

2018 Annual Report



Siobhan Harvey
Author, poet, editor and
creative writing lecturer





OUR VISION

We contribute
to the growth of
New Zealand's
creative
economy by
enabling access
to a world of
content.

vision







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About Copyright Licensing New Zealand

Copyright Licensing New Zealand provides licences to help make copying, scanning and sharing printed works easy and legal.

We are jointly owned by the Publishers Association of New Zealand (PANZ) and the New Zealand Society of Authors (NZSA) and are members of the International Federation of Reproduction Rights Organisations (IFRRO), which makes us part of a global network that represents the interests of publishers and authors from all around the world.

We are a not-for-profit organisation, and the net revenue generated from our licences is distributed to the creators of the work being copied. It's our way of helping licence-holders maximise resources, educate our future creatives and provide an income to the clever people who created the work that is being copied.



Chairperson's Report

Copyright Licensing New Zealand (CLNZ) faces a challenging strategic environment, as has been well documented in previous Chairs' reports and elsewhere. The review of the Copyright Act which began to take shape during 2018, adds further complexity to the strategic environment. The Board is well aware of the significance of this review and of the potential for legislative change to affect the interests of authors and publishers. Accordingly, a great deal of the Board's focus in 2018 was on the review of the Act, and this focus will continue in 2019.

The Board is very conscious that high quality governance is critical to CLNZ's capacity to respond to those strategic challenges. In recent years we have measured ourselves against WIPO's TAG (Transparency, Accountability, Governance) best practice recommendations for Collective Management Organisations (CMOs) and conducted a Fit for Purpose Review of CLNZ's legal structure. In 2018, we undertook the first in what will be a continuing process of Board self-review. Self-review is best practice governance and helps CLNZ to future proof itself against strategic risk and to deliver on our goals of being a high performing CMO. Related to this, throughout 2018 the Board maintained its focus on risk management with continuous monitoring of environmental risk and updating the CLNZ risk register as the company's business plan evolved.

The Board sees the quality of CLNZ's relationships with its author and publisher shareholders as critical to our joint capacity to respond effectively in times of great strategic challenge. As Chair, I met regularly with Siobhan Harvey and Peter Dowling, my counterparts in the New Zealand Society of Authors and the Publishers Association of New Zealand, to complement the close relationships which exist at management level.

Effective response to strategic challenge depends on the availability of relevant, accurate and timely data. In this regard, CLNZ is now reaping the benefit of its recent investments in new technology, particularly in WISE, which give the Board access to metrics that provide the basis for informed decision-making.

There were changes to Board membership in 2018. I would like to acknowledge and thank my predecessor Vanda Symon for her exceptional contribution to CLNZ as a Board member and as Chair. The Board farewelled Sam Elworthy after 10 years as one of the PANZ representatives. Sam has been a stalwart of the Board for all that time and we have benefitted enormously from his wisdom and experience (which we continue to draw upon). We welcomed Katherine Gordon as one of the two NZSA representatives on the Board. Katherine brings a wealth of experience from Canada which will be of great value in our future deliberations.

This was my first year as Chair. I want to thank the other members of the Board for their support, which made my role easier, and for their contributions throughout the year. I also thank the Chief Executive, Paula Browning, for her support and outstanding leadership of CLNZ in challenging times. It was a pleasure working with Paula and her very able team who serve the organisation so well. I am confident that CLNZ is well placed to respond agilely and effectively to the big challenges facing us.

Emeritus Prof. Pat Walsh
Chairperson



Chief Executive's Report

As someone who's had a lifelong involvement in sport, being fit for the challenge that is in front of you is something I pay a lot of attention to. In 2018 we tested CLNZ's fitness for the challenges ahead and reviewed our operations to ensure we have one connected way of working with our customers - whether they're authors and publishers or licensees - providing quality services and ensuring the experience with CLNZ is excellent, is what we want to do.

Technology underpins service in our digital world and we invested more into our cloud-based system - WISE – to improve the efficiency with which we process the large volume of data we receive from New Zealand universities and other licensees who now report usage to us in a digital format.

Using technology to pay content creators, rather than using buzzwords like innovation as an excuse not to pay creators, is an area of business development that we will be exploring further. The findings of the 2018 Writer's Earnings Report point to the positive impact that small and frequent payments have for our authors and CLNZ has a greater role to play in this in the future.

Using technology doesn't mean taking the human element out of what we do. During 2018, we added a by-line to our logo - **Let's do the right thing** - and this is reflected in two new Customer Service positions within our team. We've also weaved this in to our communications where we ask people and organisations who want to copy published material, to licence that use so that we can pay the authors and publishers who create the content – this let's everyone do the right thing.

Our call to ask people to use copied work in the right way is also reflected in our advocacy for authors and publishers during the government's review of the Copyright Act. The long-awaited Issues Paper was finally released in late November 2018 and we will work alongside our shareholder organisations, New Zealand Society of Authors and Publishers Association of New Zealand, with a campaign that asks the government and New Zealanders to #GetitRightNZ.

But it can't just be our voice in the conversation about why copyright matters in New Zealand. Everyone who writes and publishes needs to speak up and let the government know what's important to you in the review of the Act.

Legislative reviews of copyright are never short processes. The work will not be completed in a year and probably not within two years - so we're in for a long haul! This is where our fitness and consistency of delivery comes in. Expanding the licensing services we offer, ensuring our Board is focussed on the future, listening to our customers and responding to their needs is what we'll continue to do in the coming years.

There's a small and wonderful team at CLNZ who are committed to delivering high quality service and I'd like to thank them all for what they achieved in 2018. Our Board, chaired for the first time in 2018 by one of our Independent Directors, Pat Walsh, has guided the company's direction and has a clear emphasis on strategy and risk. I look forward to 2019 and the opportunities and challenges, it will bring, knowing that CLNZ is match-fit and ready to play!

Paula Browning
Chief Executive



Meet *our people*

Copyright Licensing New Zealand (CLNZ) was established in 1988 by the Book Publishers Association of New Zealand Inc. Now jointly owned by Publishers Association of New Zealand (formally BPANZ) and the New Zealand Society of Authors (NZSA), our CLNZ Board Directors are elected by its owners.

Our board



Prof. Pat Walsh
Director (Independent)

Emeritus Prof. Pat Walsh was appointed to the Board in 2014 and brings his breadth of experience in the tertiary sector to CLNZ. He is the former Vice Chancellor of Victoria University and former Chair of the Universities New Zealand Vice Chancellors Committee. He is currently chair of Agri One, a joint venture between Lincoln and Massey Universities, the New Zealand Indonesia Council and the Academic Quality Agency.



Andrew McKenzie
Director (Independent)

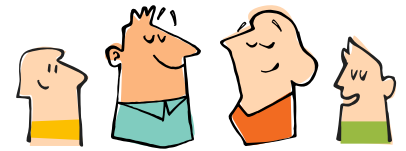
Andrew is one of two Directors appointed to the Board in 2014 bringing significant commercial experience to our organisation. Currently Andrew is Chief Executive Officer at Housing New Zealand and prior to that was General Manager Finance, in the Construction Group at Fletcher Building and Chief Financial Officer at Auckland Council. Andrew is passionate about the next generation being able to make a living from their creativity and is a director on a number of boards.



