



# ANNUAL REPORT

For the year ended 30 June 2019

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# GOVERNANCE STATEMENT

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Extract from Screenrights' Corporate Governance Statement which was reviewed by Screenrights' Board of Directors on 29 May 2019 and published following the outcome of the Extraordinary General Meeting of 25 July 2019

Full Statement available at: <https://www.screenrights.org/wp-content/uploads/2019/08/2019-08-05-Corporate-Governance-Statement.pdf>

## 1. GENERAL STATEMENT

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- 1.1 Screenrights is dedicated to maximising the incentive provided by the copyright system for the production of audiovisual works. Specifically Screenrights aims to:
  - maximise returns to audiovisual rightsholders through collective management of rights; and
  - encourage access to our members' content in return for fair fees.
- 1.2 In furtherance of these goals, Screenrights seeks to maintain and foster principles of corporate governance that accord with best practice and are appropriate for a declared collecting society, requiring the highest standards of behaviour and accountability.
- 1.3 It is recognised that it is neither possible nor desirable to lay down prescriptive rules to dictate actions in the varied circumstances that may confront an organisation in its future. Nonetheless the Board of Directors of Screenrights acknowledges the general statements concerning governance, ethics and the obligations of Directors in this paper and adopts this policy, and will review it as necessary.
- 1.4 The aim of the Screenrights Board of Directors is stewardship that is effective, accountable and fair.

## 2. GOVERNANCE FOR WHOM?

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- 2.1 The Board comprises individuals elected by the members of Screenrights. It has collective legal responsibility for directing the affairs of Screenrights for the benefit of the members (present and future), recognising the interests of other stakeholders, notably the public (directly and through the office of the Minister for Communications and the Arts), the statutory and voluntary licensees, employees and other parties with whom Screenrights interacts.
- 2.2 In a more general sense, Directors of all companies have a role in economic and social development through effective management of resources in the national and global interest. Screenrights Directors recognise a direct responsibility to rightsholders but also a partnership with copyright users and with the Federal Government
- 2.3 The Board (and Screenrights) stand in a fiduciary relationship to relevant rightsholders who are members. Although the interests of members are paramount, the interests of groups other than the membership are important and the Board seek solutions that benefit all parties, where possible.
- 2.4 There are no nominees or Directors representing a constituency within the membership. Some Directors are associated with member organisations and/or have knowledge of the views of member groups. It is desirable and proper for Directors to present the views of individual members or member groups to the Board. It is neither desirable nor proper for Directors to act in the interests of individual members, member groups or groups that may have supported their election to the Board. Directors acknowledge their legal duty to act in the best interests of Screenrights.

# COMPANY PROFILE

As at 30 June 2019

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 8038 1300 [www.screenrights.org](http://www.screenrights.org)

## DIRECTORS & OFFICERS

**Jill Bryant**  
Chair

**Ben Grant**  
Deputy Chair

## DIRECTORS

**Geoffrey Atherden AM**  
**Larissa Behrendt**  
**Jonathan Carter**  
**Anne Chesher**  
**Kim Dalton OAM**  
**John Ford**  
**Kelly Lefever**  
**Cathy Service**  
**Victoria Spackman ONZM**  
**Georgina Waite**

## AUDITORS

**KPMG**

## BANKERS

**National Australia Bank**  
**Westpac**  
**Bank of New Zealand**

## SOLICITORS

**Banki Haddock Fiora**  
**Harmers Workplace**  
**Lawyers**  
**McCabe Curwood Solicitors**  
**Emery Legal**  
**Sainty Law**  
**Spärke Helmore**

## OFFICE OF THE CHIEF EXECUTIVE

Chief Executive: **James Dickinson**

## ENHANCETV TEAM

Head of EnhanceTV: **Andrew Mula**  
Project Director: **Terry Watts\***  
Content & Catalogue Editor: **Paul Stock**  
Curriculum Content Producers:  
**Duha Samin**  
**Adam Duggan\***  
Product & Customer Director:  
**Richard le Bas**  
Director, Customer Success **Chris Singh**  
Customer Success Officer **Lucas Barnes**  
Stack Developer: **Alex Corzo**  
Full Stack Developer: **Viral Jetani**

