

AUDIOVISUAL LICENSING ALLIANCE (AVLA) LIMITED

This document is an excerpt of the Distribution Policy which was approved and adopted by the Members of the Audiovisual Licensing Alliance (AVLA) Limited (“AVLA”) on 23 August 2022 and it comes into effect on the same date. Defined terms shall have the meanings set out in the AVLA Articles of Association unless otherwise stated here.

AVLA GENERAL POLICY ON MANAGEMENT FEES AND DEDUCTIONS

This policy (“General Policy on Management Fees and Deductions”) was approved and adopted by the Members of the Audiovisual Licensing Alliance (AVLA) Limited (“AVLA”) on 23 August 2022 and it comes into effect on the same date. Defined terms shall have the meanings set out in the AVLA Articles of Association unless otherwise stated here.

AVLA is a not-for-profit organisation created, owned and controlled by its Member organisations, who themselves represent rightholders in audiovisual works such as films, series and TV programmes. The mission of AVLA is to establish and administer cost-effective and efficient licensing schemes (“AVLA Licences”) within the United Kingdom to license the transmission of audio-visual works in hotels, bed and breakfasts, motels and other serviced accommodation (“Hotels”).

AVLA is charged with the responsibility of funding the operation of the AVLA Licences through the justified and reasonable charge of management fees to its Members.

1. This policy sets out the basis upon which AVLA is authorised to make deductions from the revenues from AVLA Licences,
2. AVLA shall charge, deduct or offset from royalties and from any income arising from the investment of royalties:-
 - (i) the justified and documented management costs arising from the management of rights, including the collection and distribution of royalties (“**Management Fees**”); and
 - (ii) sums required to reimburse AVLA Members for the expenses they incurred in establishing AVLA for the benefit of their respective rightholders (“**Establishment Costs**”).
3. Prior to the commencement of each financial year, AVLA’s Board of Directors shall submit for approval to the AVLA’s General Assembly an annual budget including all reasonable projected Management Fees, reasonable allocations of reserves for the running of AVLA and where applicable, the reimbursement of Establishment Costs during the year (“**Budget**”).

4. On a quarterly basis, the Board of Directors shall review AVLA's cashflow requirements for the next 6 months. At such time, the actual costs incurred in the preceding 6 month shall be examined against the budgeted costs.
5. If any Management Fees provided for within a Budget remain unspent at the end of a financial year, the Board of Directors shall be authorised to decide whether such unspent amount shall be allocated to the reserves for the future operation of AVLA or whether the unspent amount shall be allocated for distribution to Members in accordance with the terms of AVLA's Distribution Policy.
6. Specific information regarding the Management Fees (including reserves) and reimbursements of Establishment Costs will be provided in the annual transparency report.