

**COPY
RIGHT**
LICENSING
NEW ZEALAND



Let's do the right thing

2023

Annual
Report

copyright.co.nz

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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

Opinion

We have audited the general purpose financial report (hereinafter referred to as 'financial report') of Copyright Licensing Limited (the Company), which comprises the financial statements on pages 13 to 29 and the service performance information on pages 7 to 12. The complete set of financial statements comprises the statement of financial position as at 31 December 2023, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

- the financial position of the Company as at 31 December 2023, and its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 31 December 2023 in accordance with the entity'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 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 *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 Company 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 Company.

Other information

The directors are responsible for the other information. The other information comprises the directors' report on pages 5 and 6 (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 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 Company, for:

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the 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 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.



RSM Hayes Audit
Auckland

23 May 2024

DIRECTORS' REPORT

The Directors of Copyright Licensing Ltd are pleased to present the Company's report for the financial year ended 31 December 2023.

Directors

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

- Emeritus Prof. Pat Walsh Independent
- Melanie Winder PANZ
- Katherine Gordon NZSA
- Tom Rennie PANZ
- Amanda Hager NZSA
- Karun Shenoy 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. 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.

Operating Results

Gross revenue for the year was \$8,234,289 (2022: \$7,430,530) of which 766,908 (2022: \$1,047,967) was received from overseas Reproduction Rights Organisations for distribution to New Zealand rightsholders. Domestic licensing revenue was \$6,018,383 (2022: \$5,978,820). Additional revenue was generated from interest on investments and administrative services. NOTE. Total revenue includes non-trading Grant income for the CAAS and CRMS projects from MCH.

After the deduction of operating costs and a contribution of \$120,368 (2022: \$119,576) to the Cultural Fund and this year no contribution (2022: \$5,000) to the Legal Reserve Fund, \$5,599,179 (2022: \$5,605,680) was allocated for distribution from domestic licensing revenue.

Total expenditure represented 19.6 % of gross revenue (2022: 21.3%)

Significant Changes

There has been no 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 \$7,220 (2022 : \$6,815) 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 2023 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.



Tom Rennie
Director
22 May 2024



Karun Shenoy
Director
22 May 2024

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 Zealander's 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 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 has been established, including an appointed Visual Artist. The Working Group will provide advice to the Board on service development for visual artists as well as recommendations for visual artist representation in CLNZ's governance. In 2023 a second intern was appointed and a visual arts advisor added to 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 pools' 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 has been 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.

Our technology

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 interface's) between WISE, Zoho and Xero (cloud accounting software) to create efficiency with data handling and operational processes.

Our future: creative rights

In 2021 CLNZ was awarded \$160,000 from the Manatū Taonga Ministry of Culture and Heritage (MCH) Capability Fund towards the costs of developing and delivering Creative Rights Education (CRE) workshops. Delays caused by the COVID19 pandemic saw this programme, that delivers on CLNZ's role to provide copyright education, commence in 2022. Accountability reports are provided quarterly to Manatū Taonga.

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, CLNZ secured an additional \$397,395 in funding from the Manatū Taonga Ministry of Culture and Heritage (MCH) Capability Fund, supplementing the funds received in 2022. This brought the total available funds for the Creative rights project's development to \$1,187,395. The project is scheduled for a full launch in 2024.



