

ENSURING A

//////
FUTURE
//////

FOR KIWI

//////
CREATIVES
//////

**COPY
RIGHT**
LICENSING
NEW ZEALAND



////////////////////////////////////

ABOUT US

////////////////////////////////////

Copyright Licensing Limited t/a 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 (IFRRO), CLNZ is part of a global network that represents the interests of publishers and authors from all around the world. Our tailored licensing options 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 by the Copyright Act 1994.

CLNZ is a non-profit organisation and net proceeds from licensing are distributed to copyright owners.

////////////////////////////////////

CONTENTS

////////////////////////////////////

CEO's Report	1
Chair's Report	3
Director Profiles	4
The CLNZ Cultural Fund	5
PANZ Report	7
Financial Statements	8



CEO'S

REPORT

This year we undertook a significant piece of work. The CLNZ staff, directors and stakeholders along with Grant Thornton NZ developed the CLNZ 'strategic roadmap' which will shape what we do and how we do it for the next five years.

OUR VISION

WHERE WE'RE GOING:

"By 2015/16 we will be New Zealand's leading facilitator for access to print and digital content"

OUR PURPOSE

WHY WE EXIST:

"Enabling creativity and learning through access to a world of content"

ALONGSIDE THE VISION & PURPOSE ARE OUR SEVEN BUSINESS OBJECTIVES:

1

BUSINESS MODEL

Our resources, processes and actions are effectively aligned to deliver on our vision.

2

UNDERSTANDING OF CLNZ

Content creators, owners, users and other CLNZ stakeholders understand CLNZ's role and value.

3

ACCESSING CONTENT

Our strong value proposition for content creators and owners enables us to provide a one-stop-shop for a world of content.

4

STRATEGIC PARTNERSHIP

Our key strategic partnerships are fostered to ensure maximum alignment and benefits for all parties.

5

CONNECTING WITH CONTENT USERS

We understand the needs of content users and facilitate access to content that meets these needs.

6

INFLUENCING THE ENVIRONMENT

CLNZ has significant influence on Government legislation and policy that serves and benefits our content creators.

7

CLNZ CULTURE & VALUES

Our culture and values support the realisation of our objectives.



IFRRO

(International Federation of
Reproduction Rights Organisations)

Recently I spoke at an IFRRO meeting on effective governance. The message to those in attendance, including representatives of the European Commission and WIPO (World Intellectual Property Organisation), was around the need for responsibility, accountability, fairness and transparency. These governance objectives are very much aligned with the values that CLNZ now operates with when engaging with our two distinct customer groups – rightsholders and licensees. As CLNZ is New Zealand’s only collective management organisation for text-based content, I highlighted the need to live and breathe these values in order to secure and retain the trust of those we work for and with.

TIGAR

(Trusted Intermediary Global Access Resources)

CLNZ has commenced work on a project that truly reflects the trust that our shareholder organisations (NZ Society of Authors and Publishers Association of NZ) have shown in us. TIGAR was established by WIPO and is a three-year pilot project which will enable digital files of books to be sent to other countries taking part in the pilot (following permission being given by the copyright owners – which CLNZ will facilitate). The exciting opportunity for New Zealand in this pilot is that visually impaired New Zealanders will be able to read international titles, made available to the Royal NZ Foundation of the Blind. CLNZ has been invited to take part in a working group to develop an international licensing model for future file exchanges beyond the term of the

pilot. The first exchange of New Zealand works will take place in mid-2012.

DPNZ (Digital Publishing New Zealand)

In 2010, Copyright Licensing New Zealand set up a joint venture between the NZ Society of Authors and the Publishers Association of NZ. Digital Publishing New Zealand (DPNZ) was established to provide New Zealand publishers and authors access to a world class digital asset management and distribution system. Creative New Zealand contributed \$50,000 towards the cost of converting New Zealand print books to eBooks. Copyright Licensing New Zealand matched this sum and launched the ‘conversion fund’. In total 387 titles were confirmed for conversion. At the time of writing, more than 50% of titles have been converted successfully and the project is expected to be completed by Q4 2012.

Orphan Works

CLNZ is also taking part in discussions on the licensing of ‘orphan works’. An orphan work is one in which the copyright owner is either unknown or cannot be located. In this case, the digitisation or making available of the work to the public by libraries or other agencies is either restricted or impossible. With the development of a licensing model and working with libraries, CLNZ can ensure that copyright owners are remunerated for the use of their work and it will enable the public access to material that would otherwise be locked away. The European Union is currently considering a directive on orphan works that will establish a model from which New Zealand can develop a relevant solution for our own orphan works.

To Summarise

It is impossible to reflect on the year two thousand and eleven in New Zealand without considering the devastating earthquakes in Christchurch. The impact on writers, publishers and CLNZ’s educational licensees was felt by us all. As a token of support, CLNZ provided funds towards Christchurch publishers’ attendance at the Booksellers Conference that was moved to Wellington. In addition, CLNZ is funding workshops for Christchurch based authors to kick-start their creativity, as part of the recovery process.

2012 will be a big year for CLNZ as we work with our international partners to develop digital license offerings that will provide valuable and relevant content to New Zealand licensees. In order to launch into 2012 and commence delivery of the objectives that will achieve our vision, we needed our staff and directors to be driving on the same road. We’ve achieved that part, now we will work to bring you, our stakeholders, along with us.

It’s going to be a great ride!

Paula Browning

Paula Browning



CHAIR'S

REPORT

CLNZ's core business produced steady results in 2011 although, like the rest of New Zealand, we felt the impact of events in Christchurch and saw a slight drop in domestic licensing revenue. However, prudent investment of the funds we hold in trust for rightsholders saw a 17.5% increase in interest revenue.



The CLNZ Board took on the challenge of setting the company's direction for the next five years through a formal exercise in strategic planning. The CLNZ Strategic Roadmap was an exciting process that involved some crystal-ball-gazing to predict where the evolving world of digital technologies is heading. In addition we looked at how our current licence offerings need to adapt to ensure we continue to deliver effective and relevant solutions for New Zealand rightsholders.

We said farewell to Paul Smith. His willingness to ask the hard questions, pursue in-depth answers and to challenge the thinking of the Board has been hugely valuable over the past four years. With Paul's departure, we welcomed Tony Simpson to the CLNZ Board. Tony, as President of one of CLNZ's shareholders – NZ Society of Authors – brings valuable knowledge of writing and the author's perspective to the table.

Management of the CLNZ Cultural Fund is an area of CLNZ's operation that I

take a particular interest in. In 2011 we celebrated \$1,000,000 of investment into New Zealand non-fiction through the CLNZ Writers' Awards. The Board also decided to give financial support to New Zealand's participation as Country of Honour at the 2012 Frankfurt Book Fair in Germany. I look forward to the results of this unique opportunity to bring so many New Zealand authors to the attention of the international book community.

2011 was my final year as both Chair and as a member of the CLNZ Board. I am proud of what CLNZ has achieved over the last few years. I know I leave the company in good hands. My best wishes to Adrian Keane, the new Chairman, Paula Browning and the rest of CLNZ team.

Chris Else



DIRECTOR

PROFILES



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. Tony is the current president of the New Zealand Society of Authors.



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.



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. He joined the Michael King Writers' Studio Trust in 2009 and became chairman of the trust in 2010.



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.



Adrian Keane

Adrian Keane started in publishing as a sales rep in Sweden and Finland for US educational publisher Addison Wesley. He then worked for Addison Wesley in Australia before returning to New Zealand. He stayed with the company through mergers and eventually became the Managing Director in 2007 of what is now Pearson Education. Adrian is the current Chair of CLNZ and immediate past president of the Publishers Association of New Zealand (PANZ).



THE CLNZ
CULTURAL
FUND

Reproduction Rights Organisations (RRO's), like CLNZ, put aside a small percentage of their domestic licensing revenue to invest in their local cultural sector. In New Zealand, CLNZ has an annual investment strategy that funds the CLNZ Writers' Awards, NZSA/CLNZ Research Grants and the PANZ/CLNZ Educational Publishing Awards. In 2011, we were also able to support the unique opportunity for New Zealand to be the Guest of Honour at the 2012 Frankfurt Book Fair.

CLNZ Writers' Awards 2011

We updated the format of the CLNZ Writers' Awards event this year because we wanted to broaden the celebration of New Zealand writers. We acknowledged the top five finalists at the event and from this group announced the two winners on the night. The finalists were:

- **Dr Lee Davidson**
Mountain Feeling :
The Lives of Climbers and Other Stories
- **Bradford Haami**
Ka Mau Te Wehi :
May the Force Be With You
- **Janet Hunt**
Dick Henry and the Birds
- **Malcolm McKinnon**
The 1930's Depression in New Zealand
- **Melissa Williams**
Maori Urban Migrations from North Hokianga to Auckland 1930-1970

Malcolm and Melissa took away the two \$35,000 awards and we look forward to the publication of their books in due course.

This year also saw the coming together of a new Selection Panel for the awards. Paul Diamond, Geoff Walker, Gillian Candler and Rae McGregor were such an effective team that we've invited them all back in 2012. Their collective knowledge of New Zealand literature and writing is comprehensive and we couldn't ask for better in assessing the quality applications that we receive each year.

NZSA/CLNZ Research Grants

The Stout Centre Research Grant (\$3,500 plus research facilities at the Stout Centre) was awarded to Joan Druett, for a project concerning the first 50 years of United States consuls in New Zealand.

Tauranga author Jenny Argante received the Open Grant of \$3,500 for research into the life of Dame Evelyn Stokes, who was a figure of significance in the Bay of Plenty and nationally as one of the first scholars to take seriously the connections between geography and culture.





PANZ/CLNZ Educational Publishing Awards

The judges were delighted to see a wider range of entries in all categories this year. The X factors that helped titles make the shortlist included exemplary pedagogical approaches and important New Zealand content presented in accessible and inspiring ways.

Category winners were:

- **Best Book in Higher Education:**
Contested Ground: te Whenua i Tohea
edited by Kelvin Day, published by Huia
- **Best Book or Series in Secondary Education:**
Gamma Mathematics: NCEA Level 1
by David Barton, published by Pearson
- **Best Book or Series in Primary Education:**
School Journal Part 4, Number 3 and Part 3, Number 3, 2010 dedicated to the Morirori, published by Learning Media
- **Best Digital Publishing Solution:**
Sails Shared Interactive
published by Pearson

While You Were Sleeping — New Zealand, Guest of Honour, 2012 Frankfurt Book Fair

The position of Guest of Honour at the world's largest book fair is a chance that only comes around once in a lifetime. This year, New Zealand will have publishing, translation, storytelling and education opportunities at the 2012 fair. New Zealand books will be promoted on the collective New Zealand Publishing stand, across digital storytelling hot spots and within the dedicated 2,300 square metre New Zealand pavilion. CLNZ is delighted to be able to support the literary programme with funding for the Project Manager position. Sarah Ropata is bringing together a wonderful group of New Zealand authors who, with the support of their publishers, will bring New Zealand books to life in Germany. Investment has also been provided to the NZ Society of Authors who will take on the huge challenge of representing 40 author's works on their own collective stand on behalf of the writers. The combined opportunity of presenting NZ authors to the German public and supporting NZ publishers to sell rights in Germany was too good not to be involved.



PANZ

REPORT

Training Portfolio Melanie Laville-Moore

2011 has been a watershed year for PANZ and its training and professional development programmes. An agreement was reached mid year with Copyright Licensing New Zealand for an annual grant of twenty thousand dollars which has provided a much-needed surety of funding in these important areas.

In light of a changing environment, particularly where training and enterprise is concerned, this has allowed PANZ and its member's access to far greater opportunities and initiatives. PANZ is extremely grateful to CLNZ for this generous support.

1. TRAINING FUND

Fifty percent of the CLNZ funding has been used to establish a training fund to which individual members can apply for participation in relevant opportunities both at home and abroad. The fund will be administered by PANZ and awards to successful applicants will be made twice annually.

The first round of funding was

successfully completed in March of this year. Support was given to industry-based introductory training, specialised design and marketing courses and participation at an upcoming Sydney-based editorial and publishing event.

A second round of funding was made available in September 2011.

2. INDUSTRY EVENTS

The remaining portion of CLNZ funding will be invested into hosting events - the first of which, an introductory residential training forum, was held in March 2011. Attendance was strong, with 35 participants enrolled from across the spectrum of the PANZ membership. Although based in Auckland, there was also a pleasingly strong geographic spread.

It is planned that this event will be held on a bi-annual basis.

Plans are afoot to stage a broader conference-style event in March 2012 which will be targeted at the full PANZ membership. Again, the plan will be for this to be a bi-annual

event and it will contain a stimulating, timely and rigorous programme that includes overseas guests. It will provide a much needed platform for the local discussion of issues and developments pertinent to our industry's ongoing development.

3. DEBATING DIGITAL SERIES

A series of discussion seminars have been held in Auckland. The series was developed out of recognition that the NZ industry as a whole and still has a way to go in terms of keeping ahead of the fast-changing digital medium, as well as there being a need for a forum for further discussion and sharing.

This was a new style format for the membership. The uptake and reception to it was positive and interesting to note. It is also hoped that a similar series, using the same template and format, can be offered to Wellington members later this year.

A similar series was offered to Wellington members and was also very well received.



FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011

////////////////////
CONTENTS
////////////////////

Director's Report	8
Statement of Financial Performance	10
Statement of Movements in Equity	10
Statement of Financial Position	11
Notes to the Financial Statements	12



DIRECTOR'S REPORT

The Directors of Copyright Licensing Limited (t/a Copyright Licensing New Zealand) are pleased to present the company's report for the financial year ended 31 December 2011.

Directors

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

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

There was one change to the Directors during 2011.

Paul Smith attended his last meeting in April 2011.

Tony Simpson attended his first meeting in May 2011.

Principal Activities

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

Copyright Licensing Limited 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 \$5,765,941 of which \$489,756 was received from overseas reproduction rights organisations for distribution to New Zealand rightsholders. Domestic licensing revenue was \$4,895,692. Additional revenue was generated from interest on investments and administrative services.

After the deduction of operating costs and a contribution of \$97,914 to the Cultural Fund, \$4,178,928 was allocated for distribution from domestic licensing revenue.

Total operating costs, (including funding for activities of our partner organisations – NZ Society of Authors and Publishers Association of NZ) represented 17.4% 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

The directors are not aware of any matter or circumstance since the end of the financial year that has significantly affected or may significantly affect the future operations of Copyright Licensing Ltd.

Directors' and Officers' Insurance

The company has paid a premium of \$5,510 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 wilful 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 (with the exception of a matter of non-consolidation as noted in the Notes to the Financial Statements Section 1 (xv)), 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 2011 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 26 March 2012.



Adrian Keane

Chairman
26 March 2012
Auckland



Stephen Stratford

Director
26 March 2012
Auckland



STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2011

	Note	2011 \$	2010 \$
Revenue	2	1,010,204	1,106,147
Expense	3	(1,005,489)	(1,106,147)
Retained earnings before tax		4,715	0
Tax expense		(4,715)	0
Retained earnings (losses) at end of year	1(xii)	0	0

STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 December 2011

	Note	2011 \$	2010 \$
Equity brought forward		100	100
Net licensing revenue for the year	1(xii)	4,755,737	5,074,551
Funds transferred for distribution		(4,755,737)	(5,074,551)
Equity carried forward		100	100

The accompanying notes form part of these financial statements.



STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and bank balance		537,365	400,335
Investments	4	5,631,061	6,163,656
Indemnity Fund	1(x)	330,050	317,218
South Pacific Development Fund	1(x)	11,332	10,891
Receivables	1(vi)	203,830	11,747
Taxation refund	1(vii)	65,899	56,534
GST refund		136,165	133,954
PAYE refund		0	2,223
NRWT refund		1,210	0
Prepayments		5,441	5,560
Total Current Assets		6,922,352	7,102,119
FIXED ASSETS	5	69,290	17,668
Total Assets		6,991,642	7,119,787
CURRENT LIABILITIES			
Distributable Funds	1(xii)	6,268,577	6,421,890
Cultural Funds	6	263,008	340,055
Holiday pay accrual		18,884	15,717
Accruals		31,192	11,042
PAYE Due		13,380	0
Digital Publishing NZ Clearing Account		49,625	0
Indemnity provision	1(x)	335,347	319,986
Provision for Development in South Pacific		11,529	10,997
Total Current Liabilities		6,991,542	7,119,687
Total Liabilities		6,991,542	7,119,687
Net Assets		100	100
EQUITY			
Share capital	9	100	100
Total Equity		100	100

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 Limited is a private company registered under the Companies Act 1993. 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 publicly accountable and the company 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 Limited has chosen to adopt generally accepted accounting practice in New Zealand (GAAP) as defined by financial reporting standards and statements of standard accounting practise. Any departures from GAAP are explained in these financial statements with the main area of departure being the non-consolidation of another entity that may be considered to be under the control of Copyright Licensing Limited.

(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, 25% on Motor Vehicles, 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 property in any form 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 6). This amount is deducted before arriving at the net surplus.

(x) Indemnity Provision

Unallocated overseas licensing revenue is placed into the Indemnity Fund which is shown as a current asset in the Statement of Financial Position. A corresponding amount is accounted for as a liability at balance date.

(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.

(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



NOTES TO THE FINANCIAL STATEMENTS

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.

1. Revenue

	2011	2010
	\$	\$
Revenue from overseas Reproduction Rights Organisation	489,756	909,486
Less amount transferred for distribution	(422,780)	(814,002)
Unattainable revenue from overseas	36,115	39,047
Unattainable revenue transferred to Cultural Fund	(36,115)	(39,047)
Revenue from domestic licensing services	4,895,692	4,932,806
Less amount transferred for distribution	(4,178,928)	(4,122,846)
Less contribution to Cultural Fund	(97,914)	(98,656)
Interest	335,764	285,643
Other income	8,614	13,716
	1,010,204	1,106,147

2. Operating Costs

	2011	2010
	\$	\$
Depreciation and amortisation expense	16,016	55,027
Salaries and wages	420,071	436,972
Directors fees and expenses	59,063	55,997
Legal expenses	2,257	9,362
Rent and rates	69,480	70,739
Other expenses from ordinary activities	428,602	465,358
Audit fee	10,000	10,000
	1,005,489	1,106,147



NOTES TO THE FINANCIAL STATEMENTS

4. Investments

	2011	2010
	\$	\$
National Bank – Term Deposits	4,583,664	5,154,581
Westpac – Term Deposit	1,047,397	1,009,075
	5,631,061	6,163,656

5. Fixed Assets

	2011	2010
	\$	\$
Furniture and Fittings		
At cost	11,687	11,687
Loss on disposal	0	0
Accumulated depreciation	(8,620)	(7,117)
	3,067	4,569
<i>Depreciation expense for year</i>	1,503	1,590
Office Equipment		
At cost	21,400	21,799
Loss on disposal	0	0
Accumulated depreciation	(20,328)	(19,532)
	1,071	2,267
<i>Depreciation expense for year</i>	934	530
Computer Hardware / Software		
At cost	70,769	69,912
Accumulated depreciation	(61,614)	(55,137)
	9,155	7,775
<i>Depreciation expense for year</i>	9,976	11,949
System Development		
At cost	349,080	349,080
Accumulated depreciation	(349,080)	(346,022)
	0	3,057
<i>Depreciation expense for year</i>	3,603	38,845



NOTES TO THE FINANCIAL STATEMENTS

Website Development

At cost (work in progress)	56,000	0
Accumulated depreciation	0	0
	56,000	0
<i>Depreciation expense for year</i>	0	0
	2011	2010
	\$	\$

LEASED ASSETS

Motor Vehicle

At cost	0	33,800
Accumulated depreciation	0	(27,718)
Disposal	0	(6,083)
	0	0
<i>Depreciation expense for year</i>	0	2,113
Total Fixed Assets	69,290	17,668

6. Cultural Fund

In 2001, Copyright Licensing Limited established a Cultural Fund to provide funding for the cultural development of the industry it represents. It is funded by annual deductions of up to two percent of domestic licensing revenue. The sum of \$97,914 has been allocated to the Fund from 2011 domestic licensing revenue. It has also been allocated funds from unattributable revenue received from overseas RROs during the year.

	2011	2010
	\$	\$
Opening balance	340,055	215,404
Less Awards and Grants payments	168,250	92,000
Less Contribution to Digital Publishing New Zealand	50,000	0
Unattributable domestic revenue	0	78,948
Unattributable overseas revenue	43,289	39,046
Contribution from licensing revenue	97,914	98,656
Closing Balance	263,008	340,055



NOTES TO THE FINANCIAL STATEMENTS

7. Capital and Leasing Commitments

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

Premises (Operating Lease) Expires 2/11/13

Payable		
- not later than one year	57,480	57,480
- later than one year but not later than five years	51,060	108,540

Motor Vehicle (Operating Lease)

Payable		
- not later than one year	8,868	8,868
- later than one year but not later than five years	3,695	12,563

Photocopier (Operating Lease)

Payable		
- not later than one year	3,660	3,660
- later than one year but not later than five years	4,880	8,540

8. Company Visa Card

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

9. Share Capital

Authorised, issued and fully paid up capital		
100 Ordinary shares of \$1	100	100



NOTES TO THE FINANCIAL STATEMENTS

10. 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.

NZ Society of Authors	2011	2010
	\$	\$
Research Grant Funds (paid to grant winners)	7,000	7,000
Administration of Research Grants	1,000	1,000
Production of Digital Publishing Workshop DVD	0	1,387
Total	8,000	9,387

Publishers Association of New Zealand	2011	2010
	\$	\$
Educational Publishing Awards (paid to grant winners)	20,000	15,000
Administration of Educational Publishing Awards	10,000	10,000
Interview of G Reid	0	5,464
Residential Publishing Forum	10,000	10,000
Professional Development Seminars	10,000	10,000
Grants to Christchurch Publishers to attend Booksellers Conference	3,000	0
Total	53,000	50,464

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.

