

# ANNUALREPORT 2016-2017



**screenrights**

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# THE YEAR IN BRIEF

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## DURING 2016-2017, SCREENRIGHTS HAS:

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- Collected \$46.8 million in licence revenue and other income for the film and television industries
- Achieved an expenses to collections ratio of 15.8%
- Made 5,462 individual payments to members, with a total distribution of \$43.1 million
- Grown the number of titles registered by members to 1.49 million, up 3.5%
- Worked with government and stakeholders amending the Copyright Act to simplify the Australian educational licence
- Undertaken a major redevelopment of our educational streaming service, EnhanceTV

# OUR VALUES

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In all aspects of its operations, Screenrights is committed to upholding its core values – the unique set of beliefs that make up our world view. They guide us in fulfilling our mission and inspire us to achieve our vision. They underpin how we make decisions and how we act, how we respond to challenges and how we embrace the many exciting opportunities in front of us as we achieve our goals. We champion these ideas:

## DIVERSITY ENRICHES THE WORLD

The variety of content that our members create makes the world more interesting, engaging and compelling.

## THE POWER OF CREATIVITY

Creativity has a unique ability to express, communicate and spread ideas.

## VALUE OF IDEAS

The ideas expressed by our members help shape conversations and debate in our society.

## ACHIEVEMENT THROUGH COLLABORATION

We form partnerships with our members, stakeholders and third parties and work closely to achieve our mutual goals.

## TRANSPARENCY

We are not-for-profit, we have no hidden agendas and we are accountable. This is reflected in everything we do.

# OUR GOALS

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We are leveraging our current reputation to achieve:

**ACCESS** – greater access to content for licensees

**SERVICES** – increased distribution efficiency and a 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** – strong and transparent governance and risk management



## Image Credits

*Julia Zemiro's Home Delivery*, Cordell Jigsaw Productions

*Recruits Paramedics*, Cordell Jigsaw Productions

*Australians on Drugs*, Cordell Jigsaw Productions

*Raising the Curtain*, Essential Media and Entertainment

*My24*, Essential Media and Entertainment

# OUR VISION

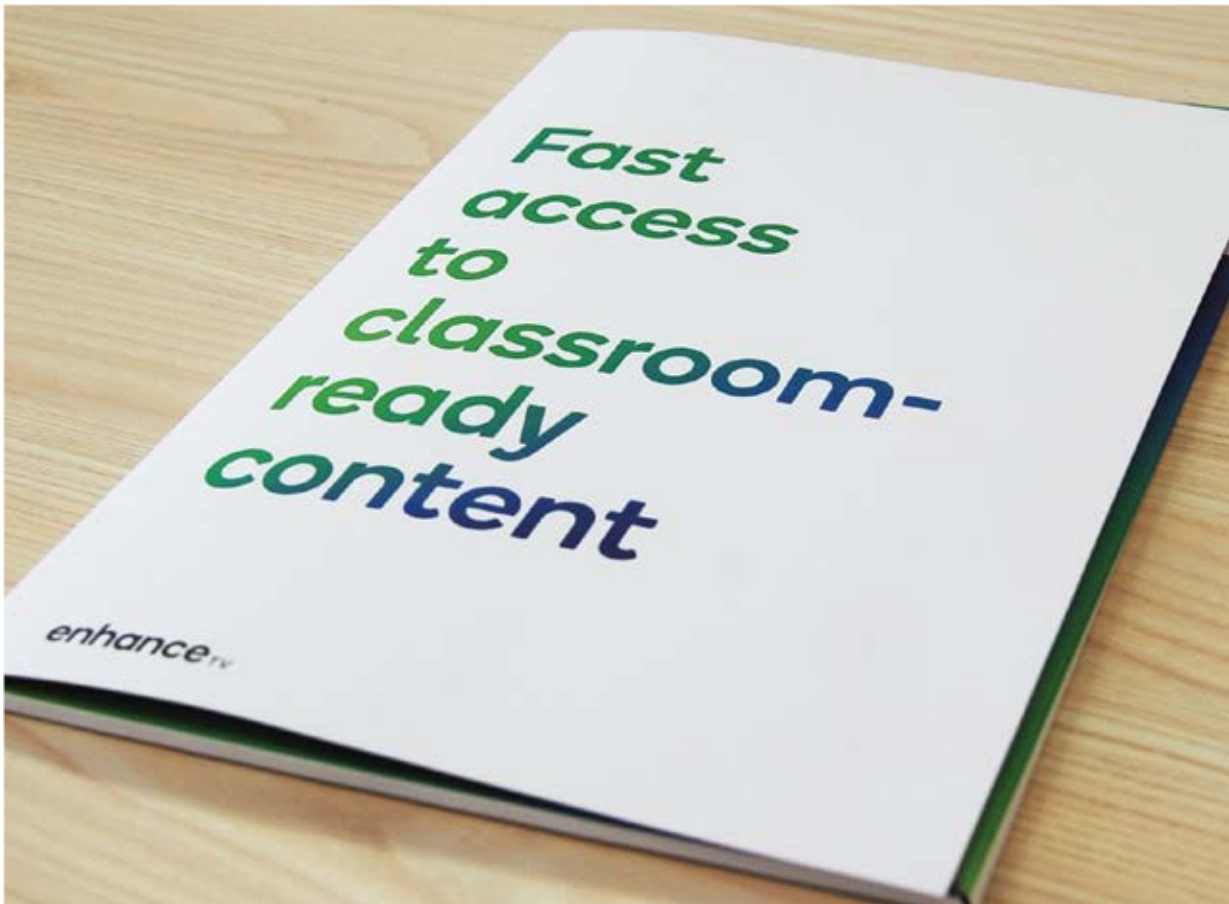
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Screenrights supports growth and diversity of screen production in Australia, New Zealand and around the world.

# OUR MISSION

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Screenrights provides access to audiovisual content and collects and distributes income for rightsholders.





# CHAIR'S REPORT

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**Jill Bryant** Chair

With revenue at \$46.8 million and distributions at \$43.1 million for the year, we have exceeded our financial goals and achieved exceptional results for our members.

These results have been achieved by working collaboratively with the screen industry, our licensees and Government.

Significant achievements of this collaboration include:

- the introduction into Parliament and passage of the amendments to simplify the educational statutory licence in Australia;
- an agreement with the Commonwealth to expand our licence to cover internet copying; and,
- continued advocacy on the risks posed by the campaign to introduce fair use in Australia.

2017 has been a year of continued innovation and development of our services to both licensees and members.

A major focus has been rebuilding our educational streaming service, EnhanceTV, which relaunched to our school customers at the end of the financial year.

We have completed a significant upgrade to our online member rights management system, 'MyScreenrights', to help our members manage their rights.

Screenrights continues to explore ways in which we can add value to the screen industry. Our new Disbursements service has exceeded its targets and successfully secured its position as a valuable service for Australian filmmakers and their investors.

The litigation initiated by the Australian Writers' Guild and the Australian Writers' Guild Authorship Collecting Society continues. We remain committed to finding a resolution and will continue to collect and pay royalties to our members in accordance with Australian law.

We look forward to working closely with the screen industry, our education sector partners, the Government, and consumers of Australian broadcast content in the new financial year.

A handwritten signature in black ink, appearing to read 'J. Bryant'.

Jill Bryant, Chair  
27 September 2017



*Worst Year Of My Life Again, Australian Children's Television Foundation*



*The Real Mary Poppins, Essential Media and Entertainment*

# CHIEF EXECUTIVE'S REPORT

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**Simon Lake** Chief Executive

We are pleased to report that Screenrights has met both our revenue budget and the distribution goal during the 2016-2017 financial year.

After our record last financial year, our collections remained strong, totalling \$46.8 million. Our expenses to collections ratio remained at a sound 15.8%, below the projected level despite our increased investment in the EnhanceTV redevelopment project.

Distributions to members totalled \$43.1 million, well above our target amount. We have continued to generate substantial income for our members, and provide efficient distribution of these funds as a result of our ongoing focus on robust administrative processes and improvements.

In addition to maintaining and improving efficiency in servicing our members, Screenrights continues to advocate for fair copyright laws on behalf of rightsholders, and to expand the ways we can provide value add services to the screen industry.