## SERVICE DESIGN

Head of Service Design: **Emma Madison**  
Disbursement Service Manager:  
**Jasmina Matic**  
[Parenting Leave]/**Madeleine Donovan\***  
Project Manager: **Luke Asprey**  
Cultural Fund Assistant:  
**Georgie Payne-Loy\***  
Marketing Manager: **Sarah Steel\***

## MEMBER SERVICES

Head of Member Services: **Maha Ismail\***  
Member Relations Manager: **Annabel Holt**  
Distribution Manager: **Sean Price**  
International Service Manager:  
**Gaëlle Clark**  
Senior Portfolio Coordinator:  
**John Alexander**  
Senior Distribution Officer: **Kate Bowley\***  
Senior Research Officer: **Clare Macken\***  
Senior Registration Officer: **Ian Laird**  
Registration Data Administrator:  
**Ross Sharp**  
Portfolio Coordinator: **Tova Borwein**  
Portfolio Coordinator: **Mariana Corbellini**  
Portfolio Coordinator: **Kaaran Watene**  
Distribution Officer: **Wade Clarke\***  
Distribution Officer: **Brandon Flores**

## INFORMATION SERVICES

Head, Information Services: **Mike Lynch**  
Lead, Application Development:  
**Brian Chambers**  
Data & Systems Manager: **Nick Grodzicki**  
Network & Infrastructure Manager:  
**Justin Franks**  
Business Analyst/Programmer:  
**Daniel McCosker\***  
Senior Analyst Programmer:  
**Sandyha (Sandra) Bhalla**  
User & Systems Support: **Daniel Read**  
Licensing/Registrations Officer:  
**Mary Luque\***  
Business Development Manager, ISAN:  
**Darryl Robinson\***

## PUBLIC AFFAIRS

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

## FINANCE & ADMINISTRATION

Chief Financial Officer/Company Secretary:  
**Susan Casali**  
Accountant & Internal Auditor:  
**Angela Cheung**  
Executive Assistant/Office Manager:  
**Kylie Cooke**  
Office Administrator: **Belle Darcy**  
Administrative Assistant:  
**Wendy Lee-Lusher\***

## LEGAL

General Counsel: **Marie Foyle\***  
Associate Counsel: **Mona Forghani**

\* Indicates part-time employee/consultant  
Full time equivalent = 41.6

# DIRECTORS' REPORT



**GEOFFREY ATHERDEN AM** – 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.



**LARISSA BEHRENDT** – Distinguished Prof. Larissa Behrendt is a Eualeyai/Kamillaroi woman. Professor of Law and Director of Research at the Jumbunna Indigenous House of Learning at the University of Technology, Sydney. Chair of the Humanities and Creative Arts panel of the Australian Research Council College of Experts. Board member of the Museum of Contemporary Art, Tranby Aboriginal College and Director of Bangarra Dance Theatre. Director Since 2017.



**JILL BRYANT** – Working predominantly in the production of live entertainment, formerly Director of Marketing, Asia-Pacific for BBC Worldwide. Originating Producer, *Walking with Dinosaurs – The Live Experience*. Director since 2003. Elected Chairman 2006.



**JONATHAN CARTER** – Head of the Legal, Corporate & Policy Group, APRA AMCOS Legal Committee, International Confederation of Societies of Authors and Composers; Steering Committee, Music Rights Australia; and Ethics Committee, Genea Limited. Director since 2017.



**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.



**KIM DALTON OAM** – Producer, distributor and broadcaster with over 40 years' experience as a senior executive in the screen industry. Former CEO, Australian Film Commission; former Director, ABC Television; former Chair, Freeview Australia; Chair, Asian Animation Summit and recipient of Order of Australia medal for service to the Australian film and television industry. Director since 2015.



**JOHN FORD BA, LLB GAICD** – Media consultant, company director and lawyer practising in the media industry for over 30 years. Clients have included Telstra Corporation, TV/Sci-Fi and TVN Channel. Director, Sydney Children's Hospital Network, as well as Chair of the Network's Capital Works Committee. Director since 1997.



**BEN GRANT** – Managing Director of Goalpost Pictures, with credits spanning three decades of award-winning feature films and television. Member of the Film Certification Advisory Board. Member of the Australian Institute of Company Directors. Ambassador for the Sydney Swans. Director since 2013. Elected Deputy Chair 2016.



