

The graphic features a solid orange vertical bar on the left. The right side is divided into several sections: a top section with a grey and white diagonal line pattern, a black rectangular section containing the text 'ALCS', a grey triangular section pointing downwards from the black section, and a bottom section with a grey and white grid pattern.

**ALCS**

**REPORT AND ACCOUNTS 2016-2017**

# Authors' Licensing and Collecting Society Ltd

1st Floor, Barnard's Inn  
86 Fetter Lane  
London  
EC4A 1EN

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## Honorary President

Maureen Duffy

## Chair

Tony Bradman

## Directors

Adam Singer (Chair to 24 November 2016)  
Tony Bradman (Chair from 24 November 2016)  
James McConnachie (Vice Chair)  
Owen Atkinson (Chief Executive Officer)  
Jonathan Fryer  
Maggie Gee  
Bonnie Greer (resigned 8 March 2017)  
Paul Powell  
Joan Smith (from 4 January 2017)  
Stevie Spring  
Jonathan Turner (to 24 November 2016)

## Company Secretary

Owen Atkinson

## Company Number

01310636

## Company Status

The Authors' Licensing and Collecting Society Ltd is a company limited by guarantee

## Registered Office

1st Floor, Barnard's Inn  
86 Fetter Lane  
London  
EC4A 1EN

## Auditors

haysmacintyre  
Chartered Accountants  
26 Red Lion Square  
London  
WC1R 4AG

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# DIRECTORS' REPORT

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**The Board of Directors herewith presents its Directors' Report and Strategic Report, together with the audited Financial Statements of the Company for the year ended 31 March 2017.**

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Chair and Vice Chair

Adam Singer served as Chair of the Board from the start of the financial year until 24 November 2016. Tony Bradman was appointed Chair from 24 November 2016. James McConnachie served as Vice Chair for the duration of the financial year.

## Directors

The Directors who served during the year were: Adam Singer (to 24 November 2016), Owen Atkinson, Tony Bradman (from 24 November 2016), Jonathan Fryer, Maggie Gee, Bonnie Greer (to 8 March 2017), James McConnachie, Paul Powell, Joan Smith (from 4 January 2017), Stevie Spring and Jonathan Turner (to 24 November 2016).

## **Finance and Audit Committee members**

The following Directors were members of the Finance and Audit Committee during the year: James McConnachie (Committee Chair), Owen Atkinson, Adam Singer (to November 2016), Maggie Gee (to January 2017) and Bonnie Greer (to January 2017), Tony Bradman (from November 2016), Paul Powell (from January 2017) and Joan Smith (from January 2017). Additionally, Steve Winetroube as an external independent member and Mark Bispham as Head of Finance were members of the Committee.

## **Administration and personnel**

At the end of the financial year the number of staff working for ALCS was 33 (2016: 30). Owen Atkinson served as Company Secretary for the duration of the year.

## **Charitable donations**

Charitable donations of £44,240 (2016: £71,770) were made to organisations which have a close affinity to writers – including the National Literacy Trust, CILIP, National Life Story Collection and the Bath Festival.

## **Statement of post balance sheet events**

There were no post balance sheet events to report.

## **Statement of future developments**

The final investment in the upgrade of our website will be completed later this year.

## **Disclosure of information to auditors**

So far as each of the Directors at the time of the report approval is aware:

1. There is no relevant audit information of which the Company's auditors are unaware; and
2. the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Auditors

haysmacintyre have indicated their willingness to continue in office as auditors to the Company and a resolution to reappoint haysmacintyre as auditors of the Company will be proposed at the 2017 AGM.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Tony Bradman', with a long horizontal stroke extending to the right.

Tony Bradman  
Chair of the Board of Directors and Director

A handwritten signature in black ink, appearing to read 'James McConnachie', with a long horizontal stroke extending to the right.

James McConnachie  
Chair of the Finance and Audit Committee and Director

6 July 2017

# STRATEGIC REPORT

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## Principal activities of the Company

The Company represents writers in all genres. It collects and distributes fees for rights which can only, or can most effectively, be administered through collective administration in the United Kingdom and abroad. The Company has agreements with over 55 societies in more than 40 countries. Where appropriate, ALCS also collects from UK schemes and distributes to societies in these countries on behalf of their writer members.

