

**ALCS**

Annual Transparency  
Report 2017/18

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## **AUTHORS' LICENSING AND COLLECTING SOCIETY (ALCS) ANNUAL TRANSPARENCY REPORT (FINANCIAL YEAR 2017/18)**

This report has been compiled in accordance with the terms of the Collective Management of Copyright (EU Directive) Regulations (2016). Further information about ALCS for the financial year 2017/18 can be found in our [Annual Report](#), our [Financial Statements and Directors' Reports](#), and on our website: [alcs.co.uk](http://alcs.co.uk)

### **LEGAL AND GOVERNANCE STRUCTURE**

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

### **MEMBERSHIP OF OTHER BODIES**

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

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

## **REPORT ON ACTIVITIES DURING THE FINANCIAL YEAR**

A summary of our activities during the financial year is set out below; more detailed information can be found in the [Annual Report](#).

## **COLLECTIONS AND DISTRIBUTIONS**

There was a 7.1% increase in licence income this year to £34,334,722 from the previous year's value of £32,072,835. The gross distribution paid to Members and overseas societies was £34,142,330: an increase of 4.7% on last year. Further information and detailed breakdowns regarding amounts collected and distributed can be found in the Financial Information on Rights Revenue section of this report.

For the first time, distributions this year included payments to Members for the use of their artistic works.

## **MEMBER SERVICES**

During the year, ALCS membership increased by 5,646 to 95,673.

To facilitate improved communications between ALCS and its Members, a new website was launched including a redesigned Members' Area, which enables authors to more easily perform such tasks as uploading details of their works and accessing information on their payments.

This year also saw ALCS adopt a policy of providing distribution statements solely in an online format. The move away from paper is generating significant savings and reducing the environmental impact of the distribution process.

## LOBBYING AND CAMPAIGNING

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

### UK activities include:

- Lobbying Government to enact the necessary regulations to implement the Digital Economy Act (2017), extending PLR to remote e-lending
- Meeting with Government officials to raise concerns about the impact of Brexit during and after the EU withdrawal process
- Providing written evidence on behalf of writers to the All Party Parliamentary Group on Publishing
- Working with the All Party Parliamentary Writers Group to keep issues concerning writers on the parliamentary agenda.

### EU and International activities include:

- Working with the Society of Audiovisual Authors promoting an online remuneration right for audiovisual authors in Europe
- Working with UK partners to ensure that new EU copyright rules preserve collective licensing and enhance authors' rights
- Working with PLR International to promote the principle of lending rights and compensation for authors around the world
- Lobbying with IAF at the World Intellectual Property Organization (WIPO) to preserve authors' rights in the context of exceptions for education, libraries and archives.

## BREXIT

ALCS has continued to engage with partner organisations across EU Member States to minimise any disruption to the representation of ALCS Members' rights in Europe as a consequence of Brexit. We have also continued to participate in stakeholder dialogue with the Government to ensure that the amendments to UK legislation resulting from Brexit do not have a negative impact on authors' rights, remunerations or licensing structures under UK copyright law.

## **REGULATION AND COMPLIANCE**

During the financial year, ALCS continued its preparations for the UK adoption of the EU General Data Protection Regulation (GDPR) in May 2018, including undertaking internal and external audits of systems, policies and processes. In early March we published a revised Personal Data and Privacy Policy and circulated it to Members, partner organisations and other stakeholders.

## **DEDUCTIONS FOR SOCIAL, CULTURAL AND EDUCATIONAL SERVICES**

As reported in the Annual Report and Accounts, this year ALCS made charitable donations totalling £48,185. Some of the awards, festivals and events we've supported this year include:

- British Copyright Council WIPO Conference
- Educational Writers' Award
- Film the House parliamentary IP competition
- National Writing Day
- Ruth Rendell Award for Literacy
- Spread the Word London Writers Awards
- The Tinniswood Award
- The Tom-Gallon Trust Award
- UK International Radio Drama Festival
- V.S. Pritchett Short Story Prize
- Writers' Guild of Great Britain Awards.

The following copyright education projects have received ALCS funding during the year:

- The CILIP Carnegie and Kate Greenaway Shadowing Scheme
- National Literacy Trust – ‘Get your copy right’
- Centre for Literacy in Primary Poetry Award (CLiPPA)

