



Australasian Mechanical Copyright Owners Society Limited  
and its controlled entity  
ABN 78 001 678 851

**Annual Financial Report**  
**30 June 2015**

## **Directors' report**

### **For the year ended 30 June 2015**

The directors present their report together with the consolidated financial statements of Australasian Mechanical Copyright Owners Society Limited (the "Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entity, for the financial year ended 30 June 2015 and the independent auditor's report thereon.

### **Directors**

The directors of the Company at any time during or since the end of the financial year are:

#### **Ian James – Chair**

Non-executive Director since 1988 and Chair of the Board

Ian has been the Managing Director of Mushroom Music Pty Limited since 1986. He is also Deputy Chairman of the Australasian Performing Right Association Limited and a Director of the Australasian Music Publishers Association Limited.

Ian has a Bachelor of Commerce (Applied Psychology) from the University of New South Wales and was employed by the Australasian Performing Right Association Limited from 1976 to 1986 in several management positions. He was recently appointed as the Adjunct Professor at the Victoria University College of Business.

#### **Robert Aird**

Non-executive Director since 1986

Robert is Managing Director of Universal Music Publishing Pty Limited, Universal Music Publishing Group Pty Ltd, Universal/MCA Publishing Pty Limited, Essex Music of Australia Pty Limited and Cromwell Music of Australia Pty Limited.

He is also a Director of the Australasian Music Publishers Association Limited and a Director of the Australasian Performing Right Association Limited.

He previously held a management position at Polygram Records and was Managing Director of Rondor Music (Australia) Pty Ltd when it was an independent company.

#### **David Albert**

Non-executive Director since 2010

David is the CEO of the Albert Group and the Managing Director of J. Albert & Son, the music and entertainment business founded in 1885 by Jacques Albert. David is the fifth generation Albert to work in the family business. David holds an MBA from the Macquarie Graduate School of Management, is the co-chair of Nordoff Robbins Music Therapy Australia and is a Director of the Australasian Music Publishers Association Limited and the Australasian Performing Right Association Limited.

### **Marianna Annas**

Non-executive Director since 2011

An experienced music lawyer and formerly at Simpsons Solicitors, Marianna has held senior legal and business affairs roles at major record labels and music publishers including BMG Australia, BMG New York and EMI Music Australia. She is currently Head of ABC Music Publishing, a Director of the Australian Music Publishers' Association (AMPAL) and an industry peer of the Australia Council for the Arts.

Marianna has presented at many music industry forums including the Australasian Music Business Conference, Fuse Festival, Big Sound, WAMi, AWME, musicNSW, Bondi Wave and at the Australian Institute of Music.

She holds degrees in Arts and Law from the University of New South Wales.

### **Philip Burn**

Non-executive Director since 2014

Philip is the Managing Director of Hal Leonard Australia Pty Ltd since 1995. He was previously with Yamaha Music Australia for 18 years, and General Manager from 1987 to 1995. Philip is also a Director of the Australasian Music Publishers Association Limited.

### **Matthew Capper**

Non-executive Director since 2005

Matthew is the Managing Director of Warner/Chappell Music Australia Pty Ltd. He is also a Director of Chappell & Co (Australia) Pty Ltd, Wallaby Music Pty Ltd, Warner/Chappell Pty Ltd and Australasian Performing Right Association Limited and is a Director and Chairman of the Australasian Music Publishers Association Limited.

### **Matthew Donlevy – Deputy Chairman**

Non-executive Director since 1991 and Deputy Chair of the Board

Matthew is the Managing Director of Peermusic Pty Limited, Southern Music Publishing Co (Australasia) Pty Limited and Frankdon Music Pty Limited. Matthew is also a Director of the Australasian Music Publishers Association Limited and Minder Music Australia Pty Ltd. Matthew's previous appointments include Professional Manager of ATV Northern Songs and Castle Music.

### **Peter Hebbes AM**

Non-executive Director since 2002

Peter is Managing Director of Hebbes Music Group Pty. Ltd. and Eaton Music (Australia) Pty Ltd and a director of CAS MusicAustralia. He is a Director of the Australasian Music Publishers Association Limited (AMCOS) and a past Director and Deputy Chairman of the Australasian Performing Right Association Limited (APRA). In the past he has served on the board of the Music Industry Advisory Council (MIAC), the Australian Music Centre (AMC) and the Australasian Music Performance Committee (AMPCOM). In addition, Peter is a past National Director and Chairman of Variety "the children's charity", he is also the Co-founder and trustee of The Golden Stave Foundation and a past board member of Nordoff Robbins Music TherapyAustralia.