**KELLY LEFEVER** – Kelly is co-creator of the critically acclaimed series *The Circuit* and her credits include *The Doctor Blake Mysteries*, *The Code*, *Miss Fisher's Murder Mysteries*, *The Black Balloon* and *The Merger*. She currently sits on the Film Victoria Board. Director since 2018.



**CATHY SERVICE** – Chief Operating Officer with KJA Engaging Solutions from February 2013 to June 2018 and then Associate Consultant until December 2018. Former Head of Finance with BBC Worldwide Australasia. Over 20 years experience in the media industry. Director since 2011.



**VICTORIA SPACKMAN ONZM** – 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.



**GEORGINA WAITE** – Head of Business Affairs at the ABC, with over 24 years at the national broadcaster in her current role and within the ABC Legal department. Starting out as an Intellectual Property lawyer with Corrs Chambers Westgarth, Georgina is a former lecturer in Media Law at UTS, lawyer at the Arts Law Centre of Australia, and board member of Metro TV. Director since 2018.

**DAVID ANDERSON** – Director from 2012 to 2018.

**ALASTAIR MCKINNON** – Alternate Director for David Anderson 2018

**CHRIS OLIVER-TAYLOR** – Director from 2010 to November 2018.

**ANNE AUDETTE CA** – Chief Operating Officer and Company Secretary. Appointed Company Secretary August 2017 to February 2019

**MARIE FOYLE** – General Counsel and Company Secretary February 2019 to April 2019

**SUSAN CASALI** – Chief Financial Officer and Company Secretary April 2019

# DIRECTORS' REPORT [CONTINUED]

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## LEAD AUDITOR'S INDEPENDENCE DECLARATION

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A copy of the Lead Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, is included at page 9 of the Annual Report.

## PRINCIPAL ACTIVITIES

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The principal activity of the Company during the course of the financial year was utilisation of its right as a declared collecting society under the Copyright Act, to collect monies from educational institutions, for distribution to relevant copyright owners.

## REVIEW AND RESULTS OF OPERATIONS

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The amount of \$43.5 million (2018: \$42.1 million) was determined to form the Distributable Amount available for distribution to relevant rightsholders from monies collected for the accounting year ended 30 June 2019.

The net operating profit after income tax for the year was \$Nil (2018: \$Nil).

## STATE OF AFFAIRS

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In November 2018, the matter between Screenrights and The Australian Writers' Guild (AWG) and the Australian Writers' Guild Authorship Collecting Society (AWGACS) was resolved.

## ENVIRONMENTAL REGULATION

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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

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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

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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

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During the year, the Company paid a premium of \$37,097 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.

## MEMBERS' LIABILITY

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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 2019, membership of the Company comprised 4,438 full members (2018: 4,227), resulting in a total liability of \$44,380 (2018: \$42,270).

Dated at Sydney this 25 September 2019 and signed in accordance with a resolution of the Directors:



**Jill Bryant**  
Chair

# DIRECTORS' REPORT [CONTINUED]

## 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	0	2	N/A	N/A	N/A	N/A
G Atherden	4	7	N/A	N/A	N/A	N/A
L Behrendt	6	7	N/A	N/A	N/A	N/A
J Bryant	7	7	2	3	1	1
J Carter	6	7	N/A	N/A	1	1
A Chesher	6	7	N/A	N/A	N/A	N/A
K Dalton	6	7	2	3	N/A	N/A
J Ford	6	7	N/A	N/A	N/A	N/A
B Grant	7	7	1	3	1	1
K Lefever	3	4	N/A	N/A	N/A	N/A
A McKinnon	0	2	N/A	N/A	N/A	N/A
C Oliver-Taylor	0	2	N/A	N/A	N/A	N/A
C Service	6	7	3	3	1	1
V Spackman	7	7	N/A	N/A	N/A	N/A
G Waite	3	5	N/A	N/A	N/A	N/A

A Number of meetings attended

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

N/A Director not a member of that Committee

## 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 11 to 36, 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 2019 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 Sydney this 25 September 2019 and signed in accordance with a resolution of the Directors:



**Jill Bryant**  
Chair



# Independent Auditor's Report

To the members of Audio-Visual Copyright Society Limited

## 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 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated balance sheet as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Statement of changes in equity, and 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 in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- 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 and whether the use of the going concern basis of accounting is appropriate. 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 the 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\\_responsibilities/ar7.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar7.pdf). This description forms part of our Auditor's Report.

