



ANNUAL REPORT

For the year ended
30 June 2021

screenrights



CONTENTS

Governance Statement.....	1
Company Profile.....	2
Directors' Report.....	3
Directors' Declaration	5
Independent Auditor's Report	6
Lead Auditor's Independence Declaration	9
Annotated Statement of Financial Performance	10
Consolidated Statement of Profit and Loss.....	11
Consolidated Balance Sheet.....	12
Statement of Cash Flows.....	13
Statement of Changes in Equity.....	14
Notes to the Consolidated Financial Statements	15
Appendix	40

Front cover:

HardBall S2 - Northern Pictures

Rams - We Are Wasted, Photo Ben King

Eden - Every Cloud Production, Photo Lisa Tomasetti

Project Planet - Emerald Films & Metamorflix

Luke Nguyen's Food Trail - Red Creative Media

I Am Woman - Goalpost Pictures, Photo Tony Mott

Sequin in a Blue Room - Sequin in a Blue Room

Unsound - WiseGoat Productions

Rams - We Are Wasted, Photo Court McAllister

GOVERNANCE STATEMENT

Extract from Screenrights' Corporate Governance Statement which was last reviewed by Screenrights' Board of Directors and published on 28 July 2021.

Full Statement available at: <https://www.screenrights.org/wp-content/uploads/2019/08/July-2021-Corporate-Governance-Statement.pdf>

1. GENERAL STATEMENT

- 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?

- 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, Urban Infrastructure, Cities 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 2021

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

DIRECTORS & OFFICERS

Kim Dalton OAM
Chair

Georgina Waite
Deputy Chair

DIRECTORS

Rachel Antony

Geoffrey Atherden AM

Jonathan Carter

Anne Chesher

Jub Clerc

Sandra Davey

John Ford

Christopher Gardoll

Ben Grant

Kelly Lefever

AUDITORS

KPMG

BANKERS

National Australia Bank
Westpac

Bank of New Zealand

SOLICITORS

Banki Haddock Fiora

**Cole Media &
Entertainment Law**

Gilbert & Tobin

**Harmers Workplace
Lawyers**

McCabe Curwood

Rebecca White

OFFICE OF THE CHIEF EXECUTIVE

Chief Executive: **James Dickinson**

NEW BUSINESS & TECHNOLOGY

Head of New Business & Technology:

Emma Madison

Lead, Application Development:

Brian Chambers

Business Analyst/Programmer:

Daniel McCosker*

Senior Analyst Programmer:

Sandyha [Sandra] Bhalla

Acting Development Project Manager:

Hayley Colley

Disbursement Service Manager:

Jasmina Matic*/ Madeleine Donovan*

International Service Manager:

Gaëlle Clark

MEMBER SERVICES

Head of Member Services: **Maha Ismail***

Customer Experience Manager:

Luke Asprey

Distribution Manager: **Sean Price**

Senior Portfolio Coordinator:

John Alexander

Senior Distribution Officer: **Kate Bowley***

Portfolio Coordinator: **Tova Borwein**

Portfolio Coordinator: **Mariana Corbellini**

Portfolio Coordinator: **Kaaran Watene**

Data Engineer: **Ryan Kang**

Junior Data Engineer:

Yogesh Babu Krishnakumar

MARKETING

Marketing Manager: **Sarah Steel***

BUSINESS OPERATIONS

Chief Operating Officer/Company

Secretary: **Susan Casali**

Accountant & Internal Auditor:

Finsiana [Dewi] Basuki

Angela Cheung* on extended leave

Bookkeeper: **Ethel Wong**

Network & Infrastructure Manager:

Amelia Franks

User & Systems Support: **Daniel Read**

Executive Assistant/Office Manager:

Kylie Cooke

LICENSING

Head of Licensing: **Scott James**

Data & Systems Manager: **Nick Grodzicki**

Licensing/Registrations Officer:

Mary Luque*

LEGAL

General Counsel: **Marie Foyle***

Associate Counsel: **Kaitie Andrews**

* Indicates part-time employee/consultant
Full time equivalent = 29.7

DIRECTORS' REPORT



RACHEL ANTONY – NZ Board Director CEO of Greenstone TV, Rachel has produced hundreds of hours of content in both NZ and Australia. She was recently one of the group facilitating the creation of NZ's 2030 Screen Sector Strategy; is an active member of WIFT and SPADA; a member of the NZ Institute of Directors; and on the Board of theatre company Nightsong. Director since 2020.



