

COMPANY REGISTRATION NUMBER 02423219

THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 MARCH 2015

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

CONTENTS	PAGE
Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the shareholders	6
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Ms D C Annetts
Mr A R Chowns
Mr R Combes
Mrs H A Evans
Mr J Kimberlin
Mr M J Lee
Ms S M Malden
Mrs C G Payne
Mr J F Smith
Mr J W Vandermeer
Mr A Harrower
Ms K E Fishman
Mr D J Harmsworth
Mr C Zimmerman
Mr D Johnson
Mr T De Lange
Mr T Woods
Mrs A F Hales
Mr W Jackson
Ms E S Gibson

Company secretary

Ms H Nicholson

Registered office

Verulam House
60 Grays Inn Road
London
WC1X 8LU

Auditor

Shipleys LLP
Chartered Accountants
& Statutory Auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

THE EDUCATIONAL RECORDING AGENCY LIMITED COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2015

The directors present their report and the financial statements of the company for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company is the issuing of licences for educational use of copyright works and performances to educational bodies in return for licence fees which, after deduction of expenses, are distributable to members.

DIRECTORS

The directors who served the company during the year were as follows:

Ms D C Annetts	
Mr A R Chowns	
Mr R Combes	
Mrs H A Evans	
Mr J Kimberlin	
Mr M J Lee	
Ms S M Malden	
Mrs C G Payne	
Mr J F Smith	
Mr J W Vandermeer	
Mr A Harrower	
Ms K E Fishman	
Mr D J Harmsworth	(Retired 13 May 2015)
Mr C Zimmerman	
Mrs A F Hales	
Ms E S Gibson	
Mr D Johnson	(Appointed 1 July 2014)
Mr T De Lange	(Appointed 6 November 2014)
Mr T Woods	(Appointed 6 November 2014)
Mr W Jackson	(Appointed 1 April 2014)
Mr H Koszuszeczek	(Retired 5 November 2014)
Mr J V P O'Sullivan	(Retired 30 June 2014)
Mr N M Glynn	(Retired 30 April 2014)
Ms V T Hoof	(Served from 1 May 2014 to 5 November 2014)
Mr P R Mason	(Appointed 14 May 2015)
Ms S Welsh	(Appointed 1 July 2015)

THE EDUCATIONAL RECORDING AGENCY LIMITED COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

DISTRIBUTION POLICY

The company seeks approval from the members for distribution of earned licence fees under each of the ERA licensing scheme and the ERA Plus Licensing Scheme and in addition the new single ERA licence on a quarterly basis. The unanimous approval of all ERA members is secured prior to each distribution being made.

SHARE CAPITAL AND DISTRIBUTION

The company is limited by guarantee and has no share capital.

A new single ERA Licence was launched and applied for all licences issued on or after 1 April 2014. The total revenue from the new single licence during the year was £11,495,803 (2014: £nil).

Revenues from licences granted under licensing schemes superseded by the new single ERA Licence issued prior to 1 April 2014 but for which fees accrued after 1 April 2014 were:-

£13,210 (2014: £7,877,614) from ERA licences issued under the certified licensing scheme in place before the new single ERA Licence was launched.

£4,981 (2014: £1,995,439) from ERA plus licences.

During the year distributions of £8,840,000 (2014: £nil) were made to members in accordance with the membership agreement under the new single licence; £1,275,000 (2014: £7,200,000) was made under the previous ERA licence and £585,000 (2014: £1,905,000) was distributed in relation to the previous ERA Plus licence.

The total costs incurred in administering licences during the year were £688,831 (2014: £674,063). Details of the administration costs for the year can be found in Note 3 to the accounts.

No remuneration was paid to directors during the year. Details of payments made for insurance to cover its Directors and Officers against liabilities can be found in Note 4 to the accounts.

The number of members represented during the year was 20 (2014: 20). ERA Licences do not include any Extended Collective Licensing Scheme.

APPOINTMENT OF DIRECTORS

Each member is entitled to nominate a director to sit on the Board. Directors may appoint alternates to attend Board meetings in their absence.

CODE OF CONDUCT

The company has adopted and published a Code of Conduct relating to its operations.

