

ALCS

Annual Transparency
Report 2018/9

AUTHORS' LICENSING AND COLLECTING SOCIETY (ALCS) ANNUAL TRANSPARENCY REPORT (FINANCIAL YEAR 2018/19)

This report has been compiled in accordance with the terms of the Collective Management of Copyright (EU Directive) Regulations (2016). Further information about ALCS for the financial year 2018/19 can be found in our [Annual Report and Financial Statements](#), and on our website: alcs.co.uk

LEGAL AND GOVERNANCE STRUCTURE

ALCS is a collective management organisation owned and controlled by its Members being authors (Ordinary Members) and their successors (Successor Members). A private company limited by guarantee, ALCS is governed by a Board of Directors, the majority of whom must be elected by the Members. The ALCS Articles of Association permit the Board to appoint up to three Directors subject to such appointments being subsequently ratified by the Members in a General Meeting.

MEMBERSHIP OF OTHER BODIES

During this financial period, ALCS has been a member of or affiliated to the following bodies:

- All Party Parliamentary Writers Group (Group Administrator)
- British Copyright Council (BCC)
- Copyright Licensing Agency (CLA)
- Educational Recording Agency (ERA)
- Fetter Investments Limited
- International Authors Forum (IAF)
- International Confederation of Societies of Authors and Composers (CISAC)
- International Federation of Reproduction Rights Organisations (IFRRO)
- Society of Audiovisual Authors (SAA)

REPORT ON ACTIVITIES DURING THE FINANCIAL YEAR

A summary of our activities during the financial year is set out below.

COLLECTIONS AND DISTRIBUTIONS

There was a 6.97% increase in licence income this year to £36,728,083 from the previous year's value of £34,334,722. The gross distribution paid to Members and overseas societies was £34,919,425, an increase of 2% on last year. Further information and detailed breakdowns regarding amounts collected and distributed can be found in the Financial Information on Rights Revenue section of this report.

MEMBER SERVICES

During the year, ALCS membership increased by 6,810 to 102,483. To maintain efficient and secure record-keeping processes, during this period the Membership Department has completed a project to digitise the document archive.

LOBBYING AND CAMPAIGNING

During the year, we have continued to lobby on behalf of authors in the UK and internationally.

UK activities include:

- Meeting with Government officials to raise concerns about the impact of Brexit during and after the EU withdrawal process
- Raising the importance of IP with MPs and Lords via the administration of the Film the House parliamentary film-making competition
- Working with the All Party Parliamentary Group for Writers to keep issues concerning writers on the parliamentary agenda, including contributing to its inquiry into authors' earnings.

EU and International activities include:

- Working with the Society of Audiovisual Authors promoting 'appropriate and proportionate' remuneration as part of the EU Copyright in the Single Market Directive
- Working with UK partners to ensure that new EU copyright rules preserve collective licensing and enhance authors' rights
- Working with PLR International to promote the principle of lending rights and compensation for authors around the world
- Lobbying with the International Authors Forum at the World Intellectual Property Organization to preserve authors' rights in the context of exceptions on education, libraries and archives.

BREXIT

ALCS has continued to engage with partner organisations across EU member states to minimise any disruption to the representation of ALCS Members' rights in Europe as a consequence of Brexit. We have also continued to participate in stakeholder dialogue with the Government to ensure that the amendments to UK legislation as a consequence of Brexit do not negatively impact on authors' rights, remunerations and licensing structures under UK copyright law. We have also engaged with the Department for International Trade to ensure that any new trade deals entered into as a consequence of Brexit include the necessary provisions to promote UK copyright and protect authors' rights.

RESEARCH

During the year, ALCS worked with the UK Copyright and Creative Economy Centre at the University of Glasgow to produce further independent research into authors' earnings. The final research report can be found [here](#).

DEDUCTIONS FOR SOCIAL, CULTURAL AND EDUCATIONAL SERVICES

This year ALCS provided funding to organisations working to support authors and/or promote awareness about copyright. The awards, festivals and events we've funded this year include:

- Arvon's Grant Fund
- ALCS Educational Writers' Award (Society of Authors)
- ALCS Tom Gallon Award (Society of Authors)
- Authors' Awards (Society of Authors)
- Bookseller Children's Conference (in conjunction with NIBWEB)
- British Copyright Council/WIPO Training Course
- Children's Media Foundation Yearbook
- CILIP Carnegie and Kate Greenaway Shadowing Scheme
- CLIPPA Poetry Award
- CWA Daggers Awards
- Equality Writes (Writers' Guild of Great Britain research)
- Film the House
- FSE, World Conference of Screenwriters
- International Radio Drama Festival
- London Writers Awards - Spread the Word
- Own it! event
- Royal Society of Literature Magazine
- Ruth Rendell Award (National Literacy Trust)
- Society of Authors mentoring project
- Tinniswood Award
- Translators Awards (Society of Authors)
- VS Pritchett Prize (Royal Society of Literature)
- Writers' Guild Awards
- Writing West Midlands, National Writing Conference

