

Publishers' Licensing Services

Annual Transparency Report

For the year ended 31 March 2021

The purpose of this report is to provide information about the activities of Publishers' Licensing Services (PLS) for the financial year ending 31st March 2021 in compliance with The Collective Management of Copyright (EU Directive) Regulations 2016. The information in this report is drawn from the Report and Financial Statements for PLS for the year ended 31st March 2021 and also the PLS website and includes more detailed information on distributions.

Financial information:

The following documents and links are attached for ease of reference:

- ✓ Statement of financial position setting out assets and liabilities;
- ✓ Income statement;
- ✓ Cash flow statement;
- ✓ Directors' report on activities for the year;
- ✓ Analysis of the following for the year:
 - monies received;
 - monies allocated for distribution to publishers and subvention deductible upon distribution to cover administration fees;
 - monies attributed to publishers not yet signed up to PLS;
 - revenues not yet attributed to publishers
 - non-distributable monies and
 - monies distributable to other collective management organisations.

Legal and governance structure of PLS:

PLS is a private company limited by guarantee providing collective licensing and rights management services for the publishing sector. It operates on a not-for-profit basis. It deducts a subvention of 6% upon distribution to publishers of revenues received from collective licensing of reprographic rights.

Membership of PLS is open to all entities that:

- Represent publisher rightsholders of works in which copyright or like or similar rights subsist under the laws of countries or states which are contracting parties to the Berne Convention and the WIPO Copyright Treaty;
- Are a recognised trade association, properly established, registered and maintained as a body corporate in the United Kingdom;
- Are trading solvently and can be reasonably expected to continue to do so for at least 12 months;
- Do not and will not whilst a member of PLS directly engage in the collection and/or distribution of monies from collective licensing; and
- Meet such further eligibility criteria for membership as may from time to time be approved by the members and published on the PLS website.

The current members of PLS are four trade associations representing publishers' interests:

- the Association of Learned and Professional Society Publishers (ALPSP);
- Independent Publishers Guild (IPG);
- Professional Publishers Association (PPA) and
- the Publishers Association (PA).

Each member may nominate up to three directors to serve on the PLS Board. Subject to the recommendation of the Board, nominees are appointed by the members in general meeting. The Chair is appointed by the Board and is independent of the members. The Chief Executive is appointed by the Board.

Remuneration:

No remuneration was paid to any individual person exercising the supervisory function other than to the Chair of the Board. PLS paid governance fees to each of its trade association members in respect of their participation in and contribution to the Board of PLS at the rate of £10,769 per year in respect of each director elected to the Board. The total paid in the year was £129,228.

The total remuneration paid during the year to the Chair was £35,350.

The total remuneration paid during the year to the Chief Executive, including pension contributions and healthcare insurance, was £151,537.

Investment income:

Bank interest earned during the year on monies held by PLS amounted to £19,129. Such monies were applied towards the costs of managing PLS.

Costs of collective rights management and other services:

PLS's total operating and financial costs for the year amounted to £2,338,138 which equates to 5.7% of total copyright fees received in the year.

These costs were covered by:

- the 6% subvention deducted from reprographic licensing revenue distributed to publishers;
- interest earned;
- charges for administering PLS Permissions service.

The total costs include the figures below:

- £5,000 for allocating and distributing revenue received from Stichting Reprorecht for publishers' public lending rights in the Netherlands;
- £230,000 for administering PLS Permissions service and
- £77,000 on services relating to lobbying to maintain and defend the copyright framework for collective licensing.

These figures are only indicative as some or all of the cost of providing these services are covered by or shared with resources required for the organisation's collective licensing services and cannot easily be isolated.

PLS did not contribute to any other social, cultural or educational services during the year.

**Statement of financial position setting out assets and liabilities
for the year ended 31 March 2021:**

	2021	2020
	£	£
Non-current assets		
Fixed assets		
Tangible assets	44,791	60,732
Intangible assets	159,063	108,137
Investment in Joint Venture	5	5
	<u>203,859</u>	<u>168,874</u>
Current assets		
Debtors	1,418,364	1,429,146
Short term bank deposits	4,268,694	4,268,694
Cash at bank and in hand	4,684,136	4,596,611
	<u>10,371,194</u>	<u>10,294,451</u>
Creditors: amounts falling due within one year	(9,728,219)	(9,730,129)
Net current assets	<u>642,975</u>	<u>564,322</u>
PROVISIONS FOR LIABILITIES	(28,079)	(18,576)
TOTAL NET ASSETS	<u>818,755</u>	<u>714,620</u>
 CAPITAL AND RESERVES		
RETAINED EARNINGS BROUGHT FORWARD	714,620	559,747
SURPLUS FOR THE YEAR	104,135	154,873
RETAINED EARNINGS CARRIED FORWARD	<u>818,755</u>	<u>714,620</u>

