



Royalty Service for Book Publishers



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General

Interax operate a comprehensive royalty service for book publishers based on their Gsys 'Rstats' software. It is designed such that sales data may be taken directly from the distributors along with rights and advances data from the publisher. The royalty rules are taken from the contracts and built into your catalogue database. The sales data is processed through the 'rules engine' and statements and other useful documents and reports produced.

A typical Statement Run

The statement run start with the gathering of the data required to calculate the authors' earnings. This data will typically be

- New Contracts
- Sales Data from the Distributors
- Details of 'direct sales' made by the publisher.
- Details of Advances paid (if different to the contract)
- Rights Information

The contract information is entered into the system and a payee address list supplied to the publisher for checking. (authors and authors agents frequently move).

The rights information is entered into the system and a 'rights list' supplied to the publisher for approval.

The sales data is imported from the distributors along with the direct sales data from the publisher.

Draft statements are provided to the publisher for approval. These can be provided as hard copy or as a text file via email.

Any adjustments required by the publisher are made.

The payment cheques and self-billed invoices printed.

The statements are mailed directly to the author/authors agent.

Summary/detailed data is provided to the publisher 'as required'.



The Statement Pack

The following is a list of all the available documents that Interax can produce as part of your statement run. The ones marked ‘*’ are optional.

Statements

The statement is the document supplied to the Author or Author’s agent and a statement is printed for each ISBN and for each author/artist who has a share of the earnings. For example a book whose earnings are shared by 2 authors, an illustrator and a translator would give rise to 4 statements.

See also

Sample Statement

Remittance Advice Notes

A remittance advice note is printed for each payee. The note summarises all the earnings due to the authors for whom he is the agent.

See also

Sample Remittance Advice Note

Ledger Summary

A ledger summary is printed listing all the books in your catalogue and the current value of the ledger. Earned and unearned balances are totalled (the earned balances being the value of the payments due to the authors). The unearned balance may be adjusted for a standard revaluation based on the publishing date of the book in order to create a standard value of the ledger for direct incorporation into your balance sheet. For example if you have a standard policy of say writing down balances on books published between 12 and 24 months ago by 50% and older books by 100%, the summary would make that calculation for you.

Cheque Summary

The cheque summary lists all the payments that are required. Payments are consolidated by payee so that each author/author’s agent only receives 1 cheque. They



will of course receive a break down of the cheque by ISBN on the remittance advice note (see above).

Cheques *

Interax will print all the cheques required directly on to your chequebooks.

See also

Cheque printing

Sample Cheque

Self Billing Invoices *

Where the publisher has a self-billing arrangement with an author, Interax will provide a printed self-billed invoice for that author, and the amount paid to the author/authors agent will be adjusted accordingly. Where an author is VAT registered but supplies their own invoices, only the net amount due is paid. It would be expected that the VAT element of the earnings would only be paid by the publisher on production of a suitable invoice by the author.

Rules

The Gsys rules engine operates on the following elements

Sales Statistic

Published Price

Each ISBN may only have 1 published price attached to it. This price may be expressed in any currency and any reporting/calculation done on foreign currency prices are converted (if required) at processing time using appropriate exchange rates (supplied by or approved by the publisher).

Price Received

The price received by the publisher for the sale.

Discounts

Expressed or calculated as



100 x (Published price - Price Received)/Published Price

Cost Price

This figure must be supplied by the publisher and is usually only used in calculating the earnings on remainders

Life Sales

Life sales may be expressed as per sales type (for example 'Life Sales Home') or globally (i.e. total sales). Note: if Interax take on calculating royalties for books already published, the b/f figures would have to be supplied when Interax takes over).

Sales Type

Sales types are mainly a description of geographic area

For example

- Home Sales
- Export Sales
- Book Club Sales
- US Home Sales
- etc

In addition there are elements for

Retentions

There are two types of retention supported

First statement only retention

A % of the earning are retained for a number of periods (expressed as Royalty Period).

General retention

A % of all earnings are retained for a number of periods (expressed as Royalty Period).

Type of sales retained

Sales types may be excluded from retention. For example Book Club sales may be excluded as returns are probably not acceptable. Note that this facility is only



available across the whole catalogue and cannot be defined individually for each ISBN.

Rule Operators

The rule base uses ‘less than’ (<) and ‘greater than/equal to’ (>).

Other Operators

Transfer to

This instructs the calculated earnings to be transferred to another ISBN. This is typically used when multiple formats of the same title are published, in which case all the earnings from the various formats may be transferred to the first published format for consolidation of earnings.

Payees

This instruction allows the earnings to be divided amongst a number of payees. The amount paid is expressed as a % of earnings. A separate statement will be produced for each payee.

Author Queries

Each statement may be optionally printed with a message

‘ For royalty queries contact Interax’ followed by our phone number.

This facility deflects detailed queries concerning the statements away from the publisher to be handled by us – if appropriate. Clearly we cannot answer queries concerning receipt or timing of payments due (unless Interax are also handling your bookwork).

Sales Data

What is required?

The minimum data required for each line item in the sales data is

- **ISBN (full or truncated)**

Some distributors use ‘truncated’ ISBN numbers when reporting sales data. The Gsys software is configured to match such numbers – although a minimum of 4 characters is required



For example

123456789X

may be truncated to 789X but not 89X.

- **Sales Territory.** This is not necessary if the entire report only relates to a single sales territory. Typically we would be supplied with a separate report for 'Home Sales' and 'Export Sales'.
- **Quantity**
- **Price Received OR discount.** If both is provided the system will use the Price Received data in preference to discount. Typically a line of data will give the qty sold and the total price received for this qty. The system will calculate the discount, which will be supplied to the rules engine.

Please note: There is no need to consolidate sales data for the purposes of reducing the size of a report. As a matter of good practice and in order to reduce errors, we would prefer to use source data directly from the distributor – even if this data supplied at invoice level. i.e. a line of data for each sale made.

Data Format

We prefer to take data electronically – on disk or via email. The format is not critical as long as we have access to the field data. Typically we are provided data in CSV (comma separated format) or formatted text format.

Stationery

General

Statements may be printed on plain paper or pre-printed sheets. The layout of the statement is designed such that the address details will show through either an A4 windowed envelope (if posting a number of statements to the same address) or a standard envelope (A4 folded into 3) if sending out one or two statements to the same address.

In the case of plain paper, your logo, address, VAT and other details will be incorporated onto each page. These details are held as a graphics file (bitmap), and Interax can assist in the production of the necessary artwork. The printed data will be in black and white.



If you wish to print on pre-printed paper, attention must be paid to the areas of the statement available for pre-printed information.

Specification

The areas available for logos and other data are shown on the spec sheet attached to these notes.

VAT and Self-Billing

Where the publisher has a self-billing arrangement with an author, Interax will provide a printed self-billed invoice for that author, and the amount paid to the author/authors agent will be adjusted accordingly. Where an author is VAT registered but supplies their own invoices, only the net amount due is paid. It would be expected that the VAT element of the earnings would only be paid by the publisher on production of a suitable invoice by the author.

As with the statements, the invoice will include your logo, address, VAT and other details will be incorporated onto each page. These details are held as a graphics file (bitmap), and Interax can assist in the production of the necessary artwork. The printed data will be in black and white.

Specification

The areas available for logos and other data is shown on the spec sheet attached to these notes.

Cheque Printing

General

Interax have the facility to print directly onto cheques and can print all the cheques required following a statement run. The royalties due are consolidated by payee – that is each payee (e.g. an Authors Agency) will have only 1 cheque printed for all the monies due to their authors. The remittance advice will give the agent the details of each individual author's earnings.

What do Interax need?

Interax will require a chequebook from your current account. This book will be dissembled by Interax so that the cheques may be printed individually.

What about spoilt cheques?

Any spoilt cheques will be returned to you.



What about the cheque stubs?

The cheque stub is printed at the same time as the cheque and these will be returned to you.

Foreign Currency Catalogues and Overseas Distributors

If your books are distributed overseas, then Interax have two methods of calculating Royalties.

Sterling Accounting

In this case the sales reported by the overseas distributor are consolidated onto the main format ISBN statement and the sales values converted using an agreed exchange rate at the time of processing. The sales can be consolidated into a standard sales type (usually export sales) or can be shown as a separate line item on the statement (typically 'French Sales'), but using the export rules. If the latter system is to be used it is important that this is understood before the contract data is entered into the rules engine.

Foreign Currency Accounting

In this case the books will have a unique ISBN and all accounting will be done in the native currency. Conversion may take place if the earnings are consolidated with another format of the same title - converted using an agreed exchange rate.

Security

Interax maintain a vigorous routine of security backup of data. We are able to provide backup copies of your data to you (typically on CD ROM) if required.

About Interax

Who are Interax

Interax is an accountancy service provider with over 15 years experience. Using the best of available technologies, Interax delivers a comprehensive professional accounting services to a wide range of businesses all over the U.K. .



What other Services do Interax offer?

Interax provide

- Management Accounts
- Sales Invoicing
- Sales Statements
- Credit Control
- Purchase/Sales ledger control – including cheque printing
- VAT returns
- SA returns
- Payroll
- Final Accounts

Please ring Interax for further information on any of these services