



NLA MEDIA ACCESS LIMITED

ANNUAL TRANSPARENCY REPORT

FINANCIAL YEAR – 2016

NLA MEDIA ACCESS ANNUAL TRANSPARENCY REPORT **(for the financial year 2016)**

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.nlamediaccess.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 2016 can be found [here](#).

b. Report on NLA activities

Please see NLA's Report and Financial Statements. In addition, each year NLA publishes a general 'Annual Report' for a summary of NLA activities in 2016, which can be found [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 Print 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 a representative 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 '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 2016.
- g. **Amounts deducted for the purpose of social, cultural and educational services**
 In 2016 NLA contributed £100,000 to the [Journalism Diversity Fund](#), the aims of which are to encourage and support people from ethnically 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 2 main categories of user – 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 rightholders 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 2016 the interest earned was £46,135 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 2016 NLA attributed £39.2m licensing royalties to its right holders. After deduction of the NLA retention, £35.7m 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 rightholders of other CMOs.

APPENDIX A

Rights Revenue - 2016

NLA licensing revenue from Literature

User type	Licence type	Revenue £'000
End user	Business licence	32,417
End user	Web end user licence	836
End user	Corporate Website Republishng Licence	1,718
Media Monitoring Organisations	Licence	2,732
	Web Database Licence	296
Reprographic Rights Organisations	Licence	1,182
Total licensing revenue from Literature		39,181

APPENDIX B

Financial information on the costs of rights management - 2016

The Financial Statements for NLA Media Access Limited for the year ended 31 December 2016, 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.

	2016			2015		
	Rights management	Other services	Total	Rights management	Other services	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
Licensing royalties	39,181		39,181	37,060		37,060
Database activities		2,979	2,979		3,031	3,031
Total revenue	39,181	2,979	42,160	37,060	3,031	40,091
Bank deposit interest	46		46	62		62
Costs						
Royalty payments to publishers	35,672		35,672	33,791		33,791
<i>% of revenue</i>	<i>91%</i>		<i>85%</i>	<i>91%</i>		<i>84%</i>
Administration costs						
Staff	1,874	1,269	3,143	1,981	1,288	3,269
Database development		1,139	1,139		1,142	1,142
Sales agency fee	263		263	280		280
Office premises	186	233	419			0
Charitable donation	93	7	100	92	8	100
Overheads	406	235	641	665	215	880
Special contributors' scheme	32		32	4		4
Depreciation	33	46	79	39	127	166
Marketing	95	7	102	110	9	119
Legal and professional	134	10	144	212	16	228
Business development	136	10	146	31	3	34
Loan stock interest		6	6		56	56
Total administration costs	3,252	2,962	6,214	3,414	2,864	6,278
<i>% of revenue</i>	<i>8%</i>		<i>15%</i>	<i>9%</i>		<i>16%</i>
Surplus retained within the business	303	17	320	-83	167	84

APPENDIX C

Financial information on relationships with other collective management organisations - sums received in 2016

		Net paid £'000	Retention £'000	Gross Royalties £'000
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Received from other CMOs

• CLA	licensing of education rights under an agency agreement	2,027	263	2,290
• International RROs	licensing of NLA newspaper content under reciprocal agreements	* 1,182		

Paid to other CMOs

• PLS	licensing of magazine content represented by PLS	4,765	1,191	5,956
• International RROs	licensing of international newspaper content under reciprocal agreements	** 601	153	760

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

Name of RRO	Location	Net royalties received from international RROs £'000
Copyright Clearance Center	USA	16
Centre Francais D'Exploitation du Droit de Copie	France	48
Prolitteris	Switzerland	43
VG Wort	Germany	218
Kopinor	Norway	18
Stichting Reprorecht	Netherlands	15
Copydan	Denmark	57
Copibec	Canada	5
Copyright Agency Limited	Australia	49
Kopiosto	Finland	21
Literar Mechana	Austria	1
Access Copyright	Canada	5
Newspaper Licensing Ireland	Eire	20
Hong Kong Reprographic Rights	Hong Kong	1
Copiepresse	Belgium	11
Dramatic, Artistic & Literary Rights Organisation	South Africa	2
Spanish Reproduction Rights Centre (CEDRO)	Spain	6
Bonus	Sweden	633
Irish Copyright Licensing Agency	Eire	13
Total received by NLA		1,182

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	Less withholding tax £'000	Net sum paid to RRO £'000
Copyright Clearance Center	USA	330	66	-	264
Centre Francais D'Exploitation du Droit de Copie	France	30	8	-	22
Kopioisto	Finland	1	-	-	1
Copibec	Canada	9	2	-	7
Access Copyright	Canada	22	4	-	18
Literar Mechana	Austria	3	1	-	2
Prolitteris	Switzerland	15	3	-	12
Copyrus	Russia	16	3	-	13
Newspaper Licensing Ireland	Eire	266	53	-	213
Stichting Reprorecht	Netherlands	25	5	-	20
Kopinor	Norway	2	-	-	2
Copiepresse	Belgium	6	1	-	5
Copyright Agency Limited	Australia	-	-	-	-
Spanish Reproduction Rights Centre (CEDRO)	Spain	33	7	5	21
Copydan	Denmark	2	-	-	2
Total paid by NLA		760	153	5	602

The Directors
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Dear Sirs

We have audited the accompanying Annual Transparency Report ("the Report") of NLA media access Limited ("the Company") for the year ended 31 December 2016 as required by the Collective Management of Copyright (EU Directive) Regulations 2016 ("the Regulations"). The financial reporting framework that has been applied by management in their preparation of the Report is applicable law and United Kingdom Generally Accepted Accounting Practice.

Our report is prepared solely for the confidential use of the Company and solely for the purpose of the Regulations. This report is released to the Company 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 Company, we acknowledge that the Company may be required to disclose this report to other parties 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 Company and particular features of our engagement determined by their 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 Company 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. 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.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this Financial Statement in accordance with international standards and regulations; this includes determining that basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing, the International Standard on Auditing 805 "Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free from material misstatement.

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RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317.

Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities, financial services register number 619258.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Based on our audit work, nothing has come to our attention that causes us to believe that the Report does not present fairly, in all material respects, the financial information of the Company as at 31 December 2016 and for the year then ended in accordance with the requirements of the Regulations relevant to preparing the Report.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Inherent limitations

RSM UK Audit LLP's audit work on the financial statements of the Company 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 Company's external auditors. RSM UK Audit LLP's audit report on the financial statements is made solely to the Company, 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 it might state to the Company's members those matters it is 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 Company'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, we do not and will not, by virtue of our reports/confirmations or otherwise, assume or accept any duty of care or liability under this engagement to the Company or to any other party, whether in contract, negligence or otherwise in relation to RSM UK Audit LLP's audits of the Company's financial statements.

RSM UK Audit LLP
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1 August 2017