

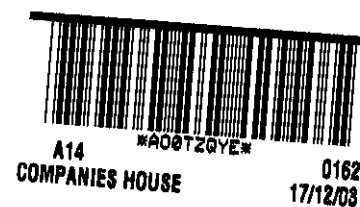
1690026

**The Copyright Licensing Agency
Limited**
(A company limited by guarantee)

Report and Financial Statements

Year Ended

31 March 2003



BDO Stoy Hayward
Chartered Accountants

THE COPYRIGHT LICENSING AGENCY LIMITED

Annual report and financial statements for the year ended 31 March 2003

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Directors

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Directors

G A Cole	R Kiernan
J Dorner	I R Locks
D A Howard Williams	M P Long
J E Gabriel	S C L Morris
F M Hayes-McCoy	S N McRae
A J Seely	G S Taylor
S Stern	

Secretary and registered office

P F Shepherd, 90 Tottenham Court Road, London, W1T 4LP

Company number

01690026

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

THE COPYRIGHT LICENSING AGENCY LIMITED

Report of the directors for the year ended 31 March 2003

The directors present their report together with the audited financial statements for the year ended 31 March 2003.

Results

The income and expenditure account is set out on page 5 and shows the result for the year.

Principal activities, trading review and future developments

The Copyright Licensing Agency Limited (CLA) operates as an agent for both the Authors' Licensing and Collecting Society Limited and the Publishers Licensing Society Limited. CLA is also an agent for the Design and Artists Copyright Society Limited.

The company is therefore the representative of the owners and licensees of literary and artistic works published in the United Kingdom in the negotiation of licence terms for the reproduction by reprographic means of such works, issuing licences and collecting and distributing fees, royalties and other monies.

CLA is an active member of the International Federation of Reproduction Rights Organisations and has reciprocal licensing agreements with eighteen counterparts in seventeen countries specifically Australia, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, New Zealand, the Netherlands, Norway, South Africa, Spain, Sweden, Switzerland and the United States.

Licence fees received by the CLA are distributed to members and rights holders after making provision for the CLA's liabilities and expenses.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors of the company during the year were:

Nominated by the Authors' Licensing and Collecting Society Limited

G A Cole

J Dorner

M P Duffy (resigned 11 December 2002)

D A Howard Williams (appointed 11 December 2002)

J E Gabriel

F M Hayes-McCoy

A J Seely

Nominated by the Publishers Licensing Society Limited

R Kiernan

I R Locks

M P Long

S C L Morris

S N McRae

G S Taylor

Nominated jointly by the Authors' Licensing and Collecting Society Limited and Publishers Licensing Society Limited

S Stern (appointed 19 March 2003)

THE COPYRIGHT LICENSING AGENCY LIMITED

Report of the directors for the year ended 31 March 2003 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

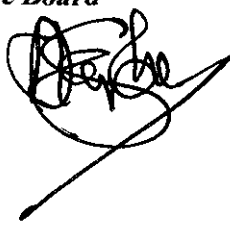
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

P F Shepherd



Secretary

Date 30/9/03

THE COPYRIGHT LICENSING AGENCY LIMITED

Report of the independent auditors

To the members of The Copyright Licensing Agency Limited

We have audited the financial statements of The Copyright Licensing Agency Limited for the year ended 31 March 2003 on pages 5 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', is written above the company name.

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

10 October 2003

THE COPYRIGHT LICENSING AGENCY LIMITED

Income and expenditure account for the year ended 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Income					
Subvention income	2		3,741,110		4,563,628
Outside contract work			122,500		120,000
Registration fees			-		1,707
Total income			3,863,610		4,685,335
Operating expenses		4,479,270		4,081,611	
Operating expenses – exceptional item	5	-		1,162,376	
			(4,479,270)		(5,243,987)
Operating result	5		(615,660)		(558,652)
Net interest receivable	6		615,660		558,652
Result on ordinary activities before and after taxation			-		-

All amounts relate to continuing activities.

All recognised gains and losses are included in the income and expenditure account.