## Strategic risks and uncertainties

The Board monitors, identifies, evaluates and manages risk.

Some of the significant strategic risks relate to:

- a sustained future reduction in licence income.
- any fragmentation of the current licensing partnerships.
- any policy developments extending the copyright exceptions regime which fail to recognise writers' right to remuneration.

The Directors at all times seek to minimise these threats through our active lobbying programme in the UK, in Europe and globally, and support of the Copyright Licensing Agency.

## Financial risks

The Company undertakes regular reviews of its financial policies. The major risks are:

- a fall in interest rates and dividends;
- a decline in equity and bond values; and
- fluctuations in the sterling exchange rate.

Wherever possible, the Board takes action to mitigate any risk. Company policies are regularly reviewed by the board (or its relevant sub-committee) and updated where appropriate. Our investments are diversified to minimise risk and volatility while maximising gains. We do not hedge foreign currency, but convert it at the prevailing rate on receipt.

## **The Copyright Reform Agenda**

Alongside partner organisations, ALCS continues to make strong representations to the UK Government, the European Commission and the World Intellectual Property Organisation on this issue on behalf of writers. During this period, we have focussed on European proposals for new, broader exceptions to copyright, notably in the field of education, and regulations governing the operation of collective management organisations.

## **FINANCIAL REVIEW**

### **Licence income**

There was a 4.6% increase in licence income this year to £32,072,835 from the previous year's value of £30,675,294.

### **Distribution**

The gross distribution paid to Members and overseas societies was £32,607,272 (net £29,555,597), (2016 £33,408,664 gross, (£30,198,732 net). Details of the ALCS distribution policy can be found on the company's website ([alcs.co.uk](http://alcs.co.uk)).

### **Investments**

Our diversified investment strategy continued with a mixture of equities, bonds, a diversified growth fund and a multi asset credit fund. The purpose of these investments is to both protect the assets of the society and provide an income which helps defray expenses. At 31 March 2017 the market value of this portfolio, before deferred taxation, exceeded cost by £4,149,720 (2016: £1,290,204).

During the year, these investments generated £780,543 of interest, dividends and distributions (2016: £475,544). The investment activities of the Company are determined and monitored by the Board and the Finance and Audit Committee.



## Result for the year and reserves

The normal operating activities of the Company for the year generated a surplus of £398,091, which the Directors have decided will be returned to members in the form of a commission refund in the March 2018 distribution.

The income and expenditure account therefore shows no profit or loss before taxation and fair value movements. This therefore leaves the operating reserve unmoved at £1,867,628 at 31 March 2017, which comprises an operating fund of £792,628 plus a legal fund of £1,075,000.

Following the implementation last year of FRS102, the company is showing significantly increased net assets, which reflects the growth in the market value of its investment portfolio. This is based on an unrealised surplus on investments over their transaction cost less a deferred tax charge (the tax that would have been payable had the investments been disposed of at that date).

## Key performance indicators

The Company uses a range of performance indicators to measure its performance as below:

- Licence income has increased by £1,397,541 to £32,072,835.
- Gross payments to writers exceeded £30 million for the fifth successive year, but were 2.4% down this year at £32.6million (2016 £33.4 million).
- The effective commission rate (after commission refunds) for the year was down by 0.19% to 8.22%.
- ALCS membership numbers increased by 3,471 to 90,027.

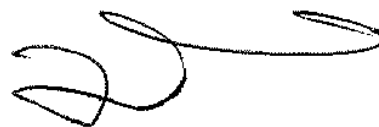
## Likely future developments

ALCS continues to work with key stakeholders to develop new opportunities for collecting licence income.