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.



JONATHAN CARTER – Head of the Legal & Corporate Services Division, APRA AMCOS; Director, Australian Copyright Council; Director, The Dallas May Foundation; Global Policy Committee, International Confederation of Societies of Authors and Composers. 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]. Humanities teacher, Creative Media lecturer, and Education Resources Producer. Director since 2014.



JUB CLERC – *Authorial* [Screen Director] Board Director. A Nyul Nyul/ Yawuru woman of the Kimberley regions of W.A., Jub's film credits include *The Circuit 1 & 2*, *Mad Bastards*, *Satellite Boy*, *Jandamarra's War* and *Mystery Road Season 1*. Jub has written/directed short films including *Abbreviation* from feature anthology *The Turning*, has directed two episodes of *The Heights*, and is on the Board of CinefestOZ. Director since 2020.



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. Elected Chair 2019.



SANDRA DAVEY – Product coach and digital product leader with Organa practicing across telco/broadband, IoT, cross-platform content, interactive TV, sport, libraries and consumer advocacy. Former Chair of CHOICE, and current Board member of .au Domain Administration and Editorial Board member of the Business Agility Institute. Director since 2020.



JOHN [JACK] FORD BA, LLB GAICD – Media consultant, company director and lawyer practising in the media industry for over 30 years. Clients have included Telstra Corporation, TVI/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.



CHRISTOPHER GARDOLL – Over 45 years' experience in professional accounting and business as a senior executive. Formerly an audit partner with KPMG specialising in consumer products, distribution and copyright. Previous roles included CFO and Company Secretary with publicly listed company API, CFO with APRA AMCOS and COO with Screenrights. Director since 2020.



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.



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.



GEORGINA WAITE – Head of Content Business 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. Elected Deputy Chair 2019.

CATHY SERVICE - Director from 2011 to November 2020

VICTORA SPACKMAN ONZM - Director from 2011 to November 2020

SUSAN CASALI – Chief Operating Officer and Company Secretary from April 2019

DIRECTORS' REPORT [CONTINUED]

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, is included at page 9 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 s119, s183 and Part VC of the Copyright Act, to collect monies from copyright users, for distribution to copyright owners.

REVIEW AND RESULTS OF OPERATIONS

The amount of \$47.6 million [2020: \$45.8 million] was determined to form the Distributable Amount available for distribution to relevant rightsholders from monies collected for the accounting year ended 30 June 2021.

The net operating profit/[loss] after income tax for the year was \$Nil [2020: \$Nil].

STATE OF AFFAIRS

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

ENVIRONMENTAL REGULATION

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

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any other 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 new forms of retransmission and educational copying by training providers.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year, the Company paid a premium of \$12,922 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

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 2021, membership of the Company comprised 4,897 full members [2020: 4,709], resulting in a total liability of \$48,970 [2020: \$47,090].

Dated at Sydney this 22 September 2021 and signed in accordance with a resolution of the Directors:



Kim Dalton OAM
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
R Antony	4	4	2	2	0	0
G Atherden	6	6	0	0	0	0
J Carter	4	6	2	2	2	2
A Chesher	6	6	0	0	0	0
J Clerc	4	4	0	0	0	0
K Dalton	6	6	3	3	2	2
S Davey	3	4	0	0	0	0
J Ford	6	6	0	0	0	0
C Gardoll	6	6	3	3	1	1
B Grant	6	6	1	1	0	0
K Lefever	4	6	0	0	0	0
C Service	1	2	1	1	1	1
V Spackman	2	2	0	0	0	0
G Waite	6	6	0	0	2	2

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

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 39, 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 2021 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 22 September 2021 and signed in accordance with a resolution of the Directors:



Kim Dalton OAM
Chair



Independent Auditor's Report

To the members of Audio-Visual Copyright Society Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the Audio-Visual Copyright Society Limited's financial position as at 30 June 2021 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 statement of financial position as at 30 June 2021
- 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 entity 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 (including Independence Standards)* (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.

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: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Cameron Slapp

Partner

Sydney

22 September 2021



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 2021 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

Cameron Slapp
Partner

Sydney
22 September 2021

ANNOTATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

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.

