

**A N N U A L R E P O R T**  
*2002*  
Year Ending 30 September 2002

*pls*

P U B L I S H E R S L I C E N S I N G S O C I E T Y L T D

## *Publishers Licensing Society*

### *Directors*

Robert Kiernan (PA) *Chairman*

Anne Joseph (PPA)

Dominic Knight (PA)

Ian Locks (PPA)

Maurice Long (ALPSP)

Neil McRae (PPA)

Sally Morris (ALPSP)

Andrea Powell (ALPSP)

Graham Taylor (PA)

### *Chief Executive*

Jens Bammel

### *Manager*

Caroline Elmslie

### *Assistant Manager*

Emma Allen

### *Administrator*

Tom West

### *Bankers*

National Westminster Bank PLC

PO Box 3AW, 104 Tottenham Court Road

London W1A 3AW

### *Auditors*

Baker Tilly

Chartered Accountants

Spectrum House, 20–26 Cursitor Street

London EC4A 1HY

PLS

Publishers Licensing Society Limited

37–41 Gower Street, London WC1E 6HH

Telephone: 020 7299 7730 Fax: 020 7299 7780

## Chairman's Statement

My first year as Chairman has seen some major changes in all sectors of our operation. Significant issues have been resolved in education and government, while promising developments are now in place with the new business licence. Overall, sums allocated to publishers in the year up to 30 September 2002 totalled £14.4 million, a significant jump from the £10.4 million available last year.

However, the previous figures were low because the Copyright Licensing Agency had been advised to withhold money due to rights owners from copying in higher education institutions while the referral to the Copyright Tribunal was resolved. An initial decision came just before Christmas 2001, but the dispute was not finally resolved until May of this year when the new licence for higher education Institutions was agreed. Under its terms, universities are now paying £4.06 per full time equivalent student (up from £3.25 before the tribunal referral), but fees for coursepack copying – CLARCS – are now incorporated into this overall rate. The way is now clear for a more constructive and fruitful cooperation in the future and we are eager to re-establish good relations with the higher education community.

During the year, agreement was reached with the Design and Artists Copyright Society (DACS) for CLA to include all artistic works in its licences and for DACS to receive a share of that revenue. For PLS, this is a very welcome expansion of our licensing range. It makes our licences simpler and easier to use, and it also paves the way for closer cooperation for all rightsholders in the area of collective licensing.

Copying revenues from the schools licence and from the British Library agreement show encouraging increases over last year, while money from further education and overseas licensing are both slightly down. In the area of government licensing, an agreement has been made with a large part of the health sector in Britain, and it is excellent news that this sector is now licensed. In business, renewals were delayed while the DACS agreement was finalised, but a small decline in revenue over the previous year should be reversed in the future by the new business licence introduced on 1 October. The new licence allows users to scan parts of works under similar terms to the photocopying licences.

CLA's basic administration charge now stands at 11.7%, the additional 3.5% to cover the tribunal costs having been removed. The PLS subvention is set to continue at 6% despite quite significant demands on its resources.

As Jens Bammel and his successful executive team move into new offices in Gower Street, I am delighted to take this opportunity of thanking on your behalf my predecessor as chair, Neil McRae. During his spell as chairman, he skilfully navigated us through some difficult and contentious issues. Neil remains on the Board of PLS, and we are lucky still to be able to benefit from his considerable wisdom and experience.

