

**COPY
RIGHT**
LICENSING
NEW ZEALAND



Let's do the right thing

2019
Annual
Report



Our strategic approach

A glowing lightbulb is the central focus, held between two hands. The background is a dark space filled with a network of golden dots and lines, resembling a digital or neural network. The lightbulb is illuminated from within, casting a warm glow. The hands are positioned as if supporting or presenting the lightbulb.

Our purpose

*Making creative rights work
for all New Zealanders*



Our approach

Experts

Our **expertise** helps everyone get it right when it comes to rights

Simplify

Our technology and approach makes the rights process **easier**

Empower

We **empower** both creators and users of rights to get full value from them

Our future

Rights - Services that enable New Zealand creators to record and manage their copyright, be paid when their work is used by others and advocate for © that works for New Zealand creators.

Licence - Generating revenue for rightsholders through services that are efficient and accessible for licensees.

Promote - To support our creative people by providing information on rights and licensing that makes doing the right thing easy.

Develop - We are an organisation that people want to work for and work with, constantly looking to improve in all aspects of our business.



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About Copyright Licensing New Zealand

Copyright Licensing New Zealand (CLNZ) plays a key role in making creative rights valuable assets for all New Zealanders, be they rightsholders (like creators or publishers), or users such as educators and students.

We enable New Zealand's creative people to record and manage their copyright, as well as package the copyright in such a way that users can access the work through a simple licence. We see ourselves as an empowering organisation, making sure everyone enjoys their rights and gets full value from them. We issue the licences, and collect the revenues to distribute back to the rightsholders.

We are a not-for-profit organisation, jointly owned by the Publishers Association of New Zealand (PANZ) and the New Zealand Society of Authors (NZSA). To support understanding of copyright we provide online learning and information resources, and we advocate for legislation that will support the endeavours of New Zealand's talented creative people.



Chairperson's Report

I am writing this under the cloud of the COVID-19 pandemic which has enveloped the country in the first half of 2020. Copyright Licensing New Zealand's (CLNZ) response to the pandemic and our efforts to support authors and publishers as they seek to cope with its economic impact will be reported fully in the 2020 Annual Report.

For now, I wish simply to commend Paula Browning, CLNZ Chief Executive, and her team for their timely, creative, and substantial response to provide much needed financial assistance to authors and publishers in these very difficult times.

The strategic environment continued to be challenging in 2019. The two major external challenges were the Marrakesh Treaty implementation legislation and the review of the Copyright Act which began in 2017. Paula will report on the unsatisfactory outcome for authors and publishers of the Marrakesh legislation, but it is important to record here that this did not result from any lack of vigilance or advocacy by CLNZ, PANZ or NZSA.

The Copyright Act Review was the CLNZ Board's major focus in 2019 and the contents of the most recent government document, released by MBIE in November, demonstrates how much more there is to do to ensure that the legislation we get at the end of this process serves our creative people and their businesses.

The CLNZ Board is very conscious that high quality governance is critical to CLNZ's capacity to respond to strategic challenges. Accordingly, the Board continued its focus on continuous improvement of our governance practices. We approved a new Board Charter that replaces an outdated Board Manual. The implementation of the Charter includes the establishment of an Audit and Risk Committee and the adoption of new terms of reference for the Chief Executive Performance Review Committee.

In addition to this, the Board reviewed all CLNZ policies and approved a new Policy Handbook to bring all policies together in one overarching framework. This, and other operational changes made in 2019, are in line with WIPO (World Intellectual Property Organisation) best practice.

A fast-changing strategic environment demands constant attention to strategy. The Board worked throughout the year to develop a new strategic plan to guide CLNZ from 2020 through to 2023. The pillars of this strategy are **Experts, Simplify, Empower** and we look forward to sharing more of what this looks like in practice during 2020. During those strategic discussions, the Board paid close attention to international market and technology developments and identified a need to incorporate cultural diversity into CLNZ's governance. Work has begun across the organisation to achieve this.

The Board sees the quality of CLNZ's relationships with its author and publisher shareholders as critical to our capacity to respond effectively in times of great strategic challenge. The strength of those relationships was evident in the joint response of CLNZ, NZSA and PANZ to the Copyright Act Review, the Marrakesh legislation and on other issues.

We welcomed Tom Rennie to the Board as a new Director representing PANZ. Tom's deep knowledge of publishing and his understanding of all issues relevant to the Copyright Act Review were of great value to the Board in 2019. The Board met four times during the year including two meetings in Wellington where we were hosted by Graeme Cosslett at the offices of NZ Council for Educational Research. A separate, strategy-specific meeting was held in addition to the Board meetings.

I would like to thank all Directors for their support throughout the year and for their knowledgeable and collegial contributions to the Board's discussions. I also thank the Chief Executive, Paula Browning, for her support and her outstanding leadership of CLNZ in challenging times.

CLNZ is very fortunate to have Paula as its Chief Executive. She gives CLNZ a clear strategic direction combined with meticulous attention to operational issues. These qualities are rare. She is well supported by her very able team. The Board is 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

2019 brought some harsh lessons for our publishing industry on the need for constancy and consistency in our advocacy work with government. While we have a great platform for government engagement - thanks to the connected-up approach of CLNZ, PANZ and NZSA that allows us to present an industry-wide view on many areas of policy and legislation - this wasn't enough to secure a positive outcome on New Zealand's implementation of the WIPO Marrakesh Treaty, or in the trajectory of the Copyright Act Review.

The Select Committee that heard submissions on the Treaty made a last-minute change to the enacting legislation that meant authors and publishers right to sell works in an accessible format (eg. audiobooks) was removed from the Act. Even now, a year later, it still horrifies me that we have members of parliament with such little understanding of basic economics that they couldn't see the impact that this change would, and is, having.

