



**Authors'
Licensing and
Collecting
Society**

**Annual Transparency Report
2019/20**



AUTHORS' LICENSING AND COLLECTING SOCIETY (ALCS) ANNUAL TRANSPARENCY REPORT (FINANCIAL YEAR 2019/20)

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 2019/20 can be found in its Annual Report and Financial Statements at: alcs.co.uk

LEGAL AND GOVERNANCE STRUCTURE

ALCS is a collective management organisation owned and controlled by its Members being 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 (APWG) Group Administrator
- British Copyright Council (BCC)
- International Confederation of Societies of Authors and Composers (CISAC)
- Copyright Licensing Agency (CLA)
- Educational Recording Agency (ERA)
- Fetter Investments Limited
- International Authors Forum (IAF)
- International Federation of Reproduction Rights Organisations (IFRRO)
- Society of Audiovisual Authors (SAA)

REPORT ON ACTIVITIES DURING THE FINANCIAL YEAR

A summary of activities during the financial year is set out below:

COLLECTIONS AND DISTRIBUTIONS

There was a 1% decrease in licence income this year to £36,403,863 from the previous year's amount of £36,728,083. This excludes £487,297 of income received and distributed to members on disposal of some of our investments. This year the gross distribution paid to Members and overseas societies was £36,831,973. Further information and detailed breakdowns regarding amounts collected and distributed can be found in the Financial Information on Rights Revenue section of this report.

MEMBERSHIP

During the year the ALCS membership increased by 5,848 to 108,331.

LOBBYING AND CAMPAIGNING

During the year ALCS has continued to lobby on behalf of authors in the UK and internationally.

UK activities include:

- meeting with Government officials to raise concerns about the impact of Brexit during and after the EU withdrawal process
- advocating the need to protect authors' incomes in light of the Covid-19 pandemic with the government across a range of departments
- raising the importance of intellectual property (IP) with MPs and Lords via the administration of the 'Film the House' parliamentary filmmaking competition
- working with the APWG to keep issues concerning writers on the parliamentary agenda including advocating for the key asks of government in its inquiry into authors' earnings.

EU and international activities include:

- working with the SAA promoting 'appropriate and proportionate' remuneration as part of the EU Directive on Copyright in the Digital Single Market
- working with UK partners to discuss how measures in the EU copyright rules to benefit authors might be developed in the context of future UK legislation
- working with PLR International to promote the principle of lending rights and compensation for authors around the world
- lobbying with the IAF at the World Intellectual Property Organization (WIPO) to preserve authors' rights in the context of exceptions on education, libraries and archives.

COPYRIGHT REFORM AGENDA

Alongside partner organisations ALCS continues to make strong representations to the UK Government, the European Commission and WIPO on copyright issues on behalf of writers. A key development during this financial year was the adoption of the EU Directive on Copyright in the Digital Single Market, an important legislative reform which includes measures designed to protect authors' remuneration and introduces new regulations affecting the operation of online content-sharing platforms. ALCS continues to argue for the adoption of the terms of the new Directive in the UK despite the UK's withdrawal from the EU.

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. It has also continued to participate in stakeholder dialogue with the Government to ensure that amendments to UK legislation resulting from Brexit do not have a negative impact on authors' rights, remunerations and licensing structures under UK copyright law. It has engaged with the Intellectual Property Office and Department for International Trade to ensure that any new trade deals include the necessary provisions to promote UK copyright and protect authors' rights.

COVID-19

ALCS moved to full remote working in March 2020 and successfully completed its main annual distribution in March. It has transitioned well to remote working. Given the uncertainty worldwide, it is likely that licence income and investment income will be adversely affected in the current year, but the Board and Executive continue to work tirelessly on behalf of Members to collect and distribute as much as possible, being fully aware of the effect the lockdown has had on the industry. In addition, the Board approved a significant contribution to the Society of Authors' Emergency Fund in March.

DEDUCTIONS FOR SOCIAL, CULTURAL AND EDUCATIONAL SERVICES

This year ALCS provided funding to organisations working to support authors and/or promote awareness about copyright (as reported in the Annual Report and Financial Statements, this funding includes the sum of £107,492 awarded to registered charities). The awards, festivals and events we've funded this year include:

- *Asian Writer* magazine
- BCC/WIPO training course
- Children's Media Foundation Yearbook
- CILIP Carnegie and Kate Greenaway Shadowing Scheme
- CLiPPA Poetry Award
- CWA Daggers Awards
- Film the House
- NLT – Ruth Rendell Award
- National Poetry Day
- NLT – crime-writing workshops
- NLT – Young City Poets project
- OWN IT
- PEN – International Translators Awards
- RSL – A Room of My Own research
- RSL magazine
- RSL – VS Pritchett Short Story Prize
- SOA – ALCS Educational Writers' Award
- SOA – ALCS Tom-Gallon Trust Award
- SOA – Society of Authors' Awards
- SOA – Translation Prizes
- Spread the Word – London Writers Awards
- Stroud Festival
- Tinniswood Award
- UK International Radio Drama Festival
- WGGB – Writers' Guild Awards