KPMG

Anthony Travers

*Partner*

Sydney

25 September 2019



# 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 of Audio-Visual Copyright Society Limited for the financial year ended 30 June 2019 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

Anthony Travers  
*Partner*

Sydney  
25 September 2019

# ANNOTATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

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>2019</b>	<b>2018</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, overseas, and revenue from services including Enhance TV and DASA.</p> <p>Includes interest.</p> <p>The cost of running Screenrights, including employee expenses, depreciation and other ordinary expenses.</p> <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 2013, expired trust funds scheme were, by amount and percentage of Distributable Amount, AES \$284,000 (0.9%), NZES \$56,000 (3.4%), ARS \$127,000 (1.5%) and AGS \$112,000 (0.4%).</p>	<b>Revenue from Ordinary Activities:</b>		
	Gross Revenue	49,906	48,272
	Other Revenues	1,670	1,597
	Expenses	(8,655)	(8,146)
		42,921	41,723
	<b>Transfer (to)/from retained earnings and reserves</b>	-	-
	Amount available for Distribution	42,921	41,723
	Add Expired Trust Funds (2012)	-	405
	Add Expired Trust Funds (2013)	579	-
	<b>Total amount available for Distribution</b>	43,500	42,128
<b>Amount transferred to Statutory Distributable Pools:</b>			
Australian Education Service (AES)	(27,819)	(26,921)	
Australian Retransmission Service (ARS)	(7,867)	(8,106)	
Australian Government Copying Service (AGS)	(1,497)	(1,382)	
<b>Amount transferred to Non-Statutory Distributable Pools:</b>			
NZ Education Service (NZES)	(1,978)	(1,878)	
Disbursements by Screenrights (DASA)	(2,940)	(2,132)	
International Service (INT)	(1,399)	(1,709)	
<b>Total amount transferred to distribution pools</b>	(43,500)	(42,128)	

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	<b>Note</b>	<b>2019</b> <b>\$000s</b>	<b>2018</b> <b>\$000s</b>
Revenue from rendering of services	2	49,906	48,272
Other income	3	1,670	1,597
Total revenue and other income		51,576	49,869
Employee expenses	4	(4,878)	(4,874)
Depreciation and amortisation expense		(574)	(436)
Operating expense		(2,315)	(2,332)
Licensing expense		(117)	(23)
Travel expense		(105)	(73)
Marketing expense		(241)	(149)
Legal expense		(89)	(53)
Other expenses	5	(336)	(206)
Royalties paid and payable to members and affiliated societies	2	(42,921)	(41,723)
<b>Net profit before income tax</b>		-	-
Income tax expense	7	-	-
<b>Net operating profit after income tax</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive profit</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 15 to 36.

# CONSOLIDATED BALANCE SHEET

For the year ended 30 June 2019

	Note	2019 \$000s	2018 \$000s
<b>Current assets</b>			
Cash and cash equivalents	8	3,321	3,299
Cash on deposit	8	60,687	63,752
Trade and other receivables	9	9,480	4,031
<b>Total current assets</b>		73,488	71,082
<b>Non-current assets</b>			
Property, plant and equipment	10	344	400
Intangibles	11	1,711	1,728
<b>Total non-current assets</b>		2,055	2,128
<b>Total assets</b>		75,543	73,210
<b>Current liabilities</b>			
Trade and other payables	12	667	744
Royalties in advance		14,971	14,536
Employee benefits	13	505	501
Other	14	55,970	55,626
<b>Total current liabilities</b>		72,113	71,407
<b>Non-current liabilities</b>			
Employee benefits	13	167	199
Provisions	15	1,726	67
<b>Total non-current liabilities</b>		1,893	266
<b>Total liabilities</b>		74,006	71,673
<b>Net assets</b>		1,537	1,537
<b>Equity</b>			
Retained earnings		1,337	1,337
Reserves		200	200
<b>Total equity</b>		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 15 to 36.

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	<b>Note</b>	<b>2019</b> <b>\$000s</b>	<b>2018</b> <b>\$000s</b>
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		44,749	47,160
Cash payments in the course of operations		(48,989)	(50,520)
Net cash from operating activities	18(b)	(4,240)	(3,360)
<b>Cash flows from investing activities</b>			
Interest received		1,699	2,022
Payments for property, plant and equipment		(64)	(52)
Payments for intangibles		(437)	(629)
Decrease in cash on deposit		3,065	1,807
Net cash from investing activities		4,263	3,148
<b>Net increase/(decrease) in cash held</b>			
Cash at the beginning of the financial year		3,299	3,511
Cash at the end of the financial year	18(a)	3,321	3,299

The Statement of Cash Flows is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 15 to 36.