		Consolidated	
		2021	2020
		\$000s	\$000s
<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. Includes interest.</p>	Revenue from Ordinary Activities		
	Gross Revenue	52,490	52,472
	Other Revenues	491	1,293
	Expenses	[8,858]	[8,822]
		44,123	44,943
<p>The cost of running Screenrights, including employee expenses, depreciation and other ordinary expenses.</p>	Transfer [to]/from retained earnings and reserves	–	–
	Amount available for Distribution	44,123	44,943
<p>Utilisation of the Fund for the Benefit of Members to ensure the FY21 distribution pool is not negatively impacted by additional legal costs.</p>	Add Allocation from Fund for the Benefit of Members	481	–
	Add Expired Trust Funds [2014]	–	873
	Add Expired Trust Funds [2015]	645	–
	Add Expired Trust Funds [2016]	957	–
	Add Expired Trust Funds [2017]	1,290	–
<p>Screenrights can hold allocations in trust for a maximum of four years [2020: six years] while trying to locate relevant rightsholders. With respect to CCF, an additional one year applies to any disputed royalties to give the rightsholders a further opportunity to resolve disputes.</p>	Add Expired Trust Funds [CCF]	148	–
	Total amount available for Distribution	47,644	45,816
	Amount transferred to Statutory Distributable Pools:		
	Australian Education Service [AES]	[30,113]	[28,490]
	Australian Retransmission Service [ARS]	[6,306]	[6,920]
	Australian Government Copying Service [AGS]	[1,078]	[1,003]
	Amount transferred to Non-Statutory Distributable Pools:		
	NZ Education Service [NZES]	[2,296]	[2,080]
	Disbursements by Screenrights [DASA]	[5,800]	[5,401]
	International Service [INT]	[2,047]	[1,922]
	Residual Service [RSD]	[4]	–
	Total amount transferred to distribution pools	[47,644]	[45,816]
<p>Expired trust funds were by amount and percentage of Distributable Amount, AES \$1,638,000 [4.12%], ARS \$939,000 [2.36%], AGS \$153,000 [0.39%] and NZES \$310,000 [0.78%].</p>			

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	2021 \$000s	2020 \$000s
Revenue from rendering of services	2	52,490	52,472
Other income	3	491	1,293
<i>Total revenue and other income</i>		52,981	53,765
Employee expenses	4	[5,359]	[5,566]
Depreciation and amortisation expense		[903]	[908]
Operating expense		[1,417]	[1,682]
Licensing expense		[112]	[60]
Travel expense		[7]	[64]
Marketing expense		[149]	[245]
Legal expense		[550]	[114]
Other expenses	5	[333]	[143]
<i>Total operating expenses</i>		[8,830]	[8,782]
Interest expense	2	[28]	[40]
<i>Total interest expense</i>		[28]	[40]
Royalties paid and payable to members and affiliated societies	2	[44,123]	[44,943]
<i>Net profit before income tax</i>		–	–
Income tax expense	7	–	–
<i>Net operating profit after income tax</i>		–	–
Other comprehensive income		–	–
<i>Total comprehensive profit</i>		–	–

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 39.

CONSOLIDATED BALANCE SHEET

For the year ended 30 June 2021

	Note	2021 \$000s	2020 \$000s
Current assets			
Cash and cash equivalents	8	5,555	3,213
Cash on deposit	8	65,672	64,809
Trade and other receivables	9	2,370	4,703
Total current assets		73,597	72,725
Non-current assets			
Property, plant and equipment	10	222	308
Intangibles	11	945	1,258
Right-of-use assets	14	595	928
Total non-current assets		1,762	2,494
Total assets		75,359	75,219
Current liabilities			
Trade and other payables	12	636	698
Royalties in advance		15,877	15,125
Employee benefits	13	507	575
Loans and borrowings	14	347	324
Other	15	55,031	54,674
Total current liabilities		72,398	71,396
Non-current liabilities			
Employee benefits	13	116	163
Loans and borrowings	14	288	636
Other	15	913	1,394
Provisions	16	107	93
Total non-current liabilities		1,424	2,286
Total liabilities		73,822	73,682
Net assets		1,537	1,537
Equity			
Retained earnings	17	1,337	1,337
Reserves	17	200	200
Total equity		1,537	1,537