Sam Elworthy
Director (PANZ)

Sam grew up in South Canterbury and studied in Dunedin where he edited the student newspaper and wrote a book on student life, *Ritual Song of Defiance: A Social History of Students* at the University of Otago. After completing his Ph.D. in the US, Sam became the Editor-in-Chief at Princeton University Press. Back in NZ, Sam has chaired the Michael King Writers' Studio Trust and the Book Awards Governance Group. He is now Director of Auckland University Press and immediate past President of the Publishers Association of NZ.

Our team



Our people are at the heart of what we do. Copyright Licensing New Zealand is comprised of a talented team of individuals bringing professionalism and dedication to their roles.

Paula Browning
Chief Executive

Tom Hill
Business Development Manager

Jason Kay
Business Analyst

Summer Jenkins
Customer Experience
Manager

Esmé Barber
Team Coordinator

Monika McCracken
Data Collection Manager

Donna Osborne
Customer Service

Anita Ballantyne
Customer Service



Graeme Cosslett
Director (PANZ)

Graeme is a newly appointed Board Director, starting in 2017. He brings a range of experience working in the education sector, as a teacher, a former Board of Trustees Chairperson, and currently as Chief Executive of the New Zealand Council for Educational Research (NZCER). He is a professional member of the New Zealand Institute of Directors.



Katherine Gordon
Director (NZSA)

Katherine practised as a corporate lawyer in New Zealand and Canada during the 1980s—1990s, and has since operated an independent governance, negotiations and strategic advisory consultancy in both countries. In that capacity she served the government of British Columbia as a Chief Negotiator of treaties for several years, and continues to serve the New Zealand government as a Crown Chief Negotiator of Treaty of Waitangi historic settlements.



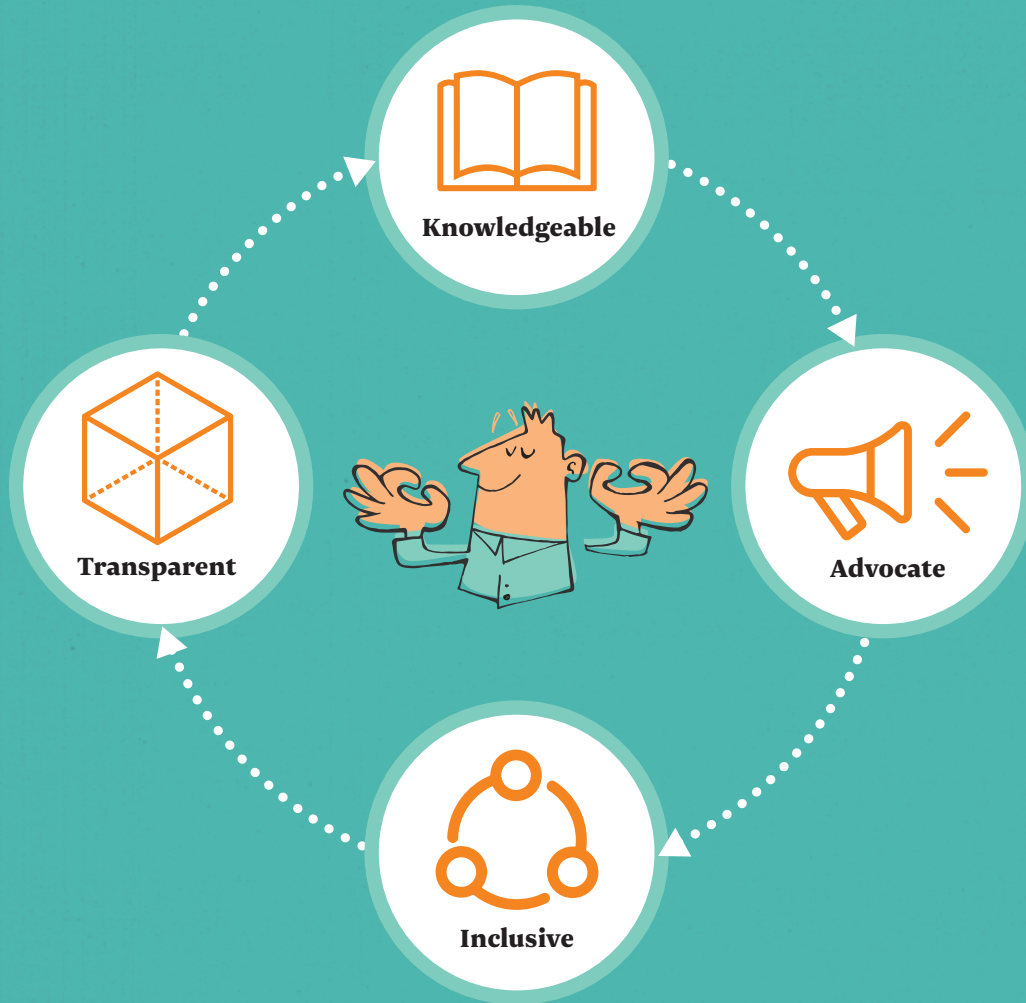
Dr. Dana Wensley
Director (NZSA)

Dr Dana Wensley is a professional member of the NZSA, a Committee Member of the Top of the South Branch of the NZSA, and the PEN (NZ) representative for freedom of speech. Dana writes on issues touching on the intersection of law, society, politics, and morality. She has a Ph.D. from King's College, London, an LLB (Hons) from the University of Auckland, and a postgraduate diploma in writing from the School for Writers, Humber College, Toronto. Previously she has been a Research Fellow at the University of Otago, an assistant editor of the Bulletin of Medical Ethics in London, and a member of the Guelph Mercury Community Editorial Board in Canada.

Our Purpose

We provide **access**
to **content** through
licensing solutions
that deliver **value**
to our **customers**
– those who **create**
and those who
licence.