This came just prior to submissions on the Copyright Act Review Issues Paper (all 135 pages of it!) falling due and, with the Marrakesh experience fresh in our mind, we paid even more attention than usual to careful and detailed explanations of how copyright works in the reality that is a small market for published work.

MBIE's summary of submissions on the Issues Paper (only 80 pages this time) used a "this is what we heard" approach and laid out the common themes from submissions. The content and tone of the document suggested that the Review was on track to be informed by real experiences of those who work with copyright, rather than some of the theoretical hypothesising we see regularly in other countries. But no, we got our own dose of theory and speculation in an unheralded document, published by MBIE in November, that purports to set out the policy approach for the balance of the Review.

What did 2019 teach us on advocacy? Quite simply that it is a job that doesn't have an end point. Every new member of parliament, every new policy advisor, and every new ministerial advisor, is a blank page in terms of knowledge and understanding of not only copyright, but also of how the wonderful world of publishing works. They need to be taught, and it's up to us to teach them.

One of the exciting and positive outcomes for 2019 came from the next phase of CLNZ's technology rollout. Towards the end of the year we launched **MyCopyright** - a portal through which rightsholders whose works have been copied under our licences are able to access the records we hold on that copying, and to trigger payments of licence fees owed for both local and international copying.

We receive records of copying from all our licensee groups, with the most significant volume coming from the universities that now capture this information digitally. The combination of the technology the universities are using, along with CLNZ's systems, means the efficiency of processing large amounts of data and paying copyright owners has improved exponentially over the past two years. We are delighted to see this investment generating such a great outcome.

CLNZ has been located in Takapuna, Auckland, since 2008 and 2019 brought about the end of that lease. Rather than leasing something just for ourselves, we've taken a larger space (in the same building) with a vision for this to be a creative business hub for north/west Auckland. This is how **Kotahitanga** - *working together* - came to be. We've welcomed PANZ and Upstart Press so far and look forward to others joining us in 2020 (do get in touch if that might be you!).

Another positive step in 2019 was broadening who we work with to include visual artists. New Zealand artists lost their membership organisation in 2018 and have not had the opportunities that collective management can offer, and we're thrilled to have signed up over 100 artists and to be actively seeking new revenue streams for them. The government is currently looking at a Resale Royalty Scheme for visual art and the engagement on this with Ministry of Culture and Heritage has been very positive.

Of course, none of this would be possible without the skills and dedication of the CLNZ team and our Board of Directors. Our solutions-focussed, up-for-anything small team are continually challenging what we do, how we do it and looking for opportunities to do more for New Zealand's clever creative people and businesses. The rights we advocate for - *creative rights* - underpin how you earn a living and are more important than ever in our digital world. We are very fortunate to have vast depth and breadth of knowledge and experience in the Directors currently on the CLNZ Board and my sincere thanks to them for their support during some challenging times in 2019.

Heading into 2020, CLNZ has a new strategy for how we intend to evolve to do more to support creators to secure their rights and to earn from their work. We're looking forward to sharing this with you and to listening to what matters to you for how we develop over the next few years.

Mā te wā

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 the Publishers Association of New Zealand (formally BPANZ) and the New Zealand Society of Authors (NZSA) our Board Directors are elected by its owners.

Our board



**Emeritus Prof.
Pat Walsh**
Director (Independent)

Emeritus Prof. Pat Walsh was appointed to the CLNZ 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 CLNZ's Board in 2014 bringing significant commercial experience to our organisation. Currently Andrew is Chief Executive Officer at Kāinga Ora 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 several boards.



Tom Rennie
Director (PANZ)

Tom is a newly appointed CLNZ Board Director, starting at the beginning of 2019. Tom is a publisher with Bridget Williams Books (BWB), an award-winning independent New Zealand book publisher. His publishing encompasses both print and digital works, including the innovative BWB Texts series. Prior to joining BWB, Tom worked as a publisher with Cengage Learning EMEA in London. Tom holds a Masters in Publishing Studies with Distinction from Oxford Brookes University and is a Council Member for the Publishers Association of New Zealand with responsibility for the copyright portfolio.



Graeme Cosslett
Director (PANZ)

Graeme 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 New Zealand Society of Authors, a Committee Member of the Top of the South Branch of the New Zealand Society of Authors, 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 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. With a solutions-focused mindset, our small team are continually challenging what we do and how we do it and looking for opportunities to do more for New Zealand's clever creative people and businesses.

Paula Browning
Chief Executive

Esmé Barber
Team Coordinator

Jason Kay
Business Analyst

Summer Jenkins
*Customer Experience
Manager*

Anita Ballantyne
Research and Data Entry

Barbara Agabiti
Research and Data Entry

Tom Hill
Business Development Manager



Business Plan

Objectives 2019

Effective © Framework

- Advocacy with Ministers and MBIE on the Marrakesh Treaty implementation
- Submission to the Issues Paper for the Copyright Act Review
- Coordination of the CLNZ/PANZ/NZSA advocacy programme, including development of a new Communications Campaign for rollout in 2020
- Government engagement that lead to the inclusion of the Creative Sector in the government's Industry Transformation Plan
- Support NZSA with advocacy on Public Lending Rights

Strong Customer Relationships

- Broadened relationships with tertiary sector licence-holders
- Implemented new Customer Relationship Management (CRM) software tools to improve communication management with all customer segments
- New eLearning resources for the education sector

Operational Excellence

- Launched MyCopyright to rightsholders
- Established Kotahitanga, our shared office space
- Developed a new Board Charter for best-practice governance in collective management
- Embedded compliance with local and overseas privacy regulations, particularly as this relates to exchanging data across borders

Growth Opportunities

- Increased numbers of school students covered by the Read More licence
- Commenced sign-up of visual artists for future licensing services
- Worked with Ministry of Culture and Heritage on Resale Royalty Scheme for visual artists
- Collaborated with other RRO's for future service and technology offerings

Highlights of 2019

MyCopyright launch

Throughout 2019 our team were working tirelessly behind the scenes to build an online portal for rightsholders whose works have been copied under our licences. Towards the end of the year MyCopyright was launched. The cloud-based service hosts metadata on published works, enables distribution payments from us to be activated, and keeps rightsholder account information up to date. It means we can identify and allocate works copied under licence faster, with the ultimate aim of getting distribution payments out more efficiently. More information about MyCopyright can be found on page 19.