## REMUNERATION OF CHIEF EXECUTIVE OFFICER AND BOARD OF DIRECTORS

	FEES RECEIVED FROM ALCS AS AN EMPLOYEE OR DIRECTOR	REVENUE RECEIVED AS AN ALCS MEMBER
<b>Owen Atkinson</b> <i>(Chief Executive Officer, Director)</i>	£228,752 (Emoluments: £217,781 Pension Costs: £10,000 Other Benefits: £971)	
<b>Faye Bird</b> <i>(Director from 13 September 2017)</i>	£5,173	£100 – £500
<b>Tony Bradman</b> <i>(Chair, Director)</i>	£35,000	£2,000 – £3,000
<b>Tom Chatfield</b> <i>(Director from 1 June 2017)</i>	£7,838	£100 – £500
<b>Jonathan Fryer</b> <i>(Director)</i>	£9,406	£100 – £500
<b>Maggie Gee</b> <i>(Director)</i>	£9,406	£500 – £1,000
<b>James McConnachie</b> <i>(Vice Chair, Director)</i>	£19,192	£100 – £500
<b>Paul Powell</b> <i>(Director to 12 September 2017)</i>	£4,914	£1,500 – £2,000
<b>Michael Ridpath</b> <i>(Director from 1 June 2017)</i>	£7,838	£100 – £500
<b>Joan Smith</b> <i>(Director)</i>	£9,406	£100 – £500
<b>Stevie Spring</b> <i>(Director to 28 May 2017)</i>	£1,567	N/A

## FINANCIAL INFORMATION ON RIGHTS REVENUE

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

During this financial year, in accordance with the distribution policy, a commission of 9.5% was deducted by ALCS at the point of distribution to cover operational costs. Any surplus commission arising as a result of investments performing beyond expectation is returned to Members in the following financial year. As a result of this policy, the actual commission rate charged to Members during this period was 8.32%. The figures for the commission refund during this year appear in the [Notes to the Financial Statements](#) (Commission Receivable).

ALCS applies a single rate of commission to all distributions and does not differentiate between different categories of rights when allocating administration costs. [Note 4](#) to the Financial Statements provides a breakdown of administration expenses. During this financial period, the figure for costs as a proportion of rights revenue is 11.8%. This is then further reduced by the returns on our investments. The rates for the additional commission applied by our UK licensing agencies CLA and ERA during this period were 11% and 6.7% (5.6% excluding exceptional costs) respectively.

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

SUPPLIER	PAID	SOURCES
Nielsen BookData Limited	£2,929.00	Lending, Other Literary & Reprographic
Infomedia	£40,386.18	Other Audiovisual, Private Copying & Retransmission
Ericsson Media Services	£7,152.09	Educational Recording, Other Audiovisual, Private Copying & Retransmission
IDA	£3,733.71	Educational Recording, Other Audiovisual, Private Copying & Retransmission
IPI	£2,610.33	Educational Recording, Other Audiovisual, Private Copying & Retransmission

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

[Note 13](#) to the Financial Statements sets out the overall royalty amount due to writers, identifying sums that have yet to be distributed by reference to their year of collection. These sums include around £478k of aggregated 'non-distributable' payments. In accordance with the ALCS [Distribution Rules](#), these payments are fees due to authors that remain unpaid at the end of a due diligence process to identify and locate them. For the financial period covered by this report, the figure for income identified as being non-distributable is £57k.

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

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

The following table sets out the rights revenue collected during this financial period, broken down by categories of rights and use sectors. Further breakdowns indicate the amounts that were attributed and distributed to authors and the associated administration costs. The table also sets out amounts paid by ALCS to other collective management organisations for payments to authors based outside the UK.



RIGHTS AND USE	INCOME RECEIVED	INCOME ALLOCATED	INCOME DISTRIBUTED	UNALLOCATED	DISTRIBUTED TO OTHER CMOs	ADMINISTRATION EXPENSES**
Educational Audiovisual	£1,632,845.70	£1,630,772.01	£1,018,671.93	£2,073.69	£114,584.33	£195,146.52
Lending	£1,002,090.90	£764,650.46	£644,555.44	£237,440.44	£153,624.82	£123,477.19
Other Audiovisual*	£214,039.01	£213,979.63	£207,817.44	£59.38	£54,955.88	£39,811.49
Other Literary*	£60,859.17	£60,859.17	£53,684.83	£0.00	£755.83	£10,284.38
Private Copying	£3,359,884.33	£2,353,630.14	£2,108,897.84	£1,006,254.19	£220,400.71	£404,000.60
Reprographic - Business	£2,868,396.99	£1,804,429.49	£201,229.17	£1,063,967.50	£38,044.76	£38,549.38
Reprographic - Education	£10,978,894.51	£10,970,288.40	£8,544,161.49	£8,606.11	£1,176,447.92	£1,636,801.12
Reprographic - EU	£2,391,092.15	£1,893,969.74	£1,620,825.06	£497,122.41	£140,677.02	£310,500.72
Reprographic - Miscellaneous	£4,591,501.15	£1,383,316.18	£1,319,687.22	£3,208,184.97	£12,292.03	£252,811.88
Reprographic - Overseas	£2,236,863.15	£1,940,392.77	£1,505,479.66	£296,470.39	£222,776.76	£288,404.05
Reprographic - Public Administration	£580,491.65	£559,213.54	£165,531.88	£21,278.11	£19,256.54	£31,710.87
Retransmission	£4,290,170.57	£3,943,314.34	£3,264,703.91	£346,856.23	£252,979.91	£625,417.84
Visual Arts	£127,592.72	£127,592.72	£126,714.55	£0.00	£40.16	£24,274.65
<b>Total 2017/18</b>	<b>£34,334,722.00</b>	<b>£27,646,408.59</b>	<b>£20,781,960.42</b>	<b>£6,688,313.42</b>	<b>£2,406,836.67</b>	<b>£3,981,190.69</b>