# STATEMENT OF CHANGES IN EQUITY

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For the year ended 30 June 2019

## Reconciliation of movements in capital and reserves attributable to members

	<b>Society Reserve Fund</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Balance at 1 July 2017	200	1,337	1,537
Total comprehensive profit	-	-	-
Transfer between retained earnings and reserves	-	-	-
<hr/>			
Balance at 30 June 2018	200	1,337	1,537
Balance at 1 July 2018	200	1,337	1,537
Total comprehensive profit	-	-	-
Transfer between retained earnings and reserves	-	-	-
<hr/>			
Balance at 30 June 2019	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 15 to 36.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 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 2019 comprises the Company and its subsidiary (together referred to as the 'consolidated entity'). The financial report was authorised for issue by the Directors on 25 September 2019.

### (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 Div 4 Part IVA 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.

### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### (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(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 – 3-5 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 income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

The Company recognises loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

#### (i) Calculation of recoverable amount

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

### **(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 Services, the distributable pool is allocated to all copied programs, and actual distributions are made

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

#### *(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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

- 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 accounting standards adopted during the period

#### • AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 has been adopted with no material changes in comparative information required.

### (s) New accounting standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 30 June 2019, 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 15 Revenue from Contracts with Customers, which becomes mandatory for not-for-profit organisations in FY2020, could change when revenue is recognised.
- AASB 16 Leases, which becomes mandatory for the Company's FY 2020 financial statements, could change the classification and measurement of leases.

The Company has not adopted 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 2019

## 2. RECONCILIATION OF INCOME STATEMENT

	<b>Note</b>	<b>2019</b> <b>\$000s</b>	<b>2018</b> <b>\$000s</b>
Revenue from rendering of services:			
– Australian Education Service		32,018	30,946
– Australian Retransmission Service		9,060	9,236
– International Service		1,486	1,818
– Australian Government Copying Service		1,624	1,576
– NZ Education Service		2,421	2,253
– Disbursements by Screenrights		2,940	2,132
– EnhanceTV Resource Centre		357	311
Total revenue		49,906	48,272
Other income	3	1,670	1,597
Total revenue and other income		51,576	49,869
Employee expenses	4	(4,878)	(4,874)
Depreciation and amortisation expense		(574)	(436)
Operating expense		(2,315)	(2,332)
Licensing expense		(117)	(23)
Travel expense		(105)	(73)
Marketing expense		(241)	(149)
Legal expense		(89)	(53)
Other expenses	5	(336)	(206)
Net royalties collected and interest received thereon before income tax		42,921	41,723
Income tax benefit		–	–
Net royalties collected and interest received thereon after income tax		42,921	41,723

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 2. RECONCILIATION OF INCOME STATEMENT CONTINUED

	<b>Note</b>	<b>2019</b> <b>\$000s</b>	<b>2018</b> <b>\$000s</b>
Royalties paid and payable:			
Add expired statutory trust funds		578	405
Less amount transferred to AES distributable pool 2018		–	(26,921)
Less amount transferred to AES distributable pool 2019	14	(27,819)	–
Less amount transferred to ARS distributable pool 2018		–	(8,106)
Less amount transferred to ARS distributable pool 2019	14	(7,867)	–
Less amount transferred to AGS distributable pool 2018		–	(1,382)
Less amount transferred to AGS distributable pool 2019	14	(1,497)	–
Less amount transferred to NZES distributable pool 2018		–	(1,878)
Less amount transferred to NZES distributable pool 2019	14	(1,978)	–
Disbursements by Screenrights		(2,939)	(2,132)
International Service		(1,399)	(1,709)
Net royalties paid and payable		(42,921)	(41,723)
Net operating profit		–	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 3. OTHER INCOME

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Interest and other income		
– AES interest income	1,160	1,025
– ARS interest income	233	316
– INT interest income	64	72
– AGS interest income	39	50
– NZES interest income	40	48
– International Standard AV Numbering (ISAN) interest income	1	1
– DASA interest income and admin fee	132	82
– Other interest income	1	3
	1,670	1,597

