 210,698          |
| South Pacific Development Fund             | 1(xi)  | 12,823           | 12,511           |
| Receivables                                | 1(vi)  | 0                | 832,346          |
| Taxation Refund                            | 1(vii) | 96,491           | 68,883           |
| GST Refund                                 |        | 111,318          | 0                |
| Other Current Assets                       |        | 0                | 12,352           |
| Prepayments                                | 9,923  | 10,714           |                  |
| <b>Total Current Assets</b>                |        | <b>8,488,636</b> | <b>8,953,714</b> |
| <b>Fixed Assets</b>                        | 3      | 80,725           | 33,031           |
| <b>Total Assets</b>                        |        | <b>8,569,361</b> | <b>8,986,745</b> |
| <b>Current Liabilities</b>                 |        |                  |                  |
| Distributable Funds                        | 1(xii) | 7,833,822        | 7,903,030        |
| Cultural Fund                              | 4      | 432,381          | 425,799          |
| Holiday pay accrual                        |        | 39,902           | 33,829           |
| Income in Advance                          |        | 0                | 3,886            |
| Accruals                                   |        | 19,595           | 50,451           |
| PAYE Due                                   |        | 18,667           | 19,333           |
| GST Payable                                |        | 0                | 113,495          |
| NRWT Payable                               |        | 0                | 202,937          |
| Indemnity provision                        | 1(x)   | 212,028          | 221,018          |
| Provision for Development in South Pacific | 1(xi)  | 12,864           | 12,864           |
| <b>Total Current Liabilities</b>           |        | <b>8,569,260</b> | <b>8,986,645</b> |
| <b>Total Liabilities</b>                   |        | <b>8,569,260</b> | <b>8,986,645</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>       |

The accompanying notes form part of these financial statements

# NOTES TO THE 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 applicable 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 & 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 & 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 also 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 Reprographic 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.

## 2. Investments

| Note                   | 2015<br>\$       | 2014<br>\$       |
|------------------------|------------------|------------------|
| ANZ - Term Deposits    | 925,000          | 91,629           |
| Westpac - Term Deposit | 6,690,021        | 6,485,672        |
|                        | <b>7,615,021</b> | <b>6,577,301</b> |

## 3. Fixed Assets

### Furniture and Fittings

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| At cost                              | 23,246        | 23,246        |
| Loss on disposal                     | 0             | 0             |
| Accumulated depreciation             | (8,962)       | (6,173)       |
|                                      | <b>14,284</b> | <b>17,073</b> |
| <i>Depreciation expense for year</i> | 2,789         | 1,517         |

### Office Equipment

|                                      |            |              |
|--------------------------------------|------------|--------------|
| At cost                              | 11,562     | 11,562       |
| Loss on disposal                     | 0          | 0            |
| Accumulated depreciation             | (10,565)   | (10,320)     |
|                                      | <b>998</b> | <b>1,242</b> |
| <i>Depreciation expense for year</i> | 245        | 332          |

### Computer Hardware/Software

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| At cost                              | 55,639        | 46,002        |
| Loss on disposal                     | 0             | 0             |
| Accumulated depreciation             | (38,074)      | (31,282)      |
|                                      | <b>17,565</b> | <b>14,720</b> |
| <i>Depreciation expense for year</i> | 7,231         | 8,504         |

### System Development

|  |               |           |
|--|---------------|-----------|
| At cost                                    | 349,080       | 349,080   |
| Work in Progress (to be completed in 2016) | 42,387        | 0         |
| Accumulated depreciation                   | (349,080)     | (349,080) |
|  | <b>42,387</b> | <b>0</b>  |
| <i>Depreciation expense for year</i>       | 0             | 0         |

### Trademarks

|                                      |              |          |
|--------------------------------------|--------------|----------|
| At cost                              | 5,490        | 0        |
| Accumulated depreciation             | (0)          | (0)      |
|                                      | <b>5,490</b> | <b>0</b> |
| <i>Depreciation expense for year</i> | 10,265       | 14,688   |

|                           |               |               |
|---------------------------|---------------|---------------|
| Opening Book Value        | 33,031        | 59,240        |
| Plus additions            | 15,827        | 20,864        |
| Plus Work in Progress     | 42,387        | 0             |
| Less disposals            | 256           | 22,032        |
| Less depreciation         | 10,265        | 25,041        |
| <b>Closing Book Value</b> | <b>80,725</b> | <b>33,031</b> |

## NOTES TO THE FINANCIAL STATEMENTS CONT...

### 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 \$111,745 (2014 : \$116,378) has been transferred from 2015 domestic licensing revenue. The fund has also benefitted from non-title-specific revenue received from overseas RROs.

|                                     | 2015<br>\$     | 2014<br>\$     |
|-------------------------------------|----------------|----------------|
| Opening balance                     | 425,799        | 330,783        |
| Less Awards and Grants payments     | 168,978        | 109,000        |
| Unattributable overseas revenue     | 63,815         | 87,638         |
| Contribution from licensing revenue | 111,745        | 116,378        |
| <b>Closing balance</b>              | <b>432,381</b> | <b>425,799</b> |

### 5. Capital and Leasing Commitments

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

|  | 2015<br>\$ | 2014<br>\$ |
|--|------------|------------|
| <b>Premises (Operating lease) Expires November 2016</b>    |            |            |
| Payable  |            |            |
| - not later than one year                                  | 48,060     | 57,480     |
| - later than one year but not later than five years        | 0          | 48,060     |
| <b>Motor Vehicle (Operating lease) Expires May 2016</b>    |            |            |
| Payable  |            |            |
| - not later than one year                                  | 2,851      | 7,956      |
| - later than one year but not later than five years        | 0          | 2,851      |
| <b>Photocopier (Operating lease) Expires November 2015</b> |            |            |
| Payable  |            |            |
| - not later than one year                                  | 0          | 4,543      |
| - later than one year but not later than five years        | 0          | 0          |

### 6. Company Visa Card

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

### 7. Share Capital

|   | 2015 | 2014 |
|---|------|------|
| <b>Authorised, issued and fully paid up capital</b> |      |      |
| 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).

|  | 2015<br>\$    | 2014<br>\$    |
|--|---------------|---------------|
| <b>New Zealand Society of Authors</b>        |               |               |
| Research Grant Funds (paid to grant winners) | 20,000        | 20,000        |
| Administration of Research Grants            | 1,000         | 1,000         |
| <b>Total</b>                                 | <b>21,000</b> | <b>21,000</b> |

#### Publishers Association of New Zealand

|   |               |               |
|---|---------------|---------------|
| Professional Development Training* (paid to publishers) | 20,000        | 20,000        |
| <b>Total</b>  | <b>20,000</b> | <b>20,000</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.

#### Directors

Sam Elworthy was employed by the University of Auckland during the year and did not take part in any discussions regarding transactions with or matters related to the University of Auckland.

### 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

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



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.