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

\*\* Administration Expenses (except for those specifically identified above) are allocated in direct proportion to the income distributed.

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

OVERSEAS SOCIETY	TERRITORY	RIGHTS AND USE
AKKA/LAA	Latvia	Retransmission, Private Copying
ALIS	Sweden	Private Copying
ARTISJUS	Hungary	Retransmission
CAL	Australia	Reprographic
COPYDAN	Denmark	Retransmission
COPYSWEDE	Sweden	Private Copying
CRC	Canada	Retransmission
DHFR	Croatia	Retransmission
DILIA	Czech Republic	Retransmission, Private Copying, Lending
EAU	Estonia	Retransmission, Private Copying
FILMJUS	Hungary	Retransmission, Private Copying
ICLA	Ireland	Reprographic
IMRO	Ireland	Retransmission
KOPINOR	Norway	Other Literary
KOPIOSTO	Finland	Educational Audiovisual
LATGAA	Lithuania	Retransmission
LITA	Slovakia	Retransmission

LITERAR-MECHANA	Austria	Retransmission, Lending
NORWACO	Norway	Retransmission, Private Copying
PRO LITTERIS	Switzerland	Retransmission
SABAM	Belgium	Retransmission, Other Audiovisual
SACD	France	Retransmission, Private Copying
SCAM	France	Private Copying
SCREENRIGHTS	Australia	Retransmission, Educational Audiovisual, Other Audiovisual
SGAE	Spain	Retransmission, Private Copying, Other Audiovisual
SIAE	Italy	Retransmission, Private Copying, Reprographic
SOFIA	France	Lending
SPA	Portugal	Private Copying
SSA	Switzerland	Retransmission, Private Copying
STICHTING LIRA	Netherlands	Private Copying, Lending
SUISSIMAGE	Switzerland	Retransmission, Private Copying
VG WORT	Germany	Retransmission, Private Copying, Other Audiovisual, Lending, Reprographic, Other Literary
WGAW	USA	Private Copying
WGJ	Japan	Retransmission
ZAPA	Poland	Retransmission, Private Copying, Other Audiovisual

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

RIGHTS AND USE	INCOME RECEIVED
Educational Audiovisual	£51,595.70
Lending	£1,002,090.90
Other Audiovisual	£214,039.01
Other Literary	£60,859.17
Private Copying	£3,359,884.33
Reprographic	£32,304.21
Retransmission	£3,762,928.17
<b>Total</b>	<b>£8,483,701.49</b>

## ADMINISTRATION OF PAYMENTS FOR THIRD PARTIES

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

## AUDITOR'S REPORT

We have performed the procedures agreed with you and enumerated below with respect to the Annual Transparency Report of Authors' Licensing and Collecting Society Limited for the year ended 31 March 2018. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely for the purpose of your compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations (2016) and are summarised in guidance issued by the Intellectual Property Office to Auditors in October 2017.

### We report our findings below:

In relation to the breakdowns required by Regulation 21(4) (g) to (k) our work was limited to the accounting information disclosed, and our audit did not cover the merits of the decisions taken by ALCS in order to allocate, for example, income or costs to particular categories, but was designed to ensure that the financial information presented as a result of these decisions is:

- a) accurate, as it relates to the materiality of the overall accounts
- b) based on a reasonable methodology.

Because the above procedures do not constitute engagements made in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland), we do not express any assurance on the Annual Transparency Report for the year ended 31 March 2018.

Had we performed additional procedures or had we performed engagements in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland), other matters might have come to our attention that would have been reported to you.

### Use and purpose of our report

Our Report is prepared solely for the use of Authors' Licensing and Collecting Society Limited and solely for the purpose of its compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations (2016). It may not be relied upon by Authors' Licensing and Collecting Society Limited for any other purpose whatsoever. Our Report was not prepared for the benefit of any party other than Authors' Licensing and Collecting Society Limited. Haysmacintyre neither owes nor accepts any duty to any other party (including any copyright owner, heirs to copyright owners, agents or licensees) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our Report.



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