## 4. EMPLOYEE EXPENSES

Wages and salaries (including director fees)	3,913	4,122
Contributions to defined contribution superannuation funds	410	416
Increase in liabilities for annual and long service leave	203	42
Other employee expenses	352	294
	4,878	4,874

## 5. OTHER EXPENSES

NZES expenses	128	127
Recruitment expenses	185	16
ISAN	10	17
Other	13	46
	336	206



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 6. AUDITOR'S REMUNERATION

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Audit services	60	56
Other Assurance Services	8	3
	<u>68</u>	<u>59</u>

## 7. TAXATION

Audio-Visual Copyright Society Limited trading as Screenrights and its subsidiary entity, EnhanceTV Pty Ltd, form part of a tax consolidated group. Legislation which states copyright collection societies are not taxed on income they collect on behalf of copyright owners came into effect from 1 July 2002. Audio-Visual Copyright Society Limited needs to assess each year whether non-copyright income exceeds the relevant threshold (5% or \$5m) which then determines whether a full income tax exemption will apply. Income derived by EnhanceTV Pty Ltd is not subject to the tax exemption for copyright collecting societies. In the current financial year, EnhanceTV Pty Ltd did not make a profit and as a consequence there is no tax expense for the consolidated entity (2018: \$Nil).

## 8. CASH ASSETS

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Cash at bank	3,321	3,299
Cash on deposit	60,687	63,752
	<u>64,008</u>	<u>67,051</u>

The interest rate at 30 June 2019 on cash accounts is 0.75% (2018: 1.00%) which is the prevailing interest rate on cash at bank. The cash on deposit with banks mature within 256 days. The weighted average interest rate at 30 June 2019 on cash on deposit is 2.44% (2018: 2.69%).

## 9. TRADE AND OTHER RECEIVABLES

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Trade receivables	6,096	3,730
Sundry receivables	3,384	301
	<u>9,480</u>	<u>4,031</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 10. PROPERTY, PLANT & EQUIPMENT

	<b>Plant and equipment \$000s</b>	<b>Total \$000s</b>
<b>Cost</b>		
Balance at 1 July 2017	1,645	1,645
Acquisitions	51	51
Balance at 30 June 2018	1,696	1,696
Balance at 1 July 2018	1,696	1,696
Acquisitions	64	64
Disposals	(861)	(861)
Balance at 30 June 2019	899	899
<b>Accumulated depreciation</b>		
Balance at 1 July 2017	1,178	1,178
Depreciation charge for the year	118	118
Balance at 30 June 2018	1,296	1,296
Balance at 1 July 2018	1,296	1,296
Depreciation charge for the year	120	120
Disposals	(861)	(861)
Balance at 30 June 2019	555	555
<b>Carrying amounts</b>		
At 1 July 2018	400	400
At 30 June 2019	344	344

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 11. INTANGIBLES

	<b>Computer software</b>	<b>WIP</b>	<b>Total</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Cost</b>			
Balance at 1 July 2017	916	1,290	2,206
Acquisitions	1,863	(1,234)	629
Balance at 30 June 2018	2,779	56	2,835
Balance at 1 July 2018	2,779	56	2,835
Acquisitions	299	138	437
Disposals	(799)	–	(799)
Balance at 30 June 2019	2,279	194	2,473
<b>Accumulated amortisation</b>			
Balance at 1 July 2017	789	–	789
Amortisation charge for the year	318	–	318
Balance at 30 June 2018	1,107	–	1,107
Balance at 1 July 2018	1,107	–	1,107
Amortisation charge for the year	454	–	454
Disposals	(799)	–	(799)
Balance at 30 June 2019	762	–	762
<b>Carrying amounts</b>			
At 1 July 2018	1,672	56	1,728
At 30 June 2019	1,157	194	1,711

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 12. TRADE AND OTHER PAYABLES

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Trade and other creditors	391	342
Accrued expenses	276	402
	<u>667</u>	<u>744</u>

## 13. EMPLOYEE BENEFITS

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>Current</b>		
Liability for annual leave	236	249
Liability for long service leave	269	252
	<u>505</u>	<u>501</u>
<b>Non-current</b>		
Liability for long service leave	167	199
	<u>167</u>	<u>199</u>