Above all, we remain committed to facilitating access to content under our licences and to providing fair payment to rightsholders.

This year marked the end of our three-year strategic plan that leverages our relationships, governance and capabilities in focusing 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.

## ACCESS – RESPONDING TO EDUCATORS

The provision of widely accessible content is key for Screenrights under our licences in Australia and New Zealand.

The changing needs of educators in an online environment, and a growing appetite for easily accessible educational content for the classroom have provided an opportunity for Screenrights to invest in redeveloping our EnhanceTV platform.

This exciting new service is designed around extensive research to ensure that we continue to provide value to educators and fair payment for our members.

Screenrights' investment in providing more easily accessible content for educators will ensure the sustained growth of the platform, which in turn will be crucial in strengthening our licences and growing our capabilities for future services.

In addition, Screenrights licenses the retransmission of members' works broadcast on free to air channels to pay television subscribers. Distribution collections from the Australian Retransmission Service during the year totalled \$9.09 million.

## SERVICES – LISTENING TO RIGHTSHOLDERS

In 2016-2017, Screenrights paid out \$43.1 million to our members. This included \$26.6 million paid in the major December payment run, and covered over 5,462 payments on \$6.9 million royalties.

We would once again like to recognise the great contribution of our members in registering their programs and working with us to ensure efficient payments throughout the year. The number of new registered claims was 65,000 bringing the total number of registered claims to 1.49 million.

We've undertaken significant improvements to the systems that support our core capabilities. These include: the upgrade to our rights management system, MyScreenrights; easier competing claims management through the launch of Screenrights Resolution online tool and the Express Resolutions Process (ERP), and growing our international rights management and Disbursement services.



Consultation and improvements to our policies and procedures reflect our commitment to listening and responding to members. An independent review of the Express Resolution Process was completed and found the policy to be conceptually sound in its first year of operation, with more than 80% of competing claims being resolved in the first seven months since the policy took effect. An updated policy with some improvements resulting from the independent review and consultation with members will be implemented in the new financial year.

Screenrights International has been successful in building and strengthening relationships with overseas collecting societies, and collecting royalties on behalf of 2,311 members. During the year, Screenrights distributed to our members a record \$1.46 million collected from overseas societies.

Our Disbursement service has greatly exceeded targets this financial year, totalling \$0.58 million revenue, an increase of 195.4% on the previous year. This outstanding result is testament to our commitment to providing value-added services to the screen industry.

Screenrights is proud to be working with some of the industry's most active and vibrant companies as well as inspiring, emerging filmmakers.

We proudly partner with the screen industry and support members through our sponsorship program. In 2016-2017, sponsorships included the Screen Producers Australia Conference and Ones to Watch, Australian International Documentary Conference, 37°South market, Screen Production and Development Association Conference, and the Screen Edge Forum in New Zealand.

The litigation initiated by the Australian Writers' Guild and the Australian Writers' Guild Authorship Collecting Society is ongoing. We remain committed to our practice of distributing fairly and efficiently to all rightsholders while seeking a resolution. Screenrights continues to collect and pay royalties on behalf of all its members in a fair and transparent manner, in accordance with applicable contracts and Australian law.

Screenrights complies with the voluntary Code of Conduct for copyright collecting societies and is proud to be a transparent, adaptable and innovative organisation for the benefit of our licensees, members and the wider screen industry.

We will monitor our progress against our new, three-year strategic plan.

## INDUSTRY – WORKING TOGETHER

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We have worked with our industry partners to advocate for fair copyright laws and have opposed the Productivity Commission's proposal to introduce fair use. We have worked closely with Government and our stakeholders to create practical outcomes for our members.

A proposal to simplify the Australian educational statutory licence was developed by Screenrights together with our partners in the education sector and fellow collecting society, the Copyright Agency. The consensus proposal was supported by the Government and, in June, the Parliament passed the amendment as part of a wider copyright reform bill that enjoyed wide community and industry support.

Screenrights will work closely with the Government, our licensees and the screen industry in reaching a workable and equitable solution that benefits Australian rightsholders and educators.

# AN OVERVIEW OF KEY REVENUE AND EXPENDITURE FIGURES

The following overview summarises revenue and expenditure figures for 2016-2017.

## REVENUE FROM LICENCES

Total collections (including interest) for the 2016-2017 financial year were \$46.8 million. This total figure comprises:

- \$31.32 million from the Australian Educational Service (AES), an increase of 1.6 per cent on the previous year's figure of \$30.83 million
- \$2.39 million from the New Zealand Educational Service (NZES), an increase of 6.7 per cent on the previous year's figure of \$2.24 million
- \$9.45 million from the Australian Retransmission Service (ARS), an increase of 2.8 per cent on the \$9.19 million collected for retransmission in 2015-2016
- \$1.37 million from the International Collections Service (ICS), an increase of 25.7 per cent on the previous year's figure of \$1.09 million
- \$1.67 million from the Australian Government Service (AGS), a decrease of 60.4 per cent on the \$4.22 million collected in 2015-2016
- \$0.58 million from Disbursements by Screenrights (DASA), an increase of 195.4 per cent on the previous year's figure of \$0.20 million

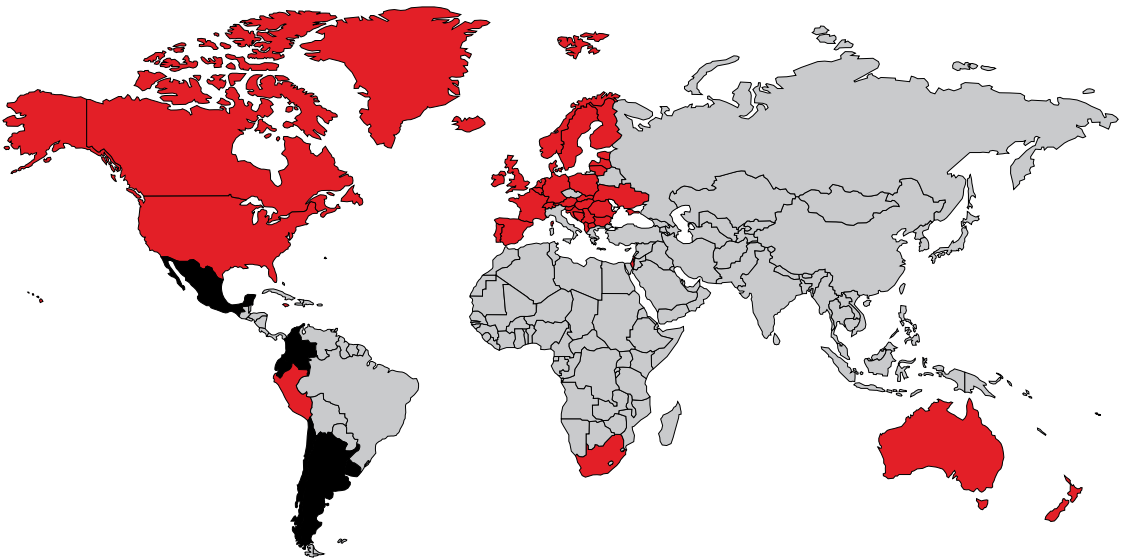


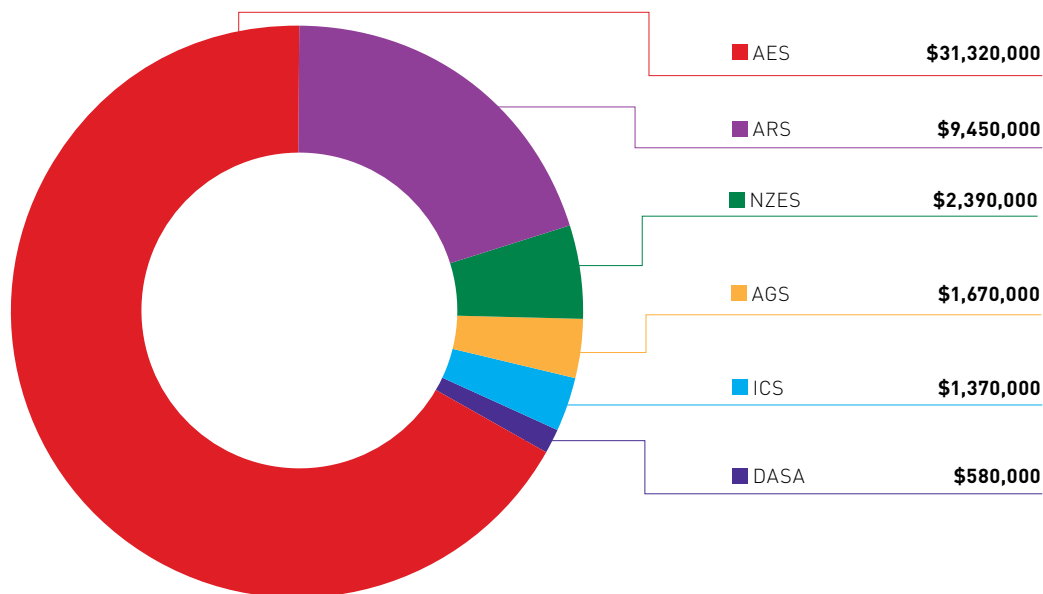
FIGURE 1 ▲

Shows the territories in which Screenrights collects income for members.