The way we work



KNOWLEDGEABLE

We are a **knowledgeable** source of copyright information and share what we know

ADVOCATE

We **advocate** for the right of creators to choose what they do with their work

INCLUSIVE

We are an **inclusive** team where ideas and relationships matter

TRANSPARENT

We are **transparent** in what we do and how we do it



Business Plan

Objectives 2018

Effective © Framework

- Submissions, advocacy with Ministers and engagement with the Blind Foundation on New Zealand's implementation of the WIPO Marrakesh Treaty for the Print Disabled
- Development of marketing campaign on why "copyright matters" to run in parallel with the government's review of the Copyright Act
- Submissions and government engagement on the operations of the Copyright Tribunal

Strong Customer Relationships

- Development of eLearning modules and a Knowledge Base that provide training and answers to copyright questions for staff of CLNZ licence-holders
- Broadened the contacts with each licence-holder to ensure continuity of customer relationship and development of tools and services that meet the customer's needs
- Improved levels of feedback provided on licence-usage reporting to licence-holders

Operational Excellence

- Organisation redesign to align roles and business operations with the company's strategy and in ways that maximise the use of technology
- Systems development of a Copyright Owner Portal for roll-out in 2019
- Enhanced service from New Zealand School Trustees Association for schools licensing

Growth Opportunities

- Market analysis of PTE's and other tertiary training providers for 2019 campaigns
- Explored addition of digital content licensing to existing licensing schemes



Looking ahead to 2019 ➡

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- **Copyright Act Review submissions, engagement with Ministers, officials and stakeholders including in the education, galleries, libraries, archives and museum sectors.**
- **Develop a Guide to Accessible Publishing in Aotearoa, in conjunction with the Blind Foundation**
- **Implement new governance and policies framework**
- **Develop revenue streams beyond blanket licensing**



Copyright Act

REVIEW

A chance to strengthen New Zealand's voice

In November 2018, the Government released an Issues Paper on the review of the Copyright Act. The deadline for written submissions on the Issues Paper closed 5 April 2019 and at the time of publishing this Annual Report, Copyright Licensing New Zealand, in collaboration with our shareholders, made a full submission.

The review is an opportunity to future-proof our copyright laws so that they can play their rightful role in supporting Kiwis ability to tell, gain access to, and learn from their own stories.

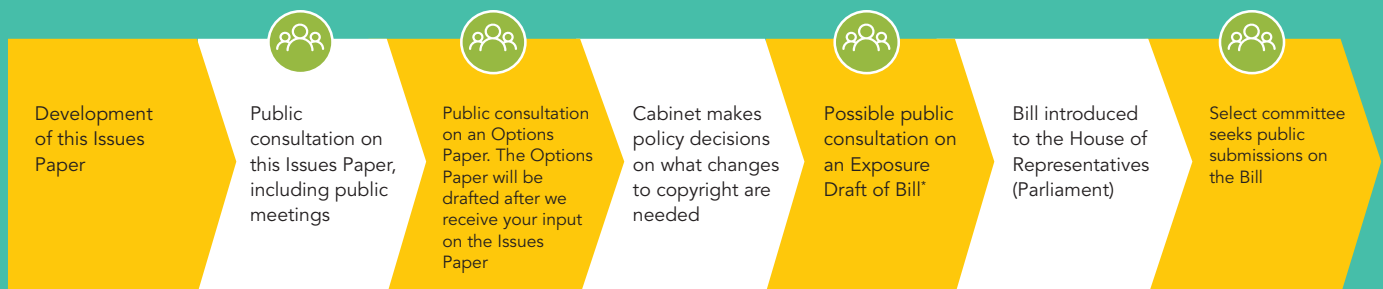
It is vital that any changes to New Zealand's copyright law arising from this process reflects the Government's own stated goals in the review's terms of reference. That is: they are effective and efficient, be clear and certain, facilitate competitive markets, minimise transaction costs, and maintain integrity and respect for the law.

“The review is a timely opportunity to update the Act to ensure that it is written in a way that supports the strengthening of New Zealand's voice into the 21st century. We will be closely engaging in the process to ensure that the rights of authors and publishers and the rights of collective licensing are well understood by those conducting the review,” says Paula Browning, Chief Executive.

Below is an outline of the intended process that the Ministry of Business, Innovation and Employment (MBIE) has published. The stages in green represent opportunities for the public to provide input.

More detailed information can be found at www.mbie.govt.nz (search: copyright act review).

Process outline



*An Exposure Draft of Bill can assist if there are technical or drafting issues with the Bill that need to be resolved before the Bill is introduced to the House of Representatives.

 Steps that refer to the public involvement.

Local content shapes nations

Our local publishing industry involves thousands of Kiwis. From authors, illustrators, researchers and librarians to businesses including publishers, printers, distributors and booksellers; they all rely on the industry to survive.

Copyright serves as the guardian that protects this fragile ecosystem. Loosening the parameters of the Copyright Act, to enable increased copying and sharing of content without payment for it, will see businesses and libraries close. Kiwis will lose their jobs and, we risk losing the means to tell New Zealand's stories.

Behind our books

Behind every New Zealand book are thousands of Kiwis who work in publishing. Locally created content enables us to share knowledge and much of New Zealand publishing is devoted to creating educational material. Printed books and electronic resources enable students to learn from other New Zealanders about our culture and history. It helps forge and sustain our national identity. This is something that needs preserving for future generations.

Let's make sure it's right!

Join the conversation

#GetitRightNZ



Kobe Kaino
Primary School Student

Serena Young
Biomed Student

Jenna Todd
Bookseller

Mark Foster
Design Director



QUICK FACTS

52%

of Kiwis read one book by an NZ author last year
(NZ Book Council Horizon 2017 Report)

81%

of teachers want at least 40% of resources to be NZ specific
(NZ Teacher, 2016 CLNZ Teachers Survey)

2,000

Local titles published per year
(PANZ Manifesto 2018)

4,929

Total FTEs in the publishing industry
(PWC 2015)

\$69 M

EDUCATION PUBLISHING'S ANNUAL CONTRIBUTION TO GDP

\$330 M

TOTAL ANNUAL TURNOVER CONTRIBUTION TO GDP



Supporting

THE CREATIVE SECTOR

We're committed to the growth and development of current and future writers, educators and the publishing industry. Copyright Licensing puts aside a small percentage (2%) of the domestic licensing fees we collect into a Cultural Fund and we use this money to help fund projects that are in the interests of the authors, publishers and educators we represent.

The objectives of the Cultural Fund are to:

- **Protect** - writers and publishers' ability to earn revenue from their works
- **Support** - the creation and production of new works and assist the commercial success of New Zealand works
- **Grow** - the number of works created and skills in the industry

Writers' Award 2018

The successful recipient for 2018 is Nic Low (Ngāi Tahu) for his project, *Uprising*. 38 applications were submitted this year and the selection panel commented on how impressed they were with the diversity of applications.

Nic receives \$25,000, one of the highest non-fiction prizes in New Zealand literature, towards his project. This literary non-fiction book will tell the story of the beauty and contested significance of the Southern Alps, seen through a Ngāi Tahu lens. Grounded in archival research and expressed through walking and climbing expeditions, *Uprising* retraces ten historic mountain journeys to explore the evolution of Māori and Pākehā senses of place. The book will be published by Text Publishing.

CLNZ/NZSA Research Grants 2018

Three Open Research Grants of \$5,000 each were awarded to Jock Phillips of Wellington, Philip Matthews of Christchurch and Pip Desmond of Wellington.

The Stout Research Grant of \$5,000 was awarded to Dr Mike Dickson of Whanganui. Along with the grant, Mike received a six-week residential fellowship at the Stout Research Centre at Victoria University of Wellington.

A total of 78 applications were submitted in 2018 covering a wide and fascinating range of topics, including science, the environment, culture, history, biography, music, fiction and film scripts.

Contestable Fund 2018

Introduced in 2014, the fund was established to support strategic projects that demonstrate New Zealand publishing growth and development, including within education.