Rights

| | Tactics | 2023 Target (Unaudited) | 2023 Actual | 2022 Target (Unaudited) | 2022 Actual |
|--|--|--|---|--|--|
| <p>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</p> <p>Success A sustainable future operating model, underpinned by fit-for-purpose technology</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 copyright owners, with payment completed after a claim is returned.</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 copyright owners 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 copyright owners paid within 4 months of notification. | <ul style="list-style-type: none"> • Received March 22, payment generated March 30. Received September 27, payment commenced 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 | <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 copyright owners 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 copyright owners paid within 4 months of notification. | <ul style="list-style-type: none"> • ALCS Received March 23, payment initiated March 28. Funds received September 14, payment initiated October 4. • Period ending 31/12/21, notifications sent 03/03/22 • 91% Distribution notified 27/07/22, • 72% of funds paid before 27/11/22 |
| | <p>Efficient and effective collection of data on which to base distributions</p> | <ul style="list-style-type: none"> • 45 % of 188 schools approached participate in data collection | <ul style="list-style-type: none"> • 54 % of 197schools approached participated | <ul style="list-style-type: none"> • 45 % of 188 schools approached participate in data collection | <ul style="list-style-type: none"> • 47 % of 188 schools 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 | <ul style="list-style-type: none"> • 88 % of 8 ITPs/PTEs approached participate in data collection | <ul style="list-style-type: none"> • 88 % of 8 ITPs/PTEs approached participated in data collection |
| | <p>Our service and technology offerings are innovative and adapt and evolve to meet the changing needs of the business and our customers</p> | <ul style="list-style-type: none"> • MyCopyright development to bring Visual Artists (Auction House licensing) online and into the customer portal | <ul style="list-style-type: none"> • MyCreativeRights soft launch | <ul style="list-style-type: none"> • MyCopyright development to bring Visual Artists (Auction House licensing) online and into the customer portal | <ul style="list-style-type: none"> • Visual Artists section of MyCopyright completed August 2022. |
| <p>Stakeholder management to influence regulations that are adopted and implemented* by Government, to meet the</p> | <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 | <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"> • Two submissions made on the UK Free Trade Agreement (FTA) legislation in March and August 2022 | |

| | | | | | |
|--|---|--|--|--|--|
| | needs of rightsholders and licence holders. | | <ul style="list-style-type: none"> Commerce Commission submission | | |
|--|---|--|--|--|--|

Licence

| | Tactics | 2023 Target (Unaudited) | 2023 Actual | 2022 Target (Unaudited) | 2022 Actual |
|--|--|---|---|---|---|
| Goal <i>Generating revenue for rightsholders through services that are efficient and accessible for license-holders (LH)</i> Success <i>increasing levels of revenue generated for rightsholders and high levels of customer satisfaction</i> | Grow domestic licensing revenue | \$6,110,000 | \$6,018,383 | \$6,110,000 | \$5,978,820 |
| | Maintain or grow %age of licensed entities | Universities 100% Schools 80% PTE 25% | Universities 100% Schools 81 % PTE 23 % | Universities 100% Schools 80% PTE 25% | Universities 100% Schools 79% PTE 23% |

Promote

| | Tactics | 2023 Target | 2023 Actual | 2022 Target | 2022 Actual |
|--|--|--|---|--|---|
| Goal <i>Provide information on rights and licensing that makes doing the right thing easier and to support our creative people through our Cultural Fund</i> Success <i>Increasing use of our resources by others</i> | Provision of resources that inform and educate creators and users of copyright works | <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 | <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"> 783 average views per month Participation in CRE workshops - 881 people per year |

Develop

| | Tactics | 2023 | 2022 |
|--|---|---|--|
| <p>Goal <i>We will be an organisation that people want to work for and work with, constantly looking to improve in all aspects of our business</i></p> <p>Success <i>Our people and our partnerships evolve to ensure we deliver on our strategy</i></p> | <p>We are a best-practice CMO, in our governance and our operations</p> | <ul style="list-style-type: none"> • We and reviewed our privacy policy against anticipated changes to legislation and new products under development. • We continued on-going Māori cultural training for staff. | <ul style="list-style-type: none"> • We reviewed our Code of Conduct and implement a formal review of business practice against it. We developed and launched a Protected Disclosures policy. • Seven staff graduated from the Te Kaa Maori cultural competency programme. The CEs of PANZ and NZSA also attended the programme. |
| | <p>We respect New Zealand's te ao Māori heritage and reflect the values of the country we operate in.</p> | | |