FIGURE 2 ▲

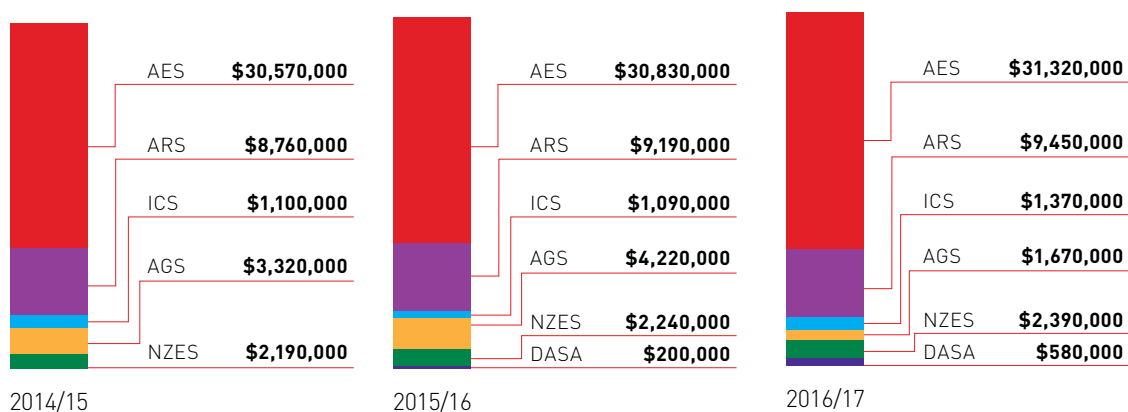
Shows the changes to Screenrights' licensing revenue over the last three years.



**FIGURE 3** ▲

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

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



**FIGURE 4** ▲

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

## EXPENDITURE

Screenrights' total expenditure for 2016-2017 was \$7.13 million, compared to the previous year's figure of \$7.11 million.

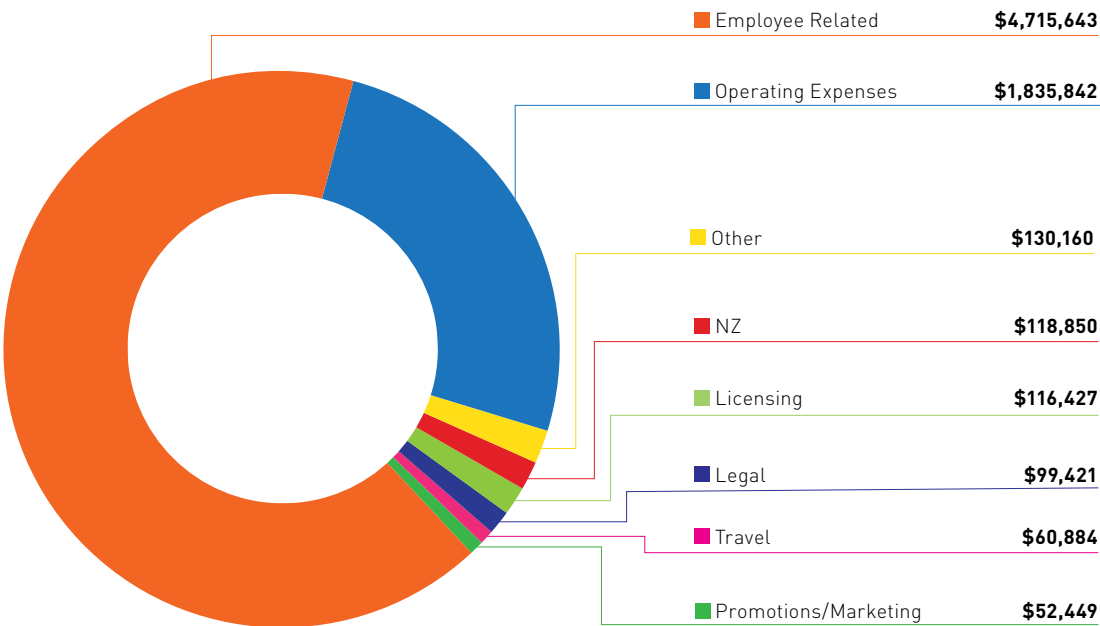


FIGURE 5 ▲

Shows the breakdown of expenditure for 2016-2017.



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 15.8% of total collections. In 2015-2016, it was 14.8%.

Expenses to collections for the AES was 15.7%, compared to 14.8% in the previous 12 months. For the NZES, expenses amounted to 18.6% of total collections, whereas in 2015-2016 it was 19.6% of total collections. For ARS it was 15.4%, compared to 14.1% for the previous year, and for AGS the ratio was 15.4%, compared to 14.1%.

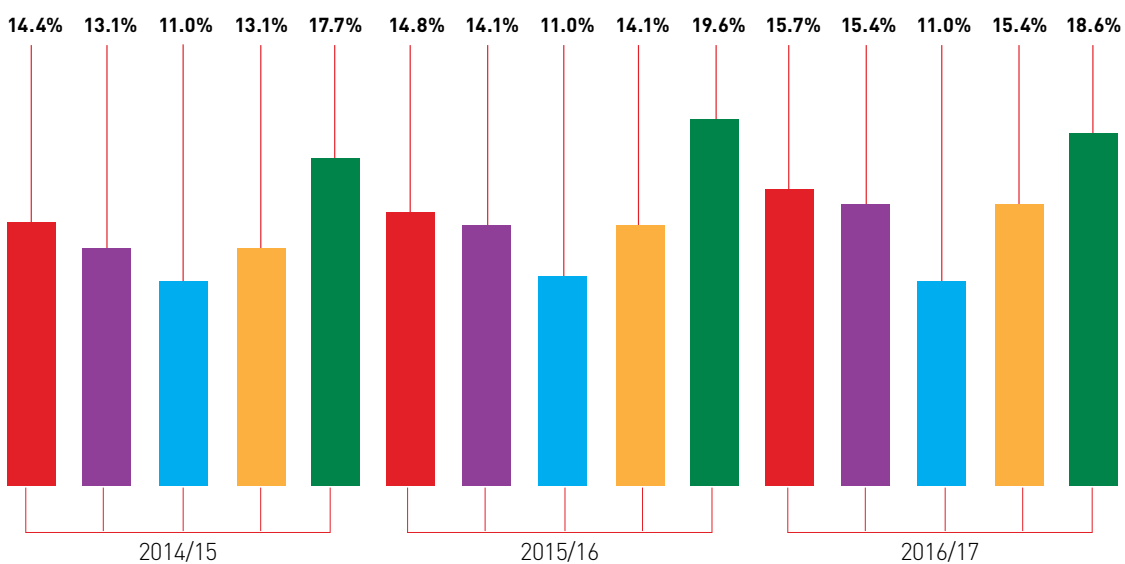
The ICS has an administration fee equivalent to the costs of administering the service. This is capped at 11%, enabling Screenrights to offer the service at a competitive rate.





**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 amount for distribution in 2016-2017 was \$40.07 million, a decrease of 2.8% on the \$41.22 million declared for distribution in 2015-2016.