There were a total 51 applications received with funding contributions made towards the following nine projects. The successful applicants in this year's round of the CLNZ Contestable Fund Grants are:

- Dunedin Writers Festival **\$2,410**
- Academy of New Zealand Literature **\$10,000**
- Clean Slate Press **\$10,000**
- Graeme Lay **\$3,000**
- Lesley Smith **\$10,000**
- Lift Education **\$7,500**
- One Tree House **\$5,000**
- Lost Property.org.nz **\$3,700**
- Audiobooks NZ **\$10,000**



Education Awards 2018

Winners of the 2018 Copyright Licensing Education Awards were announced at the uLearn18 conference held at Sky City Convention Centre in Auckland. Teachers from around the country joined the official panel of education experts and cast their votes to add their choice of best resources to the judge's selections.

The awards recognise the success of New Zealand resource providers in the education market and standout contributions made in both New Zealand classrooms and overseas. The winners this year are a mix of digital resources alongside traditional texts - a reflection of the range of materials that our teachers are using in today's classrooms.

Primary Resources

- Best Student Resource - People and Water – looking at our water networks - **CORE Education**
- Best Teacher Resource - Educational leadership in Aotearoa New Zealand: Issues of context and social justice - **NZCER Press**
- Best Te Reo Resource - Ngā Hekaheka o Aotearoa - **Huia NZ Ltd**
- Best Digital Resource - People and Water - looking at our water networks - **CORE Education**
- Teacher's Choice -The Oral Language Book - **S&L Publishing**

Secondary Resources

- Best Student Resource - He Tohu Box Set - **Bridget Williams Books**
- Best Teacher Resource - Teaching social studies for critical, active citizenship in Aotearoa New Zealand - **NZCER Press**
- Best Te Reo Resource - Mātaki Mai Ana te Ao: Te Tawhio Pihirei o 1981 - **Huia NZ Ltd**
- Best Digital Resource - My Study Series - Physical Education - **Augmented Learning Ltd**
- Teacher's Choice - Welcome to New Zealand - **DEE Publications Ltd**

Tertiary Resources

- Best Student Resource - Tūrangawaewae - Identity & Belonging in Aotearoa New Zealand - **Massey University Press**
- Best Teacher Resource - Optimising your academic career: Advice for early career scholars - **NZCER Press**
- Best Te Reo Resource (Two Winners) - He Kete Whakawaitara: He Whakatara ā-Rangahau AND Te Mauri o Te Whare - **NZCER Press**

Export Resources

- Best Export Resource -Sunshine Classics - for junior high schools learning English program throughout China - **Wendy Pye Publishing**



Revenue

AT A GLANCE

Gross Revenue 2018

\$6,482,706

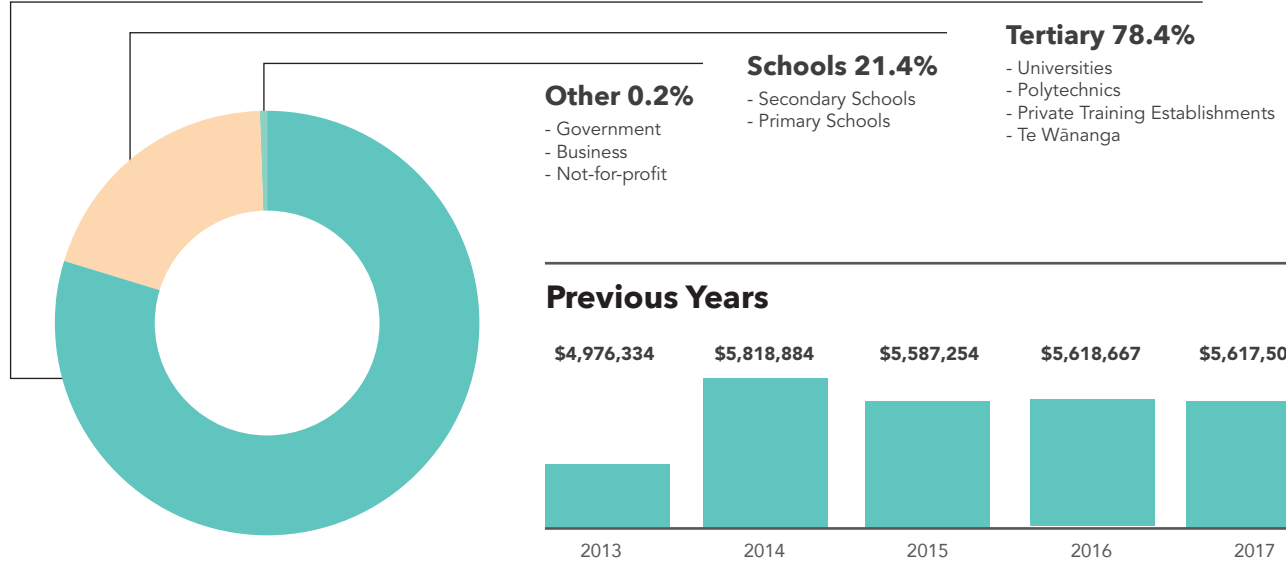


*Includes 2013 licence settlement.

Domestic Licensing Revenue 2018

\$5,595,908

Domestic Licensing Revenue Sources 2018

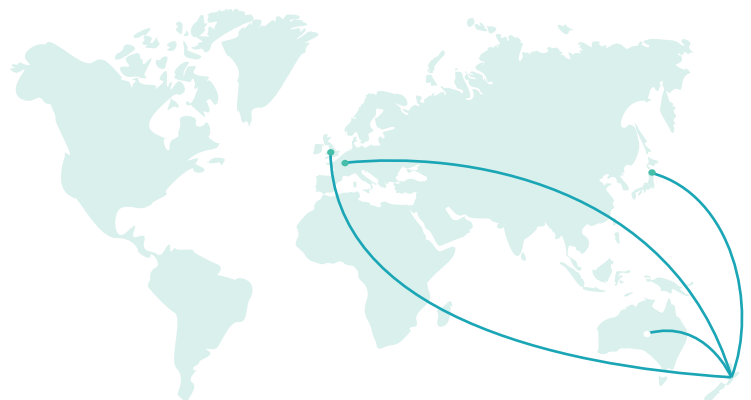


Overseas Revenue 2018

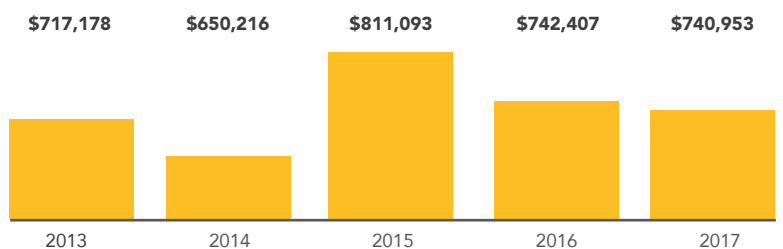
\$631,352

Overseas Revenue Sources 2018

- Australia**
49.0% (\$309,405.05)
- Japan**
18.3% (\$115,376.60)
- United Kingdom**
12.3% (\$77,795.89)
- Switzerland**
4.6% (\$28,882.63)
- Other**
13.7% (\$86,642.23)



Previous Years





School licensing 2018

Did you know that licensing is voluntary in New Zealand?