REMUNERATION OF CHIEF EXECUTIVE OFFICER AND BOARD OF DIRECTORS

The remuneration and other benefits received by the Chief Executive Officer and Directors of ALCS during the financial year (as recorded in the Annual Report and Financial statements) are as follows:

Owen Atkinson (Chief Executive Officer, Director)	Total remuneration: £261,837 (Emoluments: £250,472 Pension costs: £10,000 Other benefits: 1,365)	
Tony Bradman (Chair, Director)	Fees received as an ALCS Director: £40,720	Revenue received as an ALCS member: £1,000–£5,000
Faye Bird (Director)	Fees received as an ALCS Director: £9,910	Revenue received as an ALCS member: £100–£1,000
Tom Chatfield (Director)	Fees received as an ALCS Director: £9,910	Revenue received as an ALCS member: £100–£1,000
Jonathan Fryer (Director to 23.11.2019)	Fees received as an ALCS Director: £6,607	Revenue received as an ALCS member: £100–£1,000
Maggie Gee (Director)	Fees received as an ALCS Director: £9,910	Revenue received as an ALCS member: £100–£1,000
Joanne Harris (Director)	Fees received as an ALCS Director: £9,910	Revenue received as an ALCS member: £1,000–£5,000
James McConnachie (Director from 23.11.2019)	Fees received as an ALCS Director: £3,580	Revenue received as an ALCS member: £100–£1,000
Diane Redmond (Director)	Fees received as an ALCS Director: £10,152	Revenue received as an ALCS member: £5,000–£10,000
Michael Ridpath (Director)	Fees received as an ALCS Director: £9,967	Revenue received as an ALCS member: £100–£1,000
Joan Smith (Director)	Fees received as an ALCS Director: £9,910	Revenue received as an ALCS member: £100–£1,000

FINANCIAL INFORMATION ON RIGHTS REVENUE

The ALCS general policies on distribution and investment of rights revenue are set by the Board and approved by the Members. These policies, available on the ALCS [website](#), provide that income arising from the investment of rights revenue is used to offset operational costs enabling 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. (There was no fixed deduction in respect of social/cultural activities.) 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 8.4%. The figures for the commission refund during this year appear in the Annual Report, '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 administrative costs. The 'Notes to the Financial Statements' provide a breakdown of administrative expenses. During this financial period the figure for costs as a proportion of rights revenue is 11.5%. This is then further reduced by the returns on investments. The rates for the additional commission applied by UK licensing agencies CLA and ERA during this period were 11.9% and 4.6% 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 Ltd	£3,229	Lending, Other Literary, Reprographic
Infomedia	£38,371	Other Audiovisual, Private Copying, Retransmission
Red Bee Media Ltd	£15,130	Educational Recording, Other Audiovisual, Private Copying, Retransmission
IDA	£12,782	Educational Recording, Other Audiovisual, Private Copying, Retransmission
IPI	£1,983	Educational Recording, Other Audiovisual, Private Copying, Retransmission

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

Note 14 to the [Financial Statements](#) sets out the overall amount of royalties due to writers, identifying sums that have yet to be distributed by reference to their year of collection. These sums include around £396,000 of aggregated 'non-distributable' payments which, in accordance with the [ALCS Distribution Rules](#), are fees due to authors that remain unpaid at the end of a due diligence process to identify and locate them.

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 enabling 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 right and usage sectors with further breakdowns indicating the amounts that were attributed and distributed to authors and the associated administrative costs. The table also sets out amounts paid by ALCS to other collective management organisations for payments to authors based outside of the UK.