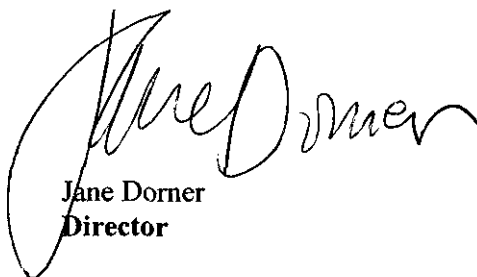
The notes on pages 9 to 15 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED

Balance sheet at 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	8		222,011		240,151
Current assets					
Debtors	9	7,745,966		8,057,019	
Cash at bank and in hand		13,628,456		18,370,158	
		<u>21,374,422</u>		<u>26,427,177</u>	
Creditors: amounts falling due within one year	10	<u>4,136,680</u>		<u>3,028,816</u>	
Net current assets			17,237,742		23,398,361
Undistributed licence fees	11		(17,459,753)		(23,638,512)
Total assets less current liabilities			<u>-</u>		<u>-</u>
Members' funds	14		<u>-</u>		<u>-</u>

The financial statements were approved by the Board on 20/9/03


Jane Dorner
Director

The notes on pages 9 to 15 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED

Cash flow statement for the year ended 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Net cash (outflow)/inflow from operating activities	16		(5,291,139)		3,766,447
Returns on investments and servicing of finance					
Interest received		615,660		558,652	
Net cash inflow from returns on investments and servicing of finance			615,660		558,652
Taxation					
UK corporation tax paid			-		(45,685)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(66,223)		(18,458)	
			(66,223)		(18,458)
(Decrease)/increase in cash	17		(4,741,702)		4,260,956

The notes on pages 9 to 15 form part of these financial statements.

THE COPYRIGHT LICENSING AGENCY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2003

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. In preparing these financial statements the company has adopted FRS 19 "Deferred Tax" for the first year.

The following principal accounting policies have been applied consistently.

Subvention income

Subvention income represents revenue retained by the company.

Subvention income collected in the year is calculated at an agreed rate of gross licence income invoiced in the year. The difference between subvention income collected and that required to cover the company's operating overheads is included in the balance sheet.

In the first period of a new contract, subvention income is only recognised when expenditure directly attributable to the distribution of income to the owners of rights has been incurred.

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Leased assets

Operating lease rentals are charged to the profit and loss account on an accruals basis.

Interest receivable

Interest receivable represents bank interest receivable on distributable and undistributable funds.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Short leasehold improvements	- evenly over the lease term
Furniture and equipment	- 15% per annum
Computer equipment	- 33⅓% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

THE COPYRIGHT LICENSING AGENCY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2003

1 Accounting policies (Continued)

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately from those of the company in an independently administered fund.

2 Subvention income	2003 £	2002 £
The geographical analysis is:		
United Kingdom	3,303,774	4,024,208
USA and Canada	165,377	214,512
Rest of the World	73,680	87,195
Europe	198,279	237,713
	<u>3,741,110</u>	<u>4,563,628</u>

3 Employees	2003 £	2002 £
Staff costs, excluding directors, consist of:		
Wages and salaries	1,671,527	1,534,133
Social security costs	154,101	138,715
Other pension costs	155,396	130,384
	<u>1,981,024</u>	<u>1,803,232</u>

The average number of employees, including directors, during the year was 63 (2002 - 63).

4 Directors	2003 £	2002 £
Directors' emoluments	<u>136,308</u>	<u>97,303</u>

THE COPYRIGHT LICENSING AGENCY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2003

5 Operating result

	2003 £	2002 £
This has been arrived at after charging:		
Depreciation	84,131	76,526
Hire of motor vehicles - operating leases	9,045	7,503
Hire of other assets - operating leases	330,764	329,802
Auditors' remuneration - audit services	16,230	15,000
- non audit services	21,563	1,480
Exceptional item	-	1,162,376

The exceptional item related to legal and other costs arising from the Copyright Tribunal hearing with Universities UK Limited.

6 Net interest receivable

	2003 £	2002 £
Bank interest receivable	615,660	793,825
"HE interest" payable	-	(235,173)
	<u>615,660</u>	<u>558,652</u>

7 Taxation on result from ordinary activities

	2003 £	2002 £
Profit/loss on ordinary activities before tax	-	-
Profit/loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	-	-
Effects of:		
Expenses not deductible for tax purposes	824	33,877
Capital allowances for year in excess of depreciation	(824)	(33,877)
Current tax charge for year	-	-

A deferred tax asset has not been recognised in the accounts.

THE COPYRIGHT LICENSING AGENCY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2003

8 Tangible assets

	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
<i>Cost</i>				
At 1 April 2002	492,374	266,541	307,505	1,066,420
Additions	-	1,099	65,124	66,223
Reallocations	-	(3,669)	3,669	-
Disposal	-	-	(240,479)	(240,479)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	492,374	263,971	135,819	892,164
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2002	361,870	182,143	282,256	826,269
Provided for the year	32,626	21,731	29,774	84,131
Disposals	-	-	(240,247)	(240,247)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	394,496	203,874	71,783	670,153
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2003	97,878	60,097	64,036	222,011
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	130,504	84,398	25,249	240,151
	<hr/>	<hr/>	<hr/>	<hr/>

9 Debtors

	2003 £	2002 £
Trade debtors	5,871,832	6,947,022
Taxation and social security	1,469,249	206,542
Other debtors	238,355	746,624
Prepayments and accrued income	166,530	156,831
	<hr/>	<hr/>
	7,745,966	8,057,019
	<hr/>	<hr/>

All amounts shown under debtors fall due within one year.