REMUNERATION OF CHIEF EXECUTIVE OFFICER AND BOARD OF DIRECTORS

The remuneration and other benefits received by the Chief Executive Officer and Directors of ALCS during the financial year (as recorded in the Annual Report and Financial statements) were as follows:

	FEES RECEIVED FROM ALCS AS AN EMPLOYEE OR DIRECTOR	REVENUE RECEIVED AS AN ALCS MEMBER
Owen Atkinson <i>(Chief Executive Officer, Director)</i>	£258,566 (Emoluments: £247,409 Pension Costs: £10,000 Other Benefits: £1,157)	
Faye Bird <i>(Director)</i>	£9,735	£100–£1,000
Tony Bradman <i>(Chair, Director)</i>	£40,000	£1,000–£5,000
Tom Chatfield <i>(Director)</i>	£9,735	£100–£1,000
Jonathan Fryer <i>(Director)</i>	£9,735	£100–£1,000
Maggie Gee <i>(Director)</i>	£9,735	£100–£1,000
Joanne Harris <i>(Director from 22 November 2018)</i>	£3,635	£1,000–£5,000
James McConnachie <i>(Vice Chair, Director to 22 November 2018)</i>	£12,677	£100–£1,000
Diane Redmond <i>(Director from 22 November 2018)</i>	£3,538	£10,000–£15,000
Michael Ridpath <i>(Director)</i>	£9,735	£100–£1,000
Joan Smith <i>(Director)</i>	£9,735	£100–£1,000

FINANCIAL INFORMATION ON RIGHTS REVENUE

ALCS general policies on the distribution and investment of rights revenue are set by the Board and approved by the Members. These policies, which are available on the ALCS [website](#), provide that income arising from the investment of rights revenue is used to offset operational costs, enabling the Company to maintain a stable commission rate.

During this financial year, in accordance with the distribution policy, a commission of 9.5% was deducted by ALCS at the point of distribution to cover operational costs. (There was no fixed deduction in respect of social/cultural activities). Any surplus commission arising as a result of investments performing beyond expectation is returned to Members in the following financial year. As a result of this policy, the actual commission rate charged to Members during this period was 8.7%. The figures for the commission refund during this year appear in the [Notes to the Financial Statements](#) (Commission Receivable).

ALCS applies a single rate of commission to all distributions and does not differentiate between different categories of rights when allocating administrative costs. The Notes to the Financial Statements provides a breakdown of administration expenses. During this financial period, the figure for costs as a proportion of rights revenue is 11.1%. This is then further reduced by the returns on our investments. The rates for the additional commission applied by our UK licensing agencies CLA and ERA during this period were 11.5% and 6.6% respectively.

In terms of services from third party providers relevant to distribution operations, the following table identifies the specific costs associated with data collection and the sources they relate to:

SUPPLIER	PAID	SOURCES
Nielsen BookData Limited	£3,075	Lending, Other Literary & Reprographic
Infomedia	£51,430	Other Audiovisual, Private Copying & Retransmission
Ericsson Media Services	£20,736	Educational Recording, Other Audiovisual, Private Copying & Retransmission
IDA	£10,704	Educational Recording, Other Audiovisual, Private Copying & Retransmission
IPI	£1,944	Educational Recording, Other Audiovisual, Private Copying & Retransmission

ALCS makes two main distributions each year in March and September.

[Note 13](#) to the Financial Statements sets out the overall amount of royalties due to writers, identifying sums that have yet to be distributed by reference to their year of collection. These sums include around £196k of aggregated 'non-distributable' payments which, in accordance with the ALCS [Distribution Rules](#), are fees due to authors that remain unpaid at the end of a due diligence process to identify and locate them.

ALCS aims to make payments to identified rightsholders but, in the case of small, individual sums, the cost of locating the rightsholders often exceeds the value of the payments due to them. As such, the details of the works against which payments are being held are made available through the Online Royalties Checker on the ALCS [website](#) to enable individual rightsholders to search for, identify and claim fees due to them.

Under the distribution policy, income that is available for distribution but has yet to be claimed, as described above, is invested to defray ALCS administration costs. This enables the organisation to maintain the level of commission it charges to Members.

The following table sets out the rights revenue collected during this financial period broken down by categories of right and usage sectors with further breakdowns indicating the amounts that were attributed and distributed to authors and the associated administrative costs. The table also sets out amounts paid by ALCS to other collective management organisations for payments to authors based outside of the UK. All figures are presented in Sterling.