This report was approved by the Board of Directors on 6 July 2017 and signed on its behalf by:



Tony Bradman  
Director  
Chair of the Board of Directors



James McConnachie  
Director  
Chair of the Finance and Audit Committee

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

		<b>2017</b>	<b>2016</b>
	Notes	£	£
Licence income	2	32,072,835	30,675,294
Royalties payable		(29,419,891)	(27,814,188)
Commission receivable	3	2,652,944	2,861,106
Administration expenses	4	(3,660,956)	(3,940,272)
		(1,008,012)	(1,079,166)
Other operating income	5	89,524	131,207
Operating deficit		(918,488)	(947,959)
Investment income	6	918,488	781,885
Gain on property disposal		-	516,074
Surplus on ordinary activities before fair value movements and taxation		-	350,000
Fair value movements on investments	10	2,859,516	(853,182)
Surplus / (deficit) on ordinary activity before taxation		2,859,516	(503,182)
Tax on ordinary activities	8	(371,258)	166,173
Total comprehensive income / (deficit) for the year		2,488,258	(337,009)

All amounts relate to continuing activities.

The notes on pages 15 to 31 form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017		2016	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	9		799,016		841,634
<b>Current Assets</b>					
Investments	10	30,833,974		22,275,535	
Debtors	11	496,753		438,274	
Cash at bank and in hand		11,056,483		17,238,546	
		<u>42,387,210</u>		<u>39,952,355</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(37,168,878)</u>		<u>(37,636,157)</u>	
<b>Net current liabilities</b>			<u>5,218,332</u>		<u>2,316,198</u>
<b>Total assets less current liabilities</b>			6,017,348		3,157,832
<b>Provision for deferred taxation</b>	14		<u>(562,716)</u>		<u>(191,458)</u>
			<b><u>5,454,632</u></b>		<b><u>2,966,374</u></b>
<b>Reserves:</b>					
<b>Retained earnings:</b>					
Operating fund			792,628		792,628
Legal fund			1,075,000		1,075,000
Unrealised surplus on listed investments			3,587,004		1,098,746
			<u>5,454,632</u>		<u>2,966,374</u>

The notes on pages 15 to 31 form part of these financial statements

**Approved by the board on 6 July 2017**



Tony Bradman  
Director  
Chair of the Board of Directors



James McConnachie  
Director  
Chair of the Finance and Audit Committee

# CASH FLOW STATEMENT

For the year ended 31 March 2017

<b>Reconciliation of operating deficit to net cash flow from operating activities</b>	<b>2017</b>	<b>2016</b>
	£	£
Operating deficit for the financial year	(918,488)	(947,959)
Adjustments for:		
Amortisation of bond premiums	34,669	16,013
Depreciation charged for the year	180,631	185,800
Asset write-offs	647	(63,150)
Asset disposals	-	516,074
Taxation	-	-
(Increase) in trade and other debtors	(58,479)	(21,677)
(Decrease) in royalties due to writers	(135,731)	(2,384,542)
(Decrease)/increase in trade creditors	(331,548)	597,208
Cash from operations	<u>(1,228,299)</u>	<u>(2,102,233)</u>
Income taxes paid	-	-
<b>Net cash outflow on operating activities</b>	<b><u>(1,228,299)</u></b>	<b><u>(2,102,233)</u></b>
 <b>Cash flows from investing activities</b>		
Proceeds from sale of tangible assets	-	5,208,883
Purchases of tangible assets	(138,660)	(468,785)
Payment to acquire investments	(8,785,935)	(8,175,616)
Receipts from sales of investments	3,134,557	2,050,496
Money market interest	125,780	297,611
Bond interest	277,677	322,418
Dividends	272,727	226,146
Income from managed funds	160,090	0
<b>Net cash to investing activities</b>	<b><u>(4,953,764)</u></b>	<b><u>(538,847)</u></b>

# CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 March 2017

	2017	2016
	£	£
<b>Net decrease in cash and cash equivalents</b>	<b>(6,182,063)</b>	<b>(2,641,080)</b>
Foreign exchange translation adjustment		
Cash and cash equivalents at the beginning of year	17,238,546	19,879,626
<b>Cash and cash equivalents at end of year</b>	<b><u>11,056,483</u></b>	<b><u>17,238,546</u></b>

The notes on pages 15 to 31 form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