Visual Arts Licence

In 2018, New Zealand visual artists lost their membership organisation, Artists Alliance. Our artists have not previously had the opportunities that a New Zealand based collective management organisation can offer, and in mid-2019 we began working with Caroline Stone on the process of signing up artists and actively seeking new revenue streams for them. With the government considering a Resale Royalty Scheme for sales of art work, and technology enabling licensing in new ways, we're looking forward to developing new forms of licensing that respond to the needs of artists and the arts sector.

New office space - Kotahitanga

Located in Takapuna on the north shore of Auckland (since the company was formed), in 2019 the lease to our office space came to an end. Rather than leasing something just for our small team, a larger space in the same building was secured.

With a vision for this to be a creative business hub for north/west Auckland, Kotahitanga - *working together* - came to be. It's meaning - *unity, togetherness, collective, coming together* - sets the tone of how we operate, and so far we've welcomed PANZ and Upstart Press to our space. With more space available, we're looking forward to others joining us in 2020.

Copyright Act Review

2019 started with an Issues Paper and ended with an unheralded publication on the policy approach that MBIE propose to take through the balance of the review process. The Issues Paper and the summary of submissions that followed was clear and called on the experiences of those who work with copyright and understand it.

There is no clarity or certainty in the framework published by MBIE and the Review cannot be allowed to proceed on this basis. In conjunction with NZSA and PANZ, as well as the music and screen industries, numerous submissions and evidence from other countries has been provided to the Minister and MBIE that clearly detail why the approach is flawed. There is much more to do on this in 2020 and an even greater need for everyone in the publishing industry to be heard on why copyright matters to them.

LOOKING AHEAD TO 2020 >>

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In late 2019, we developed a new four-year strategy for the organisation, which is underpinned by three words – *simplify / enable / experts*. You can read more about these strategic pillars on pages two and three, and below are some of our plans for 2020.

Rights

- Ensuring that copyright legislation works for our publishing industry and the people in it
- New technology services that help creators and rightsholders to manage their rights

Licence

- Licence offerings for sectors not previously licensed
- Licence offerings for visual art works

Promote

- Tools and information for licence-holders and others who need to understand how rights work

Develop

- A new approach to culture and diversity for the organisation



Supporting the Creative Sector

We're committed to the growth and development of current and future writers, educators and the publishing industry. Copyright Licensing New Zealand (CLNZ) 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

CLNZ/NZSA Writers' Award 2019

Rebecca Macfie was awarded the 2019 \$25,000 Writers' Award for her biography of Helen Kelly – the first woman to lead the New Zealand labour movement.

The Writers' Award is one of the investments made through the CLNZ Cultural Fund and is open to writers of any genre of non-fiction, including writers of education material. The award enables the successful applicant to devote time to a specific writing project. The judging panel said that Rebecca's project stood out among a strong field of over 40 applications.

"Helen Kelly modernised the union movement and took a special interest in improving worker health and safety. The biography is in the capable hands of an experienced journalist and author," said Neville Peat, 2019 judge.



"It is a huge honour to receive this award, and I am immensely grateful to CLNZ, NZSA and the judges. Financially, it is a big help, but more importantly it is a really heartening endorsement of the project itself," says Rebecca.

CLNZ and NZSA would also like to congratulate shortlisted authors: Dr Sarah Jane Barnett and Nick Bollinger. The 2019 judging panellists were Rebecca Priestley, Finlay Macdonald and Neville Peat.



CLNZ/NZSA Research Grants 2019

Three Open Research Grants of \$5,000 each were awarded to Giovanna Fenster for her project: *Be Reasonable*, Philip Simpson for his project: *Remarkable Plants of Aotearoa New Zealand*, and Ghazaleh Golbakhsh for her project: *The Shah of Grey Lynn and Other Stories*.

The Stout Research Grant of \$5,000 was awarded to Joanne Drayton for her project: *A Good Listener*. Along with the grant, Joanne received a six-week residency at the Stout Research Centre at Victoria University of Wellington.



The judges said Joanne has a deserved reputation and her writing has a wide popular appeal. "A well thought out and engaging proposal for a project of national significance and interest."

CLNZ and NZSA would also like to congratulate the following authors who were shortlisted for the grants: Paulette Wallace, Diana Clarke, Bonnie Etherington, Rebecca Macfie and Mark Derby. The 2019 judging panellists were David Veart, Sarah Shieff and Laurence Fearnley.

"The overall quality was high and the upper end of the list strong. We could have easily added many more to the shortlist," said David Veart, 2019 judge.

CLNZ Contestable Fund Grants 2019

Introduced in 2014, the Contestable Fund Grants was established to support strategic projects that demonstrate New Zealand publishing growth and development, including within education. There was a total of 41 applications received with funding contributions made towards the following 13 projects totaling \$88,000.



Language support books for new migrant students at intermediate and secondary school levels

DEE Publications \$5,000

An exhibition for Painted Stories - taking New Zealand illustrators to the world

Publishers Association of New Zealand \$9,000

Development of bilingual interactive app stories on Atua wāhine (female gods)

Kiwa Digital \$10,000

New Māori books website - Kōtahi Rau Pukapuka

Auckland University Press \$6,000

A pacific cultural support programme in 2020

Little Island Press Limited \$12,500

How Are You Feeling? A new children's book assisting children with learning about their emotions

Wildling Books \$2,000

Writing a History of the New Zealand Railways Department

Peter Alsop \$6,500

The 25th anniversary of the Literary Festival

Going West Books and Writers' Festival Trust \$5,000

Te reo language books for early learners

Flying Start Books \$10,000

Creating video support material for teachers working with literacy programmes

Code Education \$10,000

A series of reader books for young children linking to STEAM subjects

Wendy Pye Publishing \$5,000

Development of a digital communications strategy for the book industry collaboration

The Coalition for Books \$4,000

New writer's voices in a Wellington based journal

Counter Journal \$3,000

The 2019 Selection Panel were Anne de Lautour, Robert Sullivan and Vanda Symon.