Financial Statements

COPYRIGHT LICENSING LIMITED
STATEMENT OF COMPREHENSIVE
REVENUE & EXPENSE
 FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 \$ | 2022 \$ |
|---|-------------|------------------|------------------|
| REVENUE | | | |
| Revenue from exchange transactions | | | |
| Domestic Licensing | | 6,018,383 | 5,978,820 |
| Overseas Reproduction Rights Organisations | | 766,908 | 1,047,967 |
| Interest Received | | 374,465 | 181,043 |
| Other Income | | 1,074,533 | 222,699 |
| Total Revenue | | 8,234,289 | 7,430,530 |
| EXPENSES | | | |
| Operating Expense | | | |
| Audit Fee | | 24,783 | 30,430 |
| Depreciation | 6 | 18,288 | 19,406 |
| Amortisation | 7 | 23,673 | 28,940 |
| Directors' Costs | | 95,130 | 103,218 |
| Legal Expenses | | 12,838 | 5,225 |
| MCH Grant spend | | 159,610 | 63,288 |
| Operations | | 324,047 | 341,773 |
| Office Lease Costs | | 116,179 | 125,339 |
| Staff Costs | | 800,480 | 866,313 |
| Total Operating Expense | | 1,575,028 | 1,583,931 |
| Legal Fund Expenses | 9 | 0 | 5,000 |
| Cultural Fund Fund Expenses | 8 | 220,523 | 240,683 |
| NET REVENUE AFTER DEDUCTING OPERATING EXPENSES | | 6,438,737 | 5,600,915 |
| Distributions Payable for the Year | 3.16 | 5,599,179 | 5,605,680 |
| SURPLUS/(DEFICIT) BEFORE TAX | | 839,558 | (4,765) |
| Less Tax Expense | | 0 | 0 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 839,558 | (4,765) |
| OTHER COMPREHENSIVE REVENUE AND EXPENSE | | 0 | 0 |
| TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR | | 839,558 | (4,765) |

The accompanying notes form part of these financial statements.

COPYRIGHT LICENSING LIMITED

STATEMENT OF CHANGES IN NET ASSETS / EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Share Capital | Accumulated Funds | MCH Funded Projects Reserve | Cultural Reserve | Legal Reserve | Total |
|---|--------|------------------|----------------------|-----------------------------------|---------------------|------------------|-----------|
| | | | \$ | \$ | \$ | \$ | \$ |
| 2023 | | | | | | | |
| BALANCE AT 1 JANUARY 2023 | | 100 | 0 | 0 | 280,614 | 400,000 | 680,714 |
| Total Comprehensive Revenue and Expense for the Year | | 0 | 839,558 | 0 | 0 | 0 | 839,558 |
| Transfer (from) and to Reserves | 8,9,10 | 0 | (839,558) | 851,117 | (11,559) | 0 | 0 |
| BALANCE AT 31 DECEMBER 2023 | | 100 | 0 | 851,117 | 269,055 | 400,000 | 1,520,272 |
| 2022 | | | | | | | |
| BALANCE AT 1 JANUARY 2022 | | 100 | 0 | 0 | 285,379 | 400,000 | 685,479 |
| Total Comprehensive Revenue and Expense for the Year | | 0 | (4,765) | 0 | 0 | 0 | (4,765) |
| Transfer (from) and to Reserves | 8,9,10 | 0 | 4,765 | 0 | (4,765) | 0 | 0 |
| BALANCE AT 31 DECEMBER 2022 | | 100 | 0 | 0 | 280,614 | 400,000 | 680,714 |

The accompanying notes form part of these financial statements.