Income statement:

	2021	2020
	£	£
COPYRIGHT FEES RECEIVED	40,982,150	40,991,145
Distributable to rightsholders	(38,530,554)	(38,632,518)
TURNOVER	<u>2,451,596</u>	<u>2,358,627</u>
Administrative expenses	(2,338,138)	(2,236,483)
OPERATING SURPLUS	<u>113,458</u>	<u>122,144</u>
Interest receivable	19,129	72,354
SURPLUS BEFORE TAXATION	<u>132,587</u>	<u>194,498</u>
Taxation	(28,452)	(39,625)
SURPLUS FOR THE YEAR	<u><u>104,135</u></u>	<u><u>154,873</u></u>

Cash flow statement:

	2021	2020
	£	£
Cash flows from operating activities		
Surplus for the financial year	104,135	154,873
Depreciation and amortisation of fixed assets	102,128	147,400
Net interest (receivable)	(19,129)	(72,354)
Taxation	28,452	39,625
Decrease in trade and other debtors	10,782	91,299
Increase in creditors	24,747	973,925
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Cash from operations	251,115	1,334,768
Taxation paid	(45,606)	(9,944)
	<hr/>	<hr/>
Net cash (absorbed by)/generated from operating activities	205,509	1,324,824
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Cash flows from investing activities		
Purchases of tangible fixed assets	(6,259)	(3,593)
Purchases of intangible assets	(130,854)	(84,179)
Interest received	19,129	72,354
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Net cash absorbed by investing activities	(117,984)	(15,418)
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Net increase in cash	87,525	1,309,406
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Net increase in cash and cash equivalents	87,525	1,309,406
Cash and cash equivalents at beginning of the year	8,865,305	7,555,899
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Cash and cash equivalents at end of year	8,952,830	8,865,305

Publishers' Licensing Services Limited

DIRECTORS' REPORT

The directors present their report and statement of accounts for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Publishers' Licensing Services Limited (PLS) is to represent the interests of publishers in the collective management of their rights and to distribute collective licensing revenue to publishers. PLS also offers a permissions service and other rights management services in response to publishers' demands where a collective solution is appropriate.

The COVID-19 pandemic ran throughout the financial year but the business of PLS was able to continue without interruption. The full complement of staff continued to work from home whilst the physical offices were effectively closed. A cautious approach to costs during most of the year due to uncertainty about the likely financial impact of the pandemic on distributions to publishers, combined with the cancellation of all physical book fairs, conferences, events and travel, resulted in a significant reduction in expenditure. In addition, savings were made because of a cut in discretionary spending in long-term IT infrastructure development, training and research and other projects benefiting publishers. This resulted in a larger than expected surplus for the year. The Board has agreed that the surplus should be held in reserves for the costs of the Rights Valuation Review due to take place over the next two consecutive financial years, 2021-22 and 2022-23. This should in turn limit the deductions that would otherwise need to be made from distributions to publishers over such period in order to meet these costs.

PUBLISHERS AUTHORISING PLS TO MANAGE THEIR COLLECTIVE LICENSING RIGHTS

PLS held active Accounts for 4,134 (2020: 4,085) publishers at the year end.

COLLECTIVE LICENSING

PLS works closely with a number of other collective management organisations to deliver the benefits to publishers of effective collective licensing including the following:

- a) The Copyright Licensing Agency (CLA) continues to be PLS's primary licensing agent, collecting revenues from the education, public and business sectors for copying and using extracts from books, journals, magazines and websites under (a) licences which it negotiates and issues in the UK and (b) its bilateral agreements with equivalent reproduction rights organisations (RROs) overseas. PLS works in conjunction with the other members of CLA in overseeing its work on behalf of right holders, namely the Authors' Licensing and Collecting Society (ALCS) representing authors, and visual artist organisations, Design and Artists Copyright Society (DACS) and Picture Industry Collecting Society for Effective Licensing (PICSEL).
- b) NLA media access (NLA), PLS's licensing agent for those magazine publishers that have instructed PLS to license the copying and use of their titles to the business and government sectors through NLA.