Revenue

at a glance

Gross Revenue 2019:

\$6,630,009

Previous Years

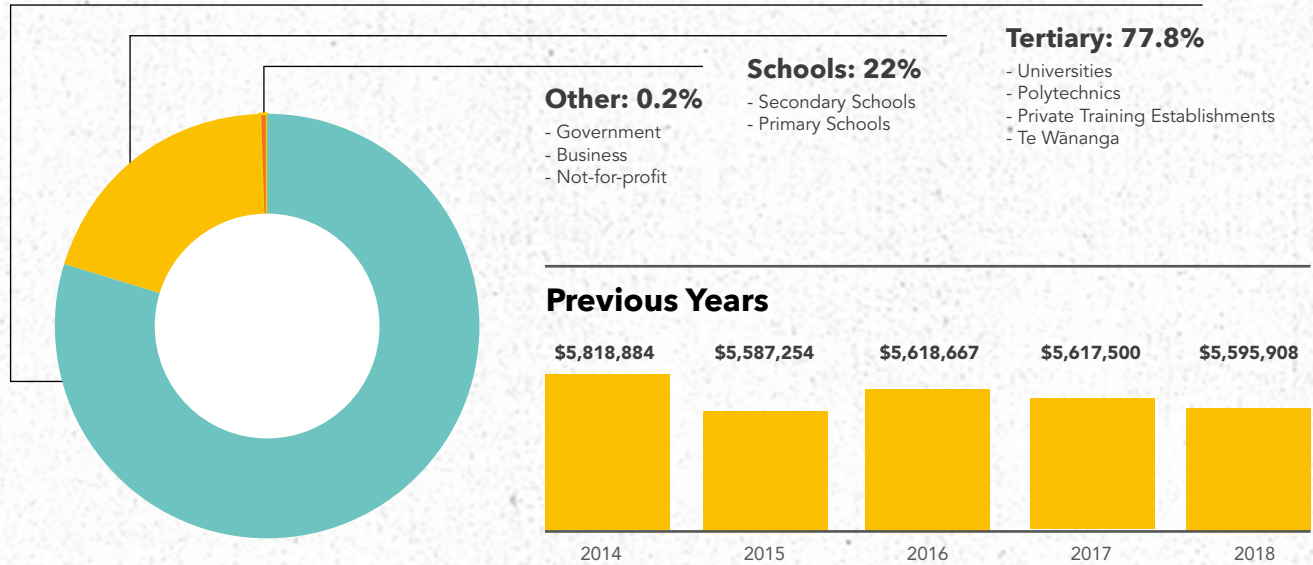


*Includes 2013 licence settlement.

Domestic Licensing Revenue 2019

\$5,936,003

Domestic Licensing Revenue Sources 2019

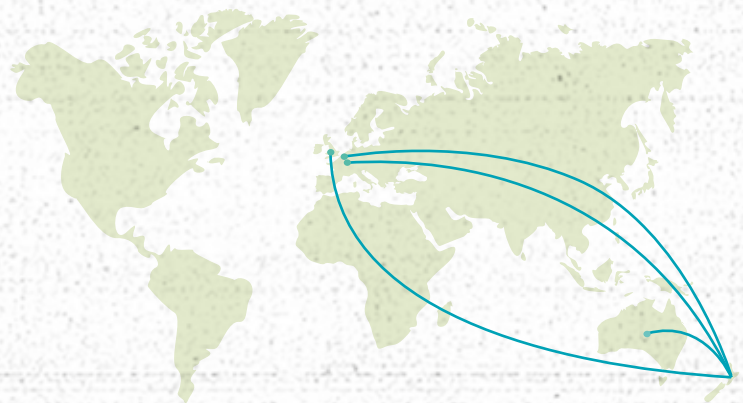


Overseas Revenue 2019

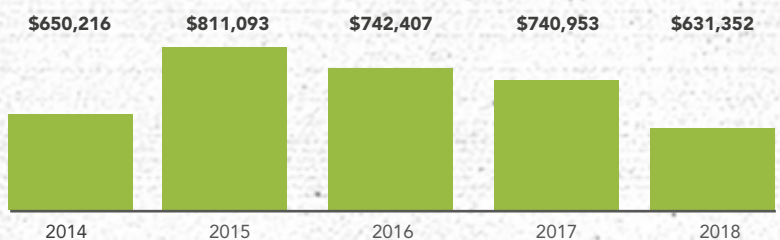
\$448,514

Overseas Revenue Sources 2019

1. Australia	54.7%	\$245,533
2. United Kingdom	27.4%	\$122,744
3. Switzerland	9.6%	\$43,229
4. France	2.4%	\$10,672
5. Other	5.9%	\$26,334