## Reserves

	RETAINED EARNINGS			Total
	Operating fund	Legal fund	Unrealised surplus on listed investments reserve	
	£	£	£	£
<b>Retained earnings:</b>				
As at 1 April 2015	792,628	725,000	1,785,755	3,303,383
Surplus/(deficit) for the financial year	-	350,000	(687,009)	(337,009)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2016	792,628	1,075,000	1,098,746	2,966,374
Surplus/(deficit) for the financial year	-	-	2,488,258	2,488,258
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	792,628	1,075,000	3,587,004	5,454,632
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# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

**Authors' Licensing and Collecting Society Limited is a company limited by guarantee without share capital**

## 1 Accounting policies

### 1.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 1.13)

### 1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax (VAT) and other sales taxes.

Licence income shows the amount of royalties received during the year, under ALCS licensing agreements. Commission is recognised on the distribution of royalties to members. Income is the amount derived from ordinary activities, stated net of VAT.

### 1.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

## **Fixtures & Fittings and office equipment**

5 – 10 years

## **Computer equipment**

3 – 5 years

## **Computer software**

General software – 3 years

Main IT system – 8 years

### **1.4 Operating leases: lessee**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

### **1.5 Valuation of investments**

Investments in listed equity investments and fixed-term securities are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Where a premium is paid for a fixed term security, over the redemption value, the amount is amortised over the period to redemption or the period to the call date, if that is earlier. The profit or loss on disposals of investments constitutes the difference between the proceeds received from the sale of listed investments and the accumulated cost and revaluation to the preceding reporting date. Any such profit or loss is recorded as investment income within the operating surplus, as opposed to fair value movements on investments. In the opinion of the Directors, such an allocation is necessary to give a true and fair-view of the Company's performance, because the realisation of investments forms an integral part of the Company's activities and as such an element of distributions due to members.

Investments in debt instruments are measured at amortised cost using the effective interest method.

### **1.6 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### **1.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## 1.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## 1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 1.10 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are recognised in the Income and Expenditure Account.

## 1.11 Pension scheme

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payments obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

## 1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## 1.13 **Judgments in applying accounting policies and key sources of estimation uncertainty**

The directors consider depreciation to be an expense based on a source of estimation uncertainty. Depreciation is based on estimates of useful lives based on historical experience of the time assets are retained and utilised by the company.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2	<b>Income: Analysis of licence income</b>	<b>2017</b>	<b>2016</b>
		£	£
	<b>Analysed geographically</b>		
	UK	23,881,896	24,568,294
	Rest of Europe	8,097,985	5,921,222
	North America	31,740	149,625
	Oceania	20,746	12,682
	Asia	40,468	23,471
		32,072,835	30,675,294
	In the year £3,100,245 (2016: £3,465,089) was received from UK sources which originated outside the UK.		
	<b>Analysed by licence</b>		
	Copyright Licensing Agency Ltd	21,641,925	22,241,796
	BBC Worldwide Ltd	540,964	639,278
	Educational Recording Agency Ltd	1,546,875	1,536,727
	Other international bilateral agreements	8,343,071	6,257,493
		32,072,835	30,675,294
	<b>Analysed by right and use</b>		
	Reprographic	21,700,375	22,371,053
	Retransmission	4,296,675	4,189,997
	Private copying	3,149,274	1,759,821
	Educational audiovisual	1,632,507	1,558,674
	Lending	1,006,151	733,870
	Other literary	79,570	32,497
	Other audiovisual	207,833	29,382
		32,072,385	30,675,294

