



**NLA MEDIA ACCESS LIMITED**

**ANNUAL TRANSPARENCY REPORT**

**FINANCIAL YEAR – 2017**

## **NLA MEDIA ACCESS ANNUAL TRANSPARENCY REPORT** **(for the financial year 2017)**

This 'Annual Transparency Report' is produced in compliance with the provisions of the ['Collective Management of Copyright \(EU Directive\) Regulations 2016'](#) (reference regulation 21).

### **NLA Overview**

NLA media access Limited ('NLA') represents: publishers of printed newspapers and magazines and their associated websites; newsfeed material as used by the media monitoring organisations; independent websites offering news and current affairs content. NLA licenses the copying of publishers' content by media monitoring organisations ('MMOs') and end user organisations. Publishers can elect which rights they mandate NLA to manage, and the rights granted dictate which of the NLA licences their content is included in. Details of the licences offered to MMOs can be found [here](#) and end user organisations [here](#).

NLA additionally processes content from the major publications it represents and holds the articles in a database (known as ['eClips'](#)), which enables it to supply data efficiently to media monitoring agencies for their services to their clients

Please see [www.nlamediaaccess.com](http://www.nlamediaaccess.com) for further information on NLA.

### **Transparency Report Information**

#### **a. Financial statements**

A copy of NLA's Report and Financial Statements for the year ending 31 December 2017 can be found [here](#).

#### **b. Report on NLA activities**

Please see NLA's Report and Financial Statements. In addition, each year NLA publishes an 'Annual Report' containing a summary of NLA activities; the Annual Report for 2017 is [here](#).

#### **c. Refusals to grant licences**

NLA Mandates set out the specific rights that are granted to NLA by its publishers. There were no instances of NLA refusing to grant a licence where NLA has the necessary rights from its publishers and offers a licence.

#### **d. Legal and governance structure**

NLA is a private limited company limited by shares (company no. 03003569), owned by 8 national newspaper groups (Associated Newspapers Limited, Express Newspapers, The Financial Times Limited, Guardian News and Media Limited, Independent Digital News and Media Limited, MGL 2 Limited, News UK & Ireland Limited, Telegraph Media Group Limited).

NLA's supervisory body is its board of directors which include a representative from each of its shareholders and representatives for regional newspaper publishers, magazine publishers and special contributors. Details of NLA Directors can be found within its Report and Financial Statements and on our website [here](#). Board Meetings are held at least once per quarter.

A copy of NLA Membership rules can be found [here](#) and its Articles of Association [here](#) which include information as to the form of the NLA Board and the right to representation.

e. **Entities directly or indirectly owned or controlled by NLA**

NLA wholly owns a dormant company 'The Newspaper Licensing Agency Limited' (company no. 03563061) (which has never traded and exists in order to preserve the former name of NLA).

f. **Remuneration paid to persons operating NLA's management and supervisory functions**

Please refer to notes 7 and 21 of the Report and Financial Statements for the year ending 31 December 2017.

g. **Amounts deducted for the purpose of social, cultural and educational services**

In 2017 NLA contributed £100,000 to the [Journalism Diversity Fund](#), the aims of which are to encourage and support people from ethnic and socially diverse backgrounds to train as journalists. The fund is administered by the National Council for the Training of Journalists (NCTJ).

h. **Rights revenue for each category of rights managed and type of use**

According to the CISAC categories, the works that NLA represents (newspapers, magazines, newsfeeds and news/current affairs websites) fall into the 'Literature' group.

NLA licenses rights to two main categories of user – media monitoring organisations (MMOs) and end user organisations. NLA MMO licences can be divided into print and web copying, and end user licences into print copying, web copying and the copying of content onto corporate websites. NLA additionally received revenues from overseas RROs.

An analysis of the revenues derived from each type of use is set out in Appendix A.

**h(i)(ii) Income from investment of rights revenue**

NLA current practice is to report to and pay its right holders on a monthly basis (except for RROs where it reports annually). NLA does not hold any undistributable royalties. The only investment income it therefore earns is bank interest on money held on deposit pending distribution – in 2017 the interest earned was £30,797 which was retained by NLA as working capital.

i. **Cost of rights management and other services provided by NLA**

The financial information on costs is set out in Appendix B.

j. **Amounts due to rightholders**

As shown in Appendix B, during 2017 NLA attributed £40.5m licensing royalties to its right holders. After deduction of the NLA retention, £36.6m was distributed to right holders. Information as to NLA's distribution policy is set out in the ['NLA Royalties Charter'](#).

NLA makes monthly distributions of royalties and does not hold any unattributable sums.

k. **Relationships with other collective management organisations**

A breakdown of the available financial information regarding NLA relationships with other CMOs is set out in Appendix C.

NLA did not distribute any amounts directly to right holders of other CMOs.