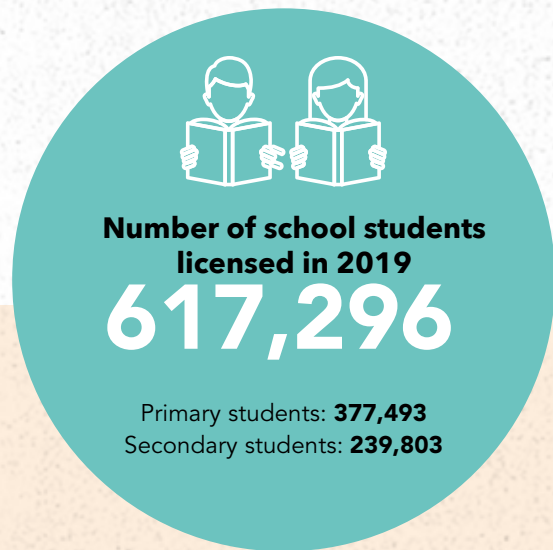
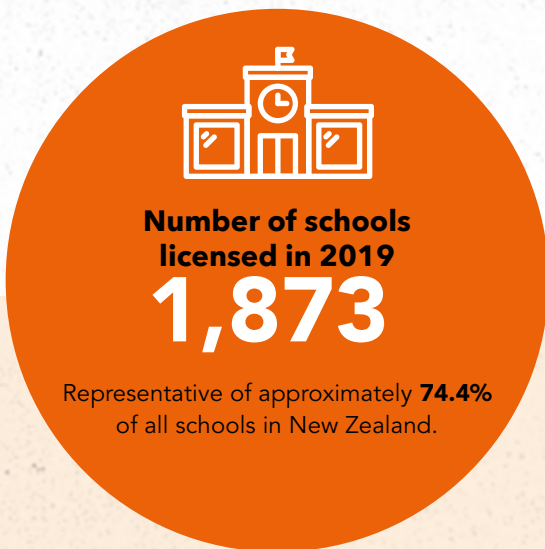
Previous Years



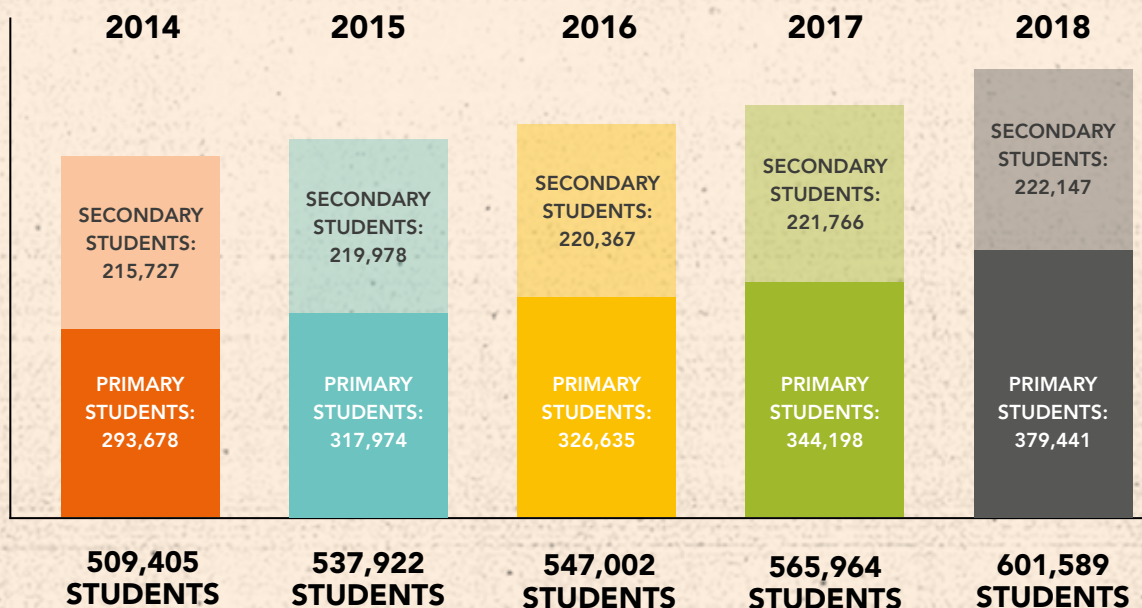


School licensing 2019

An exception in the New Zealand Copyright Act provides for some use of content in teaching. New Zealand 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 fees paid by schools is based on the number of students enrolled in each school.



Previous Years



Copyright Education

Supporting New Zealand to do the right thing

Copyright Licensing New Zealand is committed to supporting our licence-holders and stakeholders by providing copyright education and compliance resources. These services are developed following consultation with these groups and are provided at no charge, so that everyone can do the right thing every time they copy, scan, and share copyright protected materials.

Copyright Basics eLearning

Launched in 2018, lecturers, teachers, students, librarians, copyright officers and new staff going through HR induction training are taking part in our free Copyright Basics eLearning course. This online 30-minute course helps users understand the concepts behind copyright and what a copyright licence allows them to do.

It is important to understand that New Zealand copyright law differs from that in other countries. Overseas online resources are not a good guide, whereas Copyright Basics eLearning is 100% New Zealand and 100% relevant.

Since it was launched, the eLearning module has been completed by hundreds of users and many more have completed it through incorporation into large licence-holders' induction and professional development programmes. Built on our Moodle Learning Management System, we have recently launched version 2.0, incorporating improvements and suggestions in feedback from licence-holders.

>> learning.copyright.co.nz

Knowledge Base

Our Knowledge Base was launched in 2018 and is a free, online service for anyone wanting to access comprehensive, up-to-date copyright information. We currently offer in-depth guides for publishers, teaching staff, researchers and students who are in tertiary and secondary education.

Our Knowledge Base is intended to provide comprehensive, authoritative information on copyright and our licences. It offers a level of quality comparable to professional legal textbooks and databases but in accessible, practical plain English. Where Knowledge Base users need further information, a help desk service is available for further support.

>> [Knowledgebase.copyright.co.nz](https://knowledgebase.copyright.co.nz)

Distributions to Rightsholders

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 – commonly known as rightsholders.