COPYRIGHT LICENSING LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 \$ | 2022 \$ |
|----------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 1,610,593 | 2,642,593 |
| Investments | 5 | 6,548,359 | 5,571,309 |
| Receivables | | 27,410 | 34,097 |
| Accrued Income | | 95,215 | 52,658 |
| Taxation Refund | | 134,546 | 41,612 |
| GST Refund | | 47,895 | 0 |
| Prepayments | | 10,478 | 14,620 |
| Total Current Assets | | 8,474,496 | 8,356,889 |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 127,602 | 136,803 |
| Intangible assets | 7 | 892,117 | 64,672 |
| Total Non Current Assets | | 1,019,719 | 201,475 |
| TOTAL ASSETS | | 9,494,214 | 8,558,365 |
| CURRENT LIABILITIES | | | |
| Distributable Funds | | 7,583,195 | 7,358,866 |
| Holiday pay accrual | | 55,318 | 53,506 |
| Accruals | | 58,805 | 38,835 |
| Accounts Payable | | 139,300 | 42,111 |
| GST Payable | | 0 | 50,588 |
| PAYE Due | | 0 | 21,440 |
| NRWT Payable | | 133 | 0 |
| Revenue in Advance | | 137,191 | 308,744 |
| Photocopier Finance Lease | 16 | 0 | 3,559 |
| Total Current Liabilities | | 7,973,943 | 7,877,650 |
| NON CURRENT LIABILITIES | | | |
| Photocopier Finance Lease | 16 | 0 | 0 |
| TOTAL LIABILITIES | | 7,973,943 | 7,877,650 |
| NET ASSETS | | 1,520,272 | 680,714 |
| EQUITY | | | |
| Share Capital | | 100 | 100 |
| Cultural Fund | 8 | 269,055 | 280,614 |
| Legal Reserve Fund | 9 | 400,000 | 400,000 |
| MCH Funded Projects Reserve | 10 | 851,117 | 0 |
| Accumulated Funds | | 0 | 0 |
| TOTAL EQUITY | | 1,520,272 | 680,714 |

The accompanying notes form part of these financial statements.

COPYRIGHT LICENSING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

| | 2023 | 2022 |
|--|--------------------|------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Licensing revenue | 6,749,420 | 6,969,300 |
| Interest received | 374,465 | 181,043 |
| Other operating activities | 1,063,067 | 503,261 |
| Tax refund/(paid) | (98,483) | 55,089 |
| GST recieved/(paid) | (92,801) | (28,955) |
| Payments to suppliers and employees | (1,431,395) | (1,511,130) |
| Distributions to rightsholders | (5,549,474) | (5,509,970) |
| Payments to Legal Reserve Fund | 0 | (5,000) |
| Payments to Cultural Fund | (205,986) | (283,025) |
| Net cash inflow/(outflow) from operating activities | 808,813 | 370,613 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant, equipment and intangibles | (862,348) | (25,916) |
| Proceeds (to) / from the sale of PP&E and Intangibles. | 2,144 | 1,378 |
| Net proceeds from investments | (977,050) | 76,630 |
| Net cash inflow/(outflow) from investing activities | (1,837,254) | 52,092 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Finance lease repayments | (3,559) | (4,953) |
| Net cash inflow/(outflow) from financing activities | (3,559) | (4,953) |
| Net increase/(decrease) in cash and cash equivalents | (1,032,000) | 417,752 |
| Cash and cash equivalents at 1 January | 2,642,593 | 2,224,841 |
| Cash and cash equivalents at 31 December | 5 1,610,593 | 2,642,593 |

The accompanying notes form part of these financial statements.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

Copyright Licensing Ltd is a private company registered under the Companies Act 1993. The Directors consider Copyright Licensing Ltd 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 rightsholders in accordance with the Company's Constitution and Distribution Policy.

The Company is a Reproduction Rights Organisation and operates licensing schemes on behalf of rightsholders of published materials. The net returns from licensing are paid out to the rightsholders whose materials have been copied under licence.

These financial statements have been approved and were authorised for issue by the Board of Directors on 22nd May 2024.

2. STATEMENT OF COMPLIANCE

The entity's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") that have been authorised for use by the External Reporting Board for Not-For-Profit entities. Copyright Licensing Ltd is a public benefit entity and is eligible to apply Tier 2 Not-For-Profit PBE Standards RDR on the basis that it does not have public accountability and it is not defined as large.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 FUNCTIONAL AND PRESENTATION CURRENCIES

The Company's presentation currency is New Zealand Dollars (NZD). The financial statements are prepared in New Zealand dollars, rounded to the nearest dollar.

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 Comprehensive Revenue and Expense.

3.2 BASIS OF MEASUREMENT

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

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from exchange transactions

Domestic Licensing

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.