THE COPYRIGHT LICENSING AGENCY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2003 (*Continued*)

10 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	4,515	35,646
Taxation and social security	76,658	49,548
Other creditors	3,692,947	1,319,024
Corporation tax and withholding tax payable	58,920	89,132
Accruals	303,640	956,995
Deferred income	-	578,471
	<u>4,136,680</u>	<u>3,028,816</u>

11 Undistributed licence fees

	2003 £	2002 £
Undistributed licence fees	16,007,604	23,391,764
Subvention on account (note 12)	1,452,149	246,748
	<u>17,459,753</u>	<u>23,638,512</u>

Undistributed licence fees are matched by amounts included in trade debtors and amounts held as cash at bank and in hand.

All amounts are due within one year.

THE COPYRIGHT LICENSING AGENCY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2003 (Continued)

12 Subvention on account

	2003 £	2002 £
The subvention on account is analysed as follows:		
Balance at 1 April 2002	246,748	(64,991)
Subvention received in the year	4,368,040	3,766,152
Release of deferred income	578,471	-
Fighting fund received in the year	-	724,734
Fighting fund calculated in prior year and included in undistributed licence fees	-	384,481
Transfer to income and expenditure account	(3,741,110)	(4,563,628)
	<u>1,452,149</u>	<u>246,748</u>

13 Commitments under operating leases

As at 31 March 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	2003 Land and buildings £	2003 Other £	2002 Land and buildings £	2002 Other £
Operating leases which expire:				
In two to five years	<u>323,250</u>	<u>7,880</u>	<u>323,250</u>	<u>7,880</u>

14 Reconciliation of movements in members' funds

	2003 £	2002 £
Result for the year	-	-
Opening members' fund - as originally stated	-	(64,991)
Prior year adjustment	-	64,991
	<u>-</u>	<u>-</u>

THE COPYRIGHT LICENSING AGENCY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2003 (*Continued*)

15 Related party transactions

The board of directors of the company comprises thirteen directors. Six directors are nominated by the Authors' Licensing and Collecting Society Limited ('ALCS') and six directors are nominated by the Publishers Licensing Society ('PLS') and one director is nominated jointly by ALCS and PLS.

During the year, directors nominated by ALCS were Gerald A Cole, Jane Dorner, Deirdre Howard Williams, Maureen P Duffy, Juri E Gabriel, Felicity M Hayes-McCoy and A John Seely.

The directors nominated by PLS were Ian R Locks, Maurice P Long, S Neil McRae, Sally C L Morris, Graham S Taylor and Robert Kiernan.

The director nominated jointly by ALCS and PLS is Simon Stern, who is also a director of the Design and Artists Copyright Society Limited ('DACS').

CLA operates as an agent for ALCS, PLS and DACS. Distributions to ALCS and PLS amounted to £11,485,259 (2002 - £7,048,816) and £18,410,098 (2002 - £9,989,234) respectively. Distributions to DACS amounted to £2,788,763 (2002 - £733,241).

The company also charged PLS £122,500 (2002 - £120,000) for services provided to it during the year. This consisted principally of the operation of its distribution systems and the provision of accounting services.

Amounts due to ALCS and PLS, and DACS at 31 March 2003 are included within undistributed licence fees (see note 11).

16 Reconciliation of operating result to net cash outflow/(inflow) from operating activities

	2003 £	2002 £
Operating result	(615,660)	(558,652)
Depreciation	84,131	76,526
Loss on disposal of fixed assets	232	-
Decrease/(increase) in debtors	311,053	(2,773,864)
(Decrease)/increase in creditors	(5,070,895)	7,022,437
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(5,291,139)	3,766,447
	<hr/>	<hr/>

17 Analysis of cash at bank and in hand

	At 1 April 2002 £	Cash flow £	At 31 March 2003 £
Cash at bank and in hand	18,370,158	(4,741,702)	13,628,456
	<hr/>	<hr/>	<hr/>

THE COPYRIGHT LICENSING AGENCY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2003 (*Continued*)

18 Members' liabilities

The company is a company limited by guarantee and has no share capital. The members of the company are ALCS and PLS whose liability is a maximum of £1 each.