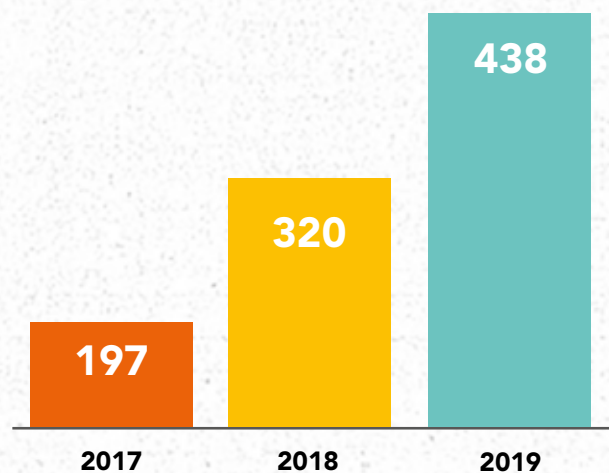
It's our way of helping licence-holders maximise resources, educate our future creatives and provide an income to the clever people who created the work that is being copied.

Since 1995, Copyright Licensing New Zealand has allocated a little over \$75.6 million for copying under our licences. In 1995 (our first year), \$165,000 was distributed to rightsholders, now the annual figure is around \$4.8 million.

Revenue distributed in 2019

\$4,796,214

To rightsholders from domestic licensing revenue



Number of New Zealand rightsholders that were allocated money from domestic licensing

The increasing number of identified rightsholders is largely due to an investment in systems and technology, allowing a greater volume of data to be collected and processed.

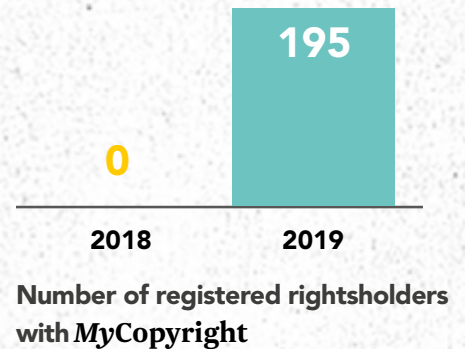
Additional to these figures, another 86 New Zealand authors were allocated a distribution payment from UK-based ALCS (Author's Licensing and Collection Society Ltd). We have an agreement with ALCS to act as their agent and receive and distribute royalties collected and held by them where these are due to New Zealand writers. In 2019 \$38,885 was distributed.

Introducing MyCopyright

Launched in 2019, **MyCopyright** is an online service for New Zealand rightsholders of published works. It is a secure, cloud-based service that can be accessed anywhere, anytime. Through this service, rightsholders can:

- **Manage published works**
- **Activate distribution payments from us**
- **Keep account information up to date**

Through **MyCopyright** we've been able to distribute revenue to many New Zealand rightsholders, and over the coming months and years, it is our intention to provide this service to as many New Zealand rightsholders as we can.



Access to a world of content

Just as we receive income from overseas Reproduction Rights Organisations (RROs) for local content being used internationally, we also distribute funds back to those same organisations for international works used within New Zealand. This allows New Zealanders access to a world of content.

Below is a percentage breakdown of the countries we have distributed funds to over the last few years.

Countries that funds are distributed to

Country	2014	2015	2016	2017	2018	2019
Australia	11.87%	15.65%	15.8%	14%	17.51%	18.72%
Canada	0.91%	1.32%	2.3%	1.4%	0.77%	0.51%
United Kingdom	41.31%	37.25%	37.93%	37.5%	37.57%	38.82%
USA	43.28%	43.55%	41.54%	44.6%	39.76%	38.88%
Other	2.63%	2.23%	2.43%	2.5%	4.39%	3.07%

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





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Independent Auditor's Report

To the Shareholders of Copyright Licensing Limited

Opinion

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

- the statement of financial position as at 31 December 2019;
- 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 23 to 38 present fairly, in all material respects, the financial position of Copyright Licensing Limited as at 31 December 2019, 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 on pages 1 to 22 (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

25 May 2020

Directors' Report

The Directors of Copyright Licensing Ltd are pleased to present the Company's report for the financial year ended 31 December 2019.

DIRECTORS

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

Emeritus Prof. Pat Walsh	Independent
Dr. Dana Wensley	NZSA
Andrew McKenzie	Independent
Graeme Cosslett	PANZ
Katherine Gordon	NZSA
Tom Rennie	PANZ

PRINCIPAL ACTIVITIES

Copyright Licensing Ltd (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.

In 2019, CLNZ commenced work with New Zealand visual artists to establish licensing schemes for the use of visual art works.

Copyright Licensing Ltd is a not-for-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 Reserve Fund. The Cultural Fund is used to invest in New Zealand cultural and social purposes that help to grow the sector. The Legal Reserve 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 \$6,630,009 (2018 : \$6,482,706) of which \$448,514 (2018 : \$631,352) was received from overseas Reproduction Rights Organisations for distribution to New Zealand rightsholders. Domestic licensing revenue was \$5,936,003 (2018 : \$5,595,908). Additional revenue was generated from interest on investments and administrative services.

After the deduction of operating costs \$1,294,673 (2018 : \$1,362,978) and a contribution of \$118,720 (2018 : \$115,379) to the Cultural Fund and a contribution of \$59,360 (2018 : \$57,690) to the Legal Reserve Fund, \$4,796,214 (2018 : \$4,365,585) was allocated for distribution from domestic licensing revenue.

Total expenditure represented 19.5% of gross revenue (2018: 21%).

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 \$6,320 (2018 : \$5,970) 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

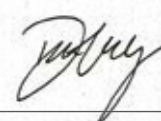
The Directors of the Company declare that the following financial statements give a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the year ended on that date.

