



# Your Licence to Copy

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**ANNUAL REPORT 2013**

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**COPY  
RIGHT**  
LICENSING  
NEW ZEALAND





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## About Copyright Licensing New Zealand

Copyright Licensing New Zealand (CLNZ) is jointly owned by the Publishers Association of New Zealand (PANZ) and the New Zealand Society of Authors (NZSA). As a member of the International Federation of Reproduction Rights Organisation (IFFRO), CLNZ is part of this global network that represents the interests of publishers and authors from all around the world. Our tailored licensing solutions allow education facilities, businesses and government departments to copy, scan and share from copyright protected material including books, magazines, journals and periodicals; beyond what is permitted under the Copyright Act 1994. CLNZ is a non-profit business and all nett proceeds from licensing are distributed to copyright owners.

# CEO's Report



*How to best sum up the year that was 2013?  
There are a number of words that could be used  
(and not many of them would be literary).*

The copyright world is not for the faint hearted. Resilience and strength of purpose are needed in bucket loads as we work to rebut the constant attack on the rights of creators and owners of creative content to be able to earn a living from their work. Creativity IS a business. It has economic value. It earns New Zealand millions of dollars every year. It employs people. Lots of people. It makes our country look good on a world stage. And yet there are those who, either intentionally or ignorantly, choose to see creativity as a nice-to-have and an easy rip-off for their own gain.

One of the constants for CLNZ in 2013 was the requests for help from copyright owners whose work had been used or made available without their permission. Illegal file-hosting generally gets the most media attention, but we are seeing more instances where services like Facebook are being used to facilitate infringement without actually hosting any content. In these cases it can be more difficult to secure the necessary evidence against either individual Facebook users or owners of Facebook groups; however we managed to achieve a number of successes in 2013 and in the process of these learned better ways to work with Facebook to secure a good result for our rightsowners. This doesn't mean we took our eyes off the ball of illegal file sharing. Hardly a day goes

by in the New Zealand media without a certain "internet entrepreneur" being mentioned and the commencement of his new service *Mega* resulted in CLNZ issuing of a number of takedown notices, including one for an illegal copy of *The Luminaries*.

In financial terms, 2013 was a steady year. Any non-essential spending was deferred or cancelled due to the resource required for the Copyright Tribunal reference. Licence income was consistent with previous years and interest income maximised through diversification and careful cash flow management.

CLNZ is the New Zealand member of IFRRO\* that operates an Asia Pacific Committee (APC) to assist with the development of copyright law and collective management in the region. August 2013 saw the APC meet within the region for the first time at a conference hosted by the Publishers and Booksellers Association of Thailand in Bangkok. It is important for New Zealand rightsowners who are looking for new markets within this region that appropriate legislative and licensing mechanisms are in place to ensure that the maximum value can be derived from sales into those markets. We are working closely with our colleagues, especially those in Australia, to assist with this development.

It would be impossible to reflect on 2013 without acknowledging the all-consuming process that was (and is) our reference to the Copyright Tribunal for a new licensing scheme with the New Zealand universities. Christmas Eve 2013 finally delivered a positive interim result for CLNZ from the Tribunal but this has been appealed by the universities with the appeal to be heard in the High Court in May 2014. In the meantime we continue to work with our highly skilled legal team to ensure that the right result is achieved from the licensing scheme in this sector.

We head into 2014 with a new and tightly focused strategy for CLNZ. We are a small organisation of dedicated people who firmly believe in the rights of creative people and the need for legislation that supports these rights. We also understand the needs of our customers (CLNZ licensees) but will work more closely with them to facilitate their future access to content and we will continue our action in the Copyright Tribunal. Three big objectives for the next two years:

## **Lobbying / Customers / Tribunal**

I know that our team - staff, myself and our Board - are up to the challenge!

