

PUBLISHERS' LICENSING SERVICES

ANNUAL REVIEW 2018/19

PLS is owned and directed by:



THE **PUBLISHERS**
ASSOCIATION

PLS: Innovator of the Year



FROM THE CHAIR

Rosie Glazebrook



I am delighted to be writing as the new Chair of the PLS Board.

I took up the position on 1st June 2019 but had the invaluable opportunity of a two-month handover period with the outgoing Chair, Mark Bide, before this. I have been fortunate to spend time already with Sarah Faulder, individual Board members, staff and key contacts, as well as attending meetings and industry events.

My career began in publishing and I have been fortunate to meet many former associates already through PLS and look forward to building strong relationships with our industry partners for the future.

I shall work closely with the Board and Sarah Faulder to continue to develop our strategy to the advantage of an industry that contributes so much to the UK economy.

In addition to my role at PLS, I will also be Co-Chair of CLA. I hope to bring my experience of working in complex stakeholder environments and in dealing with digital change and transformation to both roles.

Mark Bide has left PLS in very good shape and I would like to thank him for all he has contributed to PLS over the years.

A handwritten signature in black ink that reads "R. Glazebrook".

Chair

THE YEAR IN BRIEF

Sarah Faulder

PLS delivered record distributable revenues from collective licensing this year of £38.3m. We owe this success to the sterling work of our licensing agents, Copyright Licensing Agency (CLA) and NLA media access (NLA), both of which achieved better than expected overall revenues from collective licensing. These monies represent a very valuable income stream for publishers, especially when one considers that they go straight to their bottom line. We hear from publishers that this revenue can often make all the difference, enabling some, for example, to recruit a much-needed member of staff or even, in other cases, to stay in business in challenging times.

PLS Permissions has now proved itself as an effective and invaluable tool for publishers. There has been good take-up of the service during the year and it is generating respectable and ever-growing revenues for those publishers who are using it. But many more could and should be benefiting from the efficiencies it brings to managing permissions. I am delighted that Amy Ellis has stepped up to the newly created role of PLS Permissions: Rights & Licensing Manager, a role dedicated to expanding adoption of the service.

We have been re-launching the Access to Research service to local authorities with the ambition of this time securing close to 100% use of the service, so providing free access to academic articles to the general public in local libraries throughout the UK.



PLS has also begun in earnest to broker vital and seamless access to the articles and monographs being submitted by universities for assessment in the Research Excellence Framework (REF) 2021, something described by Research England as an important milestone in the REF process. Publishers continue to cooperate in this exercise just as they did in the case of the REF 2014.

The long-awaited European Copyright Directive was finally adopted by the European Parliament just after the year end. That it was passed in the face of such vehement opposition from Google and the pro-internet lobby signified an important realisation that copyright must be respected online for the same reasons that it applies in the physical world. Copyright is the bedrock of the creative industries and incentivises innovation and creativity.

The year saw PLS move into new offices, along with CLA, ALCS and ERA, following our negotiation of very favourable terms for the remainder of a lease. Our move to Hay's Galleria, by London Bridge, has been uplifting for all the staff, who are enjoying the buzz of the area as well as the stunning river view.

Last but not least I report on the bittersweet change of PLS Chair. Mark Bide was the first independent Chair of PLS and retired at the end of May when his term expired. We will miss Mark's deep knowledge and understanding of PLS and his many skills.

I take this opportunity to thank him, on behalf of the Board, the staff and all the publishers signed up to PLS, for guiding PLS – and me – so wisely and steadily through the challenges of recent years. We are, however, delighted to welcome Rosie Glazebrook, PLS's first-ever female Chair, who brings considerable and very different experience to the role coupled with her long-standing interest in and closeness to publishing.

S. Faulder

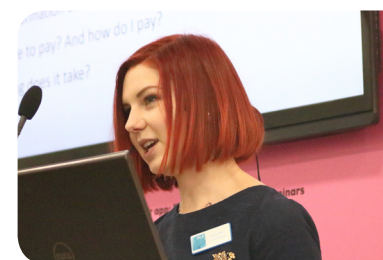
Chief Executive



The PLS stand at the London Book Fair



Katherine Wyatt at an Account Management review with a publisher



Amy Ellis addressing authors at the London Book Fair

INCOME AND EXPENDITURE 2018/19

| | 2019 (£) | <i>as restated</i> 2018 (£) |
|-----------------------------------|---------------------|--------------------------------|
| COPYRIGHT FEES RECEIVED | 40,759,644 | 38,455,027 |
| Distributable to rights holders | (38,286,937) | (36,162,260) |
| TURNOVER | 2,472,707 | 2,292,767 |
| Income from Joint Venture | - | 1,021 |
| Administrative expenses | (2,472,784) | (2,277,608) |
| OPERATING (DEFICIT)/PROFIT | (77) | 16,180 |
| Interest receivable | 20,703 | 26,342 |
| SURPLUS BEFORE TAXATION | 20,626 | 42,522 |
| Taxation | (12,672) | (13,857) |
| SURPLUS FOR THE YEAR | 7,954 | 28,665 |
| RETAINED EARNINGS BROUGHT FORWARD | 551,793 | 523,128 |
| RETAINED EARNINGS CARRIED FORWARD | 559,747 | 551,793 |

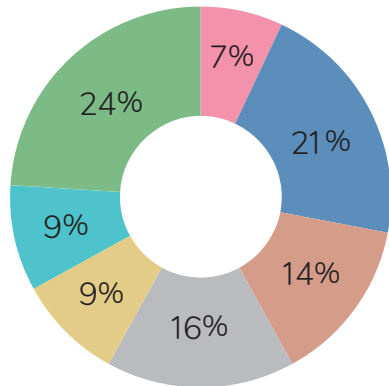
BALANCE SHEET

| | 2019 (£) | 2018 (£) |
|---|--------------------|-------------|
| FIXED ASSETS | | |
| Tangible assets | 77,159 | 34,246 |
| Intangible assets | 151,338 | 240,567 |
| Investment in Joint Venture | 5 | 5 |
| | 228,502 | 274,818 |
| Current Assets | | |
| Debtors | 1,520,445 | 1,386,378 |
| Short-term bank deposits | 4,856,114 | 3,854,035 |
| Cash at bank and in hand | 2,699,785 | 4,103,927 |
| | 9,076,344 | 9,344,340 |
| Creditors: amounts falling due within one year | (8,719,939) | (9,046,747) |
| Net Current Assets | 356,405 | 297,593 |
| Provisions for Liabilities | (25,160) | (20,618) |
| TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS | 559,747 | 551,793 |
| CAPITAL AND RESERVES | | |
| Profit and Loss account | 559,747 | 551,793 |

Commentary: The financial information on this and the previous page does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The income and expenditure account and the balance sheet have been extracted from the audited statutory accounts for the year ended 31 March 2019. These accounts have been delivered to the Registrar of Companies and carry an audit report, which was unqualified and did not contain a statement under Section 495(4) of the Companies Act 2006.

TRANSFORMING THE PERMISSIONS LANDSCAPE

Publisher sign-up by sector



- Academic
- Academic/STM
- B2B Magazine
- B2C Magazine
- Professional
- Trade
- Educational



We launched PLS Permissions with the aim of providing a service that would streamline the permissions process from end to end: simplifying the process for those seeking permission and reducing the administrative burden for publishers, so helping to increase revenues from permissions.

Two years on and the service is now a firmly established part of the permissions landscape with increasing numbers of permissions-seekers bookmarking PLSclear.com as their first port of call and a steady flow of publishers signing up to the service over the course of the year. We have seen that publishers fully engaging with the service can reduce permissions processing time by as much as 80% with clear benefits for both the publisher and requestor.



There was positive engagement throughout the year with an even spread of publishers signing up to the PermissionsDirect (self-managed) and PermissionsAssist (outsourced) services.



Sector representation is broad with particular interest from trade/consumer and academic book publishers.

The PLSclear tool has been put through its paces over the course of the year and has been able to serve the full range of publishers and their specific rights and permissions processes and policies.

Permissions revenues generated through the service were up 189% on first year (2017/18).



We have raised awareness of the service amongst requestors through our work with the Authors' Licensing & Collecting Society, regular webinars and speaking at industry events including the London Book Fair.

The service is attracting increasing numbers of requestors who are based outside the UK, particularly the US and Japan.

The overall number of requests submitted was up 150% on 2017/18 and continues to grow.

Visit www.pls-permissions.com for more information about the full range of our permissions services.

RECORD £38.3 MILLION DISTRIBUTABLE FROM COLLECTIVE LICENSING

Overview

For the second year running distributable revenue was up on the previous year at £38.3m. This was a 6% increase on 2017/18 and set a new PLS record in the process. The increase was largely due to the ongoing success of CLA and NLA in licensing the UK corporate and government sectors, and the continued stability of educational and overseas revenues. The revenue was distributed amongst our 3,800 plus mandating publishers across all sectors of the publishing industry in accordance with our Distribution Charter.

How we pay publishers

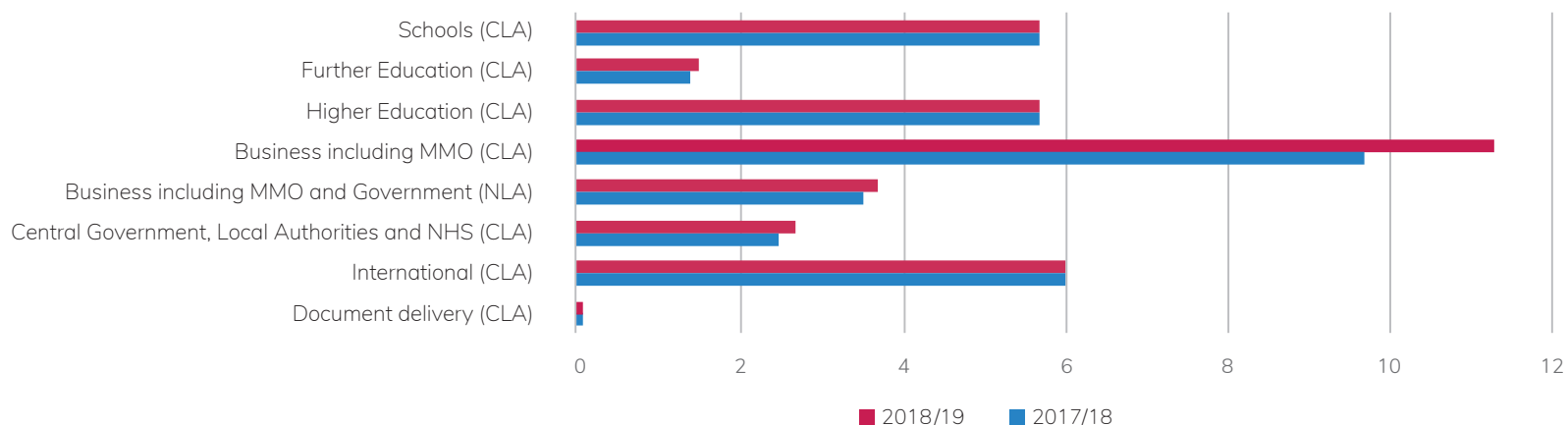
We allocate the licensing revenue we receive from CLA and NLA according to the title level usage data they collect from licensees through a combination of surveys, audits, and usage reported by media monitoring organisations. Distributions are made in accordance with our Distribution Charter and Distribution Timetable (available on www.pls.org.uk). Publishers benefit from a full title level breakdown through the PLS Account Manager Service.

About the Publishers' Share

The revenues PLS distributes to each publisher represents the publisher's share of collective licensing revenue and there is no requirement to pass any part of it to third-party contributors. Authors, photographers and other visual artists receive their share of collective licensing revenue,* calculated in accordance with the 2015 Independent Rights Valuation, directly from their respective collective management organisations (CMOs).

*PLS is responsible for receiving the authors' and visual artists' share of NLA revenue and distributing to their respective CMOs for onward distribution. Note that this share is included in the distributable total above but not the "Distributable to Publishers" data below.

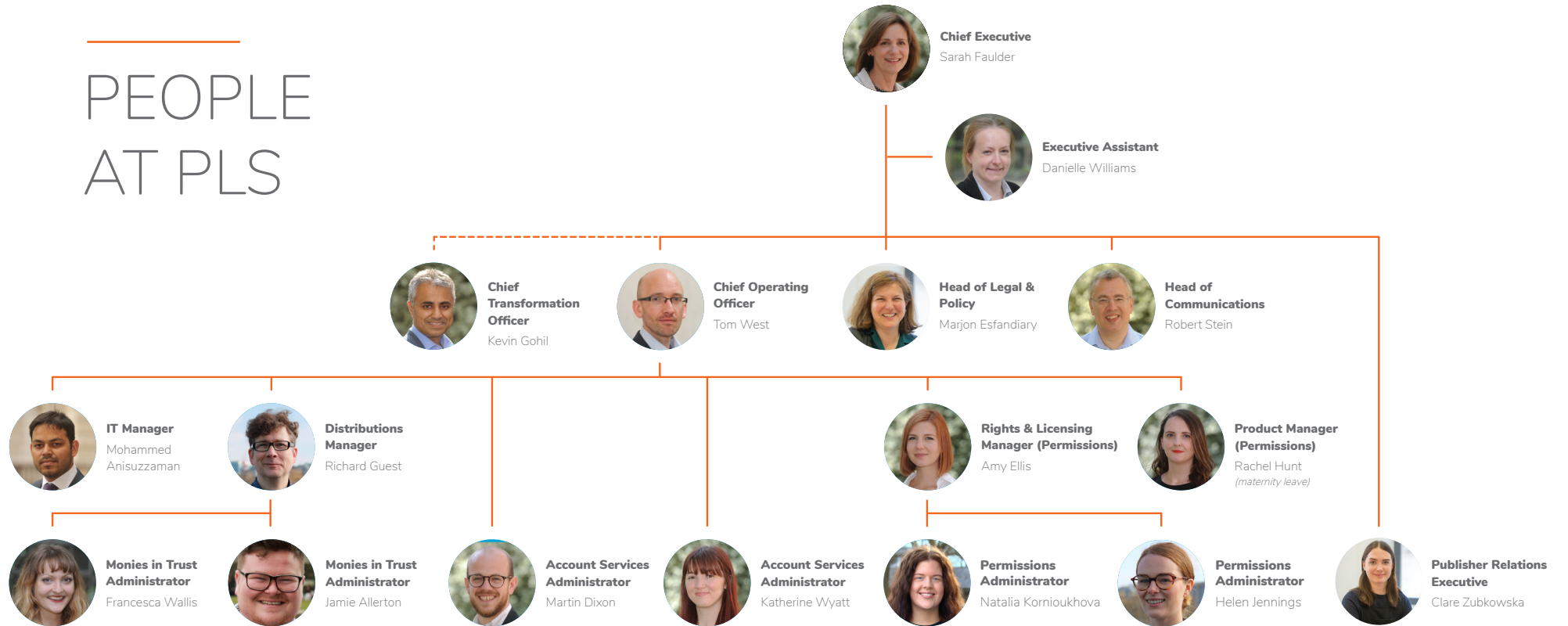
Distributable to Publishers £s (millions)



International distributable revenues from the top 10 countries

| Country | £s (millions) |
|-----------|---------------|
| Australia | 1.02 |
| Norway | 0.65 |
| Denmark | 0.61 |
| Japan | 0.60 |
| USA | 0.50 |
| France | 0.42 |
| Sweden | 0.32 |
| Ireland | 0.31 |
| Germany | 0.28 |
| Austria | 0.22 |

PEOPLE AT PLS



Directors

Chair: Rosie Glazebrook

Chief Executive: Sarah Faulder

ALPSP: Deborah Dixon, Wayne Sime, Timothy Wright

IPG: Oliver Gadsby, Bridget Shine, Tim Williams

PA: Stephen Lotinga, Mark Majurey, Lis Tribe

PPA: Nick Service, Owen Meredith, Andrew Yeates

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