The Balance Sheet is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 15 to 39.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021 \$000s	2020 \$000s
<i>Cash flows from operating activities</i>			
Cash receipts in the course of operations		55,851	57,556
Cash payments in the course of operations		[52,505]	[54,542]
Net cash from operating activities	19[b]	3,346	3,014
<i>Cash flows from investing activities</i>			
Interest received/receivable		381	1,427
Payments for property, plant and equipment		[37]	[87]
Payments for intangibles		[134]	–
Decrease in cash on deposit		[863]	[4,122]
Net cash used in investing activities		[653]	[2,782]
<i>Cash flows from financing activities</i>			
Payments for lease liabilities		[351]	[340]
Net cash used in financing activities		[351]	[340]
<i>Net increase/[decrease] in cash held</i>			
Cash at the beginning of the financial year		3,213	3,321
Cash at the end of the financial year	19[a]	5,555	3,213

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 39.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

Reconciliation of movements in capital and reserves attributable to members

	Society Reserve Fund \$000s	Retained Earnings \$000s	Total Equity \$000s
Balance at 1 July 2019	200	1,337	1,537
Impact of change in accounting policy	–	–	–
Adjusted Balance at 1 July 2019	200	1,337	1,537
Total comprehensive profit	–	–	–
Transfer between retained earnings and reserves	–	–	–
Balance at 30 June 2020	200	1,337	1,537
Balance at 1 July 2020	200	1,337	1,537
Total comprehensive profit	–	–	–
Transfer between retained earnings and reserves	–	–	–
Balance at 30 June 2021	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 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Audio-Visual Copyright Society Ltd trading as Screenrights [the 'Company'] is a not for profit company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2021 comprises the Company and its subsidiary [together referred to as the 'consolidated entity']. The financial report was authorised for issue by the Directors on 22 September 2021.

[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 s119, 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.

[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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

[ii] Depreciation continued

- 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

AASB 16 introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e lessors continue to classify leases as finance or operating leases.

The consolidated entity adopted AASB 16 in 2020 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below.

Policy applicable from 1 July 2019

At inception of a contract, the consolidated entity assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the consolidated entity assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the consolidated entity has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the consolidated entity has the right to direct the use of the asset. The consolidated entity has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the consolidated entity has the right to direct the use of the asset if either:
 - the consolidated entity has the right to operate the asset; or
 - the consolidated entity designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee

At inception or on reassessment of a contract that contains a lease component, the consolidated entity allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the consolidated entity has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The consolidated entity recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Generally, the consolidated entity uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

[iii] Leased assets continued

- the exercise price under a purchase option that the consolidated entity is reasonably certain to exercise, lease payments in an optional renewal period if the consolidated entity is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the consolidated entity is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the consolidated entity's estimate of the amount expected to be payable under a residual value guarantee, or if the consolidated entity changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The consolidated entity presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The consolidated entity has elected not to recognise right-of-use assets and lease liabilities for short-term leases of plant and equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The consolidated entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

[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].

Software-as-a-Service [SaaS] arrangements

SaaS arrangements are service contracts providing the Consolidated entity with the right to access the cloud provider's application software over the contract period. As such, the Consolidated entity does not receive a software intangible asset at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract	<ul style="list-style-type: none"> Fee for use of application software Customisation costs
Recognise as an operating expense as the service is received	<ul style="list-style-type: none"> Configuration costs Data conversion and migration costs Testing costs Training costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

In applying the entity's accounting policy, the directors made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements.

Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised [i.e. upfront]. Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, the Consolidated entity has developed software code that either enhances, modifies or creates additional capability to the existing owned software.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

[g] Intangible assets continued

[i] Intangible assets continued

Capitalisation of configuration and customisation costs in SaaS arrangements continued

This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*.

During the financial year, the Consolidated entity recognised \$53,530 [2020: \$Nil] as intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

[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 equivalents

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

[j] Impairment continued

[ii] Reversals of impairment continued

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 used 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 licensees.

The Distributable Amount is the total amount received from licensees 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. Records of usage 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 used and other factors. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

[n] Distributions continued

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

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

[r] Changes in significant accounting policies

Software-as-a-Service [SaaS] arrangements

The International Financial Reporting Standards Interpretations Committee [IFRIC] has issued two final agenda decisions which impact SaaS arrangements:

- *Customer's right to receive access to the supplier's software hosted on the cloud* [March 2019] – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- *Configuration or customisation costs in a cloud computing arrangement* [April 2021] – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Consolidated entity's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position.

The adoption of the above agenda decisions did not result in a material impact to the Consolidated entity's financial statements.

The new accounting policy is presented in Note 1 [g].