Table of rights revenues for 2019/20

Rights and use	Income received (£)	Income allocated (£)	Income unallocated (£)	Income distributed (£)	Income undistributed (£)	Distributed to other CMOs (£)	Administrative expenses (£)**
Educational Audiovisual	1,875,177.84	1,156,378.48	718,799.36	954,502.65	920,675.19	137,029.32	208,892.80
Lending	1,299,862.03	1,299,392.44	469.59	1,195,710.42	104,151.61	91,382.07	144,803.24
Other Audiovisual*	649,570.85	200,633.68	448,937.17	190,703.14	458,867.71	5,271.83	72,361.50
Other Literary*	19,646.97	994.62	18,652.35	953.33	18,693.64	9.87	2,188.65
Private Copying	1,899,012.99	1,710,208.37	188,804.62	1,667,739.24	231,273.75	84,144.11	211,548.01
Reprographic – Business	3,374,994.44	1,769,453.21	1,605,541.23	347,602.81	3,027,391.63	92,083.44	375,970.77
Reprographic – Education	11,728,086.90	11,643,274.68	84,812.22	8,868,328.92	2,859,757.98	1,157,783.69	1,306,496.34
Reprographic – EU	2,189,735.96	1,450,122.90	739,613.06	1,250,044.97	939,690.99	110,320.26	243,934.24
Reprographic – Miscellaneous	4,709,949.07	1,503,880.68	3,206,068.39	1,410,861.46	3,299,087.61	8,102.09	524,683.29
Reprographic – Overseas	2,212,473.25	1,688,061.81	524,411.44	1,248,795.23	963,678.02	236,577.14	246,467.15
Reprographic – Public Administration	885,176.26	393,432.01	491,744.25	148,977.93	736,198.33	16,995.34	98,607.69
Retransmission	5,785,970.50	4,921,206.19	864,764.31	4,661,648.32	1,124,322.18	507,492.56	644,550.92
Visual Arts	261,502.97	244,648.71	16,854.26	243,941.47	17,561.50	60	29,131.15
Totals	36,891,160.03	27,981,687.78	8,909,472.25	22,189,809.89	14,701,350.14	2,447,251.72	4,109,635.75

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

**Administrative expenses (except for those specifically identified above) are allocated in direct proportion to the income distributed.

The total sum distributed during this year of £36,831,973 as reported in the Annual Report and Financial Statements includes £14,642,163 in respect of payments received in previous financial years.

The table below sets out the relevant rights/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	Country	Rights
AKKA/LAA	Latvia	Retransmission, Private Copying, Other Audiovisual
ARTISJUS	Hungary	Retransmission, Private Copying, Other Audiovisual
CEDRO	Spain	Lending
COPIBEC	Canada	Other Literary
COPYDAN	Denmark	Retransmission, Private Copying, Educational Audiovisual
COPYSWEDE	Sweden	Retransmission, Private Copying
CRC	Canada	Retransmission
DAMA	Spain	Retransmission, Private Copying, Other Audiovisual
DILIA	Czech Republic	Retransmission, Private Copying
EAU	Estonia	Retransmission
FILMJUS	Hungary	Retransmission, Private Copying
GCA	Georgia	Other Literary
ICLA	Ireland	Reprographic
IMRO	Ireland	Retransmission
KOPINOR	Norway	Other Literary
KOPIOSTO	Finland	Educational Audiovisual
LATGAA	Lithuania	Retransmission, Lending, Reprographic
LITA	Slovakia	Retransmission
LITERAR-MECHANA	Austria	Other Audiovisual, Lending
NORWACO	Norway	Retransmission, Private Copying
PRO LITTERIS	Switzerland	Retransmission, Private Copying, Other Audiovisual
SABAM	Belgium	Retransmission, Other Audiovisual

SACD	France	Retransmission, Private Copying
SCAM	France	Retransmission, Private Copying, Other Audiovisual
SGAE	Spain	Retransmission, Private Copying, Other Audiovisual
SOFIA	France	Lending
SPA	Portugal	Private Copying
SSA	Switzerland	Retransmission, Private Copying
STICHTING LIRA	Netherlands	Retransmission, Private Copying, Lending
SUISSIMAGE	Switzerland	Retransmission, Private Copying, Educational Audiovisual
VG WORT	Germany	Retransmission, Private Copying, Lending, Reprography, Other Literary
WGA West	USA	Retransmission
ZAPA	Poland	Retransmission, Private Copying, Other Audiovisual

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

Rights and use	Income received (£)
Educational Audiovisual	242,365.34
Lending	1,299,862.03
Other Audiovisual	649,570.85
Other Literary	19,646.97
Private Copying	1,899,012.99
Reprographic	85,220.25
Retransmission	5,229,445.91

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 an administration fee of £50,000.

AUDITORS' REPORT

To the directors of Authors' Licensing and Collecting Society Limited, 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 2020. 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.

Solely on the basis of the above procedures we report that:

We carried out the procedures as set out in Annex A: Agreed-upon procedures for the audit of an annual transparency report of the 'Guidance on the collective management of Copyright (EU Directive) Regulations 2016: annual transparency reports and audit' issued by the Intellectual Property Office in October 2017. There were no errors or exceptions found as a result of our testing. Because the above procedures do not constitute engagements made in accordance with International Standards on Auditing (UK) or the International Standard on Review Engagements (UK and Ireland), we do not express any assurance on the annual transparency report for the year ended 31 March 2020.

Had we performed additional procedures or had we performed engagements in accordance with International Standards on Auditing (UK) or the International Standard on 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. Shipleys LLP 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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