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

3	<b>Commission receivable</b>	<b>2017</b>	<b>2016</b>
		£	£
	Receivable from 9.5% commission on members' royalty income	3,051,035	3,209,933
	Commission refund	(398,091)	(348,827)
	Total commission receivable	<u>2,652,944</u>	<u>2,861,106</u>
	This includes:		
	Levy relating to donations to charities and other organisations	0	81,741
4	<b>Administration expenses</b>	<b>2017</b>	<b>2016</b>
		£	£
	Staff costs – see note 7	1,872,815	1,887,641
	Chief Executive Officer's remuneration – see note 7	209,349	218,635
	Non-Executive Directors remuneration – see note 7	112,086	118,779
	Rent and services	233,020	360,857
	Travel and meetings	55,112	55,261
	Publishing and communications	350,400	432,803
	Donations to charities and other organisations	81,592	86,588
	Computer facilities and services	483,197	366,102
	Subscriptions, insurance and other administrative costs	73,175	73,460
	Legal, audit and other professional costs	8,932	125,058
	Depreciation of freehold property	-	20,872
	Depreciation of tangible assets	180,631	164,928
	Profit/losses on sales of fixed assets	647	29,288
		<u>3,660,956</u>	<u>3,940,272</u>
	Included within administrative expenses are the following:		
	Auditors' remuneration for audit work	12,500	10,800
	Auditors' remuneration for non-audit work	3,525	4,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

<b>5</b>	<b>Other Operating Income</b>	<b>2017</b>	<b>2016</b>
		£	£
	Members' subscriptions	81,057	67,687
	Writers Digital Payment (WDP) fees	-	55,000
	Sundry income	8,467	8,520
		<u>89,524</u>	<u>131,207</u>
<b>6</b>	<b>Investment income</b>	<b>2017</b>	<b>2016</b>
		£	£
	Money market interest	137,944	306,340
	Bond interest	265,513	313,689
	Dividends	272,727	226,146
	Income from managed funds net of management fees	160,090	-
	Net surplus / (deficit) on sale of investments	82,214	(64,290)
		<u>918,488</u>	<u>781,885</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

7	<b>Directors and employees</b>	<b>2017</b>	<b>2016</b>
		£	£
	<b>a) Staff costs</b>		
	Wages and salaries	1,384,997	1,432,335
	Social security costs	193,011	186,268
	Pension costs	148,255	147,651
	Other staff costs	146,552	120,626
		<u>1,872,815</u>	<u>1,886,880</u>

Pension contributions of £Nil (2016: £Nil) were outstanding at 31 March 2017.

## **b) Directors' remuneration**

*Chief Executive Officer:*

Emoluments	177,304	187,453
Pension costs	31,182	31,182
	<u>208,486</u>	<u>218,635</u>
Benefits etc	863	761
	<u>209,349</u>	<u>219,396</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

7 <b>Directors and employees (continued)</b>	<b>2017</b>	<b>2016</b>
	£	£
<i>Non-Executive Directors:</i>		
Adam Singer (Chair to 24 November 2016)	22,962	35,076
Tony Bradman (Chair from 24 November 2016)	12,340	0
Toby Faber (Vice Chair to 4 January 2016)	0	13,694
Jonathan Fryer	9,406	9,418
Maggie Gee (from 4 January 2016)	9,406	2,351
Bonnie Greer (to 8 March 2017)	8,875	9,406
James McConnachie (Vice Chair from 28 January 2016)	19,300	13,106
Paul Powell	10,796	9,637
Joan Smith (to 4th January 2016, reappointed 4 January 2017)	2,351	7,054
Stevie Spring	9,596	9,631
Jonathan Turner (to 24 November 2016)	7,054	9,406
	<hr/>	<hr/>
	112,086	118,779
	<hr/>	<hr/>

Included within the Non-Executive Directors' emoluments is the sum of £22,962 (2016: £35,076) which was paid to Cordelia UK Ltd, a registered company of which Adam Singer is a director. In addition to their basic salaries Non-Executive directors are reimbursed through the payroll for travel and subsistence costs from their home to/from ALCS. No Non-Executive director received a pension contribution in the year (2016: Nil).