**Paula Browning**

# Chair's Report



*It would be easy to make this year's annual report commentary only about the ongoing trials and tribulations that CLNZ are experiencing through our dispute with Universities New Zealand and the fight for a fair licence fee.*

One could be quite cynical when one considers the substantial sum of money the universities are prepared to spend on what at face value appears to be a legally combative and evasive strategy on their part. The contribution of the publishing industry globally to Higher Education is gigantic and very few graduates would have completed their degrees without the support of finely crafted texts written by passionate educators and funded by publishers. The publishing industry has been one of the great enablers of education and the CLNZ licence is an integral part of that enablement. When put in the context of the value the license provides to students and academic faculty it beggars belief that we're locked in this process to defend our right to be fairly remunerated. In the broader picture of the operating expenditure of the universities, the sums are minuscule. One senses this is part of a thinly veiled anti-copyright agenda but in the absence of open and genuine communication from the universities we can only speculate.

Which leads me to the silver lining. At a time of adversity the Board and CEO have focused on the operation, considered the governance and asked the hard questions

around how well we are positioned to steer the organisation through these turbulent waters. This has led us to engage with professionals and leaders in governance and strategic planning to enhance our skill levels as directors and articulate a compelling strategic plan that is appropriate for the times. The willingness each and every board member has shown to challenge our governance practices and look to develop and improve has been laudable. I'd also like to commend the CEO for the very active role she has played in these activities. The end result of this has seen the development of a very clear and focused strategic plan. We have also proposed to our shareholders a fundamental change to how the board is configured and once this is ratified we can look forward to bringing talented directors to the board from outside the publishing sector. This is critical to the ongoing health of the business and to successfully executing our strategic objectives.

The board has been very active in establishing work groups to deal with the array of initiatives that have been progressed. One of these was the Cultural Fund working group consisting of Sam Elworthy, Tony Simpson and the CEO Paula Browning. They have

reviewed the historical footprint of the fund and made recommendations for how the Cultural Fund will be managed into the future. The Cultural Fund remains critical for developing authors, publishers and educators and the work that has been done and recommendations made will continue to ensure it meets its constitutional purpose.

To conclude I would like to thank the CEO and staff of CLNZ for the dedication and professionalism that has been demonstrated throughout the year. I would also like to thank the Board members for their continued contribution to the sector through participating in one of its most important entities.

**Adrian Keane**

# Director Profiles



## *Adrian Keane*

Adrian Keane started his publishing career in the early 90's in Sweden and Finland for US educational publisher Addison Wesley (Pearson). He then worked for Addison Wesley in Australia before returning to New Zealand. Mergers and acquisitions created Pearson Education whom he became the Managing Director of in 2007. Following Pearson's exit from New Zealand in 2013, he founded Edify Limited. Adrian is the current Chair of CLNZ and immediate past-president of the Publishers Association.



## *Mark Sayes*

Mark is Publisher and Managing Director of privately owned educational publisher, ESA Publications (NZ) Limited. ESA publishes a range of Study Guides and Workbooks, at primary and secondary school level, that meet the requirements of the New Zealand Curriculum and NCEA. Mark has been on the board of CLNZ for some years, including a number of years as Chairman. Mark has an ongoing interest in squash administration.



## *Sam Elworthy*

Sam went to university in Dunedin where he edited the student newspaper and wrote a book about student life, 'Ritual Song of Defiance: A Social History of Students at the University of Otago'. He spent fifteen years in the US, completing a Ph.D. in history. He was Editor-in-Chief at Princeton University Press. He lives in Devonport and is the Director of Auckland University Press.



## *Vanda Symon*

Vanda Symon is a Dunedin writer and has successfully published five Crime Fiction novels. She is a former Chair of the Otago Southland Branch of the NZSA and is still involved on an organisational level. Vanda had a former career in Pharmacy, co-owning community pharmacies, and also working in palliative care in Cranford Hospice. She is currently a Ph.D. candidate at the University of Otago, in Science Communication.



## *Tony Simpson*

Tony Simpson is a Wellington social and cultural historian. He is the author of fourteen published books and many articles and presentations both in New Zealand and internationally. His books include the award winning 'The Sugarbag Years' and most recently 'A Distant Feast', a social history of some aspects of food in New Zealand.