[s] New accounting standards and interpretations not yet adopted

There are currently no new standards and amendments to standards which are effective for annual periods beginning after 30 June 2021 that the consolidated entity believes are applicable in preparing these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

2. RECONCILIATION OF INCOME STATEMENT

	Note	2021 \$000s	2020 \$000s
Revenue from rendering of services:			
- Australian Education Service		33,916	33,151
- Australian Retransmission Service		6,356	7,784
- International Service		2,258	2,110
- Australian Government Copying Service		1,098	1,148
- NZ Education Service		2,524	2,531
- Disbursements by Screenrights		5,800	5,401
- Residual Service		4	-
- EnhanceTV Resource Centre		534	347
Total revenue		52,490	52,472
Other income	3	491	1,293
Total revenue and other income		52,981	53,765
Employee expenses	4	[5,359]	[5,566]
Depreciation and amortisation expense		[903]	[908]
Operating expense		[1,417]	[1,682]
Licensing expense		[112]	[60]
Travel expense		[7]	[64]
Marketing expense		[149]	[245]
Legal expense		[550]	[114]
Other expenses	5	[333]	[143]
Total operating expenses		[8,830]	[8,782]
Interest expense	14	[28]	[40]
Total interest expense		[28]	[40]
Net royalties collected and interest received thereon before income tax		44,123	44,943
Income tax benefit		-	-
Net royalties collected and interest received thereon after income tax		44,123	44,943

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

2. RECONCILIATION OF INCOME STATEMENT CONTINUED

	Note	2021 \$000s	2020 \$000s
Royalties paid and payable:			
Add allocation from the Fund for the Benefit of Members		481	–
Add expired statutory trust funds		3,040	873
Less amount transferred to AES distributable pool 2021	15	[30,113]	–
Less amount transferred to AES distributable pool 2020		–	[28,490]
Less amount transferred to ARS distributable pool 2021	15	[6,306]	–
Less amount transferred to ARS distributable pool 2020		–	[6,920]
Less amount transferred to AGS distributable pool 2021	15	[1,078]	–
Less amount transferred to AGS distributable pool 2020		–	[1,003]
Less amount transferred to NZES distributable pool 2021	15	[2,296]	–
Less amount transferred to NZES distributable pool 2020		–	[2,080]
Disbursements by Screenrights International Service		[5,800]	[5,401]
Residual Service		[4]	–
Net royalties paid and payable		[44,123]	[44,943]
Net operating profit		–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

3. OTHER INCOME

	2021	2020
	\$000s	\$000s
Interest and other income		
- AES interest income	216	859
- ARS interest income	68	172
- INT interest income	5	17
- AGS interest income	7	30
- NZES interest income	9	38
- DASA interest income and admin fee	181	177
- RSD onboarding fee and calculation fee	5	-
Total other income	491	1,293

4. EMPLOYEE EXPENSES

Wages and salaries [including director fees]	4,602	4,728
Contributions to defined contribution superannuation funds	403	435
Increase in liabilities for annual and long service leave	29	93
Other employee expenses	325	310
Total employee expenses	5,359	5,566

5. OTHER EXPENSES

NZES expenses	130	122
ISAN	-	4
Other	203	17
Total other expenses	333	143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

6. AUDITOR'S REMUNERATION

	2021 \$000s	2020 \$000s
Audit services	66	62
Other Assurance Services	6	8
Total Auditor's remuneration	72	70

7. TAXATION

Audio-Visual Copyright Society Limited trading as Screenrights and its subsidiary entity, Enhance TV Pty Ltd, from 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 Enhance TV Pty Ltd is not subject to the tax exemption for copyright collecting societies. In the current financial year, Enhance TV Pty Ltd did not make a profit and as a consequence there is no tax expense for the consolidated entity [2020: \$Nil].

8. CASH ASSETS

	2021 \$000s	2020 \$000s
Cash at bank	5,555	3,213
Cash on deposit	65,672	64,809
Total cash assets	71,227	68,022

The interest rate at 30 June 2021 on cash accounts is 0.10% [2020: 0.25%] which is the prevailing interest rate on cash at bank. The cash on deposit with banks mature within 238 days. The weighted average interest rate at 30 June 2021 on cash on deposit is 0.28% [2020: 1.03%].

