

Your guide to Pearson's new Global Royalty Statement


March 2023





Overview of Statement Summary and Statement Detail Sections

Royalty Statement Summary

 STATEMENT SUMMARY									
A Proprietor JOHN BARNES (000000) B Payee DIANA EAST (111111)		C Six Month Period Ending 30-JUN-2021 Frequency SEMI ANNUAL Due Date 30-SEP-2021 Currency USD							
D Title ISBN / Edition / Copyright Year	E Balance Brought Forward	F Advances/ Development Fees Current Period	G Earnings On Net Sales	H Earnings On Net Sub Rights	I Credits/ Deductions	J Cross Allocations	K Other Payments	L Net Payment Due	M Balance Carry Forward
HOW TO READ YOUR ROYALTY STATEMENT / 123456789101 / 1 / 2019			1,160.42	236.42					
THIS IS THE NAME OF A PRODUCT/ WORK / 123456789102 / 2 / 2019			1,947.60	0.00	(400.00)				
Group Subtotal	(1850.00)	0.00	3,108.02	236.42	(400.00)	0.00	0.00	1094.44	(0.00)
Total USD	(1850.00)	0.00	3,108.02	236.42	(400.00)		0.00	1094.44	(0.00)
Total Net Payment Due									1094.44
Balance Forward To Next Statement									(0.00)

- A. Proprietor*:** Mostly the named author of the work, but always the party that owns the work, grants rights to the publisher, and undertakes the contractual obligations
- B. Payee*:** Previously known as the recipient, the payee is the proprietor, or the person(s) designated by the proprietor to receive royalty payments for the sales of the proprietor's work.
- C. Royalty reporting period:** Timeframe for which the royalty statement has been prepared, including the frequency, end date and due date for rendering accounting.
- D. Title information and ISBN/Product ID:** Specific book titles and their associated ISBN / Product ID reference showing activity for the reporting period.
- E. Balance brought forward:** Shows the opening balance carried forward into the current statement period from the prior period (if any). For example, if the initial advance was \$1,000 and earnings in the prior period totaled \$500, the balance brought forward would be (-\$500).
- F. Advances / Development Fees Current Period:** Shows advance payments, or agreed participation amounts in product development, triggered in the current statement period. Amounts will reflect as a balance on the statement.
- G. Earnings on Net Sales:** Royalties earned on Net Sales of the product.
- H. Earnings on Net Sub Rights:** Earnings received from subsidiary rights licenses.
- I. Credits / deductions:** Other credits due for payee share of permissions acquired, or deductions made in accordance with contractual terms.
- J. Cross allocations:** Where royalties are jointly accounted within or across contracts, the statement may reflect deductions from other royalty earnings.
- K. Other Payments:** Reflects payments made to the payee that are recoupable against the royalty earnings in the current statement period.
- L. Net payment due:** Net payment amount to be issued to the payee.
- M. Balance carry forward:** Shows the closing balance to be carried forward into the next statement period (if any).

i The Royalty Statement Summary displays royalty activity for the payee across all products and groupings of products contained in the entire statement.

Included are products related to all active contracts that fall into the specified royalty reporting period.

i The displayed product information either has specific royalty activity applied within the period or includes a carry forward balance applied to the product / product grouping from the prior statement period.

i Each product grouping will display a Group Subtotal, which will be further totaled into the Total Net Payment Due & Balance Forward to Next Statement sections.

Royalty Statement Detail (1/5)


Pearson												
STATEMENT DETAIL												
Proprietor	JOHN BARNES (000000)					Six Month Period Ending	30-JUN-2021					
Payee	DIANA EAST (111111)					Frequency	SEMI ANNUAL					
Deal Number	1234					Due Date	30-SEP-2021					
						Currency	USD					
Title	ISBN	Edition No. / Copyright Year / Publication Date		Format	Rights Type	Language						
HOW TO READ YOUR ROYALTY STATEMENT	123456789101	1 / 2019 / 1-JAN-19		Print/Analog Formats	Core/Original Language	English						
Royalty Earnings Rule	Gross Units	Return Units	Net Units	Weighted Avg Price	Price Currency	Net Revenue	Calculation Method	Royalty Rate	Proprietor Share	Payee Share	Payee Amount	
Regular Sales	365	(116)	249	10.24	USD		Published Price	10.00000%	100.00000%	100.00000%	255.10	
	0	(5)	(5)	10.50								
	365	(111)	254	10.25								
Weighted Average Price is calculated by multiplying the list price at the time of the sale by the number of sales. This number is then divided by the total number of sales to give a weighted average list price for the royalty period. Details of the sales per list price are given directly below the royalty calculation line.												
Regular High Discount Sales	90	0	90			8,200.00	Net Sales	10.00000%	100.00000%	100.00000%	820.00	
Export Sales	92	(56)	36			492.00	Net Sales	7.50000%	100.00000%	100.00000%	36.90	
Direct to Consumer	169	(12)	157			645.60	Net Sales	7.50000%	100.00000%	100.00000%	48.42	
Royalty Earnings Total	716	(184)	532									
Prior Period Reserve Released											100.00	
Current Period Reserved											(100.00)	
Royalty Earnings Total											1,160.42	

- N. **Format:** Product format that may indicate a different contractual royalty rate; e.g., Print or Digital.
- O. **Rights Type:** Version of work that may be used to define a royalty payment rule. Examples include Core or Supplemental Work; and whether the product is Original Language, Adaptation, Translation, or Custom version of the work.
- P. **Royalty Earnings Rule:** Contractual rule on which the royalty calculation is based.
- Q. **Units Sold / Returned:** A breakdown of the number of units sold and returned by source. (A default value of 1 may appear when units are not applicable.)
- R. **Weighted Avg Price:** Average locally published price per copy.
- S. **Price Currency:** The locally published price currency
- T. **Net Revenue:** Conversion into USD (or other currency) depending on the country.
- U. **Calculation Method:** The calculation method used. This tells you whether it's based on net sales revenue or published price multiplied by number of copies, etc.
- V. **Royalty Rate:** The percentage royalty applicable
- W. **Proprietor / Payee Share %:** The share due to the proprietor / the payee share due to the payee.
- X. **Reserve for Returns:** Contractual allowable units or dollars held by publisher for potential returns. This may include prior period reserves that are released, as well as current period reserves held.

i The Statement Detail page repeats per individual ISBN / Product ID reflected on the statement (with the noted exception of specific instances).
The next 3 pages of explanation are specific to ISBN 123456789101

i In select circumstances, the Statement Detail page may not appear where the ISBN / Product ID lacks royalty activity for the period, yet the product is showing in the Statement Summary section solely due to the existence of a Balance Carry Forward for the product / product grouping.

Royalty Statement Detail (2/5)

 STATEMENT DETAIL	
Proprietor JOHN BARNES (000000) Payee DIANA EAST (111111) Deal Number 1234	Six Month Period Ending 30-JUN-2021 Frequency SEMI ANNUAL Due Date 30-SEP-2021 Currency USD


Title	ISBN	Edition No. / Copyright Year / Publication Date	Format	Rights Type	Language
HOW TO READ YOUR ROYALTY STATEMENT	123456789101	1 / 2019 / 1-JAN-19	Print/Analog Formats	Core/Translation	English

Y	Z	AA	BB	CC	DD	EE	FF	GG		
Sub Rights Earnings Rule	Licensee/ Country	Language	Gross Revenue	Deductions	Revenue for calculation	Calculation Method	Rights Share	Proprietor Share	Payee Share	Payee Amount
All Rights	PUBLISHING HSE Canada	French	472.83	0.00	472.83	Net Sales	50.00000%	100.00000%	100.00000%	236.42
HH Subsidiary Rights Earnings Total 236.42										
II Earnings Total 1,396.84										

i Subsidiary Rights Earnings are earnings that are generated when the publisher authorizes a 3rd party licensee to exercise subsidiary rights in an Author's work. Subsidiary rights earnings are distributed between Author & Publisher in accordance with the percentage splits set forth in the Agreement for the work.

- Y. Sub Rights Earnings Rule:** Contractual rule on which the subsidiary right earnings calculation is based.
- Z. Licensee / Country:** Indicates the affiliate / 3rd party publisher that licensed the work, and the country in which the licensee is based.
- AA. Language:** Indicates the language of the work being sold by the licensee.
- BB. Gross Revenue:** The total earnings received from subsidiary rights license for the work.
- CC. Deductions:** Displays any applicable revenue deductions included.
- DD. Revenue for Calculation:** Represents the gross revenue minus applicable deductions. The royalty percentage is applied to calculate the total rights share for the revenue.
- EE. Calculation Method:** The calculation method used. This tells you whether the subsidiary rights calculation is based on net sales revenue or published price multiplied by number of copies, etc.
- FF. Rights Share:** The percentage of the revenue for calculation which is royalty applicable. The rights share indicates the contractual share of the revenue (from the publisher/total proprietor split).
- GG. Proprietor Share % / Payee Share %:** The share due to the proprietor listed on the statement / the payee share due to the statement payee.
- HH. Subsidiary Rights Earnings Total:** The amount calculated for the statement payee based on the revenue for calculation and (rights share % x proprietor share % x payee share %) applied.
- II. Earnings Total:** This is a sum of the royalty earnings calculated for the product (page 4) and the subsidiary rights earnings calculated (page 5) on the same product.

Royalty Statement Detail (3/5)

 Pearson	STATEMENT DETAIL
Proprietor JOHN BARNES (000000) Payee DIANA EAST (111111) Deal Number 1234	Six Month Period Ending 30-JUN-2021 Frequency SEMI ANNUAL Due Date 30-SEP-2021 Currency USD

AVAILABLE HISTORY FOR THIS ISBN / EDITION (Includes Current Period)

Description	Net Units	Your Royalty
Regular	339	1,075.10
Export	36	36.90
Other	157	48.42
Subrights	0	236.42
Total Earnings for the ISBN 123456789101	532	1,396.84

jj. **Available history for this ISBN / Edition:** Total Earnings per ISBN are summarized, showing available life to date earnings activity grouped by the various royalty earnings rules.

i The Available History per ISBN / Product ID appears for each ISBN / Product ID included in the Statement Detail section of the statement.
This History Box appears on all statements, except for the UK Operating Unit.

i If there is no royalty activity for a product in the current royalty period, the history section will not appear on the current statement even if the ISBN / Product ID has had activity in the past.
Future statements for the ISBN will be generated ONLY if there is future activity to report.
If there is subsequent activity for the product, which includes royalty activity that appears in the statement detail section, then the history box will re-appear on the statement containing a full set of history for the product.

Royalty Statement Detail (4/5)

Pearson		STATEMENT DETAIL									
Proprietor	JOHN BARNES (000000)	Six Month Period Ending	30-JUN-2021								
Payee	DIANA EAST (111111)	Frequency	SEMI ANNUAL								
Deal Number	1234	Due Date	30-SEP-2021								
		Currency	USD								
Title	ISBN	Edition No. / Copyright Year / Publication Date	Format	Rights Type	Language						
THIS IS THE NAME OF A PRODUCT/WORK	123456789102	2 / 2019 / 1-JAN-19	Digital Courseware	Core/Original Language	English						
Royalty Earnings Rule	Gross Units	Return Units	Net Units	Weighted Avg Price	Price Currency	Net Revenue	Calculation Method	Royalty Rate	Proprietor Share	Payee Share	Payee Amount
Regular	3,642	(349)	3,293		USD	8,366.30	Net Sales	10.0000%	100.0000%	100.0000%	836.63
Royalty Earnings Total	3,642	(349)	3,293								836.63
Deductions & Chargebacks											Payee Amount
KK Chargeback											(100.00)
LL Adjustment - Prepaid Earnings											(300.00)
Royalty Earnings Total											436.63



In this specific circumstance, there are adjustments made in the statement to ISBN 123456789102

The adjustment description is free-form text and appears based on how the royalty analyst has entered the description in the royalty system.

KK. Deductions & Chargebacks: Entries made to royalty statements to account for statement credits or deductions. Typical transactions in this section include charges that are recovered by the Publisher as offsets against the Author's royalty earnings. Credits are typically for a reversal of incorrect deductions.

LL. Adjustment: Entries made to royalty statements to account for statement credits or deductions. Typical adjustments on the statement may be to deduct for prepaid earnings received separately from the statement earnings.




The detail here reflects 2 deductions to the royalty earnings that have been included as adjustments in the current royalty period.

Chargeback represents payments made to 3rd parties that are charged against royalties due the Author, as provided in the Author Agreement.

Prepaid Earnings represent a payment that was issued prior to the current royalty statement & this payment is charged against royalties due the Author.

Royalty Statement Detail (5/5)

 STATEMENT DETAIL	
Proprietor JOHN BARNES (000000) Payee DIANA EAST (111111) Deal Number 1234	Six Month Period Ending 30-JUN-2021 Frequency SEMI ANNUAL Due Date 30-SEP-2021 Currency USD

Title	ISBN	Edition No. / Copyright Year / Publication Date	Format	Rights Type	Language
THIS IS THE NAME OF A PRODUCT/WORK	123456789102	2 / 2019 / 1-JAN-19	Digital Courseware	Core/Original Language	English


MM Royalty Earnings Rule		Subscription Count	Price Currency	Net Revenue	Calculation Method	Royalty Rate	Proprietor Share	Payee Share	Payee Amount
Single Title		1138	USD	10,230.62	Net Sales	10.0000%	100.0000%	100.0000%	1,023.06
Multi Title		88		879.12	Net Sales	10.0000%	100.0000%	100.0000%	87.91

Royalty Earnings Total	1,226	1110.97
------------------------	-------	---------

Earnings Total	1110.97
----------------	---------

AVAILABLE HISTORY FOR THIS ISBN / EDITION (Includes Current Period)

Description	Net Units	Your Royalty
Regular	3293	836.63
Single Title	0	1023.06
Multi Title	0	87.91
Total Earnings for the ISBN 123456789102	3293	1,947.60

 Subscriptions being fed from Pearson+ titles are only flowing into the royalty statement for US Operating Unit at this time. This page is not currently available for other OUs.

MM.Royalty Earnings Rule (Subscription):

Single Title – Subscriber entitled to one Product during subscription period and hence entire subscription revenue can be allocated to product entitled in the basic plan for royalty purpose.

Multi Title – Subscriber entitled to a library of several Products which they can be consume all or on selective basis. There is no limit to number of Titles a Subscriber can read or consume during the periodical subscription period. The entire subscription revenue depends on the product or title usage by subscriber

NN. Subscription Count: For Single Title subscriptions, subscription count is equal to the number of unique subscriptions sold within the period. For Multi Title subscriptions, subscription count represents the number of unique subscriptions that were made eligible within the subscription pool for the period.



Additional information


Chargeback Summary


- Chargeback transactions per product / ISBN appear in the detail section for each respective product / ISBN.
- This Chargeback Summary page pulls together a listing of all Chargeback transactions within the statement on to a single page / single section.

Pearson		CHARGEBACK DETAIL			
Proprietor	JOHN BARNES (000000)	Six Month Period Ending	30-JUN-2021		
Payee	DIANA EAST (111111)	Frequency	SEMI ANNUAL		
Deal Number	1234	Due Date	30-SEP-2021		
		Currency	USD		
Title ISBN / Edition / Copyright Year	Deal	Chargeback Type	Payee / Description	Payment Date	Payment Amount
THIS IS THE NAME OF A PRODUCT/WORK 123456789102 / 2 / 2019	1234	CHARGEBACK	SAM SMITH	14-AUG-2021	(100.00)
Total					(100.00)

Value Added Tax (VAT)

- For those in the UK who are VAT registered, a separate page (which serves a dual purpose as a self-billing invoice) is rendered along with a final statement. The Tax section of the statement follows the Statement Detail section.
- The Tax Advice includes the net due amount plus added tax amounts.

 The VAT Tax page is OU specific and only appears for geographies that are calculating Value Added Tax in the payment calculation. This page does not appear when VAT is not relevant.



Pearson
KAO Two KAO Park,
Hockham Way, Harlow, Essex. CM17 9SR
GB 278 5371 21

Doc Date and Tax Point: 08 February 2022
Payee: [Redacted]
Tax Party: [Redacted]

VAT No (Tax Party):
Document No: IPM-ED-8511066


Payee Account No: 202371

Line No.	Line Description	Amount	Currency	VAT
1	ITEM	16.56		20.00 %
Net Amount		16.56		
VAT 20.00 %		3.31		
PAYMENT AMOUNT		19.87	GBP	

Example provided is from a UK statement.

Remittance Advice

- Each final statement that is rendered with a payment due includes a page that follows the Statement Detail section (& Tax section if applicable) of the statement, called 'Remittance Advice'.
- The Remittance Advice includes the payment information, invoice (statement) number, invoice total, withholding deductions, and final payment amount.



Remittance Advice

Pearson Education Limited
80 The Strand
United Kingdom
WC2R 0RL

A/C No. 202371
Payment Date : 10-FEB-22

Bank Account/Cheque Number: ****6266
Payment Method : UK EFT BACS

Payment No. 967828
Bank Sort Code : 400250

Invoice Date	Document Reference	Invoice Amount GBP	Withholding Deduction GBP	Withholding Tax Rate	Amount Payable GBP
08-FEB-22	IPM-ED-8511066	19.87	0.00	0.00 %	19.87
Total			0.00		19.87

Example provided is from a UK statement (GBP), in which the payee does not have any withholding taxes deducted from the statement.

The Invoice Amount is inclusive of VAT (tax) as outlined on the Tax Advice page.

Local Statement Variations

Self-Billing Invoice Requirements

Australia

- Australia has a legal & taxation requirement to include 'Recipient-Created Tax Invoice' language on the statement. Additionally, the Pearson GST ID is included on each statement page. The following footers appear on the respective statement summary & detail pages:

If total payment due for this statement is under \$25 it will be carried forward to the next statement.

"For any royalty queries please visit our Pearson Royalty Support page at: <https://support.pearson.com/getsupport/s/royalties> GST Reg No: ABN: 40004 245 943 "

The recipient and the supplier declare that this agreement applies to supplies to which this tax invoice relates. The recipient can issue tax invoices in respect of these supplies. The supplier will not issue tax invoices in respect of these supplies. The supplier acknowledges that it is registered for GST and that it will notify the recipient if it ceases to be registered for GST. The recipient acknowledges that it is registered for GST and that it will notify the supplier if it ceases to be registered for GST. Acceptance of this RCTI constitutes acceptance of the terms of this written agreement. Both parties to this supply agree that they are parties to an RCTI agreement. The supplier agrees to notify the recipient if the supplier does not wish to accept the proposed agreement within 21 days of receiving this document.

United Kingdom (UK)

- UK has a legal & taxation requirement to include a separate VAT page within the statement to serve as a self-billing invoice. Additionally, the Pearson VAT ID is included in the footer on the respective summary & detail pages. The following footer appears on the UK VAT page:

For any royalty queries please visit our Pearson Royalty Support page at: <https://support.pearson.com/getsupport/s/royalties>

VAT Reg. No. GB 278 5371 21

IMPORTANT VAT INFORMATION. ANY VAT SHOWN IS YOUR OUTPUT TAX DUE TO H.M. REVENUE & CUSTOMS.

Pearson, Registered Office: 80 Strand, London, WC2R 0RL. Registered in England, number: 00872828



Other Statement Features

- A Comments section is available per Statement, on the cover page. Statement comments are configurable per OU and will reflect the same comment across each individual statement format.



Pearson