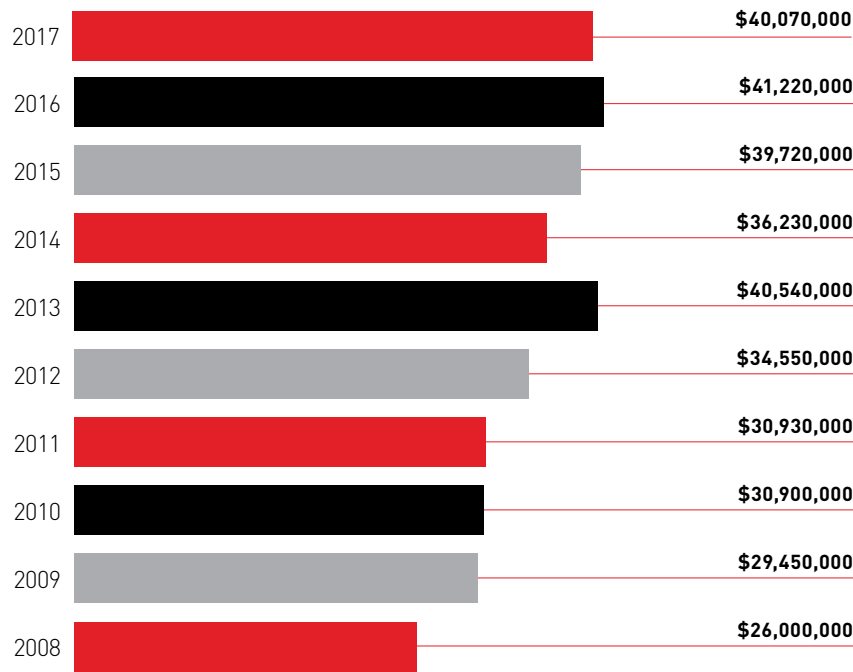


FIGURE 9 ▲

Shows the total distributable amount over the last 10 years.

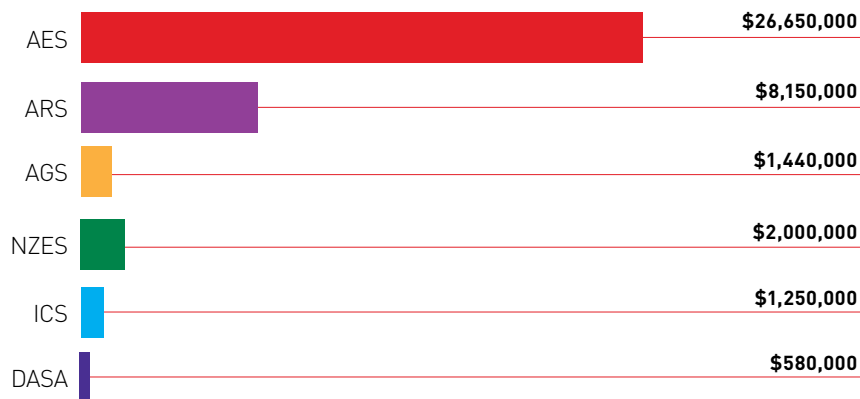
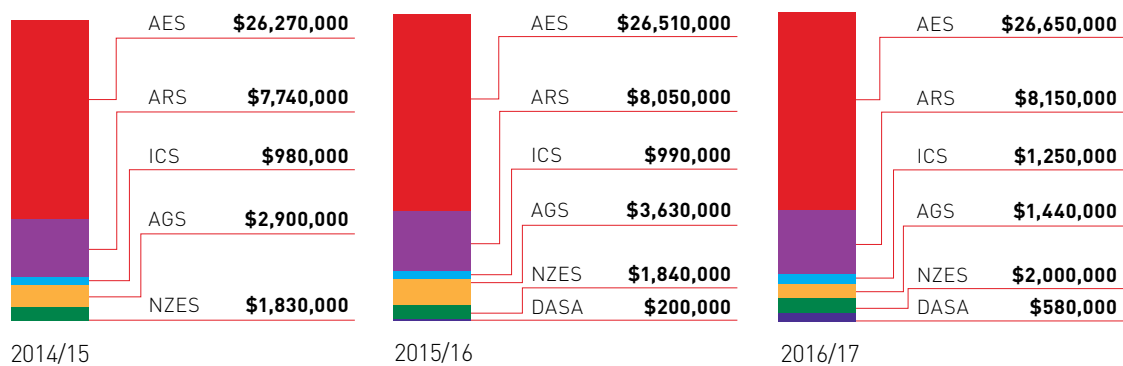


FIGURE 10 ▲

Shows the total distributable amount declared under each of the licences and services in 2016-2017.

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

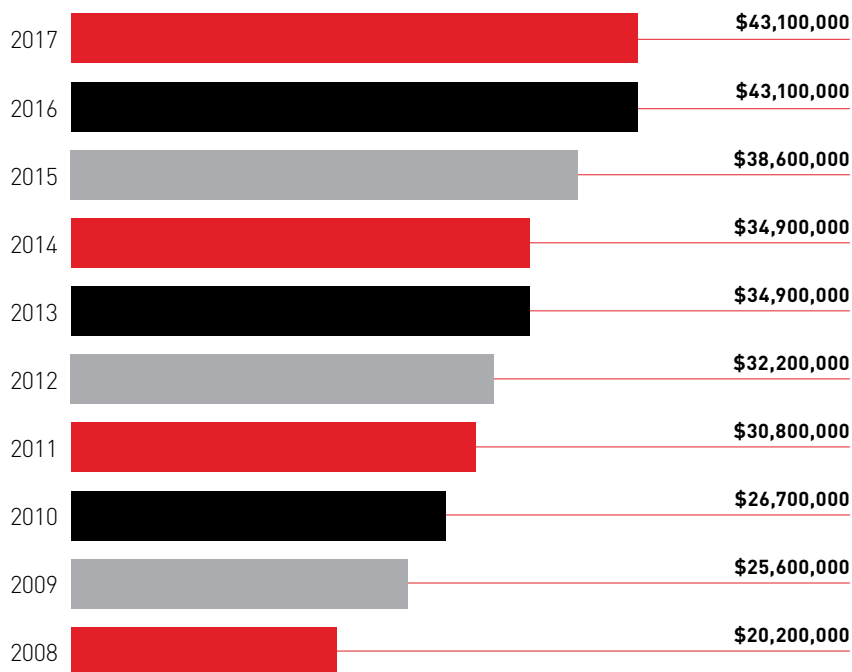


**FIGURE 11 ▲**

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

The total amount actually distributed to members was \$43.1 million, same as last financial year.

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



**FIGURE 12 ▲**

Shows the total distributed amount over the last 10 years.

Screenrights membership has continued to grow, from 3,957 members in 66 countries to 4,107. These countries are shown at Figure 13.

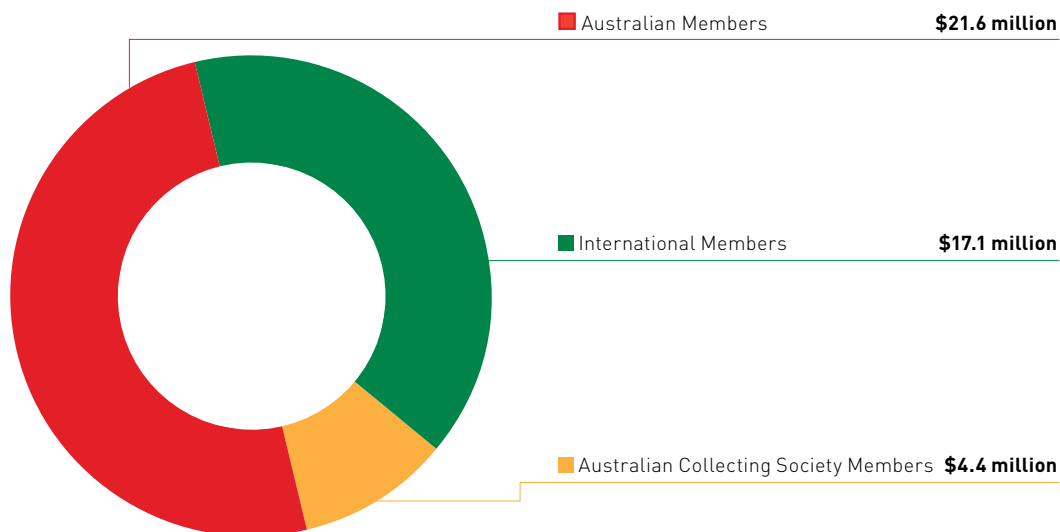


Shows Screenrights' 4,107 members in 66 countries.