REVENUE

PLS received collective licensing revenue for the year of £40.5m (2020: £40.4m) from the following sources:

- CLA: £36,125,471 (being the publishers' share of CLA revenues) (2020: £35,101,451) and
- NLA: £4,338,846 (being the publishers', authors' and visual artists' share of NLA revenues) (2020: £5,320,854).

Other sources of revenue for the year included:

- Stichting Reprorecht for publishers' public lending rights in the Netherlands: £32,207 (2020: £7,094) and
- PLS Permissions: generated gross revenues for publishers of £485,626 (2020: £561,746).

	2020/21 £	2019/20 £	% change
Collective Licensing			
CLA			
Education	14,207,338	13,823,652	2.8%
Business	12,094,022	12,172,881	(0.6%)
Government	1,627,788	1,448,354	12.4%
NHS	1,125,073	1,099,256	2.3%
Document delivery	106,452	122,434	(13.1%)
Media monitoring	150,157	235,023	(36.1%)
Foreign	5,786,844	6,199,851	(6.7%)
CLA Excess Admin	1,027,797	-	0.0%
CLA Total	36,125,471	35,101,451	2.9%
NLA media access	4,338,846	5,320,854	(18.5%)
	40,464,317	40,422,305	0.1%
Other revenue			
PLR (Netherlands)	32,207	7,094	354.0%
PLS Permissions	485,625	561,746	(13.6%)
Total	40,982,149	40,991,145	(0.0%)

DISTRIBUTIONS

Distributable collective licensing revenue was £38.5m (2020: £38.6m), after deduction of PLS 6% administration fee, and was processed in accordance with the PLS Distribution Charter and the Distribution Timetable, both available on the website at www.pls.org.uk.

The distributable revenue received by PLS from CLA and Stichting Reprorecht was allocated and distributed to publishers. CLA deducts the shares payable to authors and visual artists before distribution to PLS.

The distributable revenue received by PLS from NLA included the shares payable to authors and visual artists. In accordance with the decision in the Rights Valuation, effective 1 January 2016, and as reflected in the Distribution Charter, PLS paid the shares due to authors (17.5%) and visual artists (10%) to ALCS and to DACS and PICSEL respectively for onward distribution prior to distributing NLA revenues to publishers.

A small part (under 1.5% on average) of the monies PLS receives from CLA is for copying and use of works owned by publishers who have not previously signed a Publisher Account Form. PLS continues to employ 2 members of staff who are dedicated to tracing such publishers and inviting them to sign up to PLS so that the monies allocated to the copying of their works can be released to them. Largely as a result of this work, 79 new publishers signed up to PLS during the year.

PLS SERVICES

The **PLS Permissions** service offers publishers the means to manage their permissions more efficiently, whether themselves through PLS Permissions Direct or by outsourcing the management to PLS through PLS Permissions Assist. The service enables both paid-for licences and free-of-charge licences. PLS charges a handling fee on paid for licences only towards covering its costs, whilst a high volume of permissions requests flowed through the free to use PLS Permissions Request service from authors and editors, revenues from permissions were down on prior year.

PLS free to use **Access to Research** was inactive for large parts of the year due to the closure of public libraries. The service was adapted to the click & collect operations of some libraries and in some cases, publishers responded directly to individual requests for copies of academic articles from library users unable to leave their homes.

PUBLISHER ENGAGEMENT

Following the cancellation of all book fairs, live conferences and events during the year, PLS held virtual meetings with publishers. These were well received, and the flexibility allowed for more constructive meetings to be scheduled than is usual within the constraints of book fairs.

In addition, PLS held four emergency online consultations at which publishers responded favourably to requests from schools and universities for extensions to the CLA education licence to facilitate remote access to educational materials during lockdowns, notwithstanding the challenges that publishers themselves were facing as a result of the pandemic.

PLS continued to host introductory sessions on collective licensing, webinars on permissions and rights management workshops. The PLS Annual Rights and Licensing Forum was held virtually later than usual, in September.

In addition, PLS sponsored various targeted online conferences and events intended to raise awareness and understanding of PLS and its collective licensing and permissions services.

COLLABORATION

CLA and NLA continue to evolve and maintain the relevance of their licence offerings in full consultation with PLS and publishers, and in response to licensee needs as appropriate. PLS strives to ensure that all new initiatives complement and support publishers' businesses.

PLS continues to outsource its finance, human resources and project management requirements to CLA.

COPYRIGHT

PLS continues to work in partnership with its trade association members, and with CLA and all its members, to support the copyright interests of publishers. Following the UK's departure from the European Union the focus is all the more on defending the current UK copyright framework against any weakening in the course of the Government's negotiation of trade agreements.