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



Emeritus Prof. Pat Walsh
Chairperson

13 May 2020



Dr. Dana Wensley
Director

13 May 2020

Financial Statements

COPYRIGHT LICENSING LIMITED STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
REVENUE FROM EXCHANGE TRANSACTIONS			
Domestic Licensing		5,936,003	5,595,908
Overseas Reproduction Rights Organisations	3.3	448,514	631,352
Interest Received		227,074	247,107
Other Income		18,418	8,339
Total Revenue		6,630,009	6,482,706
EXPENSES			
Audit Fee		12,350	12,388
Depreciation	6	5,636	13,887
Amortisation	7	37,784	34,722
Directors' Costs		103,357	97,465
Legal Expenses		4,285	11,404
Operations		387,995	390,606
Office Lease Costs	10	74,342	91,701
Salaries & Wages		658,758	704,261
Total Expenses		1,284,507	1,356,434
Less Tax Expense		10,166	6,544
NET LICENSING REVENUE AFTER TAX		5,335,336	5,119,728
Distributions payable for the year		(5,150,714)	(4,930,726)
Payments made from Cultural Fund	8	(221,668)	(266,603)
RESULT FOR THE YEAR TRANSFERRED (FROM)/TO RESERVES		(37,046)	(77,601)
<i>Transfers comprised of:</i>	3.12		
Allocation to Legal Reserve Fund		59,360	57,690
Transfer from South Pacific Reserve to Cultural Fund		-	(12,864)
Transfer - Refunds		(52,892)	
Payments made from the Cultural Fund		(221,668)	(266,603)
Transfer - refund of 2018 expenditure		29,728	-
Transfer - from South Pacific Reserve		-	12,864
Transfer - refund of distributions		23,164	-
Transfer - from unattributable overseas revenue		6,542	15,933
Allocation from licensing revenue		118,720	115,379
Net transfer (from)/to Cultural Fund		(43,514)	(122,427)
Remaining unallocated funds		-	-
Total transfers		(37,046)	(77,601)

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 2019

	Share Equity	Accumulated Funds	Cultural Reserve	Legal Reserve	Development in South Pacific Reserve	Total
		\$	\$	\$	\$	\$
2019						
EQUITY AT 1 JANUARY 2019	100	-	300,875	382,080	-	683,055
Result for the year	-	(47,212)	-	-	-	(47,212)
Allocation to reserves	-	47,212	(43,514)	59,360	-	63,058
EQUITY AT 31 DECEMBER 2019	100	-	257,361	441,440	-	698,901
2018						
EQUITY AT 1 JANUARY 2018	100	-	423,301	324,390	12,864	760,656
Result for the year	-	(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

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and bank balance	5	2,245,884	3,065,977
Investments	5	5,928,848	7,136,368
Receivables		112,389	643,663
Accrued Income		35,777	138,710
Taxation Refund		118,637	125,178
GST Refund		103,896	68,702
Prepayments		9,407	14,127
Total Current Assets		8,554,838	11,192,725
NON CURRENT ASSETS			
Property, plant and equipment	6	166,746	19,427
Intangible assets	7	117,820	141,028
Total Non Current Assets		284,566	160,455
TOTAL ASSETS		8,839,404	11,353,180
CURRENT LIABILITIES			
Distributable Funds	3.15	7,729,781	10,527,646
Holiday pay accrual		63,067	56,463
Accruals		19,283	18,183
Accounts Payable		63,703	17,573
PAYE Due		19,404	18,650
NRWT Payable		228,084	25,513
Photocopier Finance Lease		4,140	6,097
Total Current Liabilities		8,127,462	10,670,125
NON CURRENT LIABILITIES			
Photocopier Finance Lease		13,041	0
TOTAL LIABILITIES		8,140,503	10,670,125
NET ASSETS		698,901	683,055
EQUITY			
Share Capital		100	100
Cultural Fund	8	257,361	300,875
Legal Reserve Fund	9	441,440	382,080
Accumulated Funds		0	0
TOTAL EQUITY		698,901	683,055

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Licensing revenue		6,940,500	5,955,528
Interest received		282,003	177,982
GST received/(paid)		(35,194)	17,187
Other operating activities		48,212	8,339
Tax refund/(paid)		198,946	(200,400)
Payments to suppliers and employees		(1,207,177)	(1,311,013)
Distributions to rightsholders	3.15	(7,900,144)	(2,881,187)
Payments from Cultural Fund		(221,668)	(135,291)
Net cash inflow/(outflow) from operating activities		(1,894,522)	1,631,505
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(126,668)	(65,000)
Net proceeds from investments		1,207,520	(4,624,590)
Net cash inflow/(outflow) from investing activities		(1,080,852)	(4,689,590)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease repayments		(6,423)	(5,963)
Net cash inflow/(outflow) from financing activities		(6,423)	(5,963)
Net increase/(decrease) in cash and cash equivalents		(820,093)	(3,064,048)
Cash and cash equivalents at 1 January		3,065,977	6,130,025
Cash and cash equivalents at 31 December	5	2,245,884	3,065,977

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

1. REPORTING ENTITY

Copyright Licensing Ltd is a private company registered under the Companies Act 1993. The Directors consider Copyright Licensing Ltd 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 13 May 2020.

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 Ltd 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.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

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 Ltd 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 diminishing value basis over the useful life of the asset for furniture & fittings, office equipment and computer hardware. Depreciation is charged on a straight line basis over the lease term for leased assets. 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% |
| • Leased Asset | 4 years |

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.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

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.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

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 TRANSFERS

Transfers disclosed within the Statement of Comprehensive Revenue and Expense show the portion of revenue that has been allocated to the Legal Reserve Fund (refer note 3.14) and the movements out of and into the Cultural Fund (refer note 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.

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 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. Funds due to overseas rightsholders from the 2018 distribution were paid in January 2019. The 2019 distribution was processed in October of the same year. This explains the variance in cashflow for Distributions to Rightsholders \$7,900,144 (2018 : \$2,881,187).

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

3.16 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.

3.17 EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities for wages and 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.

3.18 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.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

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.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Judgments

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

	2019	2018
	\$	\$
Cash and cash equivalents	2,245,884	3,065,977
Investments	5,928,848	7,136,368
	8,174,732	10,202,345

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.