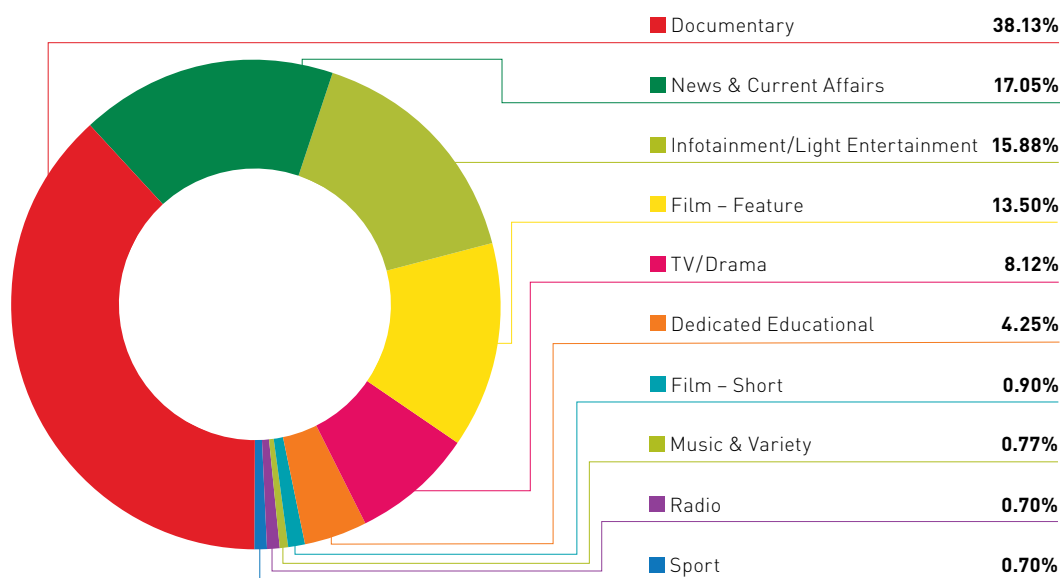
Shows the growth in membership over the last 10 years.





**FIGURE 15 ▲**

Shows the allocation between Australian and overseas rightsholders for the total amount distributed in 2016-2017.



**FIGURE 16 ▲**

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

27 September 2017

# COMPANY PROFILE

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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](http://www.screenrights.org)

## DIRECTORS & OFFICERS

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**Jill Bryant**

Chair

**Ben Grant**

Deputy Chairman

## DIRECTORS

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**David Anderson**

**Geoffrey Atherden**

**Anne Chesher**

**Fiona Crago**

**Kim Dalton**

**John Ford**

**Chris Oliver-Taylor**

**Dean Ormston**

**Cathy Service**

**Victoria Spackman**

## AUDITORS

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**KPMG**

## BANKERS

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**National Australia Bank**

**Westpac**

**Bank of New Zealand**

## SOLICITORS

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**Banki Haddock Fiora**

**Harmers Workplace  
Lawyers**

**Curwood Solicitors**

**Emery Legal**

**Sainty Law**

## OFFICE OF THE CHIEF EXECUTIVE

Chief Executive: **Simon Lake**

## ACCESS

Head, Licensing & Regulatory Affairs:

**James Dickinson**

## ENHANCETV TEAM

Head Product & Business Development:

**Stefan Savva**

Project Director: **Terry Watts\***

Content Director: **Sean Maher**

Content & Catalogue Editor:

**Paul Stock**

Primary Curriculum Producer:

**Natalie Cooper**

Customer Director: **Loretta Secerov**

Customer Experience Assistant:

**Shella de Guzman**

Senior PHP Developer: **Reza Salarmehr**

Business Development Manager:

**Denise Lomm**

## SERVICES

Head of Member Services: **Emma Madison**

Member Relations Manager: **Annabel Holt**

Distribution Manager: **Sean Price**

International Service Manager:

**Gaëlle Clark**

Disbursement Service Manager:

**Jasmina Matic**

Project Manager: **Luke Asprey**

Conflicting Claims Manager:

**Georgie Payne-Loy**

## MEMBER RELATIONS TEAM

Portfolio Coordinator: **Tom Stelzer**

Portfolio Coordinator: **John Alexander**

Portfolio Coordinator: **Jesminder Gill**

## DISTRIBUTION TEAM

Senior Distribution Officer: **Kate Bowley\***

Senior Research Officer: **Clare Macken\***

Distribution Officer: **Ian Laird**

Distribution Officer: **Wade Clarke\***

## RELATIONSHIPS

Public Affairs Advisor: **Virginia Gordon\***

Marketing Manager: **Milica Duric**

## 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: **Sandra Bhalla**

## DATA & SYSTEMS TEAM

Data & Systems Manager: **Nick Grodzicki**

Data Entry Officer: **Mary Luque\***

Registration Data Administrator:

**Ross Sharp**

## PEOPLE & CULTURE

Chief Operating Officer/Company

Secretary: **Chris Gardoll**

Executive Assistant/Office Manager:

**Kylie Toombs**

## ADMINISTRATION TEAM

Office Administrator: **Belle Darcy**

Administrative Assistant:

**Wendy Lee-Lusher\***

## GOVERNANCE

General Counsel: **Marie Foyle\***

Paralegal: **Mona Forghani**

Accountant & Internal Auditor:

**Angela Cheung**

\* Indicates part-time employee/consultant

Full time equivalent = 36.9

# DIRECTORS' REPORT

## 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
G Atherden	4	4	0	0	0	0
M Barron	2	2	1	1	0	0
J Bryant	4	6	1	3	0	1
A Chesher	5	6	0	0	0	0
F Crago	6	6	2	3	0	0
K Dalton	6	6	2	2	0	0
J Ford	6	6	0	0	0	0
B Grant	5	6	1	1	1	1
C Oliver-Taylor	6	6	0	0	0	1
D Ormston	5	6	0	0	1	1
C Service	6	6	3	3	1	1
V Spackman	6	6	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]

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**DAVID ANDERSON**

Director of Television at Australian Broadcasting Corporation. Over 20 years experience in the media industry. Director since 2012.



**GEOFFREY ATHERDEN**

Writer and former president of both the Australian Writers Guild and Australian Writers Foundation. Geoffrey is well known for his multi award winning television programs including Mother and Son, BabaKiueria and Grass Roots. Geoffrey has also served two terms on the board of Screen NSW, and in 2009 received an Order of Australia. Director since 2016.



**JILL BRYANT**

Producer, Dinosaurs in the Wild. Originating Producer, Walking with Dinosaurs – The Live Experience. Former Marketing Director, Asia-Pacific, BBC Worldwide Ltd. Director since 2003. Elected Chair 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.



**KIM DALTON OAM**

Producer, distributor and broadcaster with over 40 years' experience in the Australian and international screen industries. Former CEO, Australian Film Commission; former Director, ABC Television; former Chair, Freeview Australia; Chair, Asian Animation Summit; Director, December Media and recipient of Order of Australia medal for service to the Australian film and television industry. Director since 2015.





**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. Member of Australian Institute of Company Directors, Member of the Film Certification Advisory Board. Director since 2013. Elected Deputy Chairman in 2016.



**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**

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



**VICTORIA SPACKMAN**

Director of Te Auaha the New Zealand Institute of Applied Creativity, the creativity school of WelTec and Whitireia, the Wellington polytechnics. Board member of Education New Zealand, previous board member of SPADA (NZ Screen Production and Development Association) and board member/shareholder of The Gibson Group Limited. Director since 2011.

