

ERA Annual General Meeting 2016

Annual Transparency Report of The Educational Recording Agency Limited (Company Number 02423219) for the year ended 31 March 2016

Introduction

The non-executive Directors of ERA have been appointed by the Members of ERA to provide the supervisory function over ERA required by the Regulations.

The non-executive Directors of ERA present this Annual Transparency Report to the Members of ERA for consideration at the Annual General Meeting of the Members of ERA, to take place at 11.30am on Thursday 15 September 2016.

The Collective Management of Copyright (EU Directive) Regulations 2016 (“the Regulations”)

The Regulations came into force on 10 April 2016.

In preparation for implementation of the Regulations, the Members of ERA instructed the company to prepare updated Articles of Association for the company. Updated Articles of Association were approved by the Board of Directors on 19 May 2016 with a view to formal presentation to the ERA Members for adoption at the Annual General Meeting to take place on 15 September 2016.

The purpose of this Annual Transparency Report is to supply the information required by the Regulations.

The Directors' Report and Financial Statements for the year ended 31 March 2016 shall be deemed part of this Report for consideration by Members of ERA.

Audit and Publication

The non-executive Directors of ERA have appointed Moore Stephens LLP of 150 Aldersgate Street, London, EC1A 4AB to audit the accounting information referred to in this report for the purposes of compliance with Regulation 21 (2) of the Regulations.

Individual Statements have been made by each non-executive Director to support the publication of this Annual Transparency Report, including all declarations of conflicts of interest made and approved by the Board of Directors and noted in the company's Register of Interests.

Once adopted by the Members of ERA, this Annual Transparency Report will be published alongside the Directors' Report and Financial Statements on the ERA website at www.era.org.uk for the purpose of reporting in respect of the activities of the company during the financial year ended 31 March 2016.

The Annual Transparency Report will remain available on the ERA website for at least 5 years. For the purposes of the year ended 31 March 2016, this Annual Transparency Report shall refer to and apply to: -

1. ERA Members

The Members of ERA are listed on the ERA website at <http://www.era.org.uk/about-us/members>

ERA currently has 20 Members who represent the rights set out and described against their names within ERA Licence documents.

ERA Licences do not include any Extended Collective Licensing (“ECL”) scheme.

No new Members were admitted to ERA during the year ended 31 March 2016.

An interest in applying for Membership has been lodged by PICSEL LIMITED whose registered number is 09899186 and whose registered office is 59 Tranquil Vale, London, SE3 OBS. An application has not yet been made.

Information about the Members of ERA, Membership Criteria, how representative bodies may apply for membership of ERA and the terms of membership agreements, which all ERA members are required to observe, are set out in the updated Articles of Association and the standard Membership Agreement terms both published on the company website at www.era.org.uk.

In addition, ERA operates a **Code of Conduct** relating to its activities. The attention of all ERA licensees is drawn to the ERA Code of Conduct and its terms through news updates and other information published on the ERA website.

ERA’s published Code of Conduct includes details of the complaints procedure to be adhered to, should a complaint be made.

2. Governance Structure of ERA

ERA is a private company limited by guarantee and has no share capital. ERA owns one dormant subsidiary company, Educational Resource Agency Limited.

ERA operates on a not-for-profit basis. ERA operates as a collective management organisation for the purposes of the Regulations.

Each Member of ERA is entitled to nominate one representative who, subject to election by the Members of ERA, is then invited to be a non-executive Director of ERA.

Each non-executive Director of ERA also forms part of the supervisory function of ERA for the purposes of compliance with the Regulations.

Details of the directors who served on the Board of ERA during the year ended 31 March 2016 and procedures for the appointment of Directors are set out in the Directors’ Report for the year ended 31 March 2016.

3. Amounts deducted for the purposes of Social, Cultural and Educational Services

The approved budget for Management Fees during the financial year ended 31 March 2016 made provision for ERA to pay;

(a) Membership Fees for ERA to be a member of the British Copyright Council <http://www.britishcopyright.org/>, the Alliance for Intellectual Property <http://www.allianceforip.co.uk/> and FACT <http://www.fact-uk.org.uk/>, as bodies

working to protect and promote copyright owners, including the Members of ERA. Fees for ERA's memberships totalled £15,016.

(b) a contribution of £7,500 towards the work of the Copyright Hub with particular reference to the links between the work of the Education Licensing Working Group http://www.copyrighthub.org/copyrighthub_org/community/working-groups/elwg/

(c) a contribution of £2,000 towards the cost of the British Copyright Council running its annual training course on copyright in conjunction with WIPO (World Intellectual Property Organisation) http://www.wipo.int/academy/en/courses/professional_training/wipo_bcc.html

ERA did not contribute to any other third party social, cultural or educational services during the financial year ended 31 March 2016.

4. The Financial Statements for The Educational Recording Agency Limited (Company registration number 02423219) for the year ended 31 March 2016, including the Directors' Report forming part of the Financial Statements.

The Financial Statements and the Directors' Report for the year ended 31 March 2016 include: -

The total revenue from licences granted for the year ended 31 March 2016

The total costs incurred by ERA in administering licences

Detailed Profit and Loss Account on administration expenditure of ERA including a breakdown of personnel costs.