## 14. OTHER CURRENT LIABILITIES

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Cultural Fund	465	382
Trust – IBNR Fund	757	1,064
Trust – Artistic Works	1,375	1,595
Competing Claims Fund	74	–
	<u>2,671</u>	<u>3,041</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 14. OTHER CURRENT LIABILITIES CONTINUED

	2019 \$000s	2018 \$000s
<b>Trust – Statutory</b>		
<b>Australian Education Service</b>		
2013 Distributable amount payable to copyright owners	–	383
2014 Distributable amount payable to copyright owners	528	638
2015 Distributable amount payable to copyright owners	539	820
2016 Distributable amount payable to copyright owners	1,064	1,586
2017 Distributable amount payable to copyright owners	1,835	3,056
2018 Distributable amount payable to copyright owners	3,785	26,921
2019 Distributable amount payable to copyright owners	27,819	–
<b>Australian Retransmission Service</b>		
2013 Distributable amount payable to copyright owners	129	412
2014 Distributable amount payable to copyright owners	286	374
2015 Distributable amount payable to copyright owners	345	443
2016 Distributable amount payable to copyright owners	501	655
2017 Distributable amount payable to copyright owners	710	1,189
2018 Distributable amount payable to copyright owners	1,383	8,106
2019 Distributable amount payable to copyright owners	7,867	–
<b>Australian Government Copying Service</b>		
2013 Distributable amount payable to copyright owners	–	35
2014 Distributable amount payable to copyright owners	13	14
2015 Distributable amount payable to copyright owners	16	19
2016 Distributable amount payable to copyright owners	14	17
2017 Distributable amount payable to copyright owners	19	171
2018 Distributable amount payable to copyright owners	229	1,382
2019 Distributable amount payable to copyright owners	1,497	–
Sound Recordings Distributable amount	30	31
	48,609	46,252

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 14. OTHER CURRENT LIABILITIES CONTINUED

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>Trust – Non-statutory</b>		
NZ Education Services:		
2013 Distributable amount payable to copyright owners	–	103
2014 Distributable amount payable to copyright owners	105	129
2015 Distributable amount payable to copyright owners	125	162
2016 Distributable amount payable to copyright owners	151	200
2017 Distributable amount payable to copyright owners	247	348
2018 Distributable amount payable to copyright owners	417	1,878
2019 Distributable amount payable to copyright owners	1,978	–
Disbursements by Screenrights	825	905
International Service	842	2,608
	<hr/> 4,690	<hr/> 6,333
	<hr/> 55,970	<hr/> 55,626

## 15. PROVISIONS

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Lease make good	80	67
Provision for the benefit of members*	1,646	–
	<hr/> 1,726	<hr/> 67

\* This amount has been transferred from the International Service Distribution pool. Collections were for retransmission or blank tape levies in Europe, with insufficient data to distribute to rightsholders. Therefore, this provision has been created for the future benefit of members.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 30 June 2019

## 16. EQUITY

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### **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.

## 17. FINANCIAL RISK MANAGEMENT

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### **(a) Overview**

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

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 30 June 2019

## 17. FINANCIAL RISK MANAGEMENT CONTINUED

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### ***Trade receivables continued***

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.

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 90 to 365 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 \$64,007,994 at 30 June 2019 is 2.44% [2018: \$67,051,109 - 2.61%]. 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 17. FINANCIAL RISK MANAGEMENT CONTINUED

### (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>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Cash and cash equivalents	3,321	3,299
Cash on deposit	60,687	63,752
Trade and other receivables	9,480	4,031
	<hr/>	<hr/>
	73,488	71,082
	<hr/>	<hr/>

#### *Impairment losses*

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

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Not past due	4,788	1,204
Past due 0-30 days	636	801
Past due 31-120 days	504	111
Past due 121 days	168	1,614
	<hr/>	<hr/>
	6,096	3,730
	<hr/>	<hr/>

As at 30 June 2019, the Consolidated Entity did not recognise a provision for impairment due to the Directors being of the opinion that the amounts receivable are recoverable (2018: \$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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 17. FINANCIAL RISK MANAGEMENT CONTINUED

### *Currency risk*

#### *Exposure to currency risk*

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

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>AUD equivalent of NZD exposure</b>		
Trade receivables	28	75
Total balance sheet exposure	28	75