## *Stephen Stratford*

Stephen Stratford has published more than a dozen books, mostly non-fiction. Stephen works as a freelance book editor and runs the manuscript assessment service Write Right. As a journalist he has worked for Quote Unquote, Metro, Architecture NZ, the Listener and many other publications. He was a founding trustee of the Auckland Writers and Readers Festival and has been a judge of the Wattie Book Awards, the Montana Book Awards and the inaugural NZ Post Book Awards in 2010.

# The Cultural Fund

*The Cultural Fund was established in 2001. Like many other Reproductions Rights Organisation's, CLNZ puts aside a small percentage (2%) of domestic licensing fees to provide funding for cultural and social purposes that are in the interests of the publishers and authors that we represent.*

## CLNZ Writers' Awards 2013

*The CLNZ Writers' Awards supports the creation of new non-fiction works by New Zealand authors. The Awards are the biggest monetary prize of their kind with the 2 winners each receiving \$35,000. The application process is not for the faint of heart. Applicants must be a significant way through their research, able to provide sample chapters and outline how they intend to spend their prize money.*

### **The five finalists for 2013 were:**

**Eleanor Black:** *Women of Cosme*  
(Remuera, Auckland)

**Geoff Chapple:** *Terrain*  
(Devonport, Auckland)

**Bruce Hayward:** *Geology and Landforms of northern New Zealand*  
(Remuera, Auckland)

**Angela Middleton:** *"Kia Kaha - Be Strong"* William Cotton's *New Zealand Journals 1942-1847*  
(North East Valley, Dunedin)

**Margaret Pointer:**  
*Niue - A History 1774 - 1974*  
(Khandallah, Wellington)

### **The winners for 2013 were:**

**Margaret Pointer:**  
*Niue - A History 1774 - 1974*

**Geoff Chapple:** *Terrain*

Paula Browning commented that "of the 68 applications we received this year, the ones chosen by the Selection Panel are those where the writer's passion for their subject was evident in their writing. Their outline and plan for the book was clear and their research has been carefully undertaken."



The 2013 judges were:

- Geoff Walker
- Gillian Candler
- Rae McGregor
- Paul Diamond

# The Cultural Fund

## NZSA/CLNZ Research Grants

In association with NZSA, each year, we award two writers a Research Grant to assist them to progress their fiction or non-fiction work.

One grant is the CLNZ/NZSA Stout Centre Research Grant which is based in Wellington and the second is the CLNZ/NZSA Open Research Grant which allows the recipient to research anywhere within New Zealand. Each grant has a monetary component of \$3,500.

### 2013 Recipients

#### Stout Centre Fellowship

Witi Ihimaera's application stood out. He describes this project as a three-book 'literary whakapapa'. The judges were looking for an application to get excited about and this more than met this requirement.

#### Open Research Grant

Laurence Fearnley's experimental project with mountaineer Lydia Bradey was impossible to go past. It promises to be something quite innovative. In 1988, Bradey was the first woman – and only New Zealander – to climb Mount Everest without oxygen, leading to a fierce controversy. Fearnley's text will be part memoir/biography and part dialogue between mountaineer and novelist. We were excited by the way Fearnley plans to use her fictional writing skills to tell her friend's story and explore issues such as fear, danger, spirituality, sexism and controversy.

Selection panel: Jane Carswell, Susanna Lyle, Geoff Walker.

## CLNZ Educational Publishing Awards

A pot pourri of rich content.

There is no doubt; books published for education are one of a kind. The entries for the 2013 CLNZ Educational Publishing Awards were rich in culture, colour and bursting with useful content for teachers and students alike. The heat on this event was turned up a notch with the launch of the new logo, the introduction of a host school and a new event venue.

Back lit by the city lights, the Windy Ridge School Kapa Haka group performed a moving welcome. CLNZ staff visited Windy Ridge the week prior to the event and interviewed the Principal and prefect students about why books are important to them. The video of the visit was shared at the Awards event and set the tone of the evening.

It was a bittersweet evening. Earlier this year, it was announced that Learning Media, the state owned publisher of the School Journal, would be closing its doors. David Glover, departing CEO of Learning Media accepted the Award for best primary resource.