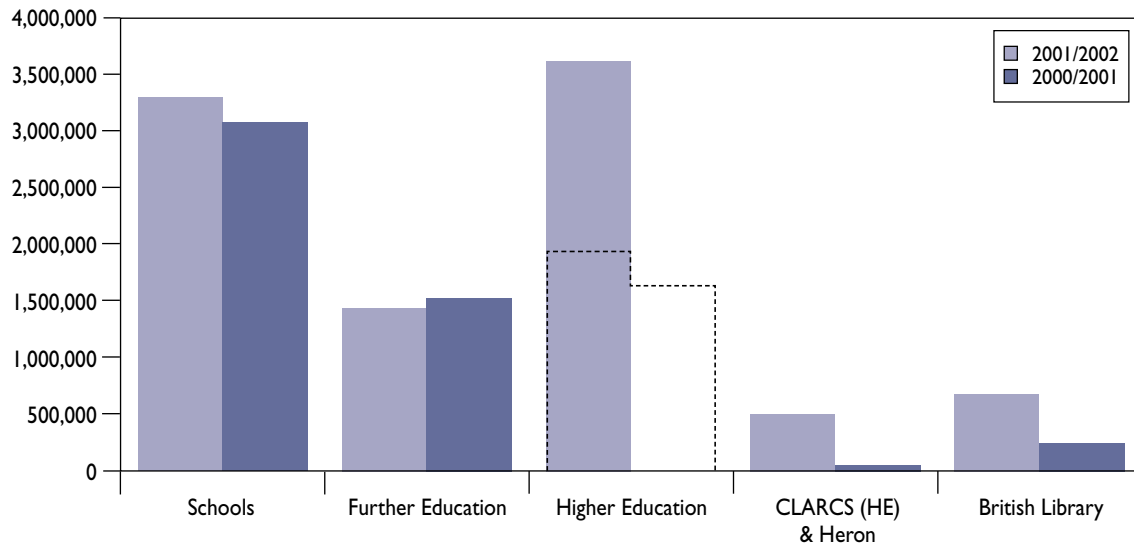
Looking ahead, our focus remains unchanged: the efficient and prompt distribution of the maximum amount of licence revenue CLA can collect. The sources of this revenue, and the partners with whom we seek to agree licences, continue to expand in number and range, as do the challenges of persuading the world at large of the benefits of voluntary collective licensing.

Robert Kiernan, Chairman, Publishers Licensing Society,  
18 November 2002

# Update

## Publishers' Revenue

The total of £14.4 million allocated to publishers in the PLS 2001-2002 financial year compares with £10.4 million in the previous financial year. The 2000-2001 fees were low because the Higher Education fees were withheld after the referral of the licence to the Copyright Tribunal. Following the Tribunal decision these fees were distributed and this led to the considerable increase. The dotted lines on the Higher Education fees show what the balance over the two years would have been. An adjusted comparison indicates an overall decrease of 1.7% from £12.5 million to £12.3 million.



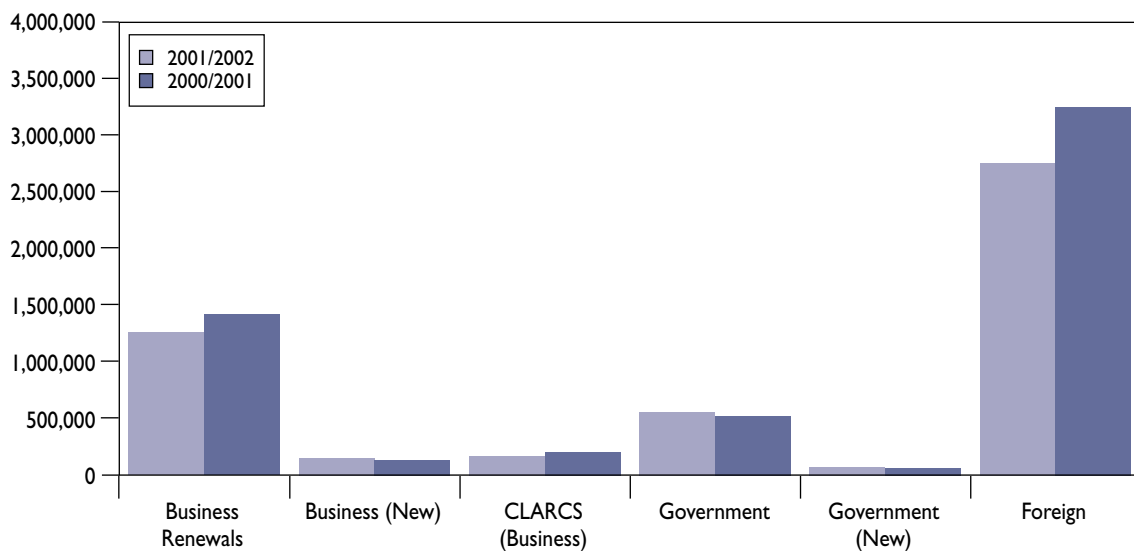
This year is the first full year of the revised CLA subvention (administration charge), increased from 10% to 11.7%. CLA took an additional subvention of 3.5% to fund the costs of the Tribunal referral. Once these costs were finalised CLA reduced their basic subvention to 11.7%. In addition the agreement with the Design and Artists Copyright Society (DACS) came into effect from 1 April 2002 with the CLA revenue due to UK rights holders being top-sliced by 8%.