COMPLIANCE AND CODE OF CONDUCT

PLS is regulated under the Collective Management of Copyright (EU Directive) Regulations 2016 and continues to ensure that its governance and operations are compliant with the Regulations.

PLS staff continue to work in accordance with the PLS Code of Conduct. No complaints were received during the year.

STATUS

The Company is limited by guarantee and does not have a share capital. In the event of the Company being wound up, each member undertakes to contribute to the assets of the Company such amount as may be required but not exceeding £1. The members of the Company are:

The Association of Learned and Professional Society Publishers (ALPSP)
Independent Publishers Guild (IPG)
Professional Publishers Association Limited (PPA)
The Publishers Association Limited (PA)

RESULTS

The result for the year is shown in the Income Statement on page 10.

DIRECTORS

Up to three directors are nominated by each of the members and approved by the Board. The Chair is appointed by the Board and is independent of the members. The Chief Executive is appointed by the Board. The following directors have held office since 1 April 2020:

RP Glazebrook, Chair	NAMD Service (PPA)
SM Faulder – Chief Executive	BC Shine (IPG)
DM Dixon (ALPSP)	WC Sime (ALPSP)
OE Gadsby (IPG)	EJ Tribe (PA)
SA Lotinga (PA)	TJL Williams (IPG)
MP Majurey (PA)	TE Wright (ALPSP)
OL Meredith (PPA)*	ACR Yeates (PPA)

*Resigned 31 May 2021

PLS purchased and maintained throughout the financial year directors' liability insurance in respect of itself and for its directors. This gives appropriate cover for any legal action brought against PLS or its directors.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Moore Kingston Smith LLP has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions.

On behalf of the board



SM FAULDER

Director

Registered Office:
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10th June 2021

**Analysis of reprographic collective licensing income and distributions in financial year
1 April 2020 to 31 March 2021:**

1. 2020-21 licensing revenue summary

Type of Use	Source	Revenue £
Education	CLA	14,207,338
Business (CLA)	CLA	12,094,022
Business (NLA)	NLA	4,338,846
Government (inc. NHS)	CLA	2,752,861
Document Delivery	CLA	106,452
Media Monitoring	CLA	150,157
Foreign	Various (via CLA)	5,786,844
CLA Excess Admin	CLA	1,027,797
	Total	40,464,317

- a) Foreign means monies received from overseas collective management organisations (CMOs).

2. 2020-21 licensing revenue allocated for distribution to mandating publishers

Type of Use	Source	Gross £	Retained subvention £	Net £
Education	CLA	14,090,142	845,409	13,244,733
Business (CLA)	CLA	11,870,952	712,257	11,158,695
Business (NLA)	NLA	3,143,978	188,639	2,955,339
Government (inc. NHS)	CLA	2,692,502	161,550	2,530,952
Document Delivery	CLA	103,562	6,214	97,348
Media Monitoring	CLA	149,673	8,980	140,693
Foreign	Various (via CLA)	5,714,031	342,842	5,371,189
CLA Excess Admin	CLA	1,027,797	61,668	966,129
	Total	38,792,637	2,327,559	36,465,078

- a) All monies received from CLA are distributable to publishers, after deduction of PLS's subvention, CLA having already deducted the share payable to authors and visual artists.
In contrast, 72.5% of monies received from NLA are distributable to publishers after deduction of PLS's subvention. PLS is responsible for distributing the balance to the CMOs representing authors and visual artists (see section 6 below).
CLA and NLA make deductions for their respective administration fees prior to paying PLS at the rates set out in section 3 of the PLS Distribution Charter (see <https://www.pls.org.uk/media/482549/Distribution-Charter-2019.pdf>).
- b) Subvention is "retained" pending distribution of the relevant licensing revenue to a publisher. It is only recognised in PLS's accounts upon actual distribution to each publisher.
- c) Revenues allocated to mandating publishers are distributed in the calendar month following receipt unless there is good reason preventing this, such as when a publisher's account balance is below the minimum payment threshold (see PLS Distribution Charter <https://www.pls.org.uk/publishers/distribution-charter-new>).

- d) Total accumulated revenue held on mandating accounts at year end was £638,927. Monies are held on mandating accounts:
- until the balance has reached the minimum payment threshold;
 - until outstanding queries (e.g. following a change in ownership of titles or in contact details for a publisher) are resolved;
 - pending the conclusion of a diligent search process when a publisher has ceased trading or has become untraceable.
- e) The various revenue sources are distributed in accordance with the PLS distribution timetable: <http://www.pls.org.uk/publishers/distribution-timetable> and the PLS Distribution Charter.