### The 2013 Winners were:

#### Best Book or Series in Primary Publishing

*School Journal Level 4 October 2012*

**Publisher:** Learning Media

#### Best Book or Series in Secondary Publishing

*The Story of a Treaty*

**Publisher:** Bridget Williams Books

**Author:** Claudia Orange

#### Best Book in Higher Education Publishing

*The New Zealand Chef 3e*

**Publisher:** Pearson New Zealand

**Author:** Lesley Christensen-Yule

#### Best Book or Series in Te Reo Maori

*Pua Wai Maori Series & Teacher Notes*

**Publisher:** Huia

AND

*Te Wharekura 92 – Te Mana o te Kata*

**Publisher:** Learning Media

**Author:** Kaa Williams

#### Best Digital Media Solution

*Write that Essay*

[www.writethatessay.org](http://www.writethatessay.org)

**Publisher:** Hunter Publishing

**Author:** Dr Ian Hunter

#### Best Educational Resource or Programme for Export

*CSI: Chapters*

**Publisher:** South Pacific Press

**Author:** Neale Pitches



# Financial Statements

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# Independent Auditor's Report

## To the Shareholders of Copyright Licensing Limited

### Report of the Financial Statements

We have audited the financial statements of Copyright Licensing Limited on pages 9 to 15, which comprise the Statement of Financial Position as at 31 December 2013, and the Statement of Financial Performance and Statement of Movements in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Director's Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An associated Hayes Knight entity provides other services for the company in the area of taxation compliance services and sundry taxation advice. The firm and its associates have no other relationship with, or interests in, Copyright Licensing Limited.

### Opinion

In our opinion, the financial statements on pages 9-15:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Copyright Licensing Limited as at 31 December 2013 and its financial performance for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by Copyright Licensing Limited as far as appears from an examination of those records.

*Hayes Knight Audit* NZ

**Hayes Knight Audit NZ**

Auckland, New Zealand

10 April 2014

# Director's Report

The Directors of Copyright Licensing Ltd are pleased to present the company's report for the financial year ended 31 December 2013.

## Directors

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

- Adrian Keane (Chairman) PANZ
- Sam Elworthy PANZ
- Vanda Symon NZSA
- Mark Sayes PANZ
- Tony Simpson NZSA
- Stephen Stratford NZSA

## Principal Activities

Copyright Licensing Ltd (CLNZ) is part of a global network of copyright collectives that provide centralised licensing services for the reproduction of extracts from published works. CLNZ makes it easier for users of books, journals and periodicals to gain clearance to copy from a worldwide repertoire of literary works.

Copyright Licensing Ltd is a non-profit organisation. All licensing revenue is returned to rightsholders after deduction of operating costs and a contribution of 2% of domestic licensing revenue to the CLNZ Cultural Fund. The Cultural Fund is used to recognise excellence in New Zealand writing and publishing.

## Operating Results

Gross revenue for the year was \$6,080,851 of which \$773,737 was received from overseas reproduction rights organisations for distribution to New Zealand rightsholders. Domestic licensing revenue was \$4,976,334. Additional revenue was generated from interest on investments and administrative services.

After the deduction of operating costs and a contribution of \$99,527 to the Cultural Fund, \$4,085,686 was allocated for distribution from domestic licensing revenue.

Total operating costs represented 19.2% of gross revenue.

## Significant Changes

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

## Events Subsequent to Balance Date

At the date of signing these financial statements the company was party to a reference before the Copyright Tribunal for a new licensing scheme with Universities New Zealand. All universities and institutes of technology and polytechnics are continuing to operate under the terms of their respective licensing schemes that expired on 31 December 2012. These institutions are continuing to pay licensing fees on the same basis as in 2012. There will therefore be no impact on income in the 2014 financial year, however the decision of the Copyright Tribunal, when received, will determine income for future years.

## Directors' and Officers' Insurance

The company has paid a premium of \$5,785 to insure directors and the Chief Executive Officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company other than conduct involving a willful breach of duty in relation to the company.

## Directors' Declaration

The Directors of the company declare that the following financial statements comply with Accounting Standards, the Companies Act 1993 and the Financial Reporting Act 1993 and give a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the year ended on that date.

