

BRITISH EQUITY COLLECTING SOCIETY LTD



Annual Transparency Report 2022-2023

Registered Office: Plouviez House, 19-20 Hatton Place, London, EC1N 8RU

British Equity Collecting Society Ltd (company no. 03547531)

Annual Transparency Report

for the year ended 30 April 2023

The non-executive Directors of BECS, as detailed in section 6, have been appointed by the Members of BECS to provide the supervisory function over BECS as required by the Regulations.

The Supervisory Board of BECS present this Annual Transparency Report¹ to the Members of BECS for consideration at the Annual General Meeting of the Members of BECS, to take place from 1pm on Thursday 7th December 2023.

The Collective Management of Copyright (EU Directive) Regulations 2016

This transparency report relates to BECS's financial year ended 30 April 2023 and has been published in accordance with the Collective Management of Copyright (EU Directive) Regulations 2016 (the "Regulations").

The Directors' Report and Financial Statements for the year ended 30 April 2023 shall be deemed part of this Report for consideration by Members of BECS.

Audit and Publication

The directors of BECS have appointed Shipleys LLP of | 10 Orange Street, Haymarket, London, WC2H 7DQ to audit the accounting information referred to in this report for the purposes of compliance with Regulation 21 (2) of the Regulations². Shipleys LLP have performed work in accordance with the International Standard on Related Services (ISRS) 4400 (Revised) 'Engagements to perform agreed-upon procedures regarding financial information' and 'The Agreed Upon Procedures for the Audit of the Annual Transparency Report' as published by the Intellectual Property Office.

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 BECS, this Annual Transparency Report will be published alongside the Directors' Report and Financial Statements³ on the BECS' website⁴ at www.becs.org.uk for the purpose of reporting the activities of the company during the financial year ended 30 April 2023.

The Annual Transparency Report along with the Directors' Report and Financial Statements will remain available on the BECS website for at least 5 years⁵.

¹ Regulation 21 (1) (a)

² Regulation 21 (2) (b)

³ Regulation 21 (4) (a)

⁴ Regulation 21 (1) (b)

⁵ Regulation 21 (1) (c)

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AUDITORS' REPORT TO THE DIRECTORS OF BRITISH EQUITY COLLECTING SOCIETY LIMITED

We have performed the procedures agreed with you and enumerated below with respect to the annual transparency report of British Equity Collecting Services Limited for the year ended 30 April 2023. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely for the purpose of your compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations (2016) and are summarised in guidance issued by the Intellectual Property Office to Auditors in October 2017.

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: annual transparency reports and audit" issued by the Intellectual Property Office in October 2017.

Solely on the basis of the above procedures we report that:

We carried out the procedures as 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: 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.

Because the above procedures do not constitute engagements made in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland), we do not express any assurance on the annual transparency report for the year ended 30 April 2023.

Had we performed additional procedures or had we performed engagements in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland), other matters might have come to our attention that would have been reported to you.

Use and purpose of our report

Our Report is prepared solely for the use of British Equity Collecting Society Limited and solely for the purpose of its compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations (2016). It may not be relied upon by British Equity Collecting Society Limited for any other purpose whatsoever. Our Report was not prepared for the benefit of any party other than British Equity Collecting Society Limited. Shipleys LLP neither owes nor accepts any duty to any other party (including any copyright owner, heirs to copyright owners, agents or licensees) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our Report.

Tim Hardy

Shipleys LLP,

5 Godalming Business Centre, Woolsack Way, Godalming, Surrey, GU7 1XW

Date:

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1. BECS Members

All applicants for Membership of BECS are required to complete and sign a Performer Registration Form (or Performer Heir Registration Form) and Membership Agreement. At the time of writing, BECS has 31,866 members.

Members assign the rights specified in the Membership Agreement to BECS whilst they remain in membership. They also accept a liability of £1 if BECS is dissolved whilst their membership is current.

BECS does not currently operate any Extended Collective Licensing (“ECL”) scheme.

BECS operates a **Code of Practice** relating to its activities. BECS’s published Code of Practice includes details of the complaints procedure to be adhered to, should a complaint be made.

2. Governance Structure of BECS⁶

BECS is a private company limited by guarantee and has no share capital.

BECS has no subsidiary undertakings⁷.

BECS operates on a not-for-profit basis.

BECS is a collective management organisation for the purposes of the Regulations⁸. It is owned and controlled by its members being performers and their heirs.

3. Amounts deducted for the purposes of Social, Cultural and Educational services⁹

In accordance with company policy, BECS has not made any deductions for third party social, cultural or educational services during the financial year ended 30 April 2023.

4. Affiliations

During the financial year ended 30 April 2023, BECS has been a member of or affiliated to the following bodies and recorded respective expenses:

- British Copyright Council (BCC: www.britishcopyright.org)
 - o £ 1,331 as membership fees
 - o £ 350 as sponsorship of WIPO course

- Societies’ Council for the Collective management of Performers’ Rights (SCAPR: www.scapr.org):
 - o £ 6,378 as membership fees
 - o £ 10,254 as fees for VRDB2
 - o £ 9,027 as fees for IPD

The above fees are based on BECS’ membership numbers and collections.

- AEPO ARTIS (www.aepo-artis.org):
 - o £ 4,450 as the year’s contribution.

This charge is based on BECS’ collections in the year.

⁶ Regulation 21 (4) (d)

⁷ Regulation 21 (4) (e)

⁸ Regulation 21 (4) (b)

⁹ Regulation 21 (3) and 21 (4) (g)

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4. Information on refusals to grant a licence¹⁰

BECS does not grant licences and therefore this information is not applicable.

5. The Financial Statements for British Equity Collecting Society Ltd (company registration number 03547531) for the year ended 30 April 2023 including the Directors' Report form part of this Annual Transparency report.

The Financial Statements and the Directors' Report for the year ended 30 April 2023 include: -

- The total revenue for the year ended 30 April 2023
- The total costs incurred by BECS as administration costs
- A breakdown of personnel costs

A detailed breakdown of BECS' administration expenditure is as follows:

	2022/23	2021/22
	£	£
Directors salaries	96,875	95,000
Directors pension costs	46,470	20,850
Staff salaries and related costs	174,428	136,164
Office costs	66,493	62,396
Database materials / System Expenditure	59,450	53,033
Travel and subsistence	6,873	1,293
Communication / Lobbying costs	21,731	5,088
Affiliations	31,790	25,383
Sundry expenses	2,303	11,771
Legal and professional fees	16,925	6,663
Other consultancy expenses	0	1,890
Auditors' remuneration	17,725	18,970
Amortisation of intangible assets	2,810	2,902
Depreciation	1,970	14,745
Bank charges	2,269	1,798
	548,112	457,946

6. Directors and officers

Procedures for the appointment of Directors are set out in the BECS Articles of Association which are published and made accessible on the BECS website at <http://www.becs.org.uk/articles-of-association>.

The directors who served on the BECS' Board during the year ended 30 April 2023 were:

- Jean Rogers (Chair)
- Natasha Gerson (Vice Chair)
- Peter Barnes
- Jo Cameron Brown
- Kevin Francis
- Dawn Hope – resigned 23/08/2022
- Louis Rolston - appointed 12/12/2022
- Lola May
- Tayyiba Nasser
- Nana St Bartholomew-Brown Morgan

¹⁰ Regulation 21 (4) (c)

All directors are non-executive Directors except for Tayyiba Nasser who is an executive director.

No remuneration was paid for the services of any non-executive Director during the year. The following non-executive Directors received payments made by BECS in respect of their rights as Performers and as reimbursement of expenses¹¹:

	Performers’ Remuneration	Expenses
Jean Rogers	0	175
Peter Barnes	43	0
Jo Cameron Brown	554	160
Dawn Hope	220	0
Tayyiba Nasser	0	354
Lola May	0	10
Nana St Bartholomew Brown	0	445

The executive director’s remuneration is detailed in section 5

BECS paid £2,276 for insurance to cover its Directors and Officers against liabilities in relation to their duties to the company.

7. BECS Activities in the year¹²

A summary of activities during the financial year is set out below:

Collections and Distributions

The principal activity of BECS is the collection and distribution of audio-visual rights revenue on behalf of its membership. BECS did not undertake any activities unrelated to collective rights management.

There was a 32% increase in collections for distribution to our members this year to £9.70million from the previous year’s amount of £7.36million. Over 13,250 members received at least one payment in the year, either directly or via their agent, from BECS.

Withdrawal from the EU

The huge increase in collections reported above, in comparison to previous year, may be the last year before we start seeing a dip in collections. With the usual 2–3-year time lag associated with statutory payments, the collections paid out in the year to 30 April 2023 related to collections up to the end of 2020, which was the end of the transition period of the UK leaving the EU.

The risk of performers losing out on statutory payments as a direct consequence of the UK’s withdrawal from the EU as forewarned in last year’s transparency report is now a reality. BECS continues to engage with partner organisations across EU member states to minimise any disruption. We have sought legal advice and are continuing to pursue these avenues. Nevertheless, the reality is that some of our European partners interpret their national laws as preventing them from continuing to remunerate the use of our UK members’ work as the UK is now classified as a “Third Country” and the UK does not afford reciprocal remuneration to EU performers.

¹¹ Regulation 21 (4) (f)

¹² Regulation 21 (4) (b)

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BECS is continuing to engage in stakeholder dialogue with the UK Intellectual Property Office and other governmental departments to address the issues performers are facing and to seek enhancements to UK copyright legislation. We seek to ensure performers receive appropriate and proportionate remuneration when their work is exploited, and to meet reciprocity requirements from EU member states.

Other Initiatives

Work on the “Smart Fund” has continued throughout the year. This project aims to establish a system of remuneration to compensate rightsholders (including performers) for when individuals make private copies of copyrighted works or performances for their own use. A YouGov poll found that 81% of people said accessing cultural content digitally is important in their daily lives – with 63% downloading content for free. As technology has improved, and the amount of storage space on devices increased, the free use of copyrighted work for personal use is so much easier. It is only right that the UK finally establishes a system, already in place in 45 countries around the world, which compensates rightsholders for the use of their work.

If this remuneration system were established, it would also go a long way towards solving the problems caused by Brexit mentioned previously, as it would enable BECS to make reciprocal payments to our EU partner organisations when their members’ work is copied in the UK.

There has been some good progress on this as we work alongside other rightsholder CMOs to gain support from politicians and relevant governmental departments.

We have also, together with other UK CMOs, made good progress in setting up a licensing scheme in respect of television programmes transmitted within hotels. We have set up an organisation called AVLA. It plans to start collect licensing revenue from this soon and performers will receive a share.

Beijing Treaty on Audiovisual Performances (BTAP)

Unfortunately, at the time of writing, there has been no progress on the ratification of the Beijing Treaty. The government’s first consultation / call for views ended in June 2021. BECS was advised there would be a second consultation when the IPO had gone through all the submissions. This was expected 4-6 months after the end of the first consultation. However, the IPO had been given other priorities to work on. BECS has continued to put pressure on the IPO to get the BTAP ratification back on the table, and we are now informed that the next phase of the consultation will be in September 2023.

Member Training

BECS has continued to organise online language courses for members. We have also offered voice-over and accent courses. More recently, we held a couple of on-site casting director workshops which proved extremely popular. We are always open to organising new courses that would benefit our members, so please get in touch with the team if you have any ideas or suggestions.

8. Revenues

Total revenue for the year is shown in the Directors’ Report and Financial statements for the year.

9. Distribution Policy

BECS’ Members have seen and approved the Distribution Policies applied by BECS and the Collective Management Organisations from which BECS received payments of Performers Remuneration for the purposes of proposing and (subject to required approvals) making distributions to BECS Members. The approved Distribution Policies are referred to on the BECS website [here](#).

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10. Allocations to categories of right holders¹³

Each BECS member assigns certain exclusive rights to BECS to enable BECS to exercise the “Mandated Rights”, including the right to collect and distribute “Performers Remuneration” (as defined in the BECS Membership Agreement and Articles of Association respectively).

BECS does not currently recognise any monies collected for distribution that it considers as non-distributable. As at 30 April 2023 BECS had £10.6 million recorded as distributable to members. The full amount is recognised as a current liability. £5.5 million of this (less admin fees) was allocated for distribution in June 2023, and a further £3.8m (less fees) is expected to be allocated in November 2023. The remaining balance of £1.3m is outstanding either because we await further information to enable payment or is below our minimum individual payment threshold (£10 for BACS and £50 for International WIRES). Once source amounts have been allocated to individual members’ accounts, it is not currently technically possible to analyse total amounts attributed to rights holders but not yet distributed by the financial year in which the amounts were collected (as required by regulation 21 4 (j)) due to the huge volume of individual transactions.

BECS allocates all monies received for distribution to members within 9 months of the end of the financial year in which the rights revenue was collected, unless there are objective reasons preventing BECS from doing so. All allocated monies are ordinarily distributed as soon as they reach the payment threshold.

11. Management Fees¹⁴

BECS’ bilateral agreements cover a range of rights relevant to local national legislation. The table below gives a breakdown of the monies collected by region and by the type of right. The rights are described in more detail on our website: www.becs.org.uk/payments/#income-sources.

BECS’ total deductions for administering performers’ rights payments during the year ended 30 April 2023 was £967,300. This is slightly lower than the maximum of 10% deduction rate as agreed by the BECS Membership.

Region	Amount Collected	Private Copying	Lending / Rental	Communication to Public	Broadcasting	Retransmission	Making Available	Other / Adjustment	BECS Fee deducted
Belgium	1,359,504	1,347,628	11,792	0	0	0	0	84	135,900
Colombia	2,957	0	0	2,957	0	0	0	0	0
Czech Rep	20,694	9,858	0	0	0	10,836	0	0	2,000
Denmark	261,428	24,648	0	0	0	236,780	0	0	26,000
France	1,026,643	1,026,643	0	0	0	0	0	0	102,600
Germany	2,727,730	2,189,986	40,061	326,977	0	170,706	0	0	272,700
Hungary	6,892	3,321	0	3,571	0	0	0	0	0
Italy	795,052	186,132	0	470,687	0	0	138,233	0	79,500
Netherlands	2,280,537	934,821	84,550	248,958	931,311	0	37,516	43,381	227,400
Norway	223,780	134,129	0	0	0	80,817	0	8,834	21,500
Portugal	43,597	18,244	0	25,353	0	0	0	0	4,300
Spain	816,434	146,371	7	564,526	0	1,234	104,296	0	81,600
Sweden	32,354	32,354	0	0	0	0	0	0	3,200
Switzerland	106,626	106,626	0	0	0	0	0	0	10,600
Grand Total	9,704,228	6,160,761	136,410	1,643,029	931,311	500,373	280,045	52,299	967,300

¹³ Regulation 21 (4) (j)

¹⁴ Regulation 21 (4) (i)

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12. Income arising from Investment of Rights Revenue¹⁵

Bank income received by BECS from holding monies on behalf of BECS Members pending distribution as authorised together with company funds amounted to £202,226.

With the approval of BECS' Members, the company used the interest earned to meet approved management costs, rather than allocating the monies for distribution to members.

13. Relationships with other Collective Management Organisations¹⁶

Below is a list of sister CMOs that BECS has active Bilateral Agreements with as at the end of April 2023:

- | | | | |
|----|----------------------|-----|-----------------------------|
| 1. | Belgium – PlayRight | 9. | Switzerland - SwissPerform |
| 2. | Norway – NORWACO | 10. | Portugal – GDA |
| 3. | France – ADAMI / SAI | 11. | Spain – AISGE |
| 4. | Denmark – FILMEX | 12. | Sweden – CopySwede |
| 5. | Netherlands – NORMA | 13. | Romania – CREDIDAM |
| 6. | Italy – Nuovo IMAIE | 14. | Chile – CHILEACTORES |
| 7. | Germany – GVL | 15. | Colombia – Colombia ACTORES |
| 8. | Hungary – EJI | 16. | Ecuador – UNIARTE ACTORES |

¹⁵ Regulation 21 (4) (h)

¹⁶ Regulation 21 (k)