**c) The average monthly number of employees during the year was as follows:**

	<b>Number</b>	<b>Number</b>
Chief Executive's Office and Policy Unit	4	4
Membership recruitment and Communications	7	8
Distribution and membership	16	16
Other administration	5	6
	<hr/>	<hr/>
	32	34
	<hr/>	<hr/>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

8 Taxation	2017	2016
	£	£
<b>a) The tax charge/(credit) in the period was as follows:</b>		
Total current tax	-	-
<b>Deferred tax</b>		
Capital gains and losses	371,258	(166,173)
Tax on ordinary activities	<u>371,258</u>	<u>(166, 173)</u>
<b>b) Tax charge/(credit) reconciliation</b>		
<b>Surplus on ordinary activities before tax</b>	<u>2,859,516</u>	<u>(503,182)</u>
Surplus before tax multiplied by the CT rate of 20% (2016: 20%)	571,903	(100,636)
Effects of:		
- Expenses not deductible for tax purposes	16,228	11,584
- Income not taxable for tax purposes	-	124,731
- Exempt dividend income	(61,788)	(55,209)
- Chargeable gains	(90,882)	(146,643)
- Change in deferred tax rate	(64,203)	-
Current tax charge for year	<u>371,258</u>	<u>(166,173)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

## 9 Tangible assets

	<b>Fixtures &amp; fittings</b>	<b>Computer &amp; office equipment</b>	<b>Computer software</b>	<b>Website development</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2016	239,336	182,732	806,418	110,000	1,338,486
Additions	1,586	30,274	-	106,800	138,660
Disposals	-	-	-	-	-
Assets write-offs	-	(2,159)	-	-	(2,159)
As at 31 March 2017	<u>240,922</u>	<u>210,847</u>	<u>806,418</u>	<u>216,800</u>	<u>1,474,987</u>
<b>Depreciation</b>					
As at 1 April 2016	37,547	155,171	304,134	-	496,852
Charge for the year	56,372	11,094	113,165	-	180,631
Disposals	-	-	-	-	-
Assets write-offs	-	(1,512)	-	-	(1,512)
At 31 March 2017	<u>93,919</u>	<u>164,753</u>	<u>417,299</u>	<u>-</u>	<u>675,971</u>
<b>Net book value</b>					
At 31 March 2017	<u>147,003</u>	<u>46,094</u>	<u>389,119</u>	<u>216,800</u>	<u>799,016</u>
At 31 March 2016	<u>201,789</u>	<u>27,561</u>	<u>502,284</u>	<u>110,000</u>	<u>841,634</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

## 10 Investments

	Cost	Unrealised gain/(loss)	Total at Fair value
	£	£	£
<b>Bonds</b>			
At 1 April 2016	6,067,564	(59,612)	6,007,952
Amortisation of bond premiums	(30,607)	-	(30,607)
Additions	1,644,193	-	1,644,193
Disposals	(1,366,699)	-	(1,366,699)
Current year valuation (loss)	-	159,716	159,716
At 31 March 2017	<u>6,314,451</u>	<u>100,104</u>	<u>6,414,555</u>
<b>Equities/ bonds</b>			
Cost: At 1 April 2016	9,917,767	1,331,818	11,249,585
Amortisation of bond premiums	(4,062)	-	(4,062)
Additions	2,141,742	-	2,141,742
Disposals	(1,685,644)	-	(1,685,644)
Current year valuation (loss)	-	2,049,703	2,049,703
At 31 March 2017	<u>10,369,803</u>	<u>3,381,521</u>	<u>13,751,324</u>
<b>Other listed investments</b>			
Cost: At 1 April 2016	5,000,000	17,998	5,017,998
Additions	5,000,000	0	5,000,000
Current year valuation gain	-	650,097	650,097
At 31 March 2017	<u>10,000,000</u>	<u>668,095</u>	<u>10,668,095</u>
<b>Net book value</b>			
At 31 March 2017	<u>26,684,254</u>	<u>4,149,720</u>	<u>30,833,974</u>
At 31 March 2016	<u>20,985,331</u>	<u>1,290,204</u>	<u>22,275,535</u>

The fair value of listed equity investments at 31 March 2017 was £30,833,974 (2016 £22,275,535).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