The company has taken advantage of the exemptions to exclude certain information required in Section 211 (1)(a) (ii),(g), (h) and (j) of the Companies Act.

The Directors confirm that the company is in a sound financial position.

This Declaration is made in accordance with a resolution of the Board of Directors dated 11 April 2014.



**Adrian Keane**

Chairman  
26 March 2014  
Auckland



**Stephen Stratford**

Director  
31 March 2014  
Auckland

## Statement of Financial Performance

For the year ended 31 December 2013	Note	2013 \$	2012 \$
<b>Revenue</b>			
Domestic Licensing		4,976,334	4,968,153
Overseas Reproduction Rights Organisations		773,737	905,875
Interest Received		301,795	292,450
Other Income		28,985	8,865
<b>Total Revenue</b>		<b>6,080,851</b>	<b>6,175,343</b>
<b>Expenditure</b>			
Audit Fee		10,000	10,000
Copyright Tribunal Costs		179,041	0
Depreciation		35,182	16,327
Directors' Costs		67,065	57,422
Operations		316,287	442,072
Partner Development		11,000	36,000
Office Lease Costs		73,402	70,173
Salaries & Wages		478,291	474,629
<b>Total Expenditure</b>		<b>1,170,268</b>	<b>1,106,624</b>
Less Tax Expense	(vii)	1,185	3,766
Less Transfers to Culture Fund	(xi)		
- Domestic Revenue		99,527	99,363
- Unattributable Overseas Revenue		90,021	14,114
<b>Net Available for Distribution to Rightsholders</b>		<b>4,719,850</b>	<b>4,951,476</b>

## Statement of Movements in Equity

For the year ended 31 December 2013	Note	2013 \$	2012 \$
Equity brought forward		100	100
Net licensing revenue for the year	1(xii)	4,719,850	4,951,476
Funds transferred for distribution		(4,719,850)	(4,951,476)
<b>Equity carried forward</b>		<b>100</b>	<b>100</b>

# Statement of Financial Position

As at 31 December 2013

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and bank balance		525,452	280,260
Investments	2	6,561,451	6,511,817
Indemnity Fund	1(x)	353,961	342,210
South Pacific Development Fund	1(xi)	12,154	11,750
Receivables	1(vi)	77,811	5,663
Taxation refund	1(vii)	60,102	54,201
GST refund		120,662	166,811
Prepayments		7,995	11,132
<b>Total Current Assets</b>		<b>7,719,588</b>	<b>7,383,844</b>
<b>FIXED ASSETS</b>	3	59,240	84,488
<b>Total Assets</b>		<b>7,778,828</b>	<b>7,468,332</b>
<b>CURRENT LIABILITIES</b>			
Distributable Funds	1(xii)	7,132,909	6,800,394
Cultural Fund	4	330,783	226,985
Holiday pay accrual		24,775	25,365
Income in Advance		0	100
Accruals		47,961	21,743
PAYE Due		16,641	16,069
Digital Publishing NZ Clearing Account		0	16,678
Indemnity provision	1(x)	213,177	348,906
Provision for Development in South Pacific		12,482	11,992
<b>Total Current Liabilities</b>		<b>7,778,728</b>	<b>7,468,232</b>
<b>Total Liabilities</b>		<b>7,778,728</b>	<b>7,468,232</b>
<b>Net Assets</b>		<b>100</b>	<b>100</b>
<b>EQUITY</b>			
Share capital	7	100	100
<b>Total Equity</b>		<b>100</b>	<b>100</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## 1. Statement of Accounting Policies

### (i) Basis of Reporting

Copyright Licensing Ltd is a private company registered under the Companies Act 1993. The Directors consider Copyright Licensing Limited to be a non-profit company. The company is a qualifying entity within the Differential Reporting Framework and has taken advantage of the differential reporting concessions available to it. The company qualifies for differential reporting exemptions as it is not publically accountable and is "not large" as defined by the New Zealand Institute of Chartered Accountants.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

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

Copyright Licensing Ltd has chosen to adopt generally accepted accounting practice in New Zealand (GAAP) as defined by financial reporting standards and statements of standard accounting practice.