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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
New Zealand Dollar	1.0355	1.0874	1.0446	1.0913

### *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 \$2,759 at 30 June 2019 [2018: \$7,537]. 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:

	<b>Carrying Amount</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Fixed rate instruments		
Cash on deposits	60,687	63,752
Variable rate instruments		
Cash at bank	3,321	3,299

### *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 \$33,210 (2018: \$32,990 higher).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 18. 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>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Cash	3,321	3,299
	<u>3,321</u>	<u>3,299</u>

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

Operating profit	–	–
<i>Add/(less) items classified as investing activities:</i>		
Interest received	(1,699)	(2,022)
<i>Add/(less) non-cash items:</i>		
Depreciation and amortisation	574	436
	<u>–</u>	<u>–</u>
Net cash utilised by operating activities before change in assets and liabilities	(1,124)	(1,586)
<i>Change in assets and liabilities:</i>		
Increase in trade and other receivables	(5,449)	(1,009)
Increase/(decrease) in trade creditors and accruals	(77)	116
Increase in royalties in advance	435	178
Increase/(decrease) in provision for employee entitlements	(27)	43
Increase in provisions	13	12
Increase/(decrease) in distributable amounts	1,990	(1,114)
Net cash (used in)/provided by operating activities	<u>(4,240)</u>	<u>(3,360)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 19. RELATED PARTY DISCLOSURES

### *Key management personnel compensation*

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

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Short-term employee benefits	2,054	1,899
Post-employment benefits	153	118
Other long-term benefits	31	39
	2,238	2,056

### *Statement of management remuneration*

<b>Salary range*</b>	<b>Screenrights Executives in range 2018/19</b>	<b>Screenrights Executives in range 2017/18</b>
\$0-99k	2**	4**
\$100-149k	1	-
\$150-199k	2	2
\$200-249k	2	3
\$250-299k	2	2
\$300-400k	1	-

\* Includes superannuation, leave provisions 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, Kim Dalton, Ben Grant, Kelly Lefever, Chris Oliver-Taylor, Victoria Spackman and Georgina Waite, or entities in which they hold a management position, are entitled to distributions calculated in accordance with Note 1(n). Related entities of Jill Bryant and John Ford were compensated for services provided outside their directors' duties.

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 2019

## 19. 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 2019.

### *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 2019, in respect of management fees, the company owed the subsidiary \$652,809 [2018: \$179,427].

## 20. 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 2019, membership of the Company comprised 4,438 full members (2018: 4,227), resulting in a total guarantee of \$44,380 (2018: \$42,270).

## 21. COMMITMENTS FOR EXPENDITURE

### *Operating leases – leases as lessee*

Non-cancellable operating leases rentals are payable as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
Less than one year	345	311
Between one and five years	1,019	1,267
Later than five years	–	–

## 22. CONTINGENT LIABILITY

The parent entity does not have any contingent liabilities at 30 June 2019 [2018: \$ NIL].

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 23. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2019, the parent entity of the consolidated entity was Audio-Visual Copyright Society Limited.

	<b>2019</b>	<b>2018</b>
	<b>\$000s</b>	<b>\$000s</b>
<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	73,504	71,067
Total assets	75,559	73,196
Current liabilities	72,097	71,361
Total liabilities	73,990	71,627
	<b>1,569</b>	<b>1,569</b>
<b>Total equity of the parent entity comprising of:</b>		
Retained earnings	1,369	1,369
Reserves	200	200
<b>Total equity</b>	<b>1,569</b>	<b>1,569</b>

## 24. 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 2019.

# APPENDIX

For the year ended 30 June 2019

## 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	26,811	1,597,184	26,034,731	5,654,619	290,899	37,428	<b>33,641,672</b>
Income on investments of licence fees	643	38,309	943,136	204,845	10,538	1,356	<b>1,198,827</b>
Total amount allocated to members	23,095	1,375,796	22,297,089	4,842,821	249,137	32,055	<b>28,819,993</b>
Total amount paid to members	21,069	1,255,095	20,350,151	4,419,955	227,383	29,256	<b>26,302,909</b>
Total amount of licence fees held in trust	32,527	1,937,669	29,532,384	6,414,292	329,981	42,457	<b>38,289,310</b>
Total licence fees for which the trust period expired*	1,853	110,400	228,423	49,612	2,552	328	<b>393,168</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.

**screenrights**

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