## **APPENDIX A**

### **Rights Revenue - 2017**

#### **NLA licensing revenue from Literature**

<b>User type</b>	<b>Licence type</b>	<b>Revenue</b>
		<b>£'000</b>
End user	Business licence	33,712
End user	Web end user licence	1,030
End user	Corporate Website Republishng Licence	1,948
Media Monitoring Organisations	Licence	2,636
	Web Database Licence	314
Reprographic Rights Organisations	Licence	829
<b>Total licensing revenue from Literature</b>		<b>40,469</b>

## APPENDIX B

### Financial information on the costs of rights management - 2017

The Financial Statements for NLA Media Access Limited for the year ended 31 December 2017, including the Directors' Report, form a part of this Annual Transparency Report. NLA Media Access Limited manages a single category of rights - under the classification of 'Literature' - that of newspapers and magazines.

	2017			2016		
	Rights management	Other services	Total	Rights management	Other services	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
Licensing royalties	40,469		40,469	39,181		39,181
Database activities		3,327	3,327		2,979	2,979
<b>Total revenue</b>	<b>40,469</b>	<b>3,327</b>	<b>43,796</b>	<b>39,181</b>	<b>2,979</b>	<b>42,160</b>
Bank deposit interest	31		31	46		46
Costs						
<b>Royalty payments to publishers</b>	<b>36,607</b>		<b>36,607</b>	<b>35,672</b>		<b>35,672</b>
% of revenue	90%		84%	91%		85%
Administration costs						
Staff	2,573	1,278	3,851	1,874	1,269	3,143
Database development		1,267	1,267		1,139	1,139
Sales agency fee	259		259	263		263
Office premises	201	233	434	186	233	419
Charitable donation	92	8	100	93	7	100
Overheads	349	237	586	406	235	641
Special contributors' scheme			0	32		32
Depreciation	26	23	49	33	46	79
Marketing	43	49	92	95	7	102
Legal and professional	217	18	235	134	10	144
Business development	213	18	231	136	10	146
Loan stock interest			0		6	6
<b>Total administration costs</b>	<b>3,973</b>	<b>3,131</b>	<b>7,104</b>	<b>3,252</b>	<b>2,962</b>	<b>6,214</b>
% of revenue	10%		16%	8%		15%
Surplus retained within the business	-80	196	116	303	17	320

## **APPENDIX C**

### **Financial information on relationships with other collective management organisations - 2017**

		<b>Net paid</b>	<b>Retention</b>	<b>Gross</b>
		<b>£'000</b>	<b>£'000</b>	<b>Royalties</b>
				<b>£'000</b>

#### **Received from other CMOs**

• CLA	licensing of education rights under an agency agreement	2,051	259	2,310
• International RROs	licensing of NLA newspaper content under reciprocal agreements	* 829		

#### **Paid to other CMOs**

• PLS	licensing of magazine content represented by PLS	4,992	1,251	6,243
• International RROs	licensing of international newspaper content under reciprocal agreements	** 402	102	504

**\*Breakdown of net royalties received from International RROs**

<b>Name of RRO</b>	<b>Location</b>	<b>Net royalties received from international RROs £'000</b>
Copyright Clearance Center	USA	10
Centre Francais D'Exploitation du Droit de Copie	France	104
Prolitteris	Switzerland	32
VG Wort	Germany	322
Kopinor	Norway	12
Stichting Reprorecht	Netherlands	68
Copydan	Denmark	76
Copibec	Canada	3
Copyright Agency Limited	Australia	50
Kopioisto	Finland	22
Literar Mechana	Austria	1
Access Copyright	Canada	5
Newspaper Licensing Ireland	Eire	20
Copiepresse	Belgium	21
Dramatic, Artistic & Literary Rights Organisation	South Africa	1
Spanish Reproduction Rights Centre (CEDRO)	Spain	4
Bonus	Sweden	59
Singnet	Singapore	9
Copyright Licensing Limited	New Zealand	1
Irish Copyright Licensing Agency	Eire	9
<b>Total received by NLA</b>		<b>829</b>

The amount retained by the international RROs before the sum is remitted to NLA is unknown.

**\*\*Breakdown of net royalties paid to International RROs**

Name of RRO	Location	Gross royalty payable by NLA £'000	Less NLA's retention £'000	Net sum paid to RRO £'000
Copyright Clearance Center	USA	105	21	84
Centre Francais D'Exploitation du Droit de Copie	France	23	6	17
Kopioisto	Finland	2	-	2
Access Copyright	Canada	13	3	10
Literar Mechana	Austria	2	-	2
Copyrus	Russia	4	1	3
Newspaper Licensing Ireland	Eire	291	58	233
Stichting Reprorecht	Netherlands	16	3	13
Kopinor	Norway	1	-	1
Copiepresse	Belgium	3	1	2
Spanish Reproduction Rights Centre (CEDRO)	Spain	43	9	34
Copydan	Denmark	1	-	1
<b>Total paid by NLA</b>		<b>504</b>	<b>102</b>	<b>402</b>



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## REPORT OF FACTUAL FINDINGS

To the directors of NLA media access limited

In accordance with our Engagement Letter dated 4 April 2018, we have performed the procedures agreed with you and referenced below with respect to the annual transparency report of NLA media access limited ("the entity") for the year ended 31 December 2017.