Overseas Reproduction Rights Organisations

Periodically, funds are received from Reproduction Rights Organisations in other countries as a result of New Zealand works being copied overseas. Copyright Licensing Ltd 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 Company's Distribution Policy.

Interest

Interest is recognised as it accrues, using the effective interest method.

Revenue from non-exchange transactions

Grant Funding

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.

3.4 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a diminishing value basis 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:

| | |
|--------------------------|-----------|
| • Furniture and fittings | 7%-17.5% |
| • Office equipment | 15% - 39% |
| • Computer hardware | 40% |
| • Leased Asset | 4 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. Gains and losses on disposal of fixed assets are taken into account in arriving at the net surplus for the year.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3.5 INTANGIBLE ASSETS

Intangible assets 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 Company's registered trademarks and software development are its only intangible assets. Trademarks are currently not being amortised.

The amortisation periods for the Company's assets are as follows:

- Trademarks 0%
- Computer software 40%

3.6 CASH AND CASH EQUIVALENTS

Cash and 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.

3.7 LEASED ASSETS

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

3.8 LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the lease item to the entity. Assets held under finance lease are capitalised at the commencement of the lease at fair value of the leased asset or, if lower, at the present value of the future minimum lease payments.

The company also recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset.

3.9 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.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3.10 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, other than as a rightsholder, 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.

3.11 GOODS AND SERVICES TAX (GST)

All amounts in the financial statements are stated exclusive of GST, except for receivables and payables that are inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

3.12 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.

3.13 MCH FUNDED PROJECTS RESERVE

In 2023 the Company constructed a software asset for creative rights management and other services to offer to rights 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 rights 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.

3.14 CONTRIBUTION TO CULTURAL FUND

A contribution of 2% of annual domestic licensing revenue is transferred to the Cultural Fund each year (refer also note 8). This amount is deducted before arriving at the net surplus.

3.15 LEGAL RESERVE FUND

The Legal Reserve Fund was established in 2016 to help to manage a significant risk to the Company 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. The Company has adopted a formal policy 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.

3.16 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.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3.17 EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

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.

3.18 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instruments.

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

- (i) The company has transferred substantially all the risk and rewards of the asset; or
- (ii) The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets

Financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3.18 FINANCIAL INSTRUMENTS (continued)

Financial Assets - Continued

The classification of a financial asset depends on its cash flow characteristics and the company's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and Interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

Financial assets that do not meet the criteria to be measured at amortised cost are subsequently measured at FVTSD.

The company's financial assets include: cash and cash equivalents, investments, term deposit, receivables from non- exchange transactions and receivables from exchange transactions, which are all recorded at amortised cost.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Financial Liabilities

The company's financial liabilities include trade and other creditors (excluding GST and PAYE) and employee entitlements.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made certain judgments in the preparation of these financial statements. The Directors consider that none of these judgments are material to the financial statements.

Estimates and assumptions

The determination of some balances within the financial statements use key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The main estimate used relates to the useful lives of property, plant and equipment and intangible assets and the resulting depreciation and amortisation rates. The estimated remaining useful lives of these assets is reviewed annually and are reported in notes 3.4 and 3.5.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

5. CASH AND INVESTMENTS

| | 2023 | 2022 |
|---------------------------|------------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents | 1,610,593 | 2,642,593 |
| Investments - current | 6,548,359 | 5,571,309 |
| | 8,158,952 | 8,213,902 |

Investments are comprised of term deposits at registered banks with original maturities of over 90 days. Term deposits of less than 90 days are included in cash and cash equivalents.

COPYRIGHT LICENSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. FIXED ASSETS