9. TRADE AND OTHER RECEIVABLES

	2021 \$000s	2020 \$000s
Trade receivables	2,306	4,579
Sundry receivables	64	124
Total trade and other receivables	2,370	4,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

10. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment \$000s	Total \$000s
Cost		
Balance at 1 July 2019	899	899
Acquisitions	87	87
Disposals	[1]	[1]
Balance at 30 June 2020	985	985
Balance at 1 July 2020	985	985
Acquisitions	37	37
Disposals	–	–
Balance at 30 June 2021	1,022	1,022
Accumulated depreciation		
Balance at 1 July 2019	555	555
Depreciation charge for the year	122	122
Disposals	–	–
Balance at 30 June 2020	677	677
Balance at 1 July 2020	677	677
Depreciation charge for the year	123	123
Disposals	–	–
Balance at 30 June 2021	800	800
Carrying amounts		
At 30 June 2020	308	308
At 30 June 2021	222	222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

11. INTANGIBLES

	Computer software \$000s	WIP \$000s	Total \$000s
Cost			
Balance at 1 July 2019	2,279	194	2,473
Acquisitions	–	–	–
Disposals	–	–	–
Balance at 30 June 2020	2,279	194	2,473
Balance at 1 July 2020	2,279	194	2,473
Acquisitions	–	134	134
Disposals	–	–	–
Transfer from/[to]	248	[248]	–
Balance at 30 June 2021	2,527	80	2,607
Accumulated amortisation			
Balance at 1 July 2019	762	–	762
Amortisation charge for the year	453	–	453
Disposals	–	–	–
Balance at 30 June 2020	1,215	–	1,215
Balance at 1 July 2020	1,215	–	1,215
Amortisation charge for the year	447	–	447
Disposals	–	–	–
Balance at 30 June 2021	1,662	–	1,662
Carrying amounts			
At 30 June 2020	1,064	194	1,258
At 30 June 2021	865	80	945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

12. TRADE AND OTHER PAYABLES

	2021 \$000s	2020 \$000s
Trade and other creditors	629	233
Accrued expenses	7	465
Total trade and other payables	636	698

13. EMPLOYEE BENEFITS

	2021 \$000s	2020 \$000s
Current		
Liability for annual leave	253	268
Liability for long service leave	254	307
Total current employee benefits	507	575
Non-current		
Liability for long service leave	116	163
Total non-current employee benefits	116	163

14. LEASES

	Office \$000s	Car Park \$000s	Printer \$000s	Total \$000s
[i] Right-of-use assets				
Cost				
Balance at 1 July 2019	–	–	–	–
Impact of change in accounting policy	1,185	15	61	1,261
Adjusted Balance at 1 July 2019	1,185	15	61	1,261
Acquisitions	–	–	–	–
Disposals	–	–	–	–
Balance at 30 June 2020	1,185	15	61	1,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

14. LEASES CONTINUED

	Office \$000s	Car Park \$000s	Printer \$000s	Total \$000s
<i>[i] Right-of-use assets continued</i>				
<i>Cost</i>				
Balance at 1 July 2020	1,185	15	61	1,261
Acquisitions	–	–	–	–
Disposals	–	–	–	–
<i>Balance at 30 June 2021</i>	1,185	15	61	1,261
<i>Accumulated depreciation</i>				
Balance at 1 July 2019	–	–	–	–
Depreciation charge for the year	316	4	13	333
Disposals	–	–	–	–
<i>Balance at 30 June 2020</i>	316	4	13	333
Balance at 1 July 2020	316	4	13	333
Depreciation charge for the year	316	4	13	333
Disposals	–	–	–	–
<i>Balance at 30 June 2021</i>	632	8	26	666
<i>Carrying amounts</i>				
At 1 July 2020	869	11	48	928
At 30 June 2021	553	7	35	595
<i>[ii] Loans and borrowings</i>				
<i>Lease liabilities in Balance Sheet as at 30 June 2021</i>				
Current	330	4	13	347
Non-current	263	3	22	288
<i>Total lease liabilities</i>	593	7	35	635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

14. LEASES CONTINUED

	Office \$000s	Car Park \$000s	Printer \$000s	Total \$000s
<i>[ii] Loans and borrowings continued</i>				
<i>Maturity analysis as at 30 June 2021</i>				
Less than one year	345	4	14	363
One to five years	266	3	23	292
More than five years	–	–	–	–
<i>Total undiscounted lease liabilities as at 30 June 2021</i>	611	7	37	655
<i>[iii] Amounts recognised in Profit/[loss]</i>				
Interest on lease liabilities	26	–	2	28
Depreciation expense	316	4	13	333
	342	4	15	361
<i>[iv] Total cash outflow for leases [including interest]</i>	333	4	14	351
	333	4	14	351