### (ii) Foreign Currencies

Transactions in a foreign currency are converted at the exchange rate at the date the transaction is settled. Foreign currency receivables and payables at balance date are translated at exchange rates current at balance date. Any resulting exchange gains or losses are recognised in the Statement of Financial Performance.

### (iii) Fixed Assets & Depreciation

Fixed assets costing \$1,000 or more are recorded at original cost less depreciation. Depreciation, using the straight line method, is calculated at 15% on Furniture & Fittings, 39% on Office Equipment and 40% on Computer hardware and software. Gains and losses on disposal of fixed assets are taken into account in arriving at the net surplus for the year.

### (iv) Leased Assets

Assets acquired under finance leases are capitalised and included as fixed assets in the Statement of Financial Position. They are depreciated accordingly and any interest payable is expensed.

Assets obtained under an operating lease are expensed over the period of the lease.

### (v) Investments

Investments are valued at cost.

### (vi) Receivables

Receivables are valued at anticipated realisable value. A provision is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

### (vii) Income Tax

The entity qualifies as a non-profit company under the Income Tax Act 2007, section DV 8. The entity does not have the purpose of making a profit for a proprietor, member or shareholder. Under the constitution, the entity prohibits the distribution of dividends, bonuses or otherwise by way of profits to a member, proprietor or shareholder. After expensing operating costs and the cultural fund contribution, the net surplus is transferred to the distributable funds account resulting in a zero net surplus. Due to timing differences, the entity is subject to non-deductible expenditure which may result in an income tax liability.

### (viii) Goods & Services Tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST except for accounts receivable and accounts payable.

### (ix) Contribution to Cultural Fund

A contribution of 2% of annual domestic licensing revenue is transferred to the Cultural Fund each year (refer also Note 4). This amount is deducted before arriving at the net surplus.

### (x) Indemnity Provision

Unallocated overseas licensing revenue was historically placed into the Indemnity Fund which is held in a separate bank account and shown as a current asset in the Statement of Financial Position. A corresponding amount is accounted for as a liability at balance date. During the year \$150,000 of this liability was used to offset legal costs incurred in the Copyright Tribunal reference described in Note 9. Funds held to satisfy the indemnity provision are held as term deposits and therefore have not been broken so as to maximise the investment returns to Copyright Licensing Limited. The result at year end is bank accounts identified to cover the indemnity provision exceed the amount of the provision.

### (xi) South Pacific Development Fund

Unspent money budgeted for the development of copyright licensing in the South Pacific has been set aside for future use.

# Notes to the Financial Statements

## (xii) Distributable Funds

New Zealand licensing revenue is received from a number of different sectors each year and is accounted for by sector by year. After pro rata deductions are made for operating costs and contributions to the Cultural Fund, the net surplus is allocated for distribution pending the identification of publishers and authors whose works are copied under licence through annual sampling surveys carried out in each sector.

## (xiii) Distribution

Revenue from overseas Reprographic Rights Organisations and transactional licensing services is distributed to identified publishers and authors after deduction of an appropriate administrative charge (7.5% for distributions to mandated rightsholders, 15% for distribution to non-mandated rightsholders).

## (xiv) Changes in Accounting Policies

There have been no changes in accounting policies.

## 2. Investments

	2013	2012
	\$	\$
ANZ - Term Deposits	5,447,667	5,431,752
Westpac - Term Deposit	1,113,784	1,080,065
	<b>6,561,451</b>	<b>6,511,817</b>

## 3. Fixed Assets

	2013	2012
	\$	\$
<b>Furniture and Fittings</b>		
At cost	13,459	11,687
Loss on disposal	0	0
Accumulated depreciation	(10,872)	(9,702)
	<b>2,578</b>	<b>1,905</b>
<i>Depreciation expense for year</i>	1,170	1,082
<b>Office Equipment</b>		
At cost	22,875	22,875
Loss on disposal	0	0
Accumulated depreciation	(21,301)	(20,838)
	<b>1,574</b>	<b>2,037</b>
<i>Depreciation expense for year</i>	463	510