An exception in the New Zealand Copyright Act provides for some use of content in teaching for free. Schools that wish to provide their staff and students with access to material beyond what is permitted by law, can take out a copyright licence with us. The licence fee paid is based on the number of students enrolled in each school.

Number of schools licensed in 2018

1,917

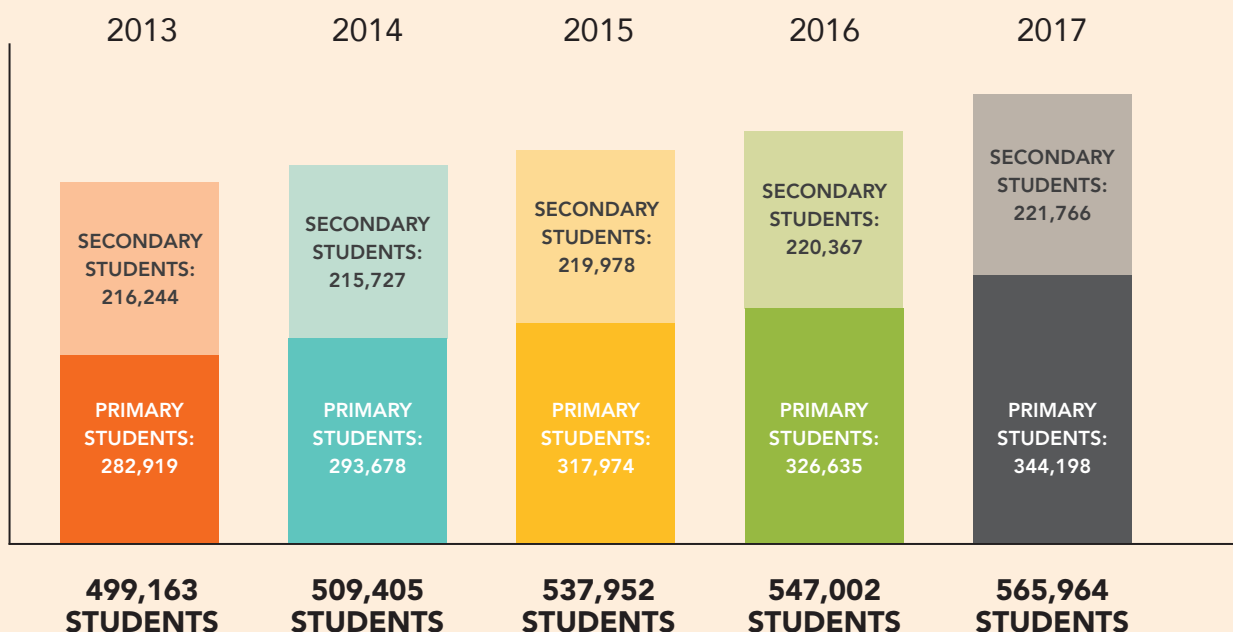
Representative of approximately **75.3%** of all schools in New Zealand.

Number of school students licensed in 2018

601,589

Primary students: **379,441**
Secondary students: **222,147**

Previous years





Distribution

TO COPYRIGHT OWNERS

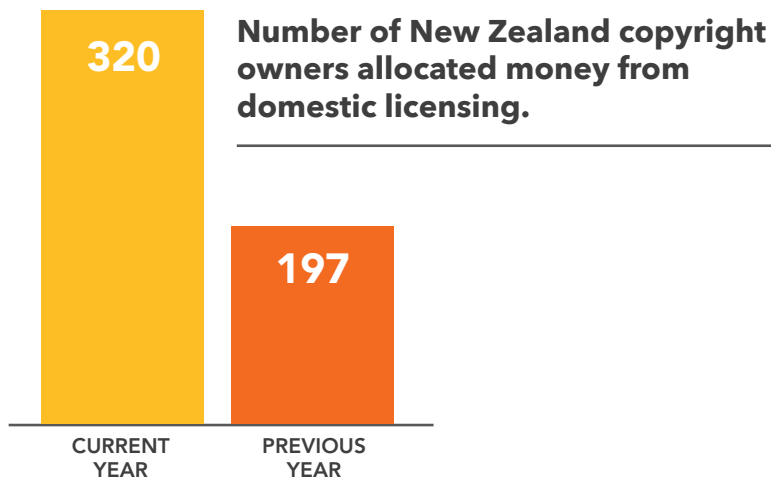
We are a not-for-profit organisation, and the net revenue generated from our licences is distributed to the creators of the work being copied.

It's our way of helping licence-holders maximise resources, educate our future creatives and provide an income to the clever people who created the work that is being copied.

Since 1995, Copyright Licensing New Zealand has allocated a little over **\$69 million** for copying under our licences. In 1995 (year one), **\$165,000** was distributed to copyright owners. Now the annual figure is around **\$4.6 million**.

Average annual distribution to copyright owners

\$4.6 million



The increased number of identified copyright owners is largely due to an investment in systems and technology, allowing a greater volume of data to be collected and processed. It is our hope that we will continue to see this trend.

Additional to this, another 87 authors were allocated a distribution payment from UK-based ALCS (Author's Licensing and Collecting Society Ltd). We have an agreement with ALCS to act as their agent and receive and distribute royalties collected and held by them where these are due to New Zealand writers. In 2018, \$48,243 was distributed.



Access to a world of content

It's about doing the right thing for our New Zealand authors and creators.

Just as we receive income from overseas Reproduction Rights Organisations (RROs) for local content being used internationally, we also distribute funds back out to those same organisations for international works used within New Zealand. We see this as a positive, allowing New Zealanders access to a world of content. Here is a percentage breakdown of the countries we have distributed funds to over the last few years.

Countries that funds are distributed to

Country	2013	2014	2015	2016	2017	2018
Australia	12.04%	11.87%	15.65%	15.8%	14%	17.51%
Canada	0.76%	0.91%	1.32%	2.3%	1.4%	0.77%
United Kingdom	36.41%	41.31%	37.25%	37.93%	37.5%	37.57%
USA	48.47%	43.28%	43.55%	41.54%	44.6%	39.76%
Other	2.32%	2.63%	2.23%	2.43%	2.5%	4.39%



Scotty Morrison
Author, Māori language advocate, professor and broadcaster

Eileen Merriman
Author and young adult writer

David Veart
Author and archaeologist

Siobhan Harvey
Author, poet, editor and lecturer of creative writing

Adam Dudding
Author and journalist

Dr Hazel Petrie
Author and NZ historian



Independent Auditor's Report

To the Shareholders of Copyright Licensing Limited

RSM Hayes Audit

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Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023

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www.rsmnz.co.nz

Opinion

We have audited the financial statements of Copyright Licensing Limited, which comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of movements in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 27 to 42 present fairly, in all material respects, the financial position of Copyright Licensing Limited as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of Copyright Licensing Limited in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, Copyright Licensing Limited.