15. OTHER LIABILITIES

	2021 \$000s	2020 \$000s
<i>Current</i>		
Cultural Fund	380	484
Trust – IBNR Fund	860	989
Trust – Artistic Works	576	748
Competing Claims Fund	–	120
Unearned revenue	1,617	–
	3,433	2,341

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

15. OTHER LIABILITIES CONTINUED

	2021	2020
	\$000s	\$000s
<i>Trust - Statutory</i>		
<i>Australian Education Service</i>		
2015 Distributable amount payable to copyright owners	16	440
2016 Distributable amount payable to copyright owners	39	823
2017 Distributable amount payable to copyright owners	136	1,375
2018 Distributable amount payable to copyright owners	1,423	2,052
2019 Distributable amount payable to copyright owners	1,980	3,570
2020 Distributable amount payable to copyright owners	3,003	28,490
2021 Distributable amount payable to copyright owners	30,113	-
<i>Australian Retransmission Service</i>		
2015 Distributable amount payable to copyright owners	41	258
2016 Distributable amount payable to copyright owners	34	375
2017 Distributable amount payable to copyright owners	42	550
2018 Distributable amount payable to copyright owners	551	802
2019 Distributable amount payable to copyright owners	733	1,139
2020 Distributable amount payable to copyright owners	1,680	6,920
2021 Distributable amount payable to copyright owners	6,306	-
<i>Australian Government Copying Service</i>		
2015 Distributable amount payable to copyright owners	2	12
2016 Distributable amount payable to copyright owners	3	13
2017 Distributable amount payable to copyright owners	3	17
2018 Distributable amount payable to copyright owners	24	36
2019 Distributable amount payable to copyright owners	13	44
2020 Distributable amount payable to copyright owners	32	1,003
2021 Distributable amount payable to copyright owners	1,078	-
<i>Sound Recordings Distributable amount</i>	30	30
<i>Total Trust - Statutory</i>	47,282	47,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

15. OTHER LIABILITIES CONTINUED

Trust – Non-statutory

	2021	2020
	\$000s	\$000s
<i>NZ Education Service</i>		
2015 Distributable amount payable to copyright owners	9	99
2016 Distributable amount payable to copyright owners	9	118
2017 Distributable amount payable to copyright owners	13	193
2018 Distributable amount payable to copyright owners	206	277
2019 Distributable amount payable to copyright owners	283	448
2020 Distributable amount payable to copyright owners	430	2,080
2021 Distributable amount payable to copyright owners	2,296	–
<i>Disbursements by Screenrights</i>	734	917
<i>International Service</i>	336	252
<i>Total Trust non-statutory</i>	4,316	4,384
<i>Total other liabilities - current</i>	55,031	54,674
<i>Non-current</i>		
Fund for the benefit of members	913	1,394
<i>Total other liabilities - non-current</i>	913	1,394

16. PROVISIONS

	2021	2020
	\$000s	\$000s
Lease make good	107	93
<i>Total provisions</i>	107	93

17. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

18. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

18. FINANCIAL RISK MANAGEMENT CONTINUED

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 \$71,227,233 at 30 June 2021 is 0.28% [2020: \$68,022,586 - 1.03%]. 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:

	2021	2020
	\$000s	\$000s
Cash and cash equivalents	5,555	3,213
Cash on deposit	65,672	64,809
Trade and other receivables	2,370	4,703
	<hr/>	<hr/>
	73,597	72,725

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

18. 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:

	2021	2020
	\$000s	\$000s
Not past due	1,731	3,714
Past due 0-30 days	137	472
Past due 31-120 days	7	58
Past due 121 days	431	335
	2,306	4,579

As at 30 June 2021, the Consolidated Entity did not recognise a provision for impairment due to the Directors being of the opinion that the amounts receivable are recoverable [2020: \$Nil].

Liquidity risk

The contractual maturities of financial liabilities, as represented by trade and other payables [Note 12] and other current liabilities [Note 15], 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:

	2021	2020
	\$000s	\$000s
AUD equivalent of NZD exposure		
Trade receivables	112	47
Total balance sheet exposure	112	47

The following significant exchange rates applied during the year:

	Average rate	Average rate	Spot rate	Spot rate
	2021	2020	2021	2020
New Zealand Dollar	1.0289	1.0548	1.0742	1.0199

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 \$11,229 at 30 June 2021 [2020: \$4,656].

This analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

18. FINANCIAL RISK MANAGEMENT CONTINUED

[b] Financial transactions continued

Interest rate risk

Profile

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

	Carrying Amount	
	2021	2020
	\$000s	\$000s
Fixed rate instruments		
Cash on deposits	65,672	64,809
Variable rate instruments		
Cash at bank	5,555	3,213

Sensitivity analysis

If interest rates had changed by plus/[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 \$55,550 [2020: \$32,130] higher/[lower].

19. 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:

	2021	2020
	\$000s	\$000s
Cash	5,555	3,213
	5,555	3,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

19. NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

	2021 \$000s	2020 \$000s
<i>[b] Reconciliation of cash flows from operating activities</i>		
Operating profit/[loss]	–	–
Add/[less] items classified as investing activities:		
Interest received	[381]	[1,427]
Add/[less] non-cash items:		
Depreciation and amortisation	903	908
Finance expense	28	40
Net cash utilised by operating activities before change in assets and liabilities	550	[479]
Change in assets and liabilities:		
Decrease in trade and other receivables	2,333	4,777
[Decrease]/increase in trade creditors and accruals	[62]	31
Increase in royalties in advance	752	154
Decrease in other liabilities	[585]	[173]
Increase/[decrease] in distributable amounts	358	[1,296]
Net cash provided by operating activities	3,346	3,014

20. RELATED PARTY DISCLOSURES

Key management personnel compensation

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

	2021 \$000s	2020 \$000s
Short-term employee benefits	1,875	2,038
Post-employment benefits	22	97
Other long-term benefits	26	38
	1,923	2,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

20. RELATED PARTY DISCLOSURES CONTINUED

Statement of management remuneration

Salary range*	Screenrights Executives in range 2020/21	Screenrights Executives in range 2019/20
\$0-99k	2**	2**
\$100-149k	1	1
\$150-199k	3	2
\$200-249k	1	4
\$250-299k	1	—
\$300-400k	1	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 favorable 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 Rachel Antony, Jonathan Carter, Kim Dalton, Ben Grant, Kelly LeFever, 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].

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.

Loans to key management personnel

There were no loans to key personnel at any time during the year ended 30 June 2021.

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 2021, in respect of management fees, the company owed the subsidiary \$1,547,534 [2020: \$1,226,766].

21. 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 2021, membership of the Company comprised 4,897 full members [2020: 4,709], resulting in a total guarantee of \$48,970 [2020: \$47,090].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

22. COMMITMENTS FOR EXPENDITURE

As at and for the year ended 30 June 2021, the consolidated entity has not entered into any contracts and there does not exist any capital commitments for acquisition of property, plant and equipment.

23. CONTINGENT LIABILITY

The parent entity does not have any contingent liabilities at 30 June 2021 [2020: \$ NIL].

24. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2021, the parent entity of the consolidated entity was Audio-Visual Copyright Society Limited.

	2021	2020
	\$000s	\$000s
<i>Result of parent entity</i>		
Profit/[loss] for the period	–	–
Other comprehensive income	–	–
<i>Total comprehensive profit/[loss]</i>	–	–
<i>Financial position of parent entity at year end</i>		
Current assets	73,565	72,586
Total assets	75,327	75,082
Current liabilities	72,337	71,226
Total liabilities	73,759	73,513
<i>Total net assets</i>	1,569	1,569
<i>Total equity of the parent entity comprising of:</i>		
Retained earnings	1,369	1,369
Reserves	200	200
<i>Total equity</i>	1,569	1,569

25. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report, any other 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.

APPENDIX

For the year ended 30 June 2021

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	24,242	1,073,775	27,486,319	6,059,661	360,630	9,394	35,014,021
Income on investments of licence fees	164	7,284	175,310	38,649	2,300	60	223,767
Total amount allocated to members	20,129	891,595	22,775,381	5,021,083	2,698,821	7,784	31,414,793
Total amount paid to members	22,084	978,208	22,945,294	5,028,542	301,050	7,844	29,283,022
Total amount of licence fees held in trust	23,315	1,032,728	28,391,141	6,259,139	372,502	9,703	36,088,528
Total licence fees for which the trust period expired*	3,397	150,488	1,325,270	292,170	17,388	453	1,789,166

* 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

Screenrights

ABN: 76 003 912 310

Level 1, 140 Myrtle Street
Chippendale NSW Australia 2008

Email info@screenrights.org

screenrights.org

Australia

Phone +61 2 8038 1300

New Zealand

Freephone 0800 44 2348

Freefax 0800 44 7006