## Notes to the Financial Statements

<b>Computer Hardware / Software</b>	<b>2013</b>	<b>2012</b>
At cost	96,990	88,820
Accumulated depreciation	(78,619)	(69,550)
	<b>18,370</b>	<b>19,270</b>
<i>Depreciation expense for year</i>	9,070	7,936

<b>System Development</b>		
At cost	349,080	349,080
Accumulated depreciation	(349,080)	(349,080)
	<b>0</b>	<b>0</b>
<i>Depreciation expense for year</i>	0	0

<b>Website Development</b>		
At cost (work in progress)	68,000	68,000
Accumulated depreciation	(31,280)	6,800
	<b>36,720</b>	<b>61,200</b>
<i>Depreciation expense for year</i>	24,480	6,800

	<b>2013</b>	<b>2012</b>
Opening Book Value	84,491	13,292
Plus Additions	9,933	87,527
Less Disposals	0	0
Less Depreciation	35,182	16,327
Closing Book Value	59,242	84,491

#### 4. Cultural Fund

In 2001, CLNZ established a Cultural Fund to provide funding for the cultural development of the industry it represents. Annual contributions of up to two percent of domestic licensing revenue are made to this fund. The sum of \$99,527 (2012 : \$99,363) has been transferred from 2013 domestic licensing revenue. The fund has also benefited from non-title-specific revenue received from overseas reproduction rights organisations (RROs) and transferred from domestic licensing pools during the year.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Opening balance	226,985	263,008
Less Awards and Grants payments	85,750	149,500
Unattributable domestic revenue	0	8,471
Unattributable overseas revenue	90,021	5,643
Contribution from licensing revenue	99,527	99,363
<b>Closing Balance</b>	<b>330,783</b>	<b>226,985</b>

# Notes to the Financial Statements

## 5. Capital and Leasing Commitments

2013

2012

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

### Premises (Operating Lease) expires November 2016

Payable

- not later than one year	57,480	61,367
- later than one year but not later than five years	105,540	0

### Motor Vehicle (Operating Lease) expires May 2016

Payable

- not later than one year	7,956	3,695
- later than one year but not later than five years	10,807	0

### Photocopier (Operating Lease) expires November 2015

Payable

- not later than one year	4,956	3,318
- later than one year but not later than five years	4,543	6,082

## 6. Company Visa Card

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

## 7. Share Capital

Authorised, issued and fully paid up capital

100 Ordinary shares of \$1	100	100
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## 8. Shareholders

The shareholders in Copyright Licensing Limited are the Publishers Association of New Zealand (PANZ - 50 shares) and New Zealand Society of Authors (NZSA - 50 shares). Each year Copyright Licensing Limited funds are invested in support of these organisations and their members.

# Notes to the Financial Statements

<b>NZ Society of Authors</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Research Grant Funds (paid to grant winners)	7,000	7,000
Administration of Research Grants	1,000	1,000
Christchurch Writers' Workshops		5,000
<b>Total</b>	<b>8,000</b>	<b>13,000</b>

<b>Publishers Association of New Zealand</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Educational Publishing Awards (paid to grant winners)	0	10,000
Administration of Educational Publishing Awards	0	10,000
Residential Publishing Forum	0	10,000
Professional Development Seminars	10,000	10,000
<b>Total</b>	<b>10,000</b>	<b>40,000</b>

None of the above payments have been made as dividends, bonuses or payments of profits to these organisations and therefore do not contravene clause 2.6 of the Company's Constitution.

## Directors

Licensing fees were distributed to ESA Publications during the year. Mark Sayes is a director of both ESA Publications and Copyright Licensing Limited.

Sam Elworthy was employed by the University of Auckland during the year and was removed from any discussions regarding the matter before the Copyright Tribunal.

## 9. Subsequent Events

No agreement has been reached at the date of signing these financial statements to confirm the amount of revenue Copyright Licensing Limited will receive from New Zealand universities in the future. The university licensing scheme has been referred to the Copyright Tribunal. The Copyright Tribunal process may take some time to conclude. As a result, significant legal costs are likely to be incurred in the next financial year.

## 10. 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.