The Code of Conduct has been made available to the members and is posted on the company website at www.era.org.uk.

The Copyright (Regulation of Relevant Licensing Bodies) Regulations 2014 (S.I. 2014 no.898) were implemented on 6 April 2014. These Regulations set out circumstances in which the Secretary of State can direct a licensing body (such as ERA) to adopt a code of practice, which satisfies the criteria set out in the Schedule to the Regulations, or (if no such

THE EDUCATIONAL RECORDING AGENCY LIMITED COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

code is in place) impose such a code of practice on a licensing body.

Further, The Copyright and Rights in Performances (Research, Education, Libraries and Archives) Regulations 2014 (S.I.2014 No. 1372) (the 2014 Regulations) were implemented on 1 June 2014. The 2014 Regulations changed the scope of s 35 and paragraph 6 Schedule 2 of the Act and the new single ERA licence was launched reflecting these provisions.

The ERA Code of Conduct was updated in June 2014 to reflect these changes and has been applied since that time.

RESERVES

The profit for the year after tax of £1,288 (2014 - £2,473), when added to the retained surplus brought forward from previous years gives the company a carried forward surplus of £30,891.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
Verulam House
60 Grays Inn Road
London
WC1X 8LU

Signed by order of the directors

MS H NICHOLSON
Company Secretary

Approved by the directors on

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
THE EDUCATIONAL RECORDING AGENCY LIMITED**

YEAR ENDED 31 MARCH 2015

We have audited the financial statements of The Educational Recording Agency Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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 company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
THE EDUCATIONAL RECORDING AGENCY LIMITED *(continued)***

YEAR ENDED 31 MARCH 2015

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

10 Orange Street
Haymarket
London
WC2H 7DQ

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STEWART JELL (Senior Statutory
Auditor)
For and on behalf of
SHIPLEYS LLP
Chartered Accountants
& Statutory Auditor

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2015

	Note	2015 £	2014 £
TURNOVER		674,157	678,020
Cost of sales		<u>(24,571)</u>	<u>(27,451)</u>
GROSS PROFIT		649,586	650,569
Administrative expenses		<u>(688,831)</u>	<u>(674,063)</u>
OPERATING LOSS	2	(39,245)	(23,494)
Interest receivable		39,245	33,494
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>—</u>	<u>10,000</u>
Tax on profit on ordinary activities		1,288	(7,527)
PROFIT FOR THE FINANCIAL YEAR		<u>1,288</u>	<u>2,473</u>

The notes on pages 10 to 15 form part of these financial statements.

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

31 MARCH 2015

	Note	2015 £	£	2014 £
FIXED ASSETS				
Tangible assets	5		45,336	71,780
Investments	6		1	1
			<u>45,337</u>	<u>71,781</u>
CURRENT ASSETS				
Debtors	7	560,177		484,613
Cash at bank		1,820,915		1,752,579
		<u>2,381,092</u>		<u>2,237,192</u>
CREDITORS: Amounts falling due within one year	9	<u>(2,395,538)</u>		<u>(2,278,109)</u>
NET CURRENT LIABILITIES			(14,446)	(40,917)
TOTAL ASSETS LESS CURRENT LIABILITIES			30,891	30,864
PROVISIONS FOR LIABILITIES				
Deferred taxation	8		-	(1,261)
			<u>30,891</u>	<u>29,603</u>
RESERVES				
Profit and loss account	13 14		<u>30,891</u>	<u>29,603</u>
MEMBERS' FUNDS			<u>30,891</u>	<u>29,603</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

These accounts were approved by the directors and authorised for issue on, and are signed on their behalf by:

Mr R Combes
Director

Company Registration Number: 02423219

The notes on pages 10 to 15 form part of these financial statements.

THE EDUCATIONAL RECORDING AGENCY LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Consolidation

In the opinion of the directors, the company and its subsidiary undertaking comprise a small group. The company has, therefore, taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 'Cash flow Statements' from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover relates to the principal activity of issuing licences for off-air educational use of copyright works and performances to educational bodies and represents fee revenue retained by the company to cover operating overheads.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	over the term of the lease
Fixtures & Fittings	-	15% per annum on cost
Equipment	-	20%/33.33% per annum on cost

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension plan for employees. The assets of the plan are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING LOSS

Operating loss is stated after charging:

	2015	2014
	£	£
Employer's pension contributions	28,204	32,789
Depreciation of owned fixed assets	31,958	31,408
Auditor's fees	7,815	9,400

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

3. ADMINISTRATION EXPENSES

	2015	2014
	£	£
Personnel costs	371,466	427,862
Survey	6,744	4,994
Accommodation costs	69,665	79,396
Administration	73,443	78,165
Financial/legal	51,219	49,429
WIPO Contribution	2,000	2,000
Licence aggregation costs	99,297	–
Copyright consultation	14,997	32,217
	<u>688,831</u>	<u>674,063</u>

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Aggregate remuneration	<u>2,273</u>	<u>2,272</u>

The emoluments disclosed above represent the payment by the company of insurance to cover its Directors and Officers against liabilities in relation to their duties to the company.

5. TANGIBLE FIXED ASSETS

	Leasehold Improve- ments £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 April 2014	51,092	51,755	97,285	200,132
Additions	–	–	5,514	5,514
At 31 March 2015	<u>51,092</u>	<u>51,755</u>	<u>102,799</u>	<u>205,646</u>
DEPRECIATION				
At 1 April 2014	20,438	27,393	80,521	128,352
Charge for the year	10,220	5,335	16,403	31,958
At 31 March 2015	<u>30,658</u>	<u>32,728</u>	<u>96,924</u>	<u>160,310</u>
NET BOOK VALUE				
At 31 March 2015	<u>20,434</u>	<u>19,027</u>	<u>5,875</u>	<u>45,336</u>
At 31 March 2014	30,654	24,362	16,764	71,780

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

6. INVESTMENTS

	Subsidiary undertaking £
COST	
At 1 April 2014 and 31 March 2015	<u>1</u>
NET BOOK VALUE	
At 31 March 2015 and 31 March 2014	<u>1</u>

The company owns 100% of the issued share capital, consisting of 1 ordinary share of £1, of Educational Resource Agency Limited, a company registered in the UK. The subsidiary has been dormant since incorporation:

	2015 £	2014 £
Aggregate capital and reserves		
Educational Resource Agency Limited (dormant)	1	1
Profit and (loss) for the year		
Educational Resource Agency Limited (dormant)	-	-

Under the provision of section 398 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

7. DEBTORS

	2015 £	2014 £
Trade debtors	5,300	21,969
Other debtors	550,980	462,644
Deferred taxation (note 8)	3,897	-
	<u>560,177</u>	<u>484,613</u>

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

8. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2015	2014
	£	£
Included in debtors (note 7)	3,897	-
Included in provisions	-	(1,261)
	<u>3,897</u>	<u>(1,261)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2015	2014
	£	£
Excess of depreciation over taxation allowances	3,897	(1,261)
	<u>3,897</u>	<u>(1,261)</u>

9. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	1,788	607
Amounts owed to group undertakings	1	1
Corporation tax	3,870	6,266
Other taxation and social security	9,598	10,252
Other creditors	2,380,281	2,260,983
	<u>2,395,538</u>	<u>2,278,109</u>

10. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2015 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2015	2014
	£	£
Operating leases which expire:		
Within 2 to 5 years	32,840	31,140
	<u>32,840</u>	<u>31,140</u>

11. CAPITAL COMMITMENTS

Capital expenditure for fixtures and fittings, authorised and contracted for which has not been provided for in the financial statements amounted to £nil (2014: £nil).

12. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard for Smaller Entities (effective January 2015).

**THE EDUCATIONAL RECORDING AGENCY LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

13. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and has no share capital.

14. PROFIT AND LOSS ACCOUNT

	2015	2014
	£	£
Balance brought forward	29,603	27,130
Profit for the financial year	1,288	2,473
Balance carried forward	<u>30,891</u>	<u>29,603</u>

15. CONTROLLING PARTY

In the opinion of the directors there is no controlling party.