There was a total of £4 million from Higher Education which included about £1.5 million from the Higher Education blanket licences and £368k from CLARCS course pack clearances that were held back from the previous financial year. In addition £193k of accumulated interest on these fees was passed on to publishers. The overall total from education is £8.8 million, with £3.3 million from schools and £1.4 million from Further Education. These compare with £3 million and £1.5 million respectively in the previous year.

Revenue from the British Library increased to £623k from £249k though in this financial year PLS received fifteen months of fees compared with nine months in the previous year.

## Update

A year on year comparison shows an increase of about 21% from £354k to £429k. It is hoped that the new Statutory Instrument implementing the Copyright Directive will lead to an increase in revenue from the British Library since commercial copying for research purposes may become licensed.



Overall revenue from the business licences was £1.5 million from fifteen months compared with almost £1.7 million last year from 12 months. There were some delays in invoicing renewals following the alteration of the licence to take into account the DACS agreement. The licence fees are now divided into business renewals which raised £1.4 million compared with £1.6 million; and new licences, which raised £142k over fifteen months this year compared with £118k from last year. Significant revenues come from the financial sector with over £595k, law at £148k, manufacturing raising £125k, and pharmaceutical and health at £300k.

Income from overseas was £2.8 million compared with £3.2 million last year. Last year's income was boosted by a back payment of £330k for journal copying fees, plus a back payment from the Copyright Agency Limited in Australia where the fees were £452k compared with £256k this year. Looking at some other countries in more detail, fees from France included a back payment and were up over 80% to £182k. Fees from the USA increased by nearly 50%, with much of this increase due to phasing. Revenue from the Annual Authorisation Service (equivalent to CLA's blanket business licences) was £752k for eighteen months compared with £498k for twelve months. The Academic Permissions Service (course packs) raised about £250k in line with last year, both covering 15 months. The Transactional Reporting Service (business transactional licensing including document delivery) at £389k for eighteen months compared with £237k for nine months.

## *Income and Expenditure Account*

for the year ended 30th September 2002

|   | 2002                | 2001                |
|---|---------------------|---------------------|
|   | £                   | £                   |
| <b>Turnover</b>   | 15,105,302          | 10,920,157          |
| Distributable to publishers                                     | <u>(14,356,312)</u> | <u>(10,403,040)</u> |
| <b>Gross surplus</b>  | 748,990             | 517,117             |
| Administrative expenses   | <u>(814,091)</u>    | <u>(787,450)</u>    |
| <b>Operating (deficit)</b>                                      | (65,101)            | (270,333)           |
| Bank interest receivable  | 79,463              | 159,338             |
| Other interest  | <u>286</u>          | <u>386</u>          |
| <b>Surplus (deficit) on ordinary activities before taxation</b> | 14,648              | (110,609)           |
| Taxation  | <u>(6,062)</u>      | <u>13,202</u>       |
| <b>Surplus (deficit) for the financial year</b>                 | <u>8,586</u>        | <u>(97,407)</u>     |
| <b>Surplus brought forward</b>                                  | <u>491</u>          | <u>97,898</u>       |
| <b>Surplus carried forward</b>                                  | <u><u>9,077</u></u> | <u><u>491</u></u>   |

The company had no recognised gains or losses in the years ended 30th September 2002 and 2001 other than as shown above. All activities are classified as continuing activities.