RIGHTS AND USE	INCOME RECEIVED	INCOME ALLOCATED	INCOME UNALLOCATED	INCOME DISTRIBUTED	INCOME UNDISTRIBUTED	DISTRIBUTED TO OTHER CMOs	ADMINISTRATION EXPENSES**
Educational Audiovisual	1,708,248	819,882	888,366	691,816	1,016,432	100,778	123,107
Lending	1,424,212	905,651	518,561	757,253	666,959	105,380	134,751
Other Audiovisual*	502,835	218,242	284,593	194,298	308,537	33,735	34,575
Other Literary*	15,992	11,344	4,648	7,991	8,001	954	1,422
Private Copying	2,477,011	2,375,432	101,579	2,263,306	213,705	162,015	402,749
Reprographic – Business	1,967,542	1,585,555	381,987	268,240	1,699,302	64,867	47,733
Reprographic – Education	11,424,849	11,415,998	8,851	8,715,573	2,709,276	1,101,427	1,550,911
Reprographic – EU	2,084,294	1,745,299	338,995	1,380,086	704,208	43,056	245,582
Reprographic - Miscellaneous	6,032,184	1,470,693	4,561,491	1,396,756	4,635,428	10,225	248,549
Reprographic – Overseas	2,375,298	1,796,102	579,196	1,312,290	1,063,008	225,975	233,518
Reprographic - Public Administration	955,197	346,253	608,944	154,154	801,043	19,233	27,431
Retransmission	5,522,904	5,426,994	95,910	4,975,490	547,414	511,361	885,374
Visual Arts	237,517	237,266	251	236,233	1,284	64	42,036
Total 2018-19	36,728,083	28,354,711	8,373,372	22,353,486	14,374,597	2,379,070	3,977,738

* Accumulated income from minor sources collected pursuant to domestic and EU licensing agreements.

**Administrative expenses (except for those specifically identified above) are allocated in direct proportion to the income distributed.

The total sum distributed during this year of £34,919,425 as reported in the Annual Report and Financial Statements includes £12,565,939 in respect of payments received in previous financial years.

The table below sets out the relevant rights/uses in respect of revenue collected during this financial period from the various overseas collective management organisations with which ALCS holds representation agreements:

OVERSEAS SOCIETY	TERRITORY	RIGHTS AND USE
AKKA/LAA	Latvia	Retransmission, Private Copying
ARTISJUS	Hungary	Retransmission
CAL	Australia	Reprographic
COPYDAN	Denmark	Retransmission
COPYSWEDE	Sweden	Private Copying
CRC	Canada	Retransmission
DAMA	Spain	Private Copying, Other Audiovisual
DILIA	Czech Republic	Retransmission, Private Copying, Lending
EAU	Estonia	Retransmission, Private Copying
FILMJUS	Hungary	Retransmission, Private Copying
ICLA	Ireland	Reprographic
IMRO	Ireland	Retransmission
KOPINOR	Norway	Other Literary

KOPIOSTO	Finland	Educational Audiovisual
LATGA	Lithuania	Retransmission
LITA	Slovakia	Retransmission
LITERAR-MECHANA	Austria	Retransmission, Lending
NORWACO	Norway	Retransmission, Private Copying
PRO LITTERIS	Switzerland	Retransmission
SABAM	Belgium	Retransmission, Other Audiovisual
SACD	France	Retransmission, Private Copying
SCAM	France	Private Copying
SCREENRIGHTS	Australia	Retransmission, Educational Audiovisual, Other Audiovisual
SGAE	Spain	Retransmission, Private Copying, Other Audiovisual
SIAE	Italy	Retransmission, Private Copying, Reprographic
SOFIA	France	Lending
SPA	Portugal	Private Copying
SSA	Switzerland	Retransmission, Private Copying

The total amounts collected from the overseas collective management organisations listed above are as follows:

RIGHTS AND USE	INCOME RECEIVED
Educational Audiovisual	£106,373
Lending	£1,424,212
Other Audiovisual	£502,835
Other Literary	£15,992
Private Copying	£2,477,011
Reprographic	£71,048
Retransmission	£4,969,419
Total	£9,566,890

ADMINISTRATION OF PAYMENTS FOR THIRD PARTIES

During this financial period ALCS provided distribution services to Writers Digital Payments, a non-profit organisation established to manage payments for online uses of audiovisual works, for which ALCS received a payment of £25k.

AUDITOR'S REPORT

We have performed the procedures agreed with you and enumerated below with respect to the annual transparency report of Authors' Licensing and Collecting Society Limited for the year ended 31 March 2019. 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 guidance issued by the Intellectual Property Office to Auditors 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. Because the above procedures do not constitute engagements made in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland), we do not express any assurance on the annual transparency report for the year ended 31 March 2019.

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 Authors' Licensing and Collecting Society 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 Authors' Licensing and Collecting Society Limited for any other purpose whatsoever. Our Report was not prepared for the benefit of any party other than Authors' Licensing and Collecting Society Limited. Haysmacintyre 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.



George Crowther
(Senior Statutory Auditor)

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

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