In 2006 Peter was appointed as a member in the General Division of the Order of Australia (AM) in recognition of his contribution to the Australian music industry and his extensive charity work.

### **Steve McPherson**

Non-executive Director since 2012

Steve is the manager of Hillsong Music Publishing and SHOUT! Music Publishing in Australia and has extensive experience as a performer, producer, songwriter and music publisher. Steve is honoured to work with world renowned song writers and producers achieving Grammy awards, multiple ASCAP and BMI awards in the USA and many other achievements across the globe. Steve has 20 years' experience in music publishing and copyright administration. Steve also serves on the Board of Advisors to Christian Copyright Licensing International, both in the USA and for the European region and is a Director of Australasian Music Publishers Association Limited.

### **Simon Moor**

Non-executive Director since 2013

Simon Moor is the Managing Director of Kobalt Music Group for Australia and New Zealand. As Managing Director, Simon is responsible for Kobalt's publishing, label services, and neighbouring rights businesses. In 2012 Simon established Kobalt Label Services and Kobalt Neighbouring Rights in Australia and New Zealand. Simon is currently a non-executive director of the Australasian Music Publishers Association Limited, and a Peer Assessor for the Australia Council.

Previous to Kobalt, Simon started his music career at Mushroom Music as an A&R scout after completing a Bachelor Degree in Economics. Following this Simon worked for Sony Music from 1998 to 2003, both as Product Manager and then A&R Manager. Simon then accepted the role as Head of A&R for EMI Records where he was from 2003 to 2010, before being appointed Head of A&R for Sony/ATV Music Publishing.

### **Damian Trotter**

Non-executive Director since 1995

Damian is the Managing Director of Sony/ATV Music Publishing and a former Chairman of the Australasian Mechanical Copyright Owners Society Limited. Damian is also a Director of the Australasian Music Publishers Association Limited and the Australasian Performing Right Association Limited.

After joining CBS Records in 1981, he held various positions including Local Artist Marketing Manager and National Promotions Manager. In 1990 he was appointed General Manager of East West Records before returning to Sony in 1991 to take up his current position.

Following the merger of Sony/ATV Music Publishing with EMI Music Publishing in 2012, Damian was appointed Managing Director of both companies.

## **Philip Walker**

Non-executive Director since 2000

Philip is Chairman of Origin Music Group and Chairman of the Sago Group. He has a Bachelor of Business degree from the University of Technology. Philip is a Fellow of the Institute of Chartered Accountants in Australia, a Member of the Financial Services Institute of Australasia, the Australian Institute of Company Directors and a Member of the Australian Institute of Management. He has previously served as a Director and Honorary Treasurer of the Craft Council of New South Wales. He was in practice as a Chartered Accountant, Auditor and Tax Agent from 1980 – 1998 and is also a Director of the Australasian Music Publishers Association Limited and the Australasian Performing Right Association Limited. His not for profit work includes Chairman of the Antony Kidman Foundation, a charity doing research and treatment in the area of youth mental health; Founder and chair of the Smoky Dawson Foundation and a director of the Bouddi Foundation for the Arts supporting young people in the arts.

## **Company secretary – APRA and AMCOS**

### **Jonathan Carter**

Company Secretary since 2010

Jonathan Carter is General Counsel and Company Secretary of the Australasian Performing Right Association Limited and the Australasian Mechanical Copyright Owners Society Limited, managing the legal affairs of both organisations.

After being admitted to practise in 2001, Jonathan was appointed associate to the Honourable Justice Heerey of the Federal Court of Australia, who at that time was Chair of the Court's intellectual property law panel. Jonathan worked in the intellectual property group of national law firm Allens Arthur Robinson, before taking in-house legal and management roles at Sony Music Entertainment Australia and then EMI Music Australia.

Jonathan has degrees in arts and law with double first class honours from the University of Sydney.

## Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Directors	Board Meetings		Audit & Governance Committee		Print Music & Education Committee		Membership & Distribution Committee		Systems Development Committee		Joint Operational Committee*	
	A	B	A	B	A	B	A	B	A	B	A	B
Robert Aird	5	6					5	5				
David Albert	5	6	5	6					5	6		
Marianna Annas	5	6			3	3	5	5	1*	1*		
Philip Burn†	4	4	2 <sup>v</sup>	3	1	1						
Matthew Capper	6	6	5 <sup>v</sup>	6					5 <sup>v</sup>	6		
Matthew Donlevy	6	6					5	5	1*	1*		
Peter Hebbes	5	6					5	5	1*	1*		
Ian James (Chair)	5	6	4 <sup>v</sup>	6					2 <sup>v</sup>	6		
Steve McPherson	6	6			3	3	4	5	1*	1*		
Simon Moor	5	6			1	3	4	5	1*	1*		
Damian Trotter	5	6	4	6					1*	1*	1	1
Philip Walker	6	6	6	6					6	6		

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

<sup>v</sup>The director attended some meetings via video or teleconference link

\*Systems Development meeting held in July 2014 was open to all Board Members to attend

\*Joint Operational Committee disbanded November 2014

†Philip Burn elected November 2014

## Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 11 and forms part of the Directors Report for the financial year ended 30 June 2015.

## Principal activities

The Company was incorporated on the nineteenth day of April 1979, as a company limited by guarantee, and commenced business on 1 January 1980.

The principal activities of the Company during the course of the financial year were the collection of fees in respect of the licensing of the reproduction in recorded form (as defined under the Copyright Act 1968) of music. The licensing functions were assumed by the Australasian Performing Right Association Ltd from 1 July 1997.

## State of affairs

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

## Review and results of operations

The operating profit/(loss) after tax derived during the year by the consolidated entity is as follows:

	Consolidated	
	2015 \$'000	2014 \$'000
Licence fees billed during the year	68,877	67,471
Movement in amounts owing to members but unpaid during the year	(2,177)	(1,001)
Amounts paid	(60,132)	(59,547)
<b>Net revenue</b>	6,568	6,923
<b>Other revenue</b>		
Management and accounting services income	103	100
Finance income	1,089	1,449
	7,760	8,472
Operating expenses	(7,760)	(8,472)
Operating profit/(loss)	-	-
Income tax benefit/(expense)	-	-
Operating profit/(loss) after income tax	-	-

## Objectives

AMCOS is focused on building a strong, financially viable business - a business continuing to deliver benefits to both consumers and creators of music and one that is connected with the community and industry that sustains us.

AMCOS actively contributes to public policy development and debate on issues that affect our members and licensees and in the coming year we will continue our work with politicians on both sides of government with a focus on the creator's rights of innovation, economic and cultural wealth.

Our strategic priorities for 2015 remain the same: service, transparency and equitable return for our members - simplifying and streamlining our services will continue to be high on the agenda.

Our core objectives continue to include:

- Delivering increased royalty distributions to members by way of growing our revenue base on the one hand and continuing to seek operational efficiencies to reduce commissions charged to members on the other.
- Ensuring compliance with the collecting societies Code of Conduct in all facets of our business; and
- Remaining connected to our members through our planned program of events in conjunction with APRA, across the 2015 year.

## Environmental regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. However the Board believes the consolidated entity 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 consolidated entity.

## Likely developments

The consolidated entity will continue to pursue its policy of licensing the reproduction in recorded form of music and the collection of those fees.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

## Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, 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.

## Indemnification and insurance of officers

### *Indemnification*

Since the end of the previous financial year the Company has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been, an officer or auditor of the Company.

### *Insurance premiums*

Since the end of the previous financial year the Company has paid insurance premiums of \$19,507 in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former officers, including executive officers of the Company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Company.

## Members' liability

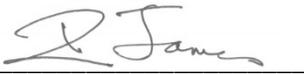
The guarantee of members in the event of the winding up of the Company is \$20 for each member. At 30 June 2015 membership of the Company comprised 15,148 Full Members (2014: 13,530), resulting in a total guarantee of \$302,960 (2014: \$270,600).

## **Rounding off**

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest one thousand dollars, unless otherwise stated.

Dated at Sydney this 1st day of October 2015.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'I. James', written over a horizontal line.

Ian James  
Director

## Directors' declaration

1. In the opinion of the directors of Australasian Mechanical Copyright Owners Society Limited:
  - (a) the financial statements and notes, set out on pages 14 to 38 are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2015 and of their performance, for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors draw attention to Section 1.2 in the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 1st day of October 2015.



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Ian James  
Director

## Corporate Governance Statement

Australasian Mechanical Copyright Owners Society Limited's ('AMