ANNUAL REPORT 2014-2015

screenrights

OUR VALUES

LEADERSHIP

We are forward-thinking and proactive.

We seek partnerships that build for tomorrow.

CREATIVITY

We embrace creative solutions to problem solving.

We strive for continuous improvement.

EXCELLENCE

We enjoy challenges and strive for excellence.

We are passionate, resourceful and efficient.

We celebrate our success.

RESPONSIVENESS

We are flexible and collaborative.

We foster productive dialogue with stakeholders.

We embrace change as part of growth.

INTEGRITY

We are respectful, honest and transparent.

We seek fair outcomes.

We aim to deliver on all our promises.

Image Credits
The Eurovision Song Contest 2015, Blink TV Production
Brilliant Creatures, Mint Pictures & Serendipity Productions
First Contact, SBS
Redesign My Brain 2, Mindful Media, image by Mark Rogers
The Flamin' Thongs, MWP-RDB Thongs Pty Ltd

THE YEAR IN BRIEF

DURING 2014–2015, SCREENRIGHTS HAS:

- Collected $45.9 million in licence revenue and other income for the film and television industries
- Lowered our expenses to collections ratio from 14.9% to 14.2%
- Made 3,284 individual payments to members, with a total distribution of $38.6 million
- Entered a new five and a half year deal with Australian schools, ensuring simple access to television and radio for teaching, and payment to filmmakers
- Entered a new four-year deal with the New Zealand tertiary sector, providing access to audiovisual material for teaching, and an assured income stream to members
- Increased the reach of EnhanceTV Direct, our streaming service to schools, by 17%

Image Credit: *Shark Girl*, Kaufmann Productions, © Ernst Stewart

OUR GOALS

We are leveraging our current reputation to achieve:

ACCESS – greater access to content for licensees

SERVICES – increased distribution efficiency and diversified range of services for members

RELATIONSHIPS – strategic relationships, bringing educators and filmmakers together, positioning and partnering with stakeholders

CAPABILITY – ensured capability to meet the current and future needs of the organisation

GOVERNANCE – stronger and transparent governance and risk management

Image Credits
Tender, Scarlett Pictures, directed by Lynette Walworth
The King Sun: John Olsen - A Portrait at 85, Four Donkey Films
The Waler. Australia's Great War Horse, Mago Films
Utopia, Utopia TV Pty Ltd, photographer: Hwa Goh
What's the Catch, SBS

OUR VISION

Screenrights is a leader in the audiovisual industries, forging dynamic connections with audiences that deliver access to film and television and value to creators.

SCREEN FOREVER Conference, © Timothy Herbert

CHAIRMAN'S REPORT

Jill Bryant Chairman

The capacity to realise opportunities while rising to challenges, has been fundamental to Screenrights' success in a copyright landscape that continues to change at a dramatic pace.

I am pleased to report that this year has been no exception, with our financial results demonstrating our strength in an environment that is unrecognisable from the one in which we commenced operations just over 25 years ago.

With total income at $45.9 million, we have had a growth in collections. We have also reduced our expenses to collections ratio, from 14.9% to 14.2%. These figures are a clear indication that our licences are flourishing in a world where consumers want immediate streamed access to a wealth of audiovisual content.

As the pace of change continues to accelerate, our strong relationships with consumers of audiovisual material ensure that we will evolve together to meet the growing need for new and exciting ways of using content.

Our negotiations with the schools sector have been testament to our capacity to work together in enabling access to audiovisual material in the digital classroom now and in the future. This agreement is a five and a half year deal, delivering certainty to the education sector in using film and television, and providing payment to our members.

Similarly, we have concluded a new deal with the New Zealand tertiary sector – for a four-year term.

Our partners in education have let us know that students and educators want to be able to use content anywhere at anytime. Screenrights delivers this by working closely with resource centres who are enabling access to vast archives of copied programs for educators and students, whether at home or at work. Our own service, EnhanceTV Direct, has been trialled by over 250 schools in the last financial year, with a 17% growth in its reach. In addition we have licensed a number of new streaming services providing an extraordinary range of options for teachers wanting to make the most of technology in education.

On the other side of the copyright environment, rightsholders and collecting societies are facing increasing pressure in digital rights management, with a vast growth in data bringing with it new costs in monetising content.

Screenrights is assisting the film industry with this, with its disbursement service offering a simple one stop shop for producers wanting a trusted third party to manage disbursements on their behalf.

We are also working closely with members to ensure that we continue to distribute Screenrights royalties as efficiently as possible in the face of a dramatic growth in rights registrations, bringing with it the potential for increasing competing claims. We consult widely and regularly to ensure our systems and procedures enable us to pay the rightsholders as soon as possible.

There is no doubt our landscape will continue to change, but each year Screenrights proves itself to be more than capable of thriving in an environment that is exciting for both creators and for the people who use their work. We look forward to realising new opportunities for accessing the wonderful work made by our members, while delivering the revenue streams that allow them to grow.

Jill Bryant, Chairman
23 September 2015

Life on the Reef, Northern Pictures

China From Above, Natural History New Zealand (NHNZ)

"EnhanceTV is a fantastic resource that I can link very well to my curriculum. It assists me in future planning too, because I know I will almost always find what I need."

Wendy Rheinberger, St Joseph's School Quirindi

CHIEF EXECUTIVE'S REPORT

Simon Lake Chief Executive

Over the last financial year, Screenrights has posted exceptional results, with all areas of its business thriving.

Our collections increased from $41.9 million to $45.9 million, with growth in nearly all of our licences. Pleasingly, our expenses to collections decreased during this period; from 14.9% to 14.2%.

These results are testament to our ongoing ability to adapt, innovate and collaborate in the face of continuing changes to the way in which copyright material is created, disseminated and consumed.

This is the first year of a new three-year strategic plan that leverages our relationships, governance and capabilities to allow us to focus on two broad goals:

- Providing greater access to and usage of audiovisual content for our licensees;

- Providing a quality experience by developing our services for members to support their businesses.

These goals reflect the role that Screenrights plays in facilitating access to our members' work while ensuring fair payment for this use. We work closely with our licensees, our members and government to realise opportunities in the changing environment in which we operate, and to ensure that the copyright foundations are fair for all.

Our achievements under each of these goals are outlined below.

ACCESS

Screenrights educational licences reach more than 10,000 schools in Australia and New Zealand as well as tertiary institutions.

In the last 12 months we have negotiated a new deal with the Australian schools sector and with the New Zealand tertiary sector. Both of these deals provide certainty for educators wanting to use audiovisual material in teaching and ensure ongoing income for the rightsholders whose programs are used.

These deals are testament to the strong working relationship Screenrights has with the education sector and to the fact that our licences have continued to adapt to a changing digital environment. In particular, the flexibility of the Screenrights licence has enabled the growth of streamed digital resource centres, giving educators and students immediate access to vast archives of content at home and in the classroom.

Our own streaming service, EnhanceTV Direct continues to grow, with a 17% increased reach into schools, and with more tertiary institutions accessing the service through our partnership with RMIT. We have also been working closely with eTV in New Zealand, ensuring that New Zealand educators and students can get more out of audiovisual content in teaching.

In addition, Screenrights has been collaborating with the Australian schools sector, through the Copyright Advisory Group, to look at ways of simplifying our licence in the face of an increasingly complex technological environment. We look forward to continuing this work in the coming year.

Screenrights also licenses the retransmission of members' works into the homes of more than 2.25 million pay television subscribers, and via mobile phones and IPTV. We continue to let government know that the retransmission provisions are working effectively and that a must-carry regime is not in the interests of either retransmitters, audiences or the underlying rightsholders in the works they carry as part of their services.

In addition, our government copying agreements cover the copying of television and radio across federal and state departments. We have been consulting with government departments to ensure that our licence adapts to the changing digital environment to include downloading audiovisual material from the internet, and we have put an application before the Copyright Tribunal to expand our declaration to this effect.

SERVICES

Screenrights aims to distribute payments to members as efficiently as possible, and in 2014-2015, we paid out a total of $38.6 million to members, including a record – breaking $28.4 million paid in December alone. Our total number of payments for the period was 3,284, covering an extraordinary 3,630,801 royalties.

The number of new registrations reached 126,887 in the last financial year, bringing the total number of registered claims to 1.3 million. We are also working closely with members to resolve conflicts as efficiently as possible and in the last year conducted extensive consultation with members, including round tables in Sydney and Melbourne, to seek input into our dispute resolution processes.

Over the course of 2014-2015, our new disbursement service for the Australian film industry has evolved. Disbursements by Screenrights now offers a range of disbursement administration service products (DASAs) to cater for the individual needs of projects and provide flexible options to producers. MyScreenrights has been extended to provide producers with 24/7 access to their disbursement reports and sales history.

Screenrights plays an active role in representing our members and the importance of copyright in protecting their work. We are on the Board of the Australian Copyright Council, we speak at industry forums and events and we regularly engage on policy issues with the federal government.

In addition, we support our members through sponsorship of the Screen Producers' Association of Australia (SPAA) Annual Conference and Ones to Watch, the Australian International Documentary Conference, the Australian Directors' Guild conference, Screen Edge Forum, and the BigScreen Symposium.

Screenrights has opened our doors to our members, with our office being host to industry roundtables, script conferences and a space for our members to meet.

Screenrights complies with a voluntary Code of Conduct for copyright collecting societies. The compliance of all societies is assessed on an annual basis by an Independent Code Reviewer. Screenrights has once again complied with all its obligations under the Code.

AN OVERVIEW OF KEY REVENUE AND EXPENDITURE FIGURES

The following overview summarises revenue and expenditure figures for 2014–2015.

REVENUE FROM LICENCES

Total collections (including interest) for the 2014-2015 financial year were $45.9 million. This total figure comprises:

- $30.57 million from the Australian Educational Service (AES), an increase of 3.7 per cent on the previous year's figure of $29.49 million
- $2.19 million from the New Zealand Educational Service (NZES), an increase of 10.0 per cent on the previous year's figure of $1.99 million
- $8.76 million from the Australian Retransmission Service (ARS), an increase of 14.4 per cent on the $7.66 million collected for retransmission in 2013-2014
- $1.10 million from the International Collections Service (ICS), an increase of 17.0 per cent on the previous year's figure of $0.94 million
- $3.32 million from the Australian Government Service (AGS), an increase of 83.4 per cent on the $1.81 million collected in 2014-2015

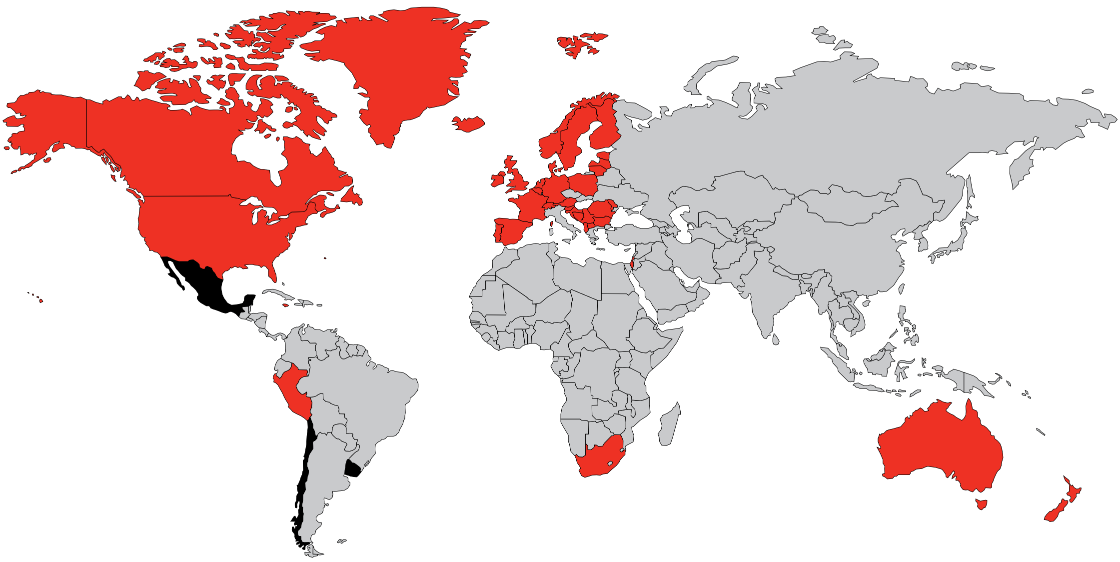

FIGURE 1 ▲

Shows the territories in which Screenrights collects income for members.

Territories

Under negotiation

FIGURE 2 ▲

Shows the changes to Screenrights' licensing revenue over the last three years.

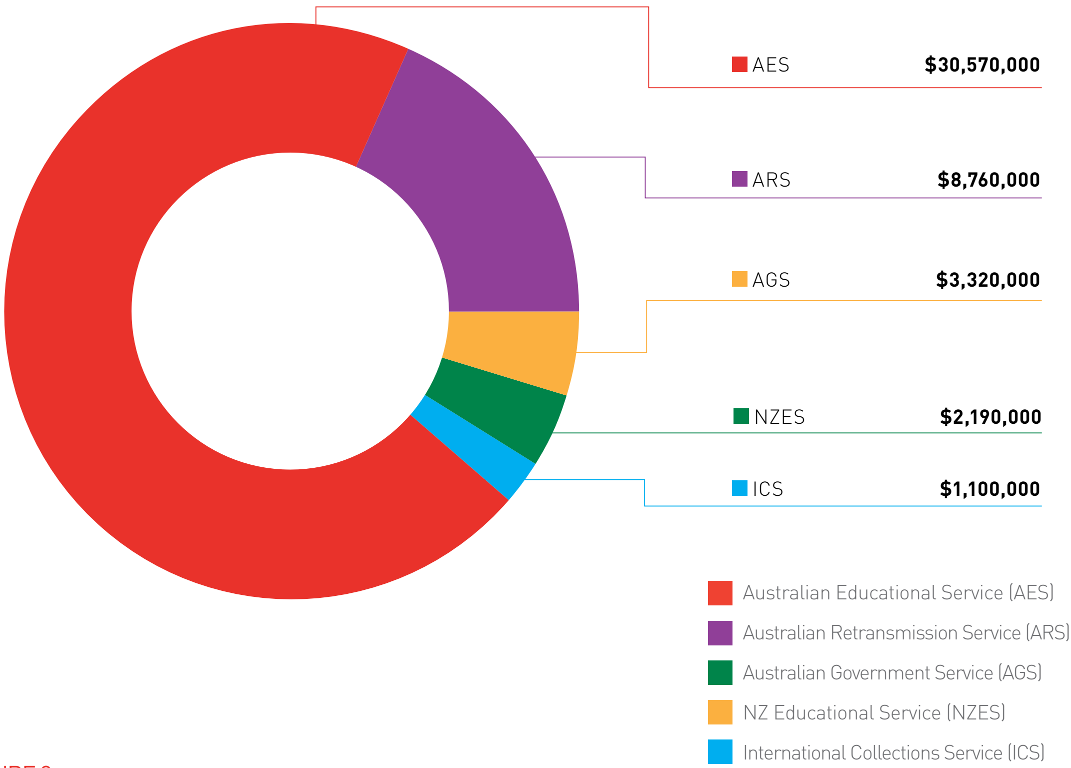

FIGURE 3

Shows the breakdown in licensing revenue from each of the five licences.

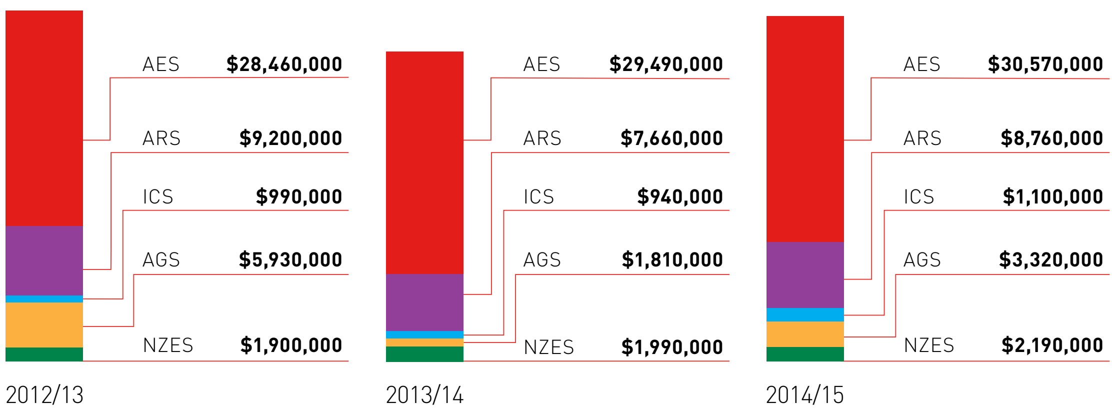

FIGURE 4

Compares the total licensing revenue (including interest) from each of Screenrights' licences over the last three years.

EXPENDITURE

Screenrights' total expenditure for 2014-2015 was $6.54 million, compared to the previous year's figure of $6.26 million.

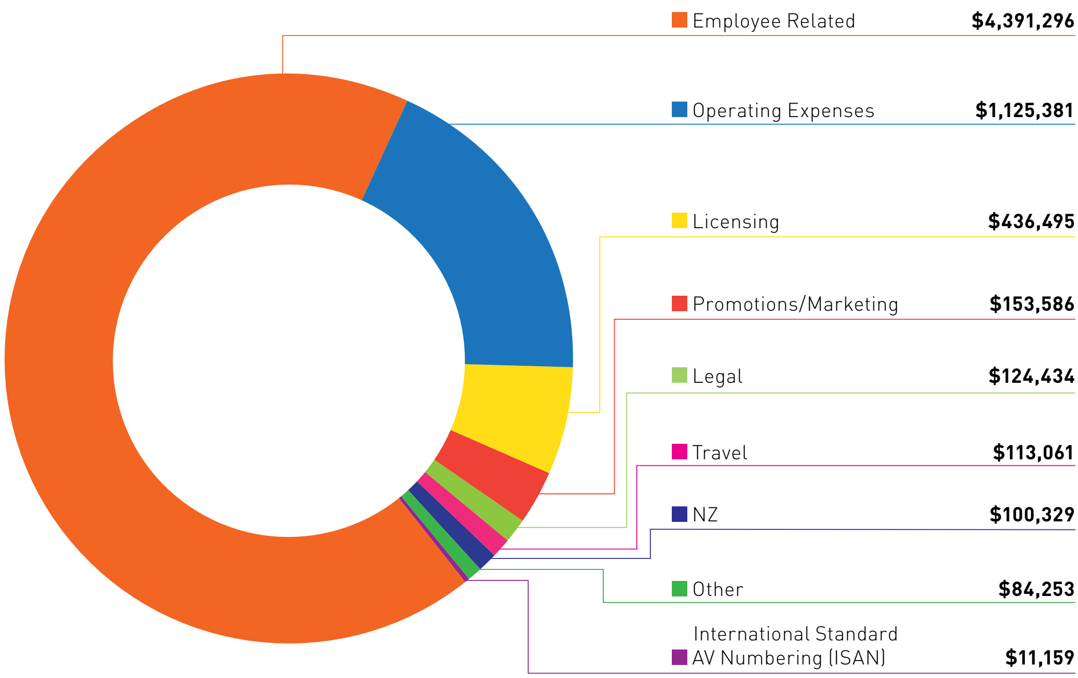

FIGURE 5

Shows the breakdown of expenditure for 2014-2015.

FIGURE 6

Shows Screenrights' net income (total income including interest less total expenses) over the last three years.

EXPENDITURE IN RELATION TO COLLECTIONS

Screenrights total expenditure amounted to 14.2% of total collections. In 2013-2014, this figure was 14.9%.

Expenses to collections for the AES was 14.4%, compared to 15.1% in the previous 12 months. For the NZES, expenses amounted to 17.7% of total collections, whereas in 2013-2014 it was 17.4% of total collections. For ARS it was 13.1%, compared to 14.0% for the previous year, and for AGS the ratio was 13.1%, compared to 14.0%.

The ICS has an administration fee equivalent to the costs of administering the service. This is capped at 11%, enabling Screenrights to offer the service at a competitive rate.

FIGURE 7

Shows the expenditure to collections ratio over the last three years.

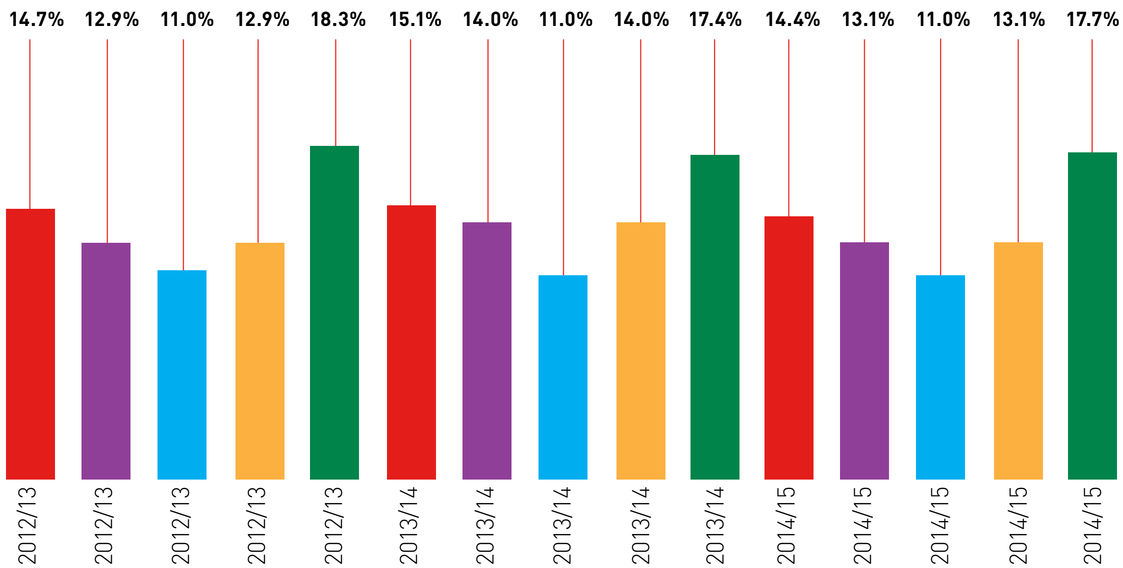

FIGURE 8

Shows the expenses to collections ratio for each of the licences over the last three years.

- Australian Educational Service (AES)
- Australian Retransmission Service (ARS)
- International Collections Service (ICS)
- Australian Government Service (AGS)
- NZ Educational Service (NZES)

DISTRIBUTIONS TO MEMBERS

The total distributable amount for 2014-2015 was $39.72 million, an increase of 9.6 per cent on the $36.23 million declared for distribution in 2013-2014.

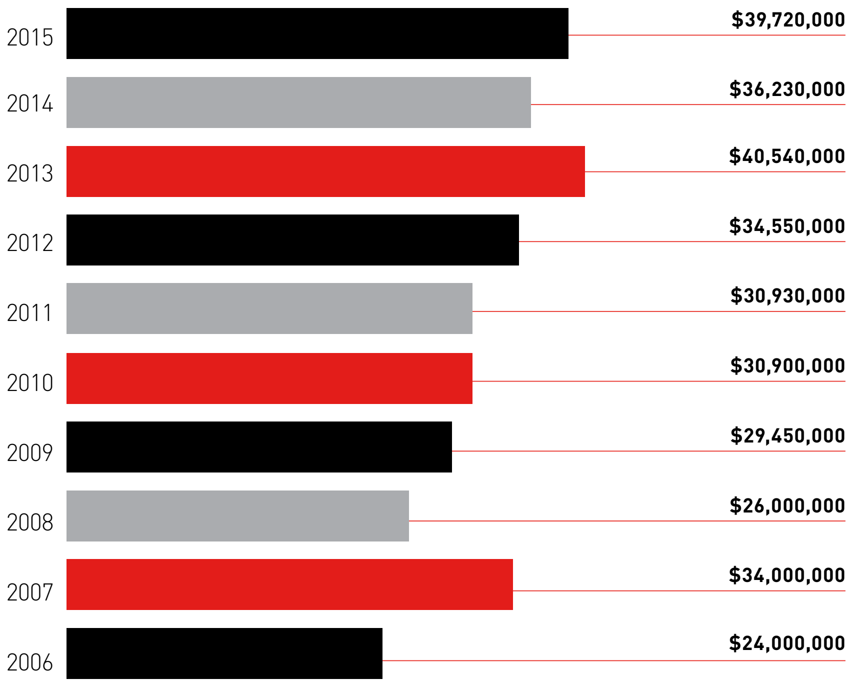

FIGURE 9

Shows the total distributable amount over the last 10 years.

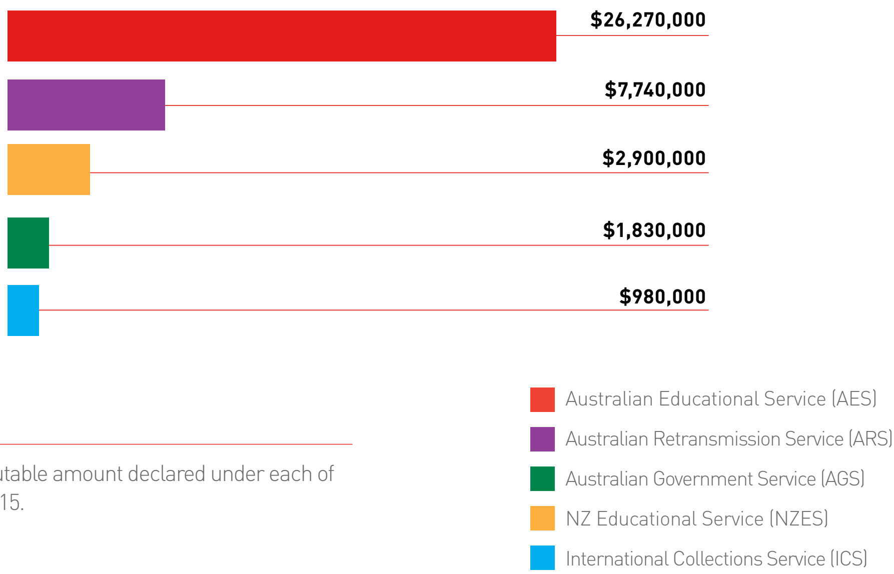

FIGURE 10

Shows the total distributable amount declared under each of the licences in 2014-2015.

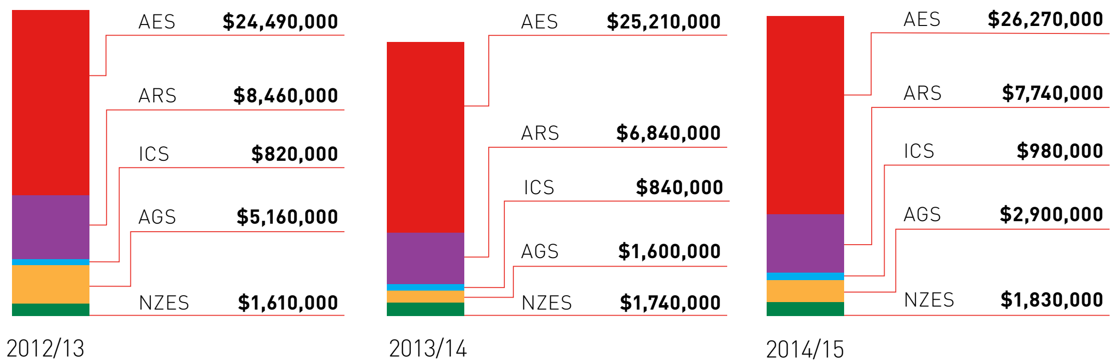

FIGURE 11 ▲

Shows the total distributable amount declared under each of the licences over the last three years.

Australian Educational Service (AES)
Australian Retransmission Service (ARS)
International Collections Service (ICS)
Australian Government Service (AGS)
NZ Educational Service (NZES)

The total amount actually distributed to members was $38.6 million. This is an increase of 10.6% on the $34.9 million distributed in 2013-2014.

OUR MEMBERSHIP

Screenrights membership has continued to grow, from 3,693 members in 61 countries to 3,821 These countries are shown at Figure 12.

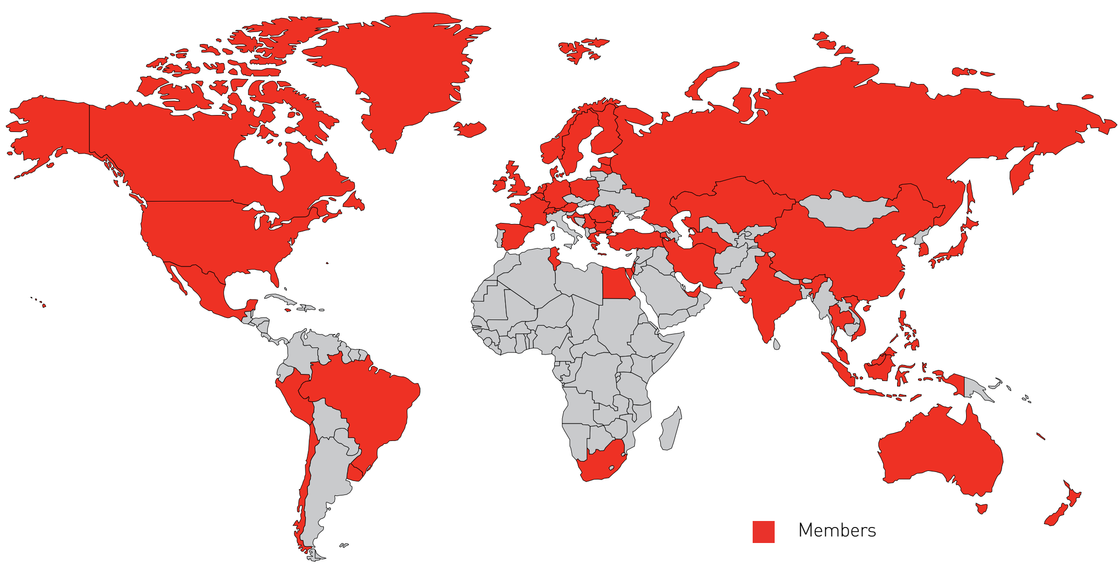

FIGURE 12 ▲

Shows Screenrights' 3,821 members in 61 countries.

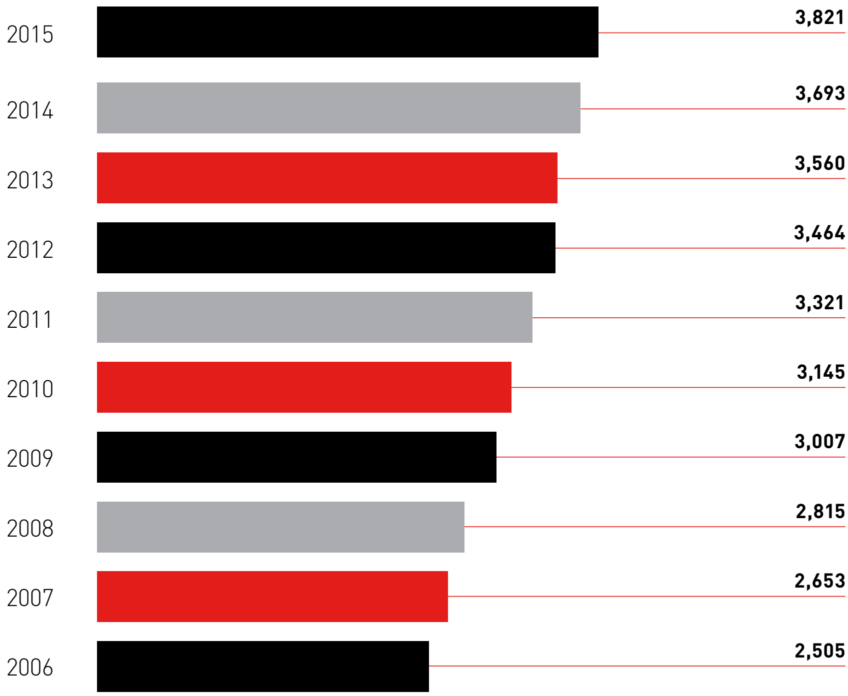

FIGURE 13

Shows the growth in membership over the last 10 years.

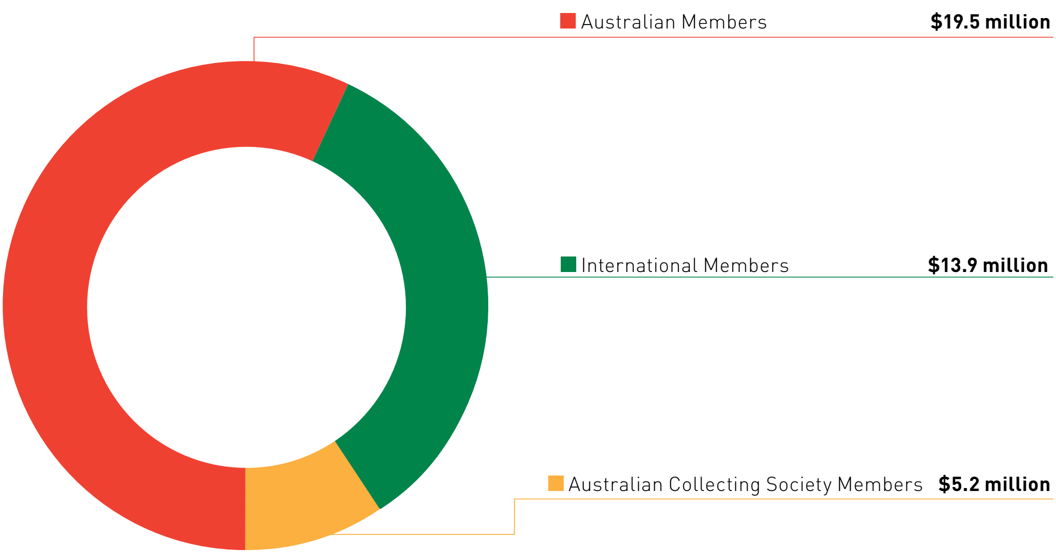

FIGURE 14

Shows the breakdown in allocation between Australian and overseas rightsholders for the total amount distributed in 2014-2015.

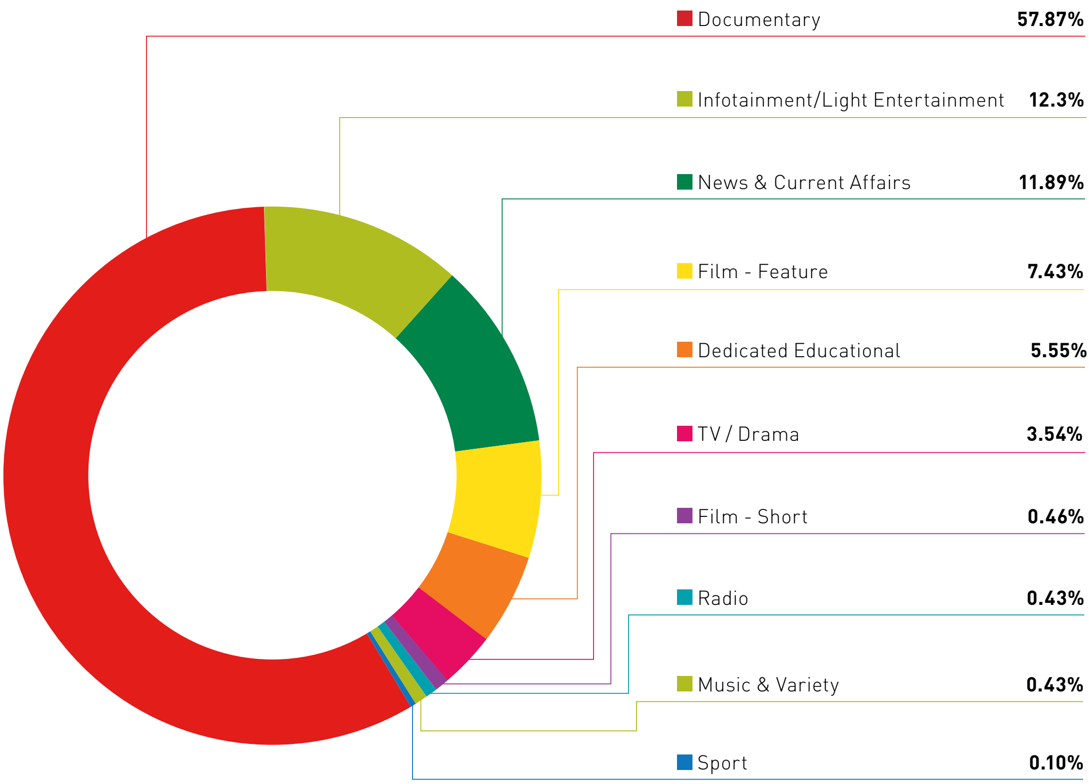

FIGURE 15

Shows the breakdown in types of audiovisual material copied by Australian educational institutions. This is based on the number of copies made, and not on the minutes copied.

Simon Lake
Chief Executive

23 September 2015

Blood and Thunder: The Sound of Alberts, Beyond Screen Production and Bombora Film and Music Co, image by Guy Levy

"Screenrights revenues have helped the Beyond business by providing a revenue stream that only requires a fairly light administrative effort. It enables Beyond Distribution to pass on greater revenues to producers both internal and external thus boosting our profile as a successful distributor."

Jim Harper, Beyond International

COMPANY PROFILE

Audio-Visual Copyright Society Limited trading as Screenrights ABN 76 003 912 310
Registered office: Level 1, 140 Myrtle Street Chippendale NSW 2008
Phone: +61 2 9904 0133 Fax: +61 2 9904 0498 www.screenrights.org

DIRECTORS & OFFICERS

Jill Bryant
Chairman

David Anderson
Deputy Chairman

DIRECTORS

Maureen Barron

Anne Chesher

Fiona Crago

John Ford

Ben Grant

Sally McCausland

Chris Oliver-Taylor

Dean Ormston

Cathy Service

Victoria Spackman

AUDITORS

KPMG

BANKERS

National Australia Bank

Westpac

Bank of New Zealand

SOLICITORS

Banki Haddock Fiora

Harmers Workplace Lawyers

Curwood Solicitors

Emery Legal

Sainty Law

OFFICE OF THE CHIEF EXECUTIVE

Chief Executive: **Simon Lake**

ACCESS

Head, Licensing & New Business: **James Dickinson**
EnhanceTV Manager: **Jamie LeHuray**
Licensing Manager: **Georgia Blain***

ENHANCETV TEAM

Web Editor: **Anna Yates**
Customer Relations Manager: **Deana Kasnioski (from April 2015)**
Customer Relations & Communications Coordinator: **Sean Phelps**

SERVICES

Head of Member Services: **Emma Rogers**
Member Relations Manager: **Annabel Holt**
Distribution Manager: **Sean Price**
International Service Manager: **Gaëlle Clark**
Disbursement Service Manager: **Jasmina Matic**
Project Manager: **Luke Asprey**

MEMBER RELATIONS TEAM

Portfolio Coordinator: **Cristina Khashadorian**
Portfolio Coordinator: **John Alexander**
Portfolio Coordinator: **Mona Forghani**

DISTRIBUTION TEAM

Senior Distribution Officer: **Kate Bowley**
Senior Research Officer: **Clare Macken***
Distribution Officer: **Ian Laird**
Distribution Officer: **Kate Enright***

RELATIONSHIPS

Public Affairs Advisor: **Virginia Gordon***
Marketing & Communications Coordinator: **Max Becker**

CAPABILITIES

Head, Information Services: **Mike Lynch**
Business Development Manager, ISAN: **Darryl Robinson***

NETWORK & INFRASTRUCTURE TEAM

Network & Infrastructure Manager: **Justin Franks**
User & Systems Support: **Nathan McCurley**

APPLICATION DEVELOPMENT

Lead, Application Development: **Brian Chambers**
Applications Developer: **Yvan Trejbal**

DATA & SYSTEMS TEAM

Data & Systems Manager: **Nick Grodzicki**
Data Entry Officer (Member Services & Licensing): **Janet Keane***
Data Entry Officer: **Mary Luque***

PEOPLE & CULTURE

Chief Financial Officer/Company Secretary: **Robert Barlow**
Executive Assistant/Office Manager: **Kylie Toombs**

ADMINISTRATION TEAM

Office Administrator: **Belle Darcy**
Administrative Assistant: **Wendy Lee-Lusher***

GOVERNANCE

General Counsel: **Marie Foyle***
Associate Counsel: **Jennifer Austin**
Accountant & Internal Auditor: **Angela Cheung**

* Indicates part-time employee/consultant
Full time equivalent = 33

screenrights

DIRECTORS' REPORT

DAVID ANDERSON

Director, Corporate Strategy & Planning at Australian Broadcasting Corporation. Over 20 years experience in the media industry. Director since 2012. Elected Deputy Chairman 2014.

MAUREEN BARRON

Chief Executive, Screen NSW. More than 30 years screen industry experience, including as a board member of arts and film industry organisations. Director since 2007.

JILL BRYANT

Originating Producer, Walking with Dinosaurs – The Live Experience. Former Marketing Director, Asia-Pacific, BBC Worldwide Ltd. Director since 2003. Elected Chairman 2006.

ANNE CHESHER

Education consultant with PhD thesis "Television Content in the 21st Century Classroom". Over 20 years experience producing online education creative media for the television industry (clients include ABC, SBS, Foxtel, National Geographic Channel). Former secondary school teacher and writer of ATOM study guides. Director since 2014.

FIONA CRAGO

Independent producer and company director with over 20 years screen industry experience. Former General Manager, Beyond Distribution and General Counsel to the Beyond group of companies. Director since 2011.

JOHN FORD BA, LLB

Media Consultant, Lawyer and Company Director. Clients have included: Telstra Corporation, TVI/Sci-Fi and TVN Channel. Director, Sydney Children's Hospital Network. Director since 1997.

BEN GRANT

Managing Director of Goalpost Pictures, with credits spanning three decades of award-winning feature films and television. Vice President of Screen Producers Australia, Board Member of the Film Certification Advisory Board. Director since 2013.

SALLY MCCAUSLAND

Corporate Counsel at the Special Broadcasting Service (SBS). Director since 2006.

CHRIS OLIVER-TAYLOR

Managing Director, Matchbox Pictures. Director since 2010.

DEAN ORMSTON

Head of Member Services Group APRA AMCOS and Deputy Chair of the Australian Copyright Council. Director since 2007.

CATHY SERVICE

Over 20 years experience in the media industry. Former Head of Finance & Administration with BBC Worldwide Australasia. Currently Chief Operating Officer with KJA Engaging Solutions. Director since 2011.

VICTORIA SPACKMAN

Chief Executive and co-owner of the Gibson Group, Board member of Education New Zealand and previous Board member of SPADA (the NZ Screen Production and Development Association). Director since 2011.

SUE TAYLOR Director from 2005 to October 2014

ROBERT BARLOW B.FinAdmin, Grad Dip ACG, CPA, AGIA, ACIS

Financial Controller and Company Secretary. Appointed Company Secretary February 2006

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

DIRECTOR	DIRECTORS' MEETINGS		AUDIT + RISK COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	A	B	A	B	A	B
D Anderson	4	6	0	0	1	1
M Barron	6	6	3	3	0	0
J Bryant	5	6	2	3	1	1
A Chesher	4	4	0	0	0	0
F Crago	6	6	2	3	0	0
J Ford	4	6	0	0	0	0
B Grant	5	6	0	0	0	0
S McCausland	6	6	0	0	1	1
C Oliver-Taylor	6	6	0	0	1	1
D Ormston	6	6	0	0	0	0
C Service	5	6	3	3	0	0
V Spackman	5	6	0	0	0	0
S Taylor	1	2	0	0	0	0

A Number of meetings attended

B Number of meetings held during the time the Director held office during the year

DIRECTORS' REPORT [CONTINUED]

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, is included at page 24 of the Annual Report.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was utilisation of its right as a declared collecting society under Part VA, Part VC and, insofar as it relates to audiovisual items, Part VB of the Copyright Act, to collect monies from educational institutions for distribution to relevant copyright owners.

REVIEW AND RESULTS OF OPERATIONS

The amount of $39.7 million (2014: $36.2 million) was determined to form the Distributable Amount available for distribution to relevant rightsholders from monies collected for the accounting year ended 30 June 2015.

The net operating profit/(loss) after income tax for the year was $Nil (2014:$Nil).

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company or consolidated entity that occurred during the financial year under review.

ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature that is likely, in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

LIKELY DEVELOPMENTS

The Company will continue its current activities. Potential new revenue streams in development include copying by additional State and Territory governments.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year, the Company paid a premium of $7,425 in respect of a contract of insurance indemnifying those persons who are or have been officers of the Company against liabilities that may arise from their position as officers, except where the liability arises out of conduct involving a lack of good faith. That insurance policy does not contain details of the premiums paid in respect of individual officers of the Company.

GOALS

We are leveraging our current reputation to achieve:
Access – greater access to content for licensees
Services – increased distribution efficiency and diversified range of services for members
Relationships – strategic relationships, bringing educators and filmmakers together, positioning and partnering with stakeholders
Capability – ensured capability to serve the current and future needs of the organisation
Governance – stronger and transparent governance and risk management.

MEMBERS' LIABILITY

The Company is a company limited by guarantee. The guarantee in the event of the winding up of the Company is $10 for each member. At 30 June 2015 membership of the Company comprised 3,821 full members (2014: 3,693), resulting in a total liability of $38,210 (2014: $36,930).

Dated at Chippendale this 23 September 2015 and signed in accordance with a resolution of the Directors:

Jill Bryant
Chairman

DIRECTORS' DECLARATION

In the opinion of the Directors of Audio-Visual Copyright Society Limited:

(a) The consolidated financial statements and notes, set out on pages 26 to 51, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance for the financial year ended on that date, and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) The financial report also complies with International Financial Reporting Standards as disclosed in note 1.

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Chippendale this 23 September 2015 and signed in accordance with a resolution of the Directors:

Jill Bryant
Chairman

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF AUDIO-VISUAL COPYRIGHT SOCIETY LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Audio-Visual Copyright Society Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entity it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the consolidated entity comply with International Financial Reporting Standards.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the consolidated entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001* .

AUDITOR'S OPINION

In our opinion:

(a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001 including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(b).

KPMG

KPMG

Anthony Travers

Anthony Travers, Partner
Sydney, 23 September 2015

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LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors of Audio-Visual Copyright Society Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Anthony Travers, Partner
Sydney, 23 September 2015

ANNOTATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

We know that not everyone wants to analyse financial statements, so below is our annual summary of the most important information in these accounts. The notes show the calculations which determine how much money is available to distribute to rightsholders from the royalties collected and interest received, and after the deduction of tax and expenses.

NON-IFRS FINANCIAL MEASURES

The annotated statement of financial position includes certain non-IFRS financial measures. The directors believe the presentation of non-IFRS financial measures is useful for the users of this document as they reflect the amounts available for distribution to rightsholders after the addition of expired trust funds and the transfer of surplus reserves. The below non-IFRS financial measures have not been subject to review or audit.

Royalty collections for the year from Australian schools, TAFE colleges, universities, retransmission income, New Zealand educational institutions and overseas.

Includes interest and the proceeds from sale of fixed assets.

The cost of running Screenrights, including employee expenses, depreciation and other ordinary expenses.

Screenrights can hold allocations in trust for a maximum of six years while trying to locate relevant rightsholders. Under the Attorney-General's Guidelines, these funds are then added to the Distributable Amount in the current year. For 2009, expired trust funds by scheme were Pt VA $111,000, NZ $22,000, Pt VC $137,000 and AGS $14,000.

	Consolidated	
	2015 $000s	**2014 $000s**
Revenue from Ordinary Activities:		
Gross Royalties	43,922	39,482
Other Revenues	2,459	2,785
Expenses	(6,942)	(6,527)
	39,439	35,740
Transfer (to)/from retained earnings and reserves		-
Amount available for Distribution	39,439	35,740
Add Expired Trust Funds (2008)	-	489
Add Expired Trust Funds (2009)	284	-
Total amount available for Distribution	39,723	36,229
Amount transferred to Statutory Distributable Pools:		
Part VA Education	(26,270)	(25,214)
Part VC Retransmission	(7,749)	(6,842)
s183 Government Copying	(2,898)	(1,597)
Amount transferred to Non-Statutory Distributable Pools:		
New Zealand	(1,828)	(1,738)
International Collections Service	(978)	(838)
Total amount transferred to distribution pools	(39,723)	(36,229)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015	2014
		$000s	**$000s**
Revenue from rendering of services	2	43,922	39,482
Other income	3	2,459	2,785
Total revenue and other income		46,381	42,267
Employee expenses	4	(4,404)	(4,244)
Depreciation and amortisation expense		(218)	(273)
Operating expense		(1,296)	(1,148)
Licensing expense		(436)	(382)
Travel expense		(113)	(76)
Marketing expense		(154)	(193)
Legal expense		(124)	(47)
Other expenses	5	(197)	(164)
Royalties paid and payable to members and affiliated societies	2	(39,439)	(35,740)
Net profit/(loss) before income tax		-	-
Income tax expense	7	-	-
Net operating profit/(loss) after income tax		-	-
Other comprehensive income		-	-
Total comprehensive profit/(loss)		-	-

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 30 to 51.

CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	2015 $000s	2014 $000s
Current assets			
Cash and cash equivalents	8	5,711	7,014
Cash on deposit	8	58,217	58,147
Trade and other receivables	9	3,130	3,745
Total current assets		67,058	68,906
Non-current assets			
Property, plant and equipment	10	570	659
Intangibles	11	109	100
Total non-current assets		679	759
Total assets		67,737	69,665
Current liabilities			
Trade and other payables	12	2,953	5,754
Employee benefits	13	564	526
Other	14	62,513	61,686
Total current liabilities		66,030	67,966
Non-current liabilities			
Employee benefits	13	141	146
Provisions		29	16
Total non-current liabilities		170	162
Total liabilities		66,200	68,128
Net assets		1,537	1,537
Equity			
Retained earnings		1,337	1,337
Reserves		200	200
Total equity		1,537	1,537

The Balance Sheet is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 30 to 51.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2015 $000s	2014 $000s
Cash flows from operating activities			
Cash receipts in the course of operations		41,251	39,945
Cash payments in the course of operations		(45,458)	(44,979)
Net cash from operating activities	17(b)	(4,207)	(5,034)
Cash flows from investing activities			
Interest received		3,112	2,163
Proceeds from sale of fixed assets			-
Payments for property, plant and equipment		(36)	(62)
Payments for intangibles		(102)	(69)
Decrease / (increase) in cash on deposit	8	(70)	1,632
Net cash from investing activities		2,904	3,664
Net increase/(decrease) in cash held		(1,303)	(1,370)
Cash at the beginning of the financial year		7,014	8,384
Cash at the end of the financial year	17(a)	5,711	7,014

The Statement of Cash Flows is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 30 to 51.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Society Reserve Fund $000s	Retained Earnings $000s	Total Equity $000s
Balance at 1 July 2013	200	1,337	1,537
Total comprehensive profit	–	–	–
Transfer between retained earnings and reserves	–	–	–
Balance at 30 June 2014	200	1,337	1,537
Balance at 1 July 2014	200	1,337	1,537
Total comprehensive profit	–	–	–
Transfer between retained earnings and reserves	–	–	–
Balance at 30 June 2015			

The Statement of Changes in Equity is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 30 to 51.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. SIGNIFICANT ACCOUNTING POLICIES

Audio-Visual Copyright Society Ltd trading as Screenrights (the 'Company') is a company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2015 comprises the Company and its subsidiary (together referred to as the 'consolidated entity'). The financial report was authorised for issue by the Directors on 23 September 2015.

(a) Principal Activities

The principal activities of the Company during the course of the financial year were utilisation of its right as a declared collecting society under Part VA, S183, Part VC and insofar as it relates to audiovisual items, Part VB of the Copyright Act, to collect money from educational institutions for distribution to relevant copyright owners.

(b) Statement of compliance and basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the consolidated entity also complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These accounting policies have been consistently applied by each entity in the consolidated entity.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from transactions within the consolidated entity are eliminated in preparing the consolidated financial statements.

(d) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(e) Derivatives

The consolidated entity is exposed to changes in interest rates and foreign exchange balances. The consolidated entity does not use derivative financial instruments to hedge these risks.

(f) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see f(ii)) and impairment losses (see accounting policy j).

(ii) Depreciation

With the exception of freehold land, depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant or equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- Plant and equipment – 10-20 years;
- Computer hardware / Laptops – 3 years;

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(iii) Leased assets

Leases in terms of which the consolidated entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the consolidated balance sheet.

(g) Intangible assets

(i) Intangible assets

Intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see g(ii)) and impairment losses (see accounting policy j).

(ii) Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- Capitalised software costs – 3 years

(h) Trade and other receivables

Trade and other receivables are stated initially at fair value and then amortised cost less impairment losses (see accounting policy j).

(i) Cash and cash equivalent

Cash and cash equivalents comprise cash balances, short-term bills and call deposits.

(j) Impairment

The carrying amounts of the consolidated entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy j(i)). An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(i) Calculation of recoverable amount continued

The recoverable amount of the consolidated entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment.

Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss as incurred.

(ii) Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates, including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the consolidated entity's obligations.

(iii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date and represent present obligations resulting from employees' services provided to reporting date are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date, including related on-costs such as workers compensation insurance and payroll tax.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(l) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Trade and other payables

Trade and other payables are stated initially at fair value and then amortised cost. Trade payables are non-interest-bearing and are normally settled on 60-day terms.

(n) Distributions

The consolidated entity holds the net distributable amount for each year in trust for rightsholders of the copyright in film and television programs. These rightsholders are eligible to receive the royalties held on their behalf upon completing necessary documentation, including a membership agreement and warranty. With respect to the Statutory Service (Part VA, Part VB, S183 and Part VC, Copyright Act 1968), the distributable pool is allocated to all copied programs, and actual distributions are made as and when the required documentation is completed. Until this stage is reached for a given title, all funds are held in trust for the rightsholders of the copied program up to a period of four years. The Board of Directors may decide that special circumstances exist and continue to hold the pool in trust for a maximum of two further years. The Board has exercised this discretion for all relevant distribution periods to date. After that period, the remaining allocations that have not been distributed are forfeited and placed into general revenue for inclusion in the current distribution period in accordance with Guidelines issued by the Attorney-General. In administering the Statutory Service, the consolidated entity collects and distributes remuneration payable by educational institutions. The Distributable Amount is the total amount received from record-keeping and sampling institutions for the distribution period (financial year) together with bank interest after deducting operating expenses, providing for taxation if applicable and allocating the relevant portion to the Reserve Fund. Results of record-keeping and sampling procedures are collated so that the total number of minutes for each program title and episode is ascertained. Allocations are made to each program according to the number of minutes copied and the type of program. Once an allocation per program by title has been established, a further allocation is made to the various forms of copyright subsisting in the programs (e.g. cinematograph films, literary/dramatic works, artistic works, sound recordings). Claimants warrant that they own or control the relevant copyright in one or more of these components and at the close of the distribution period are paid accordingly. This same process has been instituted for the allocation and distribution of royalties for the copying of programs by educational institutions in New Zealand. This is so even though the mechanism of conducting the service is different, with rightsholders appointing Audio-Visual Copyright Society Limited trading as Screenrights as their agent to license this recording right in New Zealand. With respect to the international registration and collection process, Screenrights simply distributes the royalties it receives from other audiovisual societies for titles it has registered on behalf of the rightsholders. Screenrights follows the allocations set by the relevant society and only makes an adjustment for interest and the expenses incurred in providing the service for its members.

(o) Revenue and other income

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

(i) Revenue from rendering services

Royalty receipts are based partly on information provided by copyright users. Where receipts are determined under sampling systems estimating copying levels, the samples are conducted by an independent statistical and research organisation, Nielsen, which uses a variety of methods to ensure that the estimation is reliable within accepted tolerances. Revenue is recognised over the period for which the copying licence has been granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(ii) Interest income

Interest is generally recognised as it accrues, taking into account the effective yield on the financial asset.

(iii) Net gain/loss on disposal of property, plant and equipment

The net gains of non-current asset sales are included as other income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The net losses on non-current asset sales are included in other expenses. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the gross proceeds on disposal.

(p) Income tax

The Income Tax Assessment Act 1997, as amended by the Tax Laws Amendment (2004 Measures No 6) Act 2005, provides the following for collecting societies:

- Collecting societies will not be taxed on any copyright income that they collect and hold on behalf of members, pending allocation to them;
- Non-copyright income derived by collecting societies will not be taxed (provided that the amount of non-copyright income derived is within certain limits); and
- Any copyright and non-copyright income collected or derived by the collecting society that is exempt from income tax is included in the assessable income of the members upon distribution.

The amending Act contains definitions of:

(a) Declared collecting society;

(b) Collecting society;

(c) Copyright income, which includes licence fees and interest received or derived from the copyright income.

Non-copyright income is subject to a de minimis rule. Non-copyright income of collecting societies will be exempt from income tax to the extent that this non-copyright income does not exceed the lesser of:

- 5% of the total amount of copyright income and non-copyright income of the collecting societies for the income year; and
- $5 million or such other amount as is prescribed by the regulations.

The Society will not be taxed on any copyright income (defined as ordinary or statutory royalties/licence fees and interest received or derived by the Society) it collects and holds on behalf of members, pending allocation to them. Additionally, the Society will not be taxed on non-copyright income to the extent that this non-copyright income does not exceed the above specified limitations.

(q) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which becomes mandatory for the Company's 2019 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

2. RECONCILIATION OF INCOME STATEMENT

	Note	2015 $000s	2014 $000s
Revenue from rendering of services:			
- Statutory Royalty Receipts (Part VA)		28,978	27,732
- Statutory Royalty Receipts (Part VC)		8,305	7,115
- International Collection Service		972	810
- Government Copying		3,137	1,643
- NZ Educational Service		2,094	1,890
- EnhanceTV Resource Centre		436	292
Total revenue		43,922	39,482
Other income	3	2,459	2,785
Total revenue and other income		46,381	42,267
Employee expenses	4	(4,404)	(4,244)
Depreciation and amortisation expense		(218)	(273)
Operating expense		(1,296)	(1,148)
Licensing expense		(436)	(382)
Travel expense		(113)	(76)
Marketing expense		(154)	(193)
Legal expense		(124)	(47)
Other expenses	5	(197)	(164)
Net royalties collected and interest received thereon before income tax		39,439	35,740
Income tax benefit			-
Net royalties collected and interest received thereon after income tax		39,439	35,740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

2. RECONCILIATION OF INCOME STATEMENT CONTINUED

	Note	2015 $000s	2014 $000s
Royalties paid and payable:			
Add expired statutory trust funds		284	489
Less amount transferred to statutory VA distributable pool 2014	14	-	(25,214)
Less amount transferred to statutory VA distributable pool 2015		(26,270)	-
Less amount transferred to statutory VC distributable pool 2014	14	-	(6,842)
Less amount transferred to statutory VC distributable pool 2015	14	(7,749)	-
Less amount transferred to statutory s183 distributable pool 2014	14	-	(1,597)
Less amount transferred to statutory s183 distributable pool 2015	14	(2,898)	-
Less amount transferred to New Zealand distributable pool 2014	14	-	(1,738)
Less amount transferred to New Zealand distributable pool 2015	14	(1,828)	-
International Collection Service		(978)	(838)
Net royalties paid and payable		(39,439)	(35,740)
Net operating profit (loss)		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

3. OTHER INCOME

	2015 $000s	2014 $000s
Interest income		
- Part VA interest income	1,581	1,754
- Part VC interest income	452	538
- Bank interest for International Collections Service (non-statutory)	127	132
- Government Copying interest income	180	171
- Bank interest for NZ Educational Service (non-statutory)	107	104
- Bank interest for ISAN	3	2
- Non trust interest income	5	4
	2,455	2,705
DASAs	4	-
Exchange Gain Other	-	80
	2,459	2,785

4. EMPLOYEE EXPENSES

	2015 $000s	2014 $000s
Wages and salaries (including director fees)	3,755	3,627
Contributions to defined contribution superannuation funds	340	338
(Decrease)/Increase in liabilities for annual and long service leave	34	(17)
Other employee expenses	275	296
	4,404	4,244

5. OTHER EXPENSES

	2015 $000s	2014 $000s
NZ educational service expenses	100	73
Other	97	91
	197	164

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

6. AUDITOR'S REMUNERATION

	2015 $000s	2014 $000s
Audit services	52	51
Non-audit services	4	4
	56	55

7. TAXATION

Audio-Visual Copyright Society Limited was granted tax exempt status effective 1 July 2002. EnhanceTV Pty Ltd (the Company's controlled entity) was incorporated on 15 May 2006 and is not tax exempt. In the current financial year, EnhanceTV Pty Ltd did not make a profit. As a consequence there is no tax expense for the consolidated entity (2014: $Nil). As at 30 June 2015, EnhanceTV has carried forward losses of $32,426 (2014:$32,426).No tax losses have been recognised as a deferred tax asset.

8. CASH ASSETS

	2015 $000s	2014 $000s
Cash at bank	5,711	7,014
Cash on deposit	58,217	58,147
	63,928	65,161

The interest rate at 30 June 2015 on cash accounts is 1.50% (2014: 2.00%) which is the prevailing interest rate on cash at bank. The cash on deposit with banks mature within 270 days. The weighted average interest rate at 30 June 2015 on cash on deposit is 3.25% (2014: 3.81%).

9. TRADE AND OTHER RECEIVABLES

	2015 $000s	2014 $000s
Trade receivables	2,430	2,308
Sundry receivables	700	1,437
	3,130	3,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

10. PROPERTY, PLANT & EQUIPMENT

	Plant and equipment	Total
	$000s	$000s
Cost		
Balance at 1 July 2013	1,420	1,420
Acquisitions	62	62
Balance at 30 June 2014	1,482	1,482
Balance at 1 July 2014	1,482	1,482
Acquisitions	36	36
Balance at 30 June 2015	1,518	1,518
Accumulated depreciation		
Balance at 1 July 2013	700	700
Depreciation charge for the year	123	123
Balance at 30 June 2014	823	823
Balance at 1 July 2014	823	823
Depreciation charge for the year	125	125
Balance at 30 June 2015	948	948
Carrying amounts		
At 1 July 2014	659	659
At 30 June 2015	570	570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

11. INTANGIBLES

	Computer software	Total
Cost	**$000s**	**$000s**
Balance at 1 July 2013	590	590
Acquisitions	69	69
Balance at 30 June 2014	659	659
Balance at 1 July 2014	659	659
Acquisitions	102	102
Balance at 30 June 2015	761	761
Accumulated amortisation		
Balance at 1 July 2013	409	409
Amortisation charge for the year	150	150
Balance at 30 June 2014	559	559
Balance at 1 July 2014	559	559
Amortisation charge for the year	93	93
Balance at 30 June 2015	652	652
Carrying amounts		
At 1 July 2014	100	100
At 30 June 2015	109	109

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

12. TRADE AND OTHER PAYABLES

	2015 $000s	2014 $000s
Trade creditors and accruals	653	777
Royalties in advance	2,300	4,977
	2,953	5,754

13. EMPLOYEE BENEFITS

	2015 $000s	2014 $000s
Current		
Liability for annual leave	244	224
Liability for long service leave	320	302
	564	526
Non-current		
Liability for long service leave	141	146
	141	146

14. OTHER CURRENT LIABILITIES

	2015 $000s	2014 $000s
Trust - IBNR Fund	851	827
Trust - Artistic Works	1,576	1,479
	2,427	2,306

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

14. OTHER CURRENT LIABILITIES CONTINUED

	2015 $000s	2014 $000s
Trust - Statutory		
2009 VA Distributable amount payable to copyright owners	-	699
2010 VA Distributable amount payable to copyright owners	594	921
2011 VA Distributable amount payable to copyright owners	852	1,357
2012 VA Distributable amount payable to copyright owners	1,627	2,678
2013 VA Distributable amount payable to copyright owners	1,951	4,852
2014 VA Distributable amount payable to copyright owners	4,480	25,214
2015 VA Distributable amount payable to copyright owners	26,271	-
2009 VC Distributable amount payable to copyright owners	-	414
2010 VC Distributable amount payable to copyright owners	450	760
2011 VC Distributable amount payable to copyright owners	964	1,342
2012 VC Distributable amount payable to copyright owners	933	1,574
2013 VC Distributable amount payable to copyright owners	1,303	2,373
2014 VC Distributable amount payable to copyright owners	1,864	6,842
2015 VC Distributable amount payable to copyright owners	7,749	-
2009 S183 Distributable amount payable to copyright owners	-	28
2010 S183 Distributable amount payable to copyright owners	42	47
2011 S183 Distributable amount payable to copyright owners	72	84
2012 S183 Distributable amount payable to copyright owners	264	266
2013 S183 Distributable amount payable to copyright owners	515	1,619
2014 S183 Distributable amount payable to copyright owners	214	1,597
2015 S183 Distributable amount payable to copyright owners	2,898	-
Sound Recordings Distributable amount	108	108
	53,151	52,775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

14. OTHER CURRENT LIABILITIES CONTINUED

	2015 $000s	2014 $000s
Trust - Non-statutory		
NZ Educational Services:		
2009 Distributable amount payable to copyright owners	-	82
2010 Distributable amount payable to copyright owners	62	66
2011 Distributable amount payable to copyright owners	132	165
2012 Distributable amount payable to copyright owners	284	467
2013 Distributable amount payable to copyright owners	461	884
2014 Distributable amount payable to copyright owners	656	1,738
2015 Distributable amount payable to copyright owners	1,828	-
International Collection Service	3,512	3,203
	6,935	6,605
	62,513	61,686

15. EQUITY

Retained earnings

Funds held as part of the Society's retained earnings will be used for the benefit of all members at the discretion of the Board.

Society Reserve Fund

In accordance with 15.4(c) of the Articles of Association, Screenrights is required to establish a reserve fund. From time to time, the Board will authorise funds to be released from the reserve fund to meet the costs of abnormal or exceptional expenditure.

16. FINANCIAL RISK MANAGEMENT

(a) Overview

The consolidated entity has exposure to the following risks from the use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

16. FINANCIAL RISK MANAGEMENT CONTINUED

(a) Overview continued

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, and the policies and processes for measuring and managing risk. Further quantitative disclosures are included in this note.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated activities. The Company and its subsidiary, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

Credit risk

Credit risk represents the loss that would be recognised if a customer or counterparty failed to perform their contractual obligations and arises principally from the consolidated entity's receivables from licensees and investments in short-term deposits.

Trade receivables

The consolidated entity's exposure to credit risk is influenced mainly by the individual characteristics of each licensee. Concentrations of credit risk are minimised by undertaking transactions with a large number of licensees and counterparties with no geographical concentration of credit risk.

Approximately 76.1% of the consolidated entity's revenue base is attributable to general licensing in Australia, where licensee fees are paid at the beginning of the licence period, normally 12 months. The Audit Committee has established a credit policy under which defaulting licensees are pursued rigorously with the assistance of a collection agency.

The consolidated entity has established, where necessary, an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is for trade debtor balances assessed on an individual account basis and provided for when recovery is considered doubtful.

Investments in short-term deposits

The consolidated entity minimises credit risks in relation to its investments in short-term deposits by only dealing with Australian banks maintaining an acceptable credit rating.

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

16. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk continued

Typically the consolidated entity ensures that it has sufficient cash on demand to meet expected member distributions and operational expenses for a period of 60 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The consolidated entity has additional deposits invested for short terms varying from 30 to 180 days.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the consolidated entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The consolidated entity is exposed to interest rate risk in relation to its cash and cash on deposit balances. The weighted average interest rate on cash and cash on deposit of $63,928,043 at 30 June 2015 is 3.11% (2014: $65,160,638– 3.62%). It is the Company's policy not to hedge this exposure to interest rate risk.

Currency risk

The consolidated entity receives royalties from overseas affiliates in foreign currencies. It is group policy not to hedge this exposure to foreign exchange risk.

Fair values

The carrying value of financial assets and liabilities in the balance sheet approximates their fair values.

(b) Financial transactions

Credit risk

Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

	2015 $000s	2014 $000s
Trade and other receivables	3,130	3,745
Cash and cash equivalents	5,711	7,014
Cash on deposit	58,217	58,147
	67,058	68,906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

16. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Financial transactions continued

Impairment losses

The ageing of the consolidated entity and the Company's trade receivables at the reporting date was:

	2015 $000s	2014 $000s
Not past due	1,891	2,038
Past due 0–30 days	191	87
Past due 31–120 days	169	27
Past due 121 days to one year	179	156
	2,430	2,308

As at 30 June 2015, the Consolidated Entity did not recognise a provision for impairment due to the Directors being of the opinion that the amounts receivable are recoverable (2014: $Nil).

Liquidity risk

The contractual maturities of financial liabilities, as represented by trade and other payables (note 12) and other current liabilities (note 14), are all within one year. The carrying amount of these liabilities also represents the contractual cash flows.

Currency risk

Exposure to currency risk

The exposure to foreign currency risk at balance date was as follows, based on notional amounts:

AUD equivalent of NZD exposure	2015 $000s	2014 $000s
Trade receivables	27	43
Total balance sheet exposure	27	43

The following significant exchange rates applied during the year:

	Average rate 2015	Average rate 2014	Spot rate 2015	Spot rate 2014
New Zealand dollar	1.0789	1.1022	1.1193	1.0722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

16. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Financial transactions continued

Sensitivity

A 10% strengthening/weakening of the Australian dollar against the New Zealand dollar at 30 June would have increased/(decreased) the consolidated entity's profit/(loss) by $ 2,449 at 30 June 2015 (2014: $4,717). This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

Profile

At the reporting date the interest rate profile of the consolidated entity's interest-bearing financial instruments was:

	Carrying Amount	
	2015	**2014**
	$000s	**$000s**
Fixed rate instruments		
Cash on deposits	58,217	58,147
Variable rate instruments		
Cash at bank	5,711	7,014

Sensitivity analysis

If interest rates had changed by plus (or minus) 100 basis points per annum from the year end interest rate, with all other variables held constant, the consolidated entity profit for the year would have been $57,110 (2014: $70,136 higher (lower)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2015 $000s	2014 $000s
Cash	5,711	7,014
	5,711	7,014

	2015 $000s	2014 $000s
(b) Reconciliation of cash flows from operating activities		
Operating profit (loss)	-	–
Add/(less) items classified as investing activities:		
Interest received	(3,112)	(2,163)
Add/(less) non-cash items:		
Gain on sale of non-current assets	-	–
Depreciation and amortisation	217	273
Net cash utilised by operating activities before change in assets and liabilities	(2,895)	(1,890)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	615	(1,352)
Increase/(decrease) in trade creditors and accruals	(125)	(2,932)
Increase/(decrease) in royalties in advance	(2,676)	326
Increase/(decrease) in provision for employee entitlements	47	(17)
Increase/(decrease) in provisions	-	16
Increase in other current liabilities	827	815
Net cash (used in)/provided by operating activities	(4,207)	(5,034)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

18. RELATED PARTY DISCLOSURES

Key management personnel compensation

The key management personnel compensation included in 'employee expenses' (see note 4) is as follows:

	2015 $000s	2014 $000s
Short-term employee benefits	1,661	1,650
Post-employment benefits	182	176
Other long-term benefits	35	36
	1,878	1,862

Statement of management remuneration

Salary range*	Screenrights Executives in range 2014/15	Screenrights Executives in range 2013/14
$0–99k	1	1
$100–149k	-	1
$150–199k	4	1
$200–249k	-	2
$250–299k	1	1
$300–350k	1	1

* Includes superannuation and incentive payments

Other key management personnel transactions with the Company or its controlled entities

A number of key management persons of the Company, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities or on an arm's length basis. Related entities of Ben Grant, David Anderson, Chris Oliver-Taylor, Dean Ormston and Victoria Spackman, or entities in which they hold a management position, are entitled to distributions calculated in accordance with note 1(n).

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company or consolidated entity since the end of the previous financial year and there were no material contracts involving key management personnel interests subsisting at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

18. RELATED PARTY DISCLOSURES CONTINUED

Loans to key management personnel

There were no loans to key personnel at any time during the year ended 30 June 2015.

Controlled entity

On 15 May 2006, Audio-Visual Copyright Society Limited (the Company) established a wholly owned subsidiary company called Enhance TV Pty Ltd. The objectives of the Company are to operate as an educational resource centre and to operate as a distribution outlet for the Australian educational market. At 30 June 2015, the subsidiary owed the company $186,226 (2014: $147,036) in respect of management fees.

19. MEMBERS' LIABILITY

The Company is a company limited by guarantee. The guarantee of members in the event of the winding up of the Company is $10 for each member. At 30 June 2015, membership of the Company comprised 3,821 full members (2014: 3,693), resulting in a total guarantee of $38,210 (2014: $36,930).

20. COMMITMENTS FOR EXPENDITURE

Operating leases – leases as lessee

Non-cancellable operating leases rentals are payable as follows:

	2015	**2014**
	$000s	**$000s**
Less than one year	243	235
Between one and five years	445	687
Later than five years	-	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

21. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2015, the parent entity of the consolidated entity was Audio-Visual Copyright Society Limited.

	2015 $000s	2014 $000s
Result of parent entity		
Profit/(loss) for the period	–	–
Other comprehensive income	–	–
Total comprehensive profit/(loss)	–	–
Financial position of parent entity at year end		
Current assets	67,083	68,933
Total assets	67,762	69,691
Current liabilities	66,022	67,691
Total liabilities	66,193	68,122
	1,569	1,569
Total equity of the parent entity comprising of:		
Retained earnings	1,369	1,369
Reserves	200	200
Total equity	1,569	1,569

The parent entity does not have any contingent liabilities as at 30 June 2015 (2014:$Nil))

22. SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on the consolidated entity's financial statements at 30 June 2015

NOTES

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