| | 2023 | 2022 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| <i>Furniture and Fittings</i> | | |
| At cost | 156,383 | 156,383 |
| Plus additions | 0 | 0 |
| Less disposal | 0 | 0 |
| Less accumulated depreciation | (42,057) | (32,918) |
| | 114,326 | 123,465 |
| <i>Depreciation expense for year</i> | 9,138 | 9,905 |
| <i>Office Equipment</i> | | |
| At cost | 10,658 | 10,658 |
| Plus additions | 0 | 0 |
| Less accumulated depreciation | (9,467) | (8,813) |
| | 1,191 | 1,845 |
| <i>Depreciation expense for year</i> | 655 | 1,054 |
| <i>Computer Hardware/Software</i> | | |
| At cost | 28,432 | 28,717 |
| Plus additions | 11,231 | 5,497 |
| Less disposal | (5,793) | (4,404) |
| Loss on disposal | (2,144) | (1,378) |
| Less accumulated depreciation | (19,642) | (20,019) |
| | 12,084 | 8,413 |
| <i>Depreciation expense for year</i> | 5,415 | 3,827 |
| <i>Leased Asset (Photocopier)</i> | | |
| At cost | 18,480 | 18,480 |
| Loss on disposal | 0 | 0 |
| Less accumulated depreciation | (18,480) | (15,400) |
| | 0 | 3,080 |
| <i>Depreciation expense for year</i> | 3,080 | 4,620 |
| | 2023 | 2022 |
| | \$ | \$ |
| Opening Book Value | 136,803 | 152,090 |
| Plus additions | 11,231 | 5,497 |
| Plus Work in Progress | 0 | 0 |
| Less loss on disposals | 2,144 | 1378 |
| Less depreciation | 18,288 | 19,406 |
| Closing Book Value | 127,602 | 136,803 |

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. INTANGIBLE ASSETS

| | 2023 | 2022 |
|---------------------------------------|----------------|---------------|
| | \$ | \$ |
| <i>Software and Operating Systems</i> | | |
| At cost | 595,128 | 574,709 |
| Plus additions | 851,117 | 20,419 |
| Less disposals | (2,196) | 0 |
| Less accumulated amortisation | (557,423) | (535,946) |
| | 886,626 | 59,182 |
| <i>Amortisation expense for year</i> | 23,673 | 28,940 |
| <i>Trademarks</i> | | |
| At cost | 5,490 | 5,490 |
| Less accumulated amortisation | 0 | 0 |
| | 5,490 | 5,490 |
| | 2023 | 2022 |
| | \$ | \$ |
| Opening Book Value | 64,672 | 73,193 |
| Plus additions | 0 | 20,419 |
| Plus Work in Progress | 851,117 | 0 |
| Less disposals | 0 | 0 |
| Less amortisation | 23,673 | 28,940 |
| Closing Book Value | 892,117 | 64,672 |

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

8. CULTURAL FUND

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

| | 2023 | 2022 |
|---|-----------------|----------------|
| | \$ | \$ |
| Opening balance | 280,614 | 285,379 |
| Transfer of Funds and Payment During the Year | | |
| Contribution from licensing revenue | 120,368 | 119,576 |
| Less grants, awards and expenses paid from Cultural Fund. | (208,681) | (199,914) |
| Less wages cost for Copyright communications campaign | (11,842) | (40,769) |
| Unattributable overseas revenue : | | |
| Current Year | 74,060 | 78,765 |
| Prior Year | 14,537 | 37,577 |
| Net Transfers for the Year | (11,559) | (4,765) |
| Closing balance | 269,055 | 280,614 |

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. 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 Company sells and for any unplanned legal expenditure on matters that impact the rightsholders the Company represents. In 2023 no contribution was allocated during the year. (2022 : \$5,000). Unspent funds may be reallocated to revenue at a later date in accordance with the provisions of the Company's Distribution Policy.

| | 2023 | 2022 |
|---|----------------|----------------|
| | \$ | \$ |
| Opening balance | 400,000 | 400,000 |
| Less payments made | 0 | (5,000) |
| Return to distributions/Contribution from licensing revenue | 0 | 5,000 |
| Closing balance | 400,000 | 400,000 |

10. MCH FUNDED PROJECTS RESERVE

| | 2023 | 2022 |
|------------------------------|----------------|----------|
| | \$ | \$ |
| Opening balance | 0 | 0 |
| Transfer to reserve | 851,117 | 0 |
| Less amortisation of reserve | 0 | 0 |
| Closing balance | 851,117 | 0 |

11. CAPITAL AND LEASING COMMITMENTS

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

| | 2023 | 2022 |
|---|---------|--------|
| | \$ | \$ |
| Premises and copier (Operating lease) | | |
| Payable | | |
| - not later than one year | 96,420 | 67,842 |
| - later than one year but not later than five years | 256,728 | 0 |

12. COMPANY CREDIT CARDS

Company credit cards used by senior staff have a combined limit of \$20,000.