5. Directors and officers

The directors who served on the Board of ERA during the year ended 31 March 2016 were

Ms D C Annetts
Mr A R Chowns
Mr R Combes
Mr T De Lange
Mrs H A Evans
Ms K E Fishman
Ms E S Gibson
Mrs A F Hales
Mr A Harrower
Mr W R Jackson
Mr D Johnson
Mr J Kimberlin
Mr M J Lee
Ms S M Malden
Mr P R Mason
Mrs C G Payne
Mr J F Smith
Mr J W Vandermeer
Miss S Welsh
Mr C Zimmermann.

No remuneration was paid to any individual directors during the year ended 31 March 2016.

Procedures for the appointment of Directors are set out in the ERA Articles of Association and the ERA Membership Agreement and copies of these documents are published and made accessible on the ERA website at www.era.org.uk

The Chief Executive officer of ERA received emoluments (including pension and benefits) during the year ended 31 March 2016 as follows: -

Salary £89,254 – Pension Contributions - £8,925 and Private Health insurance -£2,300

ERA paid £5,714 for insurance to cover its Directors and Officers against liabilities in relation to their duties to the company.

6. ERA Licensing Activities

The ERA Licensing scheme is operated by reference to s 35 and paragraph 6 Schedule 2 Copyright, Designs and Patents Act 1988 as amended by The Copyright and Rights in Performances (Research, Education, Libraries and Archives) Regulations 2014 (S.I. 2014 No.1372).

All ERA Licences are granted to educational establishments. They cover schools, colleges, universities and other educational establishments meeting the definition set out in section 174 Copyright, Designs and Patents Act 1988.

ERA Licensing activity is limited to educational establishments in England, Scotland, Wales and Northern Ireland. By agreement of ERA Members and the relevant national authorities, licences are also granted for the benefit of educational establishments in the Isle of Man, Jersey and the Bailiwick of Guernsey.

The terms of the ERA Licence and the tariffs applied for different types of educational establishment are set out and published on the ERA website at www.era.org.uk.

7. Licensing Revenues

All licences issued during the year ended 31 March 2016 were in the form of the current ERA Licence. The total revenue from the current ERA Licence during the year was £11,897,174.

Revenues from licences granted under licences superseded by the current licensing scheme, but for which fees had been earned, but not distributed, prior to 1 April 2015 were: -

£24,650 from ERA licences issued under the certified licensing scheme in place before the current licensing scheme was launched; and

£1,546 from ERA Plus licences.

8. Distribution Policy and Distributions

The ERA Members have seen and approved the Distribution Policy applied by ERA for the purposes of proposing and (subject to required approvals) making distributions to ERA Members.

The approved Distribution Policy is published on the ERA website at www.era.org

Four Distributions were made to ERA Members during the year ended 31 March 2016.

The total sums distributed were

£2,550,000 on 30 June 2015

£3,000,000 on 30 September 2015

£2,800,000 on 31 December 2015

£2,800,000 on 31 March 2016.

The total amount distributed to right holders during the year was £11,150,000.

9. Allocations to categories of right holders

Each ERA Member mandates ERA to represent the repertoire described against the name of the Member in clause 2 of the Schedule of Terms within the ERA Licence.

Each ERA Member is included within a Category of ERA Membership set out in the Distribution Policy. The share of Net Revenue allocated to each Category of Membership is also published in the Distribution Policy.

The Categories of Membership and net revenue shares applied during the financial year ended 31 March 2016 were: -

Categories of ERA Membership
ERA Members within each Category of ERA Membership
Percentage of Net revenue allocated to each Category of ERA
Membership

Category 1 (Net revenue percentage 37.98%)
Broadcasts

BBC Worldwide Limited
Channel 5 Broadcasting Limited
Channel Four Television Company Limited
The ITV Network Limited
Sianel Pedwar Cymru
Compact Collections Limited

Category 2 (Net revenue percentage 27.25%)
Literary, Dramatic, Musical and Artistic works

Authors' Licensing and Collecting Society Limited
Design and Artists' Copyright Society
Mechanical Copyright Protection Society Limited
Performing Right Society Limited
Directors UK Limited

Category 3 (Net revenue percentage 20.85%)
Performers

Equity
Musicians' Union
Incorporated Society of Musicians

Category 4 (Net revenue percentage 4.35%)
Sound Recordings

BPI (British Recorded Music Industry) Limited
Phonographic Performance Limited
Radio Independents Group

Category 5 (Net revenue percentage 9.57 %)
Films

AGICOA
FOCAL International Limited
Open University Worldwide Limited

Total 100%

10. Management Fees

ERA's total costs for administering licences during the year ended 31 March 2016 were £706,031.

Further details are specified in the audited Financial Statements.

Shares of management fees allocated to individual Members were the same shares applied to entitlement for Net Revenue distributions.

11. Income arising from Investment of Rights Revenue

Bank interest received by ERA from holding monies on behalf of ERA Members pending licence fees being earned and distribution authorised amounted to £46,762.

With the approval of ERA Members, the company used the interest payments earned to meet approved Management Fees, rather than allocating the monies as an identified separate part of the net revenue distributions authorised and made to ERA Members during the year.

12. Information on Relationships with other Collective Management Organisations

ERA does not have in place any bilateral or representation agreements with any other collecting societies save to the extent that some ERA Members are themselves collective management organisations.

The following collective management organisations are Members of ERA in their own right: -

Authors' Licensing and Collecting Society Limited
Design and Artists' Copyright Society
Mechanical Copyright Protection Society Limited
Performing Right Society Limited
Directors UK Limited
Phonographic Performance Limited
AGICOA.

The Educational Recording Agency Limited
Registered Office: Verulam House, 60 Gray's Inn Road, London WC1X 8LU.