3. Attributed revenue received in 2020-21

Type of Use	Source	Gross £
Education	CLA	117,188
Business (CLA)	CLA	220,018
Business (NLA)	NLA	0
Government (inc. NHS)	CLA	60,380
Document Delivery	CLA	2,893
Media Monitoring	CLA	482
Foreign	CLA	71,996
CLA Excess Admin	CLA	0
	Total	472,957

- a) Attributed revenue is revenue allocated to titles belonging to publishers that did not mandate PLS at the time of distribution. These monies are held in trust until publishers can be identified, contacted, and paid.
- b) £773,723 of revenue (net of PLS subvention) attributed in both the current year and previous years was paid to publishers in 2020-21.
- c) Total attributed revenue accumulated in both the current and previous years and not yet distributed at year end was £2,976,995.

4. Collected but unattributed revenue

- a) Unattributed revenue consists of:
- Revenue received from overseas CMOs without accompanying title data that has not yet been allocated to publishers.
 - Revenue received for titles that are not part of licensed repertoire e.g. “excluded categories” and which is therefore due to be redistributed in accordance with the PLS Distribution Charter.
- b) Total unattributed revenue accumulated in the current year and previous years and not distributed at year end was £1,667,249.

5. Non-distributable revenue received in 2020-21

Type of Use	Source	Gross £
Education	CLA	9,307
Business (CLA)	CLA	70,864
Business (NLA)	NLA	0
Government (inc. NHS)	CLA	5716
Document Delivery	CLA	355
Media Monitoring	CLA	28
Foreign	CLA	8,065
CLA Excess Admin	CLA	0
	Total	94,335

- a) Non-distributable includes:
- Allocations to publishers found to have ceased trading ("Ceased") or who cannot be located ("Untraceable") following completion of a diligent search process.
 - Allocations to titles ineligible to receive revenue under the terms of the PLS Distribution Charter.
- b) Non-distributable monies will be re-allocated as being non-title specific monies and distributed to publishers on a pro rata basis in accordance with the PLS Distribution Charter:
<http://www.pls.org.uk/publishers/distribution-charter-new>.

6. Distributions to other CMOs

The following distributions were made of revenues received by PLS from NLA in accordance with the Rights Valuation (<https://www.pls.org.uk/rights-valuation-effective-jan-2016/>):

- £836,981 to Authors' Licensing and Collecting Society (ALCS).
- £393,252 to Design and Artists Copyright Society (DACS).
- £96,563 to Picture Industry Collecting Society for Effective Licensing (PICSEL).

Report of Factual Findings

To: The Directors of Publishers' Licensing Services Limited

We have performed the procedures agreed with you and set out below with respect to the annual transparency report of Publishers' Licensing Services Limited for the year ended 31 March 2021. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely for the purpose of your compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016 and are summarised in the guidance on collective management of Copyright (EU Directive) Regulations 2016: annual transparency reports and audit issued by the Intellectual Property Office in October 2017.

The procedures are set out in *Annex A: Agreed upon procedures for the audit of an annual transparency report* of the "Guidance on the collective management of Copyright (EU Directive) Regulations 2016: supplementary guidance on annual transparency reports and audit" issued by the Intellectual Property Office in October 2017.

Solely on the basis of the above procedures we report that:

- We carried out the procedures as set out in *Annex A: Agreed upon procedures for the audit of an annual transparency report* of the "Guidance on the collective management of Copyright (EU Directive) Regulations 2016: annual transparency reports and audit" issued by the Intellectual Property Office in October 2017. There were no errors or exceptions found as a result of our testing.

Although the above procedures are of an audit nature, they do not constitute a full scope audit or review engagement performed in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland). Accordingly, we do not express any assurance on the annual transparency report for the year ended 31 March 2021.

Had we performed additional procedures or had we performed engagements in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland), other matters might have come to our attention that would have been reported to you.

Use and purpose of our report

Our Report is prepared solely for the use of Publishers' Licensing Services Limited and solely for the purpose of its compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016. It may not be relied upon by Publishers' Licensing Services Limited for any other purpose whatsoever. Our Report was not prepared for the benefit of any party other than Publishers' Licensing Services Limited. Moore Kingston Smith LLP neither owes nor accepts any duty to any other party (including any copyright owner, heirs to copyright owners, agents or licensees) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our Report.



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Date: 21 June 2021