**MAUREEN BARRON**

Director 2007 to October 2016

**CHRISTOPHER GARDOLL** ACA

Chief Operating Officer and Company Secretary. Appointed Company Secretary May 2016

# DIRECTORS' REPORT [CONTINUED]

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## 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, s183 and Part VC of the Copyright Act, to collect monies from educational institutions, for distribution to relevant copyright owners.

## REVIEW AND RESULTS OF OPERATIONS

The amount of \$40.1 million (2016: \$41.2 million) was determined to form the Distributable Amount available for distribution to relevant rightsholders from monies collected for the accounting year ended 30 June 2017.

The net operating profit/(loss) after income tax for the year was \$Nil (2016: \$Nil).

## STATE OF AFFAIRS

On 3 March 2016, the Australian Writers' Guild (AWG) and the Australian Writers' Guild Authorship Collecting Society (AWGACS) filed proceedings against Screenrights in the Federal Court of Australia alleging amongst other things that Screenrights has failed to pay scriptwriters their royalty entitlements.

Screenrights has filed its defence which rejects those claims.

Screenrights continues to collect and pay royalties on behalf of all its members in a fair and transparent manner, in accordance with applicable contracts and Australian law.

In the opinion of the Directors there were no other 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 from the internet by governments and educational copying by training providers.

## INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year, the Company paid a premium of \$17,314 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 – strong 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 2017, membership of the Company comprised 4,107 full members (2016: 3,957), resulting in a total liability of \$41,070 (2016: \$39,570).

Dated at Chippendale this 27 September 2017 and signed in accordance with a resolution of the Directors:



Jill Bryant  
Chair

# DIRECTORS' DECLARATION

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## 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 2017 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 27 September 2017 and signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'J. Bryant', with a stylized flourish at the end.

**Jill Bryant**  
Chair

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

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## REPORT ON THE AUDIT OF THE FINANCIAL REPORT

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### Opinion

We have audited the **Financial Report** of Audio-Visual Copyright Society Limited (the Group).

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* to the extent described in Note 1 and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of financial position as at 30 June 2017
- 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 then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of Audio-Visual Copyright Society Limited and should not be used by parties other than the members of Audio-Visual Copyright Society Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of Audio-Visual Copyright Society Limited or for any other purpose than that for which it was prepared.

### Other Information

Other Information is financial and non-financial information in Audio-Visual Copyright Society Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar7.pdf](http://www.auasb.gov.au/auditors_files/ar7.pdf). This description forms part of our Auditor's Report.

KPMG

**Anthony Travers**, Partner  
Sydney, 27 September 2017

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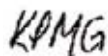
# LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

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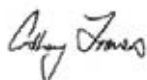
**To: The Directors of Audio-Visual Copyright Society Limited**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017, 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
- (iii) no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



**Anthony Travers**, Partner  
Sydney, 27 September 2017

# ANNOTATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

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.

		<b>Consolidated</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$000s</b>	<b>\$000s</b>
<p>Royalty collections for the year from Australian schools, TAFE colleges, universities, retransmission income, New Zealand educational institutions and overseas.</p>	<b>Revenue from Ordinary Activities:</b>		
	Gross Royalties	45,414	46,425
	Other Revenues	1,750	1,862
	Expenses	(7,583)	(7,494)
<p>Includes interest and the proceeds from sale of fixed assets.</p>		39,581	40,793
<p>The cost of running Screenrights, including employee expenses, depreciation and other ordinary expenses.</p>	<b>Transfer (to)/from retained earnings and reserves</b>	-	-
<p>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 2011, expired trust funds scheme were, by amount and percentage of Distributable Amount, Pt VA \$260,000 (1.2%), NZ \$46,000 (3.2%), Pt VC \$160,000 (3.2%) and AGS \$26,000 (4.3%).</p>	Amount available for Distribution	39,581	40,793
	Add Expired Trust Funds (2010)	-	428
	Add Expired Trust Funds (2011)	492	-
	<b>Total amount available for Distribution</b>	<b>40,073</b>	<b>41,221</b>
<b>Amount transferred to Statutory Distributable Pools:</b>			
Australian Education Service		(26,653)	(26,512)
Australian Retransmission Service		(8,154)	(8,052)
Australian Government Copying		(1,443)	(3,635)
<b>Amount transferred to Non-Statutory Distributable Pools:</b>			
NZ Education Service		(1,996)	(1,836)
Disbursements by Screenrights		(582)	(197)
International Collections Service		(1,245)	(989)
<b>Total amount transferred to distribution pools</b>		<b>(40,073)</b>	<b>(41,221)</b>



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$000s</b>	<b>\$000s</b>
Revenue from rendering of services	2	45,414	46,425
Other income	3	1,750	1,862
Total revenue and other income		47,164	48,287
Employee expenses	4	(4,716)	(4,917)
Depreciation and amortisation expense		(169)	(198)
Operating expense		(2,119)	(1,434)
Licensing expense		(117)	(216)
Travel expense		(67)	(95)
Marketing expense		(94)	(197)
Legal expense		(99)	(183)
Other expenses	5	(202)	(254)
Royalties paid and payable to members and affiliated societies	2	(39,581)	(40,793)
<b>Net profit/(loss) before income tax</b>		-	-
Income tax expense	7	-	-
<b>Net operating profit/(loss) after income tax</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive profit/(loss)</b>		-	-

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 2017

	<b>Note</b>	<b>2017 \$000s</b>	<b>2016 \$000s</b>
<b>Current assets</b>			
Cash and cash equivalents	8	3,511	3,759
Cash on deposit	8	65,559	67,111
Trade and other receivables	9	2,998	5,059
<b>Total current assets</b>		<b>72,068</b>	<b>75,929</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	467	535
Intangibles	11	1,417	259
<b>Total non-current assets</b>		<b>1,884</b>	<b>794</b>
<b>Total assets</b>		<b>73,952</b>	<b>76,723</b>
<b>Current liabilities</b>			
Trade and other payables	12	628	658
Royalties in advance		14,358	13,594
Employee benefits	13	516	526
Other	14	56,717	60,254
<b>Total current liabilities</b>		<b>72,219</b>	<b>75,032</b>
<b>Non-current liabilities</b>			
Employee benefits	13	142	112
Provisions		54	42
<b>Total non-current liabilities</b>		<b>196</b>	<b>154</b>
<b>Total liabilities</b>		<b>72,415</b>	<b>75,186</b>
<b>Net assets</b>		<b>1,537</b>	<b>1,537</b>
<b>Equity</b>			
Retained earnings		1,337	1,337
Reserves		200	200
<b>Total equity</b>		<b>1,537</b>	<b>1,537</b>

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 2017

	<b>Note</b>	<b>2017 \$000s</b>	<b>2016 \$000s</b>
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		49,037	55,610
Cash payments in the course of operations		(50,987)	(50,516)
Net cash from operating activities	17(b)	(1,950)	5,094
<b>Cash flows from investing activities</b>			
Interest received		1,409	2,160
Proceeds from sale of fixed assets		–	3
Payments for property, plant and equipment		(48)	(82)
Payments for intangibles		(1,211)	(234)
Decrease/(increase) in cash on deposit	8	1,552	(8,893)
Net cash from investing activities		1,702	(7,046)
<b>Net increase/(decrease) in cash held</b>			
Cash at the beginning of the financial year		3,759	5,711
Cash at the end of the financial year	17(a)	3,511	3,759

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 2017

	<b>Society Reserve Fund \$000s</b>	<b>Retained Earnings \$000s</b>	<b>Total Equity \$000s</b>
Balance at 1 July 2015	200	1,337	1,537
Total comprehensive profit	–	–	–
Transfer between retained earnings and reserves	–	–	–
Balance at 30 June 2016	200	1,337	1,537
Balance at 1 July 2016	200	1,337	1,537
Total comprehensive profit	–	–	–
Transfer between retained earnings and reserves	–	–	–
Balance at 30 June 2017	200	1,337	1,537

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 2017

## 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 2017 comprises the Company and its subsidiary (together referred to as the 'consolidated entity'). The financial report was authorised for issue by the Directors on 27 September 2017.

### (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 and Part VC of the Copyright Act, to collect money from educational institutions, government departments and agencies and retransmitters 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 prepared in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument amounts in the financial report and Directors' report have been rounded off to the nearest one thousand dollars, unless otherwise stated.