### Responsibilities

As directors of the above company you are responsible for presenting an annual transparency report, including comparable audited financial information as well as information on the use of amounts for social, cultural and educational services.

You are also responsible for:

- considering the sufficiency of the procedures for your purposes;
- ensuring that accounting records are maintained which show and explain the entity's transactions and disclose with reasonable accuracy, at any time, the financial position of the entity; and
- preparing the annual transparency report and ensuring that it has been properly extracted from the entity's accounting records.

It is our responsibility to prepare this report of factual findings.

We make no representation and assume no responsibility regarding the sufficiency of the procedures for your purposes.

### Purpose of this report and restrictions on its use

This report was prepared on your specific instructions for the purpose of communicating the factual findings of our work on the procedures performed, as referenced below, and should not be relied upon for any other purpose. Our report may not have considered issues relevant to any third parties, any use such third parties may choose to make of our report is entirely at their own risk and we shall have no responsibility whatsoever in relation to such use. RSM UK Audit LLP neither owes nor accepts any responsibility whatsoever in respect of or arising out of or in connection with the contents of this report to any parties other than the Directors who may have sight of this report and shall not be liable for any loss, damage or expense of whatever nature which is caused by their reliance on this report.

Our report is prepared solely for the confidential use of the Entity and solely for the purpose of your compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016. This report is released to the Entity on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Entity, we acknowledge that the Entity may be required to disclose this report to a party demonstrating a statutory right to see it, to enable such other parties to exercise statutory rights of access to this report.

This report is designed to meet the agreed requirements of the Entity and particular features of our engagement determined by the Entity's needs at the time. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Audit LLP for any purpose or in any context. Any party other than the Entity which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk.

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To the fullest extent permitted by law, RSM UK Audit LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

### **Specific procedures performed**

We have performed specific procedures, in accordance with International Standard on Related Services ("ISRS") 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information", on the annual transparency report for the year ended 31 December 2017. The specific procedures performed and agreed with you, which do not constitute either an audit or a review, were performed solely for the purpose of your compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016 as summarised in "Guidance on the UK Regulations implementing the Collective Rights Management (CRM) Directive" issued by the Intellectual Property Office in February 2016.

The procedures are set out in *Annex A: Agreed upon procedures for the audit of an annual transparency report* of the "Guidance on the collective management of Copyright (EU Directive) Regulations 2016: supplementary guidance on annual transparency reports and audit" issued by the Intellectual Property Office in October 2017.

### **Results of specific procedures undertaken**

Solely on the basis of the above procedures, and taking into account the above discussions and representations, we report that:

- we carried out the procedures as set out in set out in *Annex A: Agreed upon procedures for the audit of an annual transparency report* of the "Guidance on the collective management of Copyright (EU Directive) Regulations 2016: supplementary guidance on annual transparency reports and audit" issued by the Intellectual Property Office in October 2017. There were no errors or exceptions found as a result of our testing.

The above procedures do not constitute either an audit or review made in accordance with International Standards on Auditing (UK) or International Standards on Review Engagements and consequently, we do not express any assurance on the annual transparency report for the year ended 31 December 2017. Had we performed additional procedures or had we performed an audit or review of the annual transparency report for the year ended 31 December 2017 in accordance with International Standards on Auditing (UK) or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

This report is provided solely for the benefit of the addressees of this report in connection with the annual transparency report for the year ended 31 December 2017. Therefore, except as expressly provided in the engagement letter dated 4 April 2018 you should not use it for any other purpose, distribute it or make it available (in whole or in part) or communicate it to any other party. We accept no liability to any other party who is shown or gains access to this report (or any part thereof).

This report relates only to the procedures performed, as specified above.

RSM UK Audit LLP's audit work on the financial statements of the Entity is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on RSM UK Audit LLP's separate duties and responsibilities as the Entity's external auditors. RSM UK Audit LLP's audit report on the financial statements of the Entity is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. RSM UK Audit LLP's audit work has been undertaken so that they might state to the Entity's members those matters they are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, RSM UK Audit LLP does not accept or assume responsibility to anyone other than the Entity and the Entity's members as a body, for its audit work, for its audit reports, or for the opinions it has formed.

To the fullest extent permitted by law RSM UK Audit LLP does not and will not, by virtue of our report or otherwise, assume or accept any duty of care or liability under this engagement to the Entity or to any other party, whether in contract, negligence or otherwise in relation to its audits of the Entity's financial statements.

We have no responsibility to update this report for events and circumstances occurring after the date of this report. However, if we are made aware of any matters that affect the validity of this report, we shall bring these to the attention of the Directors as soon as is practicable.

RSM UK AUDIT LLP

25 April 2018