## Balance Sheet

30th September 2002

|   | 2002                | 2001               |
|---|---------------------|--------------------|
|   | £                   | £                  |
| <b>Fixed assets</b>                                   |                     |                    |
| Tangible assets                                       | <u>8,910</u>        | <u>15,225</u>      |
| <b>Current assets</b>                                 |                     |                    |
| Debtors   | 1,142,508           | 735,922            |
| Cash at bank and in hand                              | <u>1,329,124</u>    | <u>1,697,329</u>   |
|   | 2,471,632           | 2,433,251          |
| <b>Creditors: amounts falling due within one year</b> | <u>(2,471,465)</u>  | <u>(2,447,985)</u> |
| <b>Net current assets (liabilities)</b>               | <u>167</u>          | <u>(14,734)</u>    |
| <b>Net assets</b>                                     | <u><u>9,077</u></u> | <u><u>491</u></u>  |
| <b>Reserves</b>                                       |                     |                    |
| Income and expenditure account                        | <u><u>9,077</u></u> | <u><u>491</u></u>  |

This Annual Report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The Income and Expenditure Account and the Balance Sheet have been extracted from the audited statutory accounts for the year ended 30 September 2002. These accounts have been delivered to the Registrar of Companies and carry an audit report which was unqualified and did not contain a statement under either Section 237 (2) or (3) of the Companies Act 1985.

# Associations

## **PUBLISHERS ASSOCIATION**

29b Montague Street, London WC1B 5BH

*Chief Executive:* Ronnie Williams

The Publishers Association seeks to give the £4 billion book and journal publishing industry strength and unity on common problems by representing the interests of over 200 British publishers. Its priorities include protecting copyright interests world wide (especially the fighting of piracy), tackling European opportunities and threats, campaigning against the imposition of VAT on books and journals, maintaining the wide availability of books and journals to world markets, and analysing market trends on behalf of its members. Recent achievements include the campaign to win additional funds for school books, the initiative to gain extra resources for students and libraries in tertiary education, working with government agencies to deliver new e-learning solutions, and providing exhibition and export services and information for publishers.

## **PERIODICAL PUBLISHERS ASSOCIATION**

Queens House, 28 Kingsway, London WC2B 6JR

*Chief Executive:* Ian Locks

The Periodical Publishers Association is the organisation representing publishers in the £6.2 billion consumer, consumer specialist, business to business and professional magazine sector in Britain. Its 350 members produce more than 2,300 magazine titles which account for over 80 per cent by volume and value of magazine publishing in the UK. The aim of PPA is to promote and protect the interests of magazine publishers. The association's 30-member board represents most major publishing houses, as well as the interests of small and medium-sized companies. The 35-strong secretariat employs specialist staff who deal with advertising, marketing, circulation, credit control, copyright, production and training issues, as well as political lobbying, and advice to members as required.