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 2017

## 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 – 3-10 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(iii)) 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 – 3-5 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 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, 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 the Company licensing this recording right in New Zealand on behalf of the rightsholders. With respect to the international registration and collection process, the Company simply distributes the royalties it receives from other audiovisual societies for titles it has registered on behalf of the rightsholders. The Company 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. Receipts are generally determined either based on agreed rates per user, or agreed rates overall. 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 2017

## 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 and amendments to standards are effective for annual periods beginning after 30 June 2017, 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.
- AASB 15 Revenue, which becomes mandatory for the Company's 2019 financial statements and could change when revenue is recognised.
- AASB 16 Leases, which becomes mandatory for the Company's 2020 financial statements and could change the classification and measurement of leases.

The Company does not plan to adopt these standards early and the extent of the impact has not been determined.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 2. RECONCILIATION OF INCOME STATEMENT

	<b>Note</b>	<b>2017 \$000s</b>	<b>2016 \$000s</b>
Revenue from rendering of services:			
– Statutory Royalty Receipts (Part VA)		30,237	29,694
– Statutory Royalty Receipts (Part VC)		9,087	8,789
– International Collection Service		1,292	992
– Government Copying		1,558	4,090
– NZ Educational Service		2,322	2,164
– Disbursements by Screenrights		582	197
– EnhanceTV Resource Centre		336	499
Total revenue		45,414	46,425
Other income	3	1,750	1,862
Total revenue and other income		47,164	48,287
Employee expenses	4	(4,716)	(4,917)
Depreciation and amortisation expense		(169)	(198)
Operating expense		(2,119)	(1,434)
Licensing expense		(117)	(216)
Travel expense		(67)	(95)
Marketing expense		(94)	(197)
Legal expense		(99)	(183)
Other expenses	5	(202)	(254)
Net royalties collected and interest received thereon before income tax		39,581	40,793
Income tax benefit		–	–
Net royalties collected and interest received thereon after income tax		39,581	40,793

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 2. RECONCILIATION OF INCOME STATEMENT CONTINUED

	<b>Note</b>	<b>2017 \$000s</b>	<b>2016 \$000s</b>
Royalties paid and payable:			
Add expired statutory trust funds		492	428
Less amount transferred to statutory VA distributable pool 2016	14	–	(26,512)
Less amount transferred to statutory VA distributable pool 2017		(26,653)	–
Less amount transferred to statutory VC distributable pool 2016	14	–	(8,052)
Less amount transferred to statutory VC distributable pool 2017		(8,154)	–
Less amount transferred to statutory s183 distributable pool 2016	14	–	(3,635)
Less amount transferred to statutory s183 distributable pool 2017		(1,443)	–
Less amount transferred to New Zealand distributable pool 2016	14	–	(1,836)
Less amount transferred to New Zealand distributable pool 2017		(1,996)	–
Disbursements by Screenrights		(582)	(197)
International Collection Service		(1,245)	(989)
Net royalties paid and payable		(39,581)	(40,793)
Net operating profit (loss)		–	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 3. OTHER INCOME

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Interest income		
– Part VA interest income	1,088	1,141
– Part VC interest income	359	398
– Bank interest for International Collections Service (non-statutory)	81	95
– Government Copying interest income	116	131
– Bank interest for NZ Educational Service (non-statutory)	73	82
– Bank interest for ISAN	1	2
– Non trust interest income	4	5
	<hr/> 1,722	<hr/> 1,854
Disbursements by Screenrights	28	8
	<hr/> 1,750	<hr/> 1,862

## 4. EMPLOYEE EXPENSES

Wages and salaries (including director fees)	4,022	4,119
Contributions to defined contribution superannuation funds	393	378
(Decrease)/Increase in liabilities for annual and long service leave	20	95
Other employee expenses	281	325
	<hr/> 4,716	<hr/> 4,917

## 5. OTHER EXPENSES

NZ educational service expenses	119	124
Recruitment expenses	18	54
International Standard AV Numbering (ISAN)	11	15
Other	54	61
	<hr/> 202	<hr/> 254

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 6. AUDITOR'S REMUNERATION

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Audit services	56	55
Non-audit services	3	4
	<u>59</u>	<u>59</u>

## 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 (2016: \$Nil). As at 30 June 2017, EnhanceTV has carried forward losses of \$32,426 (2016: \$32,426). No tax losses have been recognised as a deferred tax asset.

## 8. CASH ASSETS

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Cash at bank	3,511	3,759
Cash on deposit	65,559	67,111
	<u>69,070</u>	<u>70,870</u>

The interest rate at 30 June 2017 on cash accounts is 1.00% (2016: 1.25%) which is the prevailing interest rate on cash at bank. The cash on deposit with banks mature within 240 days. The weighted average interest rate at 30 June 2017 on cash on deposit is 2.66% (2016: 2.98%).

## 9. TRADE AND OTHER RECEIVABLES

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Trade receivables	2,023	4,653
Sundry receivables	975	406
	<u>2,998</u>	<u>5,059</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 10. PROPERTY, PLANT & EQUIPMENT

	<b>Plant and equipment \$000s</b>	<b>Total \$000s</b>
<b>Cost</b>		
Balance at 1 July 2015	1,518	1,518
Acquisitions	82	82
Disposals	(3)	(3)
Balance at 30 June 2016	1,597	1,597
Balance at 1 July 2016	1,597	1,597
Acquisitions	48	48
Balance at 30 June 2017	1,645	1,645
<b>Accumulated depreciation</b>		
Balance at 1 July 2015	948	948
Depreciation charge for the year	117	117
Disposals	(3)	(3)
Balance at 30 June 2016	1,062	1,062
Balance at 1 July 2016	1,062	1,062
Depreciation charge for the year	116	116
Balance at 30 June 2017	1,178	1,178
<b>Carrying amounts</b>		
At 1 July 2016	535	535
At 30 June 2017	467	467



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 11. INTANGIBLES

	<b>Computer software \$000s</b>	<b>Website development \$000s</b>	<b>Total \$000s</b>
<b>Cost</b>			
Balance at 1 July 2015	761	–	761
Acquisitions	40	194	234
Balance at 30 June 2016	801	194	995
Balance at 1 July 2016	801	194	995
Acquisitions	115	1,096	1,211
Balance at 30 June 2017	916	1,290	2,206
<b>Accumulated amortisation</b>			
Balance at 1 July 2015	652	–	652
Amortisation charge for the year	84	–	84
Balance at 30 June 2016	736	–	736
Balance at 1 July 2016	736	–	736
Amortisation charge for the year	53	–	53
Balance at 30 June 2017	789	–	789
<b>Carrying amounts</b>			
At 1 July 2016	65	194	259
At 30 June 2017	127	1,290	1,417

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 12. TRADE AND OTHER PAYABLES

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Trade and other creditors	357	275
Accrued expenses	271	383
	<hr/>	<hr/>
	628	658
	<hr/>	<hr/>

## 13. EMPLOYEE BENEFITS

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>Current</b>		
Liability for annual leave	262	267
Liability for long service leave	254	259
	<hr/>	<hr/>
	516	526
	<hr/>	<hr/>
<b>Non-current</b>		
Liability for long service leave	142	112
	<hr/>	<hr/>
	142	112
	<hr/>	<hr/>

## 14. OTHER CURRENT LIABILITIES

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Trust – IBNR Fund	905	1,002
Trust – Artistic Works	1,887	1,694
	<hr/>	<hr/>
	2,792	2,696

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 14. OTHER CURRENT LIABILITIES CONTINUED