11	<b>Debtors</b>	<b>2017</b>	<b>2016</b>
		£	£
	Trade and sundry debtors	16,216	-
	Other debtors	312,692	14,103
	Prepayments and accrued income	167,845	424,171
		<u>496,753</u>	<u>438,274</u>
	There was no bad debt expense during the year (2016:£Nil).		
12	<b>Creditors: Amounts falling due within one year</b>		
	Trade creditors	37,397	424,656
	Other taxes and social security costs	595,087	397,539
	Royalties due to writers – <i>see note 13</i>	36,170,974	36,306,705
	Accruals and other creditors	365,420	507,257
		<u>37,168,878</u>	<u>37,636,157</u>
13	<b>Royalties due to writers</b>		
	<b>a) Included in creditors</b>		
	Amounts falling due within one year	<u>36,170,974</u>	<u>36,306,705</u>
	<b>b) Age of royalties included in creditors in year to 31 March:</b>		
	Licence income undistributed at end of current year	14,647,018	12,372,534
	Licence income undistributed for more than 1 year	5,971,909	4,336,900
	Licence income undistributed for more than 2 years	3,435,619	3,438,350
	Licence income undistributed for more than 3 years	2,195,448	2,563,613
	Licence income undistributed for more than 4 years	1,912,065	2,036,318
	Licence income undistributed for more than 5 years	8,008,915	11,558,990
		<u>36,170,974</u>	<u>36,306,705</u>

The “Age of royalties” shows the amount of each year’s income which has yet to be distributed to the writers.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

14	<b>Deferred taxation</b>	<b>Total</b>
		£
	Provision at 1 April 2016	191,458
	Debt to income statement	371,258
	Provision at 31 March 2017	<u>562,716</u>

The deferred tax provision consists entirely of chargeable gains

15	<b>Financial instruments</b>	<b>2017</b>	<b>2016</b>
		£	£
	Financial assets that are debt instruments measured at fair value	<u>6,414,555</u>	<u>6,007,952</u>
	Financial assets that are debt instruments measured at amortised cost	<u>328,908</u>	<u>14,103</u>
	Financial assets that are equity instruments measured at fair value	<u>24,419,419</u>	<u>16,267,583</u>
	Financial liabilities measured at amortised cost	<u>37,397</u>	<u>424,656</u>

Financial assets measured at amortised cost comprise cash, trade and sundry debtors, other debtors and investments in fixed-income securities.

Financial assets measured at fair value comprise listed equities and investment funds and investments in fixed-income securities.

Financial liabilities measured at amortised cost comprise trade creditors.

## 16 Reserves

Financial liabilities measured at amortised cost comprise trade creditors.

It is split into an operating fund and a legal fund.

Unrealised surplus on listed investments reserve comprises the unrealised gain or loss on our investments and is a part of retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

## 17 Related party transactions

During the year, the following Directors of ALCS were also Directors of the Copyright Licensing Agency Ltd (CLA) a company in which ALCS has an investment. Remuneration paid by CLA to these Directors is also reported in the accounts of CLA.

	<b>2017</b>	<b>2016</b>
	£	£
Tony Bradman	5,016	-
Toby Faber	11,223	11,223
James McConnachie	10,048	1,675
Adam Singer	12,038	15,048
Jonathan Turner	-	8,373
	<u>38,325</u>	<u>36,319</u>

Licence income received from CLA during the year was £21,641,925 (2016: £22,241,796).

During the year a sum of £22,962 (2016: £35,076) was paid to Cordelia UK Ltd, a registered company of which Adam Singer is a director.

	£	£
Key management personnel remuneration	<u>529,426</u>	<u>456,410</u>

(for those who have an executive influence on the company but are not statutory directors)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

18. **Controlling Party**

The Board of Directors considers that there is no ultimate controlling party.

19. **Capital commitments**

	<b>2017</b>	<b>2016</b>
At 31 March 2017 the Company had capital commitments as follows:	£	£
Costs contracted but not provided in the Financial Statements	120,000	-

The current commitments relate to the final pieces of development of the ALCS website

20. **Operating lease commitments**

There were no operating leases of a material nature.

The Company has entered into a licence to share costs for the offices at Barnard's Inn with the Copyright Licensing Agency and the Publishers Licensing Society. The share is based on fluctuating headcount numbers, so cannot be reliably estimated prospectively. In the current year the shared premises costs (rent, rates and service charge) amounted to £230,471 (2016 (partial year): £191,728.)