13. SHARE CAPITAL

Authorised, issued and fully paid up capital

| | | |
|----------------------------|-----|-----|
| 100 Ordinary shares of \$1 | 100 | 100 |
|----------------------------|-----|-----|

14. RELATED PARTY TRANSACTIONS

Shareholders

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

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

14. RELATED PARTY TRANSACTIONS - CONTINUED

| | | |
|---|---------------|---------------|
| New Zealand Society of Authors | 2023 | 2022 |
| Payments made | \$ | \$ |
| Contestable Fund Grant (NZ Writers Program) | 20,000 | 20,000 |
| Administration costs for Research Grants | 4,125 | 3,548 |
| Administration costs for Writers Award | 4,125 | 3,678 |
| Total | 28,250 | 27,226 |
| Received | | |
| Office Recovery costs | 9,860 | 13,360 |
| Printing and copying | 354 | 363 |
| Membership fees | 161 | 157 |
| Accounts receivable for office recovery costs | 968 | 1,113 |
| Total | 11,343 | 14,993 |
| Publishers Association of New Zealand | 2023 | 2022 |
| Payments made | \$ | \$ |
| Professional Development Training | 17,391 | 20,000 |
| Contribution to NZ Market sizing report | 18,207 | 17,850 |
| Total | 35,598 | 37,850 |
| Received | | |
| Office Recovery costs | 9,860 | 9,860 |
| Printing and copying | 1,016 | 1,051 |
| Membership fees | 980 | 933 |
| Accounts receivable for office recovery costs | 945 | 822 |
| Total | 12,801 | 12,666 |

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

Directors

Tom Rennie, Graeme Cosslett and Melanee Winder are employed by publishing companies that receive distribution payments. Any payments made are on an arms length basis on the same terms as all other distributions.

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the Directors of the Board, Chief Executive, Business Development Manager and Technology and Data 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:

| | | |
|-------------------------------------|---------------|---------------|
| Senior Management | 2023 | 2022 |
| | \$ | \$ |
| Total remuneration | 477,455 | 475,919 |
| Total FTE's (Full Time Equivalent) | 3 | 3 |
| Directors total remuneration | 87,112 | 91,322 |
| Total FTE's (Full Time Equivalent) | 0.1 | 0.1 |

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

15. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

| Financial Assets | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| <i>At amortised cost</i> | | |
| Cash and cash equivalents | 1,610,593 | 2,642,593 |
| Investments - current | 6,548,359 | 5,571,309 |
| Receivables from Exchange Transactions | 27,410 | 34,097 |
| | 8,186,362 | 8,247,999 |
| Financial Liabilities | 2023 | 2022 |
| | \$ | \$ |
| <i>At amortised cost</i> | | |
| Trade and other creditors | 139,300 | 42,111 |
| Distributable Funds | 7,583,195 | 7,358,866 |
| Finance Lease | 0 | 3,559 |
| | 7,722,495 | 7,404,537 |

16. FINANCE LEASE

The Company has a Finance Lease with Canon NZ which expired in September 2023.

| Photocopier - expired September 2023 | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| Payable | | |
| - not later than one year | 0 | 3,559 |
| - later than one year but not later than five years | 0 | 0 |

17. 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.

18. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events occurring after balance sheet that would materially affect these financial statements. (2022 : Nil)

19. CAPITAL COMMITMENTS AND CONTINGENCIES

The company has committed to spend \$1,467,933 to develop the MyCreativeRights software. \$1,051,896 has been spent to 31 December 2023 with the remaining 416,036 planned to be funded through a combination of grant funding from the Ministry of Culture and Heritage, external sponsorship and the reserve of undistributable funds.

There are no other capital commitments or contingent liabilities at balance date. (2022 : Nil).