	2017 \$000s	2016 \$000s
<b>Trust – Statutory</b>		
2011 VA Distributable amount payable to copyright owners	–	547
2012 VA Distributable amount payable to copyright owners	421	751
2013 VA Distributable amount payable to copyright owners	681	938
2014 VA Distributable amount payable to copyright owners	1,278	2,129
2015 VA Distributable amount payable to copyright owners	1,801	3,782
2016 VA Distributable amount payable to copyright owners	3,694	26,512
2017 VA Distributable amount payable to copyright owners	26,653	–
2011 VC Distributable amount payable to copyright owners	138	605
2012 VC Distributable amount payable to copyright owners	296	497
2013 VC Distributable amount payable to copyright owners	381	733
2014 VC Distributable amount payable to copyright owners	560	951
2015 VC Distributable amount payable to copyright owners	794	1,504
2016 VC Distributable amount payable to copyright owners	1,248	8,052
2017 VC Distributable amount payable to copyright owners	8,154	–
2011 s183 Distributable amount payable to copyright owners	–	49
2012 s183 Distributable amount payable to copyright owners	29	202
2013 s183 Distributable amount payable to copyright owners	70	137
2014 s183 Distributable amount payable to copyright owners	22	83
2015 s183 Distributable amount payable to copyright owners	96	229
2016 s183 Distributable amount payable to copyright owners	114	3,635
2017 s183 Distributable amount payable to copyright owners	1,443	–
Sound Recordings Distributable amount	34	36
	<hr/> 47,907	<hr/> 51,372

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 14. OTHER CURRENT LIABILITIES CONTINUED

	2017 \$000s	2016 \$000s
<b>Trust – Non-statutory</b>		
NZ Educational Services:		
2011 Distributable amount payable to copyright owners	–	98
2012 Distributable amount payable to copyright owners	90	143
2013 Distributable amount payable to copyright owners	156	226
2014 Distributable amount payable to copyright owners	204	306
2015 Distributable amount payable to copyright owners	274	600
2016 Distributable amount payable to copyright owners	366	1,836
2017 Distributable amount payable to copyright owners	1,996	–
 Disbursements by Screenrights	 349	 175
International Collection Service	2,583	2,802
	6,018	6,186
	56,717	60,254

## 15. EQUITY

### Retained earnings

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

### Reserve Fund

In accordance with 15.4(c) of the Articles of Association, the Company 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 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 & Risk 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 & Risk 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 70% 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 & Risk Committee has established a credit policy under which defaulting licensees are pursued rigorously.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 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 240 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 \$69,069,548 at 30 June 2017 is 2.57% (2016: \$70,869,741 – 2.88%). 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:

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Trade and other receivables	2,998	5,059
Cash and cash equivalents	3,511	3,759
Cash on deposit	65,559	67,111
	<hr/>	<hr/>
	72,068	75,929
	<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 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:

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Not past due	987	4,201
Past due 0-30 days	56	173
Past due 31-120 days	541	62
Past due 121 days to one year	439	217
	<b>2,023</b>	<b>4,653</b>

As at 30 June 2017, the Consolidated Entity did not recognise a provision for impairment due to the Directors being of the opinion that the amounts receivable are recoverable (2016: \$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:

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
AUD equivalent of NZD exposure		
Trade receivables	66	110
Total balance sheet exposure	<b>66</b>	<b>110</b>

The following significant exchange rates applied during the year:

	<b>Average rate</b>	<b>Average rate</b>	<b>Spot rate</b>	<b>Spot rate</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
New Zealand Dollar	1.0575	1.0818	1.0495	1.0349



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 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 \$6,619 at 30 June 2017 (2016: \$10,621). 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	
	2017 \$000s	2016 \$000s
Fixed rate instruments		
Cash on deposits	65,559	67,111
Variable rate instruments		
Cash at bank	3,511	3,759

#### *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 \$35,110 (2016: \$37,590 higher (lower)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 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:

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Cash	3,511	3,759
	<u>3,511</u>	<u>3,759</u>

### (b) Reconciliation of cash flows from operating activities

Operating profit (loss)	–	–
<i>Add/(less) items classified as investing activities:</i>		
Interest received	(1,409)	(2,160)
<i>Add/(less) non-cash items:</i>		
Gain on sale of non-current assets		–
Depreciation and amortisation	169	198
Net cash utilised by operating activities before change in assets and liabilities	(1,240)	(1,962)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	2,061	(1,929)
Increase/(decrease) in trade creditors and accruals	(30)	6
Increase/(decrease) in royalties in advance	764	11,202
Increase/(decrease) in provision for employee entitlements	20	(69)
Increase/(decrease) in provisions	12	13
Increase in other current liabilities	(3,537)	(2,167)
Net cash (used in)/provided by operating activities	<u>(1,950)</u>	<u>5,094</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 18. RELATED PARTY DISCLOSURES

### *Key management personnel compensation*

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

	2017 \$000s	2016 \$000s
Short-term employee benefits	2,081	1,877
Post-employment benefits	187	179
Other long-term benefits	42	42
	<u>2,310</u>	<u>2,098</u>

### *Statement of management remuneration*

Salary range*	Screenrights Executives in range 2016/17	Screenrights Executives in range 2015/16
\$0-99k	2**	2**
\$100-149k	–	1
\$150-199k	1	3**
\$200-249k	4	1
\$250-299k	1	1
\$300-400k	1	1

\* Includes superannuation and incentive payments

\*\* Includes executives who held a key management position for part of the year

### *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 David Anderson, Maureen Barron, Fiona Crago, Kim Dalton, Ben Grant, 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 2017

## 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 2017.

### *Controlled entity*

On 15 May 2006, Audio-Visual Copyright Society Limited (the Company) established a wholly owned subsidiary company called EnhanceTV 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 2017, the subsidiary owed the company \$194,110 (2016: \$307,819) 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 2017, membership of the Company comprised 4,107 full members (2016: 3,957), resulting in a total guarantee of \$41,070 (2016: \$39,570).

## 20. COMMITMENTS FOR EXPENDITURE

### *Operating leases – leases as lessee*

Non-cancellable operating leases rentals are payable as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$000s</b>	<b>\$000s</b>
Less than one year	166	251
Between one and five years	–	193
Later than five years	–	–

## 21. CONTINGENT LIABILITY

The Company is defending an action brought by the Australian Writers' Guild (AWG) and the Australian Writers' Guild Authorship Collecting Society (AWGACS) in the Federal Court of Australia claiming amongst other things that the Company has failed to pay scriptwriters their royalty entitlements. The Company has filed its defence which wholly rejects these claims. The Company's insurers are paying the costs of the court case. The Company believes that the defence against the action will be successful.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

## 22. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2017, the parent entity of the consolidated entity was Audio-Visual Copyright Society Limited.

	2017 \$000s	2016 \$000s
<b>Result of parent entity</b>		
Profit/(loss) for the period	–	–
Other comprehensive income	–	–
Total comprehensive profit/(loss)	–	–
<b>Financial position of parent entity at year end</b>		
Current assets	72,107	75,944
Total assets	73,992	76,738
Current liabilities	72,226	75,015
Total liabilities	72,423	75,169
	1,569	1,569
<b>Total equity of the parent entity comprising of:</b>		
Retained earnings	1,369	1,369
Reserves	200	200
Total equity	1,569	1,569

The directors are of the opinion that a provision is not required in respect of the litigation referred to in Note 21 and the parent entity does not have any other contingent liabilities as at 30 June 2017 (2016: \$Nil)

## 23. 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 2017.

# APPENDIX

For the year ended 30 June 2017

## SUPPLEMENTARY REPORTING FOR EACH AUSTRALIAN STATUTORY LICENSEE CLASS

	Commonwealth Government \$	State and Territory Governments \$	Schools \$	Universities \$	TAFE \$	Other Australian Educational Institutions \$	TOTAL \$
Total licence fees received	50,977	1,507,084	24,406,492	5,502,168	282,120	46,070	<b>31,794,911</b>
Income on investments of licence fees	3,782	111,826	878,072	197,951	10,150	1,657	<b>1,203,439</b>
Total amount allocated to members	46,349	1,370,283	21,304,267	4,802,806	246,261	40,214	<b>27,810,180</b>
Total amount paid to members	128,310	3,793,389	21,375,216	4,818,801	247,081	40,348	<b>30,403,145</b>
Total amount of licence fees held in trust	65,120	1,925,219	28,362,556	6,394,017	327,849	53,539	<b>37,128,300</b>
Total licence fees for which the trust period expired*	871	25,755	209,676	47,269	2,424	396	<b>286,391</b>

\* Licence fees for which the trust period expired during the year are recorded in separate distribution pools for Government and Education. Any further breakdown by statutory licensee class is calculated pro rata, based on licence fees received.



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