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2019

6. FIXED ASSETS

	2019	2018
	\$	\$
<i>Furniture and Fittings</i>		
At cost	140,895	25,846
Loss on disposal	0	0
Less accumulated depreciation	(3,744)	(17,983)
	137,151	7,863
<i>Depreciation expense for year</i>	273	3,125
<i>Office Equipment</i>		
At cost	5,559	11,562
Loss on disposal	0	0
Less accumulated depreciation	(5,116)	(11,008)
	443	555
<i>Depreciation expense for year</i>	112	114
<i>Computer Hardware/Software</i>		
At cost	51,763	58,487
Loss on disposal	537	0
Less accumulated depreciation	(39,551)	(53,304)
	12,212	5,183
<i>Depreciation expense for year</i>	3,710	3,140
<i>Leased Asset (Photocopier)</i>		
At cost	18,480	17,832
Loss on disposal	0	0
Less accumulated depreciation	(1,540)	(12,008)
	16,940	5,824
<i>Depreciation expense for year</i>	1,540	7,508
	2019	2018
	\$	\$
Opening Book Value	19,426	28,982
Plus additions	165,360	4,331
Plus Work in Progress	0	0
Less disposals	12,405	0
Less depreciation	5,636	13,887
Closing Book Value	166,746	19,426

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. INTANGIBLE ASSETS

	2019	2018
	\$	\$
<i>Software and Operating Systems</i>		
At cost	575,834	561,258
Work in Progress	0	0
Less accumulated amortisation	(463,504)	(425,720)
	112,330	135,258
Amortisation expense for year	37,784	34,722

Trademarks

At cost	5,490	5,490
Less accumulated amortisation	0	0
	5,490	5,490

	2019	2018
	\$	\$
Opening Book Value	140,028	110,750
Plus additions	14,576	65,000
Plus Work in Progress	0	0
Less disposals	0	0
Less amortisation	37,784	34,722
Closing Book Value	117,820	141,028

8. CULTURAL FUND

Annual contributions of 2% of domestic licensing revenue are made to this fund which is then invested in New Zealand cultural and social purposes to benefit the rightsholders the Company represents. The sum of \$118,720 (2018 : \$115,379) has been transferred from 2019 domestic licensing revenue. The fund has also benefitted \$6,542 (2018 : \$15,933) from non-title-specific revenue received from overseas RROs.

	2019	2018
	\$	\$
Opening balance	300,875	423,302
Less payments made from Cultural Fund	(221,668)	(266,603)
Plus Transfer from Development in South Pacific Reserve Fund	0	12,864
Refund of 2018 Expenditure	29,728	0
Distribution funds returned and unable to be redistributed	23,164	0
Unattributable overseas revenue	6,542	15,933
Contribution from licensing revenue	118,720	115,379
Closing balance	257,361	300,875

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 \$59,360 (2018 : \$57,690) has been transferred from 2019 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.

	2019	2018
	\$	\$
Opening balance	382,080	324,390
Less payments made	0	0
Contribution from licensing revenue	59,360	57,690
Closing balance	441,440	382,080

10. CAPITAL AND LEASING COMMITMENTS

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

	2019	2018
	\$	\$
Premises (Operating lease) - expires August 2023		
Payable		
- not later than one year	101,340	62,040
- later than one year but not later than five years	270,522	0
Motor Vehicles (Operating leases) - expires June 2022		
Payable		
- not later than one year	8,905	9,713
- later than one year but not later than five years	11,005	529

A two-month rent holiday provided on the signing of the new premises lease is reflected in the office lease cost expense.

11. COMPANY CREDIT CARDS

Company credit cards used by senior staff have a combined limit of \$20,000.

12. SHARE CAPITAL

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

13. RELATED PARTY TRANSACTIONS

Shareholders

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

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED
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 FOR THE YEAR ENDED 31 DECEMBER 2019

13. RELATED PARTY TRANSACTIONS - CONTINUED

New Zealand Society of Authors	2019	2018
	\$	\$
Research Grant Funds (paid to grant recipients)	20,000	20,000
Administration of Research Grants	10,723*	1,000
National Writers Forum	0	15,000
Total	30,723	36,000

*In 2019, NZSA undertook all promotion and management of the CLNZ Writers' Award and Research Grants. The costs of promotion and the selection panel costs are included in this figure.

Publishers Association of New Zealand	2019	2018
	\$	\$
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

Tom Rennie and Graeme Cosslett are both employed by publishing companies that receive distribution payments.

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	2019	2018
	\$	\$
Total remuneration	407,401	406,605
Total FTE's (Full Time Equivalent)	3	3
Directors	2019	2018
	\$	\$
Total remuneration	85,099	83,512
Total FTE's (Full Time Equivalent)	0.1	0.1

FINANCIAL STATEMENTS

COPYRIGHT LICENSING LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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	2019	2018
	\$	\$
<i>Financial Assets at Fair Value through Surplus or Deficit</i>		
Cash and cash equivalents	8,174,732	10,202,345
Receivables from Exchange Transactions	216,285	691,507
	8,391,017	10,893,852
Financial Liabilities	2019	2018
	\$	\$
<i>At amortised cost</i>		
Trade and other creditors	63,703	17,573
Accrued Expenditure	19,266	18,183

15. FINANCE LEASE

The Company has a Finance Lease with Canon NZ which expires in September 2023.

Total liability of \$17,181 remains after balance date as follows:

Photocopier - expires September 2023	2019	2018
	\$	\$
Payable		
- not later than one year	4,140	6,347
- later than one year but not later than five years	13,041	0

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

In March 2020 New Zealand went into lockdown in response to the pandemic, COVID-19. While CLNZ operations were not impacted and staff were able to use technology to be fully productive remotely, there is a probable impact on future revenue from the expected decline in tertiary enrolments due to overseas students not being able to travel to New Zealand to study. The likely impact of this will be a decrease in distributable funds in 2020. At the time of preparing these financial statements, the revenue impact was not able to be quantified (2018 : NIL).



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