The lease in the name of the Copyright Licensing Agency is for ten years from February 2015.

# ALCS DIRECTORS' REGISTER OF INTERESTS

1 April 2016 to 31 March 2017

Name and position	Dates to/from	Income from ALCS as a Director and as a Member	Other Interests
<p><b>Owen Atkinson,</b> Executive Director</p>	<p>Appointed by the Board in November 2008</p>	<p>ALCS Director: £209,349 (emoluments: £177,304, pension Costs: £31,182, other Benefits £863) ALCS Member: n/a</p>	<ul style="list-style-type: none"> <li>• Director of International Authors Forum</li> </ul>
<p><b>Tony Bradman,</b> Chair and Non-Executive Director</p>	<p>Appointed by the Board in November 2016</p>	<p>ALCS Director: £12,340 ALCS Member: £1,500 – £2,000</p>	<ul style="list-style-type: none"> <li>• Chair of the Siobhan Dowd Trust</li> <li>• Member of PLR Advisory Committee</li> </ul>
<p><b>Jonathan Fryer,</b> Non-Executive Director</p>	<p>Re-elected by the membership in January 2017</p>	<p>ALCS Director: £9,406 ALCS Member: £100 – 500</p>	
<p><b>Maggie Gee,</b> Non-Executive Director</p>	<p>Elected by the membership in January 2016</p>	<p>ALCS Director: £9,406 ALCS Member: £100 – £500</p>	
<p><b>Bonnie Greer,</b> Non-Executive Director</p>	<p>Elected by the membership in January 2016. Resigned in March 2017.</p>	<p>ALCS Director: £8,875 ALCS Member: £100 – £500</p>	<ul style="list-style-type: none"> <li>• Trustee, British Museum</li> </ul>
<p><b>James McConnachie,</b> Vice-Chair and Non-Executive Director</p>	<p>Re-elected by the membership in January 2016</p>	<p>ALCS Director: £19,300 ALCS Member: £500 – £1,000</p>	<ul style="list-style-type: none"> <li>• Director of Copyright Licensing Agency Ltd</li> </ul>



<p><b>Paul Powell,</b> Non-Executive Director</p>	<p>Re-appointed by the Board in September 2015</p>	<p>ALCS Director: £10,796 ALCS Member: 500 – £1,000</p>	<ul style="list-style-type: none"> <li>• Director/Secretary of Black Dog Television (TV/Radio production)</li> <li>• Committee Member of The Wine Society</li> <li>• Non-Executive Director Fetter Investments</li> <li>• Non-Executive Director Genesis Education Trust</li> <li>• Patron of Society of Audiovisual Authors</li> </ul>
<p><b>Adam Singer,</b> Chair and Non-Executive Director</p>	<p>Appointed by the Board in November 2013 until November 2016</p>	<p>ALCS Director: £22,962 ALCS Member: n/a</p>	<ul style="list-style-type: none"> <li>• Chairman, British Screen Advisory Council,</li> <li>• Chairman, Digital Radio UK</li> <li>• Chairman, UK Hydrographic Office</li> <li>• Chairman Cordelia Limited</li> </ul>
<p><b>Joan Smith,</b> Non-Executive Director</p>	<p>Elected by the membership in January 2017</p>	<p>ALCS Director: £2,351 ALCS Member: £100 – £500</p>	<ul style="list-style-type: none"> <li>• Self-employed author and journalist</li> </ul>
<p><b>Stevie Spring,</b> Non-Executive Director</p>	<p>Appointed by the Board in May 2014</p>	<p>ALCS Director: £9,596 ALCS Member: n/a</p>	<ul style="list-style-type: none"> <li>• Chair, Children in Need</li> <li>• Chair, The ITG Group</li> <li>• Non-Executive Director, The Co-operative Group</li> </ul>
<p><b>Jonathan Turner</b> Non-Executive Director</p>	<p>Elected by the membership in November 2013 until November 2016</p>	<p>ALCS Director: £7,054 ALCS Member: £100 – £500</p>	<ul style="list-style-type: none"> <li>• Director of Copyright Agency Ltd</li> </ul>