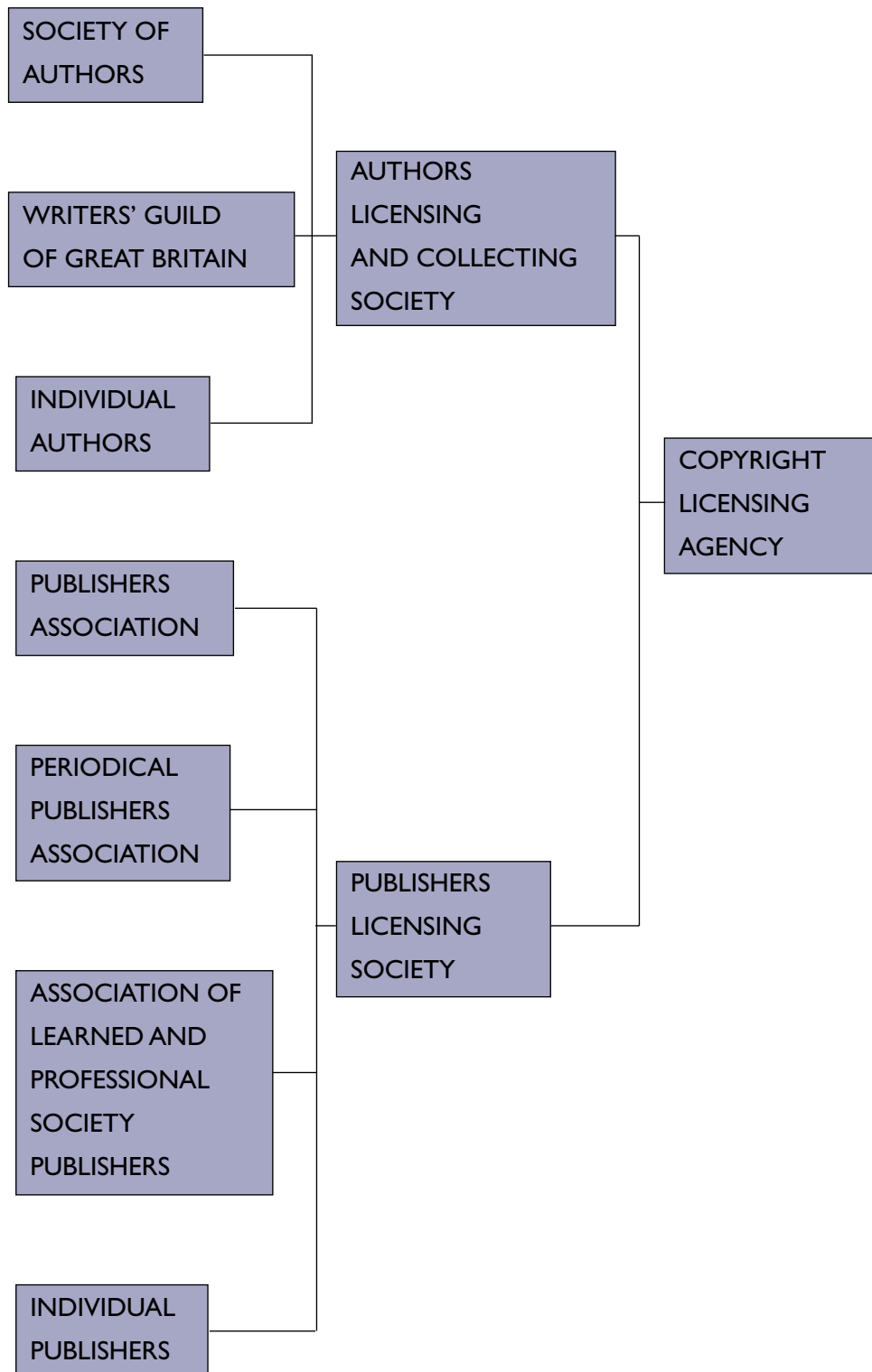
## **ASSOCIATION OF LEARNED & PROFESSIONAL SOCIETY PUBLISHERS**

South House, The Street, Clapham, Worthing, West Sussex BN13 3UU

*Secretary-General:* Sally Morris

The Association of Learned and Professional Society Publishers – ALPSP – serves, represents and strengthens the community of not-for-profit publishers, demonstrating their essential role in the future of international academic and professional communication. Founded in 1972, the membership now comprises over 220 organisations worldwide, covering the humanities as well as the sciences. Professional development, copyright issues and representation are central priorities for the Association. In addition to regular meetings, seminars and training courses, the annual International Learned Journals Seminar deals with topics of wide interest. The Association is also tackling the major issues facing members in the field of electronic publishing and electrocopying. Many of the issues are debated in the quarterly peer-reviewed journal, *Learned Publishing*.

# Structure



## *PLS priorities*

- Ensure that photocopying and scanning royalties are distributed accurately, efficiently, swiftly and transparently
- Safeguard publishers' interests within the Copyright Licensing Agency
- Promote voluntary licensing systems in the UK and abroad
- Obtain publisher support for PLS mandates and CLA licences
- Support the publishing industry in all licensing matters

A N N U A L *pls* R E P O R T



Reproduced by kind permission of the International Publishers Association from a poster issued as part of the copyright awareness campaign initiated by the IPA in Geneva.

The illustrator is Ms Blanca Salvat jr, a Catalunian Artist, after an idea by the IPA.



### *Mission Statement*

The Publishers Licensing Society is dedicated to advancing publishers' interests through protecting and strengthening the copyright framework.

To achieve this, PLS will:

- set up and manage voluntary licensing schemes and optimise revenue streams for mandating publishers
- promote copyright awareness
- actively identify and contain threats to publishers' rights in the context of copyright and licensing