Other information

The directors are responsible for the other information. The other information comprises the annual report pages 1 to 26 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Hayes Audit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of Copyright Licensing Limited, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible, on behalf of Copyright Licensing Limited, for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

Who we report to

This report is made solely to the shareholders, as a body. Our audit has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the directors as a body, for our work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads 'RSM'.

RSM Hayes Audit
Auckland

5 June 2019

Directors' Report

The Directors of Copyright Licensing Limited are pleased to present the company's report for the financial year ended 31 December 2018.

DIRECTORS

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

- Sam Elworthy (ceased 31 Dec 2018) PANZ
- Emeritus Prof. Pat Walsh Independent
- Dr. Dana Wensley NZSA
- Andrew McKenzie Independent
- Graeme Cosslett PANZ
- Katherine Gordon (appt 1 Jan 2018) NZSA

PRINCIPAL ACTIVITIES

Copyright Licensing Limited (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 Limited is a non-profit company. All licensing revenue is returned to rightsholders after deduction of operating costs, a contribution of 2% of domestic licensing revenue to the CLNZ Cultural Fund and a contribution of 1% of domestic licensing revenue to the CLNZ Legal Fund. The Cultural Fund is used to invest in cultural and social purposes that help to grow the sector. The Legal Fund is provisioned for claims against the indemnity provided in CLNZ licences and other legal matters to which the company may need to respond.

OPERATING RESULTS

Gross revenue for the year was \$6,482,706 (2017 : \$6,627,479) of which \$631,352 (2017 : \$740,953) was received from overseas Reproduction Rights Organisations for distribution to New Zealand rightsholders. Domestic licensing revenue was \$5,595,908 (2017 : \$5,617,500). Additional revenue was generated from interest on investments and administrative services.

After the deduction of operating costs and a contribution of \$115,379 (2017 : \$112,350) to the Cultural Fund and a contribution of \$57,690 (2017 : \$56,175) to the Legal Fund, \$4,365,585 (2017 : \$4,471,193) was allocated for distribution from domestic licensing revenue.

Total expenditure represented 21% of gross revenue (2017 : 19.7%).

SIGNIFICANT CHANGES

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

DIRECTORS' AND OFFICERS' INSURANCE

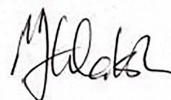
The company has paid a premium of \$5,970 (2017 : \$5,850) to insure Directors and the Chief Executive against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company other than conduct involving a wilful breach of duty in relation to the company.

DIRECTORS' DECLARATION

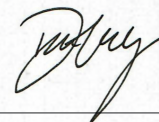
The Directors of the company declare that the following financial statements give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the year ended on that date.

The Directors note that the changed layout of the Statement of Comprehensive Revenue and Expense is due to a change in interpretation of the Accounting Standards.

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



Pat Walsh
Chairperson



Dr. Dana Wensley
Director

20/05/2019
Date

20/05/2019
Date

Financial Statements

COPYRIGHT LICENSING LIMITED
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE
 FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
REVENUE FROM EXCHANGE TRANSACTIONS			
Domestic Licensing		5,595,908	5,617,500
Overseas Reproduction Rights Organisations		631,352	740,953
Interest Received		247,107	258,777
Other Income		8,339	10,249
Total Revenue		6,482,706	6,627,479
EXPENSES			
Audit Fee		12,388	12,000
Depreciation	6	13,887	12,792
Amortisation	7	34,722	38,990
Directors' Costs		97,465	104,446
Legal Expenses		11,404	21,223
Operations		390,606	369,024
Office Lease Costs		91,701	84,822
Salaries & Wages		704,261	659,732
Total Expenses		1,356,434	1,303,029
Less Tax Expense		6,544	1,289
NET LICENSING REVENUE AFTER TAX		5,119,728	5,323,161
Distributions payable for the year		(4,930,726)	(5,095,653)
Payments made from Cultural Fund	8	(266,603)	(161,350)
RESULT FOR THE YEAR TRANSFERRED (FROM)/TO RESERVES		(77,601)	66,158
Transfers comprised of:	3.12		
Allocation to Legal Reserve Fund		57,690	56,175
Transfer from South Pacific Reserve to Cultural Fund		(12,864)	-
Payments made from the Cultural Fund		(266,603)	(161,350)
Transfer from South Pacific Reserve Fund		12,864	-
Transfer from unattributable overseas revenue		15,933	73,094
Allocation from licensing revenue		115,379	112,350
Net transfer (from)/to Cultural Fund		(122,427)	24,095
Remaining unallocated funds		-	(14,112)
Total transfers		(77,601)	66,158

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2018

Note	Share Equity	Accumulated Funds	Cultural Reserve	Legal Reserve	Development in South Pacific Reserve	Total
	\$	\$	\$	\$	\$	\$
2018						
EQUITY AT 1 JANUARY 2018	100	-	423,301	324,390	12,864	760,656
Result for the year transferred (from)/to reserves	-	(77,601)	-	-	-	(77,601)
Allocation to reserves	-	77,601	(122,426)	57,690	(12,864)	-
EQUITY AT 31 DECEMBER 2018	100	-	300,875	382,080	-	683,055
2017						
EQUITY AT 1 JANUARY 2017	100	-	399,207	268,215	12,864	680,386
Result for the year transferred (from)/to reserves	-	66,158	-	-	-	66,158
Allocation to reserves	-	(66,158)	24,094	56,175	-	14,112
EQUITY AT 31 DECEMBER 2017	100	-	423,301	324,390	12,864	760,656

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and bank balance	5	3,065,977	6,130,025
Investments	5	7,136,368	2,511,778
Receivables		643,663	419,775
Accrued Income		138,710	21,741
Taxation Refund		125,178	81,925
GST Refund		68,702	85,139
Prepayments		14,127	13,287
Total Current Assets		11,192,725	9,263,670
NON CURRENT ASSETS			
Property, plant and equipment	6	19,427	28,982
Intangible assets	7	141,028	110,753
Total Non Current Assets		160,455	139,735
TOTAL ASSETS		11,353,180	9,403,405
CURRENT LIABILITIES			
Distributable Funds	3.16	10,527,646	8,338,134
Holiday pay accrual		56,463	41,596
Accruals		18,183	16,448
Accounts Payable		17,573	25,550
PAYE Due		18,650	18,832
NRWT Payable		25,513	194,326
Fuji Xerox Finance Lease		6,097	7,863
Total Current Liabilities		10,670,125	8,642,750
TOTAL LIABILITIES		10,670,125	8,642,750
NET ASSETS		683,055	760,656
EQUITY			
Share Capital		100	100
Cultural Fund	8	300,875	423,302
Legal Reserve Fund	9	382,080	324,390
Fund for Development in South Pacific	3.15	0	12,864
TOTAL EQUITY		683,055	760,656

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Licensing revenue		5,955,528	5,938,688
Interest received		177,982	292,588
GST received/(paid)		17,187	(2,468)
Other operating activities		8,339	10,249
Tax refund/(paid)		(200,400)	(9,245)
Payments to suppliers and employees		(1,311,013)	(1,228,532)
Distributions to rightsholders		(2,881,187)	(5,825,469)
Payments from Cultural Fund		(135,291)	(147,239)
Net cash inflow/(outflow) from operating activities		1,631,505	(971,428)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(65,000)	(63,663)
Net cash inflow/(outflow) from investing activities		(65,000)	(63,663)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from investments		(4,624,590)	3,836,906
Finance lease repayments		(5,963)	(5,641)
Net cash inflow/(outflow) from financing activities		(4,630,553)	3,831,265
Net increase/(decrease) in cash and cash equivalents		(3,064,048)	2,796,173
Cash and cash equivalents at 1 January		6,130,025	3,333,852
Cash and cash equivalents at 31 December	5	3,065,977	6,130,025

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2018

1. REPORTING ENTITY

Copyright Licensing Limited is a private company registered under the Companies Act 1993. The Directors consider Copyright Licensing Limited to be a not-for-profit public benefit entity as the full amount of the net surplus each year is required to be distributed to rightsholders in accordance with the company's constitution and Distribution Policy.

The company is a Reproduction Rights Organisation and operates licensing schemes on behalf of rightsholders of published materials. The net returns from licensing are paid out to the rightsholders whose materials have been copied under licence.

These financial statements have been approved and were authorised for issue by the Board of Directors on 20 May 2019.

2. STATEMENT OF COMPLIANCE

The entity's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") that have been authorised for use by the External Reporting Board for Not-For-Profit entities. Copyright Licensing Limited is a public benefit entity and is eligible to apply Tier 2 Not-For-Profit PBE Standards RDR on the basis that it does not have public accountability and it is not defined as large.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 FUNCTIONAL AND PRESENTATION CURRENCIES

The company's presentation currency is New Zealand Dollars (NZD). The financial statements are prepared in New Zealand dollars, rounded to the nearest dollar.

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 Comprehensive Revenue and Expense.

3.2 BASIS OF MEASUREMENT

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

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The company considers that all revenue received is as a result of exchange transactions. The following specific recognition criteria must be met before revenue is recognised.

Revenue from exchange transactions

Domestic Licensing

Domestic licensing revenue is received from licence-holders in accordance with the terms of licensing schemes that help to make copying, scanning and sharing printed works easy and legal. Licences are issued annually for the calendar year with invoicing for licences happening in the year the licence is issued. Domestic licensing revenue is recognised on receipt.

Overseas Reproduction Rights Organisations

Periodically, funds are received from Reproduction Rights Organisations in other countries as a result of New Zealand works being copied overseas. Copyright Licensing Limited has no control over the amount or timing of receipt of those funds. As such, these funds are recognised as revenue when received in accordance with the Company's Distribution Policy.

Interest

Interest is recognised as it accrues, using the effective interest method.

3.4 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

- | | |
|--------------------------|-----|
| • Furniture and fittings | 15% |
| • Office equipment | 39% |
| • Computer hardware | 40% |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. Gains and losses on disposal of fixed assets are taken into account in arriving at the net surplus for the year.

The accompanying notes form part of these financial statements.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3.5 INTANGIBLE ASSETS

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The Company's registered trademarks and software development are its only intangible assets. Trademarks are currently not being amortised.

The amortisation periods for the Company's assets are as follows:

- Trademarks 0%
- Computer software 40%

3.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 LEASED ASSETS

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

3.8 LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the lease item to the entity. Assets held under finance lease are capitalised at the commencement of the lease at fair value of the leased asset or, if lower, at the present value of the future minimum lease payments. The company also recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset.

3.9 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.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3.10 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, other than as a rightsholder, to a member, proprietor or shareholder. After expensing operating costs and transfers to reserves, the net surplus is transferred to the distributable funds account so the only funds held in equity are to achieve specific purposes. Due to timing differences, the entity is subject to non-deductible expenditure which may result in an income tax liability.

3.11 GOODS AND SERVICES TAX (GST)

All amounts in the financial statements are stated exclusive of GST, except for receivables that are inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

3.12 TRANSFER

In 2018, as the result of a change in the interpretation of Accounting Standards, a Transfers section has been added to the Statement of Comprehensive Revenue & Expense. Transfers shows the portion of revenue that has been allocated to the Legal Reserve Fund (refer 3.14), a one-off transfer from the South Pacific Development Fund (refer 3.15) and the movements out of and in to the Cultural Fund (refer 3.13).

3.13 CONTRIBUTION TO CULTURAL FUND

A contribution of 2% of annual domestic licensing revenue is transferred to the Cultural Fund each year (refer also Note 8). This amount is deducted before arriving at the net surplus. In addition, an amount of \$15,933 was transferred into the fund from unattributable overseas revenue received. During the year, the balance of the South Pacific Development Fund was transferred to the Cultural Fund.

3.14 LEGAL RESERVE FUND

The Legal Reserve Fund was established in 2016 to help to manage a significant risk to the Company from unplanned legal expenditure. 1% of domestic licensing revenue is contributed to this fund each year. This amount is deducted before arriving at the net surplus. The Company has adopted a formal policy on the management of the fund including its purpose, setting a cap on the maximum value of funds to be held, and how the repatriation of unused funds will be handled in future years.

3.15 SOUTH PACIFIC DEVELOPMENT FUND

At its meeting held 2 March 2018, the Board agreed that the South Pacific Development Fund should be transferred to Cultural Fund as it will no longer be used for the purpose for which it was established.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3.16 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, contributions to the Cultural Fund and contributions to the Legal Reserve Fund, the net surplus is allocated for distribution pending the identification of publishers and authors whose works are copied under licence through the provision of electronic usage data from the New Zealand universities and via annual sampling surveys carried out in all other licence sectors.

3.17 DISTRIBUTION

Revenue from overseas Reproduction Rights Organisations and copyright clearance licensing services is distributed to identified publishers and authors after deduction of the relevant administration charge.

3.18 EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities for wages, salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

3.19 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

The Company derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Company has transferred substantially all the risks and rewards of the asset; or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets

Financial assets within the scope of *PBE IPSAS 29 Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Company's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Company's financial assets include: cash and cash equivalents, short-term investments and receivables from exchange transactions and investments.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Financial Assets - continued

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Company's cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and non-equity investments fall into this category of financial instruments.

Impairment of Financial Assets

The Company assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial Liabilities

The Company's financial liabilities include trade and other creditors (excluding GST and PAYE) and employee entitlements.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

The accompanying notes form part of these financial statements.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made certain judgements in the preparation of these financial statements. The Directors consider that none of these judgements are material to the financial statements.

Estimates and assumptions

The determination of some balances within the financial statements use key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The main estimate used relates to the useful lives of property, plant and equipment and intangible assets and the resulting depreciation and amortisation rates. The estimated remaining useful lives of these assets is reviewed annually and are reported in notes 3.4 and 3.5.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

5. CASH AND INVESTMENTS

	2018	2017
	\$	\$
Cash and cash equivalents	3,065,977	6,130,025
Investments	7,136,368	2,511,778
	10,202,345	8,641,803

Investments are comprised of term deposits at registered banks with original maturities of over 90 days. Term deposits of less than 90 days are included in cash and cash equivalents.

A delay in paying Distribution Funds to overseas RROs has resulted in a lower dollar value of Distribution to Rightsholders in 2018. These payments were made early in 2019 and will be reflected in the 2019 financial statements.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. FIXED ASSETS

	2018	2017
	\$	\$
<i>Furniture and Fittings</i>		
At cost	25,846	25,846
Loss on disposal	0	0
Less accumulated depreciation	(17,983)	(14,858)
	7,863	10,989
<i>Depreciation expense for year</i>	3,125	3,125
<i>Office Equipment</i>		
At cost	11,562	11,562
Loss on disposal	0	0
Less accumulated depreciation	(11,008)	(10,894)
	555	669
<i>Depreciation expense for year</i>	114	144
<i>Computer Hardware/Software</i>		
At cost	58,487	58,487
Loss on disposal	0	0
Less accumulated depreciation	(53,304)	(50,163)
	5,183	8,323
<i>Depreciation expense for year</i>	3,140	5,023
<i>Leased Asset (Photocopier)</i>		
At cost	17,832	13,501
Loss on disposal	0	0
Less accumulated depreciation	(12,008)	(4,500)
	5,824	9,001
<i>Depreciation expense for year</i>	7,508	4,500
	2018	2017
	\$	\$
Opening Book Value	28,982	24,095
Plus additions	4,331	17,679
Plus Work in Progress	0	0
Less disposals	0	0
Less depreciation	13,887	12,792
Closing Book Value	19,426	28,982

The accompanying notes form part of these financial statements.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. INTANGIBLE ASSETS

	2018	2017
	\$	\$
<i>System Development</i>		
At cost	561,258	496,258
Work in Progress	-	-
Less accumulated amortisation	(425,720)	(390,998)
	135,258	105,260
<i>Amortisation expense for year</i>	34,722	38,990

Trademarks

At cost	5,490	5,490
Less accumulated amortisation	-	-
	5,490	5,490

	2018	2017
	\$	\$
Opening Book Value	110,752	90,257
Plus additions	65,000	59,485
Plus Work in Progress	-	-
Less disposals	-	-
Less depreciation	34,722	38,990
Closing Book Value	141,030	110,752

8. CULTURAL FUND

Annual contributions of up to 2% of domestic licensing revenue are made to this fund which is then invested in cultural and social purposes to benefit the rightsholders the Company represents. The sum of \$115,379 (2017 : \$112,350) has been transferred from 2018 domestic licensing revenue. The fund has also benefitted \$15,933 (2017 : \$73,094) from non-title-specific revenue received from overseas RROs.

	2018	2017
	\$	\$
Opening balance	423,302	399,208
Less payments made from Cultural Fund	(266,603)	(161,350)
Plus Transfer from Development in South Pacific Reserve	12,864	-
Unattributable overseas revenue	15,933	73,094
Contribution from licensing revenue	115,379	112,350
Closing balance	300,875	423,302

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2018

9. LEGAL RESERVE FUND

Annual contributions of 1% of domestic licensing revenue are made to this fund. The funds are set aside for any claim against the indemnity provided by the licences the Company sells and for any unplanned legal expenditure on matters that impact the rightsholders the Company represents. The sum of \$57,690 (2017 : \$56,175) has been transferred from 2018 domestic licensing revenue. Unspent funds may be reallocated to revenue at a later date in accordance with the provisions of the Company's Distribution Policy.

	2018	2017
	\$	\$
Opening balance	324,390	268,215
Less payments made	-	-
Contribution from licensing revenue	57,690	56,175
Closing balance	382,080	324,390

10. CAPITAL AND LEASING COMMITMENTS

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

	2018	2017
	\$	\$
Premises (Operating lease) - expires November 2019		
Payable		
- not later than one year	62,040	69,250
- later than one year but not later than five years	0	57,708
Motor Vehicle (Operating leases) - expires May 2019 and January 2020		
Payable		
- not later than one year	9,713	14,424
- later than one year but not later than five years	529	10,242

11. COMPANY CREDIT CARD

A company credit card used by senior staff has a limit of \$20,000.

12. SHARE CAPITAL

Authorised, issued and fully paid up capital

100 Ordinary shares of \$1	100	100
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13. RELATED PARTY TRANSACTIONS

Shareholders

The shareholders in Copyright Licensing Limited are the Publishers Association of New Zealand (PANZ - 50 shares) and the New Zealand Society of Authors (NZSA - 50 shares).

The accompanying notes form part of these financial statements.

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2018

13. RELATED PARTY TRANSACTIONS - CONTINUED

New Zealand Society of Authors	2018	2017
	\$	\$
Research Grant Funds (paid to grant recipients)	20,000	20,000
Administration of Research Grants	1,000	1,000
National Writers Forum	15,000	0
Total	36,000	21,000

Publishers Association of New Zealand	2018	2017
	\$	\$
Professional Development Training	20,000	20,000
Total	20,000	20,000

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. There are no amounts owed to or by related parties at year end.

Directors

Sam Elworthy was employed by the University of Auckland during the year and did not take part in any discussions regarding transactions with or matters related to the University of Auckland.

Dr. Dana Wensley was an elected councillor with Tasman District Council and Deputy Chair of Committee with responsibility for Tasman District Council libraries.

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the Directors of the Board, Chief Executive, Business Development Manager and Business Analyst. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

Senior Management	2018	2017
	\$	\$
Total remuneration	406,605	395,560
Total FTE's (Full Time Equivalent)	3	4
Directors	2018	2017
	\$	\$
Total remuneration	83,512	85,936
Total FTE's (Full Time Equivalent)	0.1	0.1

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NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2018

14. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

Financial Assets	2018	2017
	\$	\$
<i>Financial Assets at Fair Value through Surplus or Deficit</i>		
Cash and cash equivalents	10,202,345	8,641,803
Receivables from Exchange Transactions	691,507	419,775
	10,893,852	9,061,578

Financial Liabilities	2018	2017
	\$	\$
<i>At amortised cost</i>		
Trade and other creditors	17,573	25,550
Fuji Xerox Finance Lease	0	0
Accrued Expenditure	18,183	16,448
Employee Entitlements	56,463	41,596

15. FINANCE LEASE

The company has a Finance Lease with Fuji Xerox which expires in November 2019.

Total liability of \$0 remains after balance date as follows:

Photocopier - expires November 2019	2018	2017
	\$	\$
Payable		
- not later than one year	6,347	6,219
- later than one year but not later than five years	0	1,644

16. 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.

17. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events occurring after balance date that would materially affect these financial statements (2017 : NIL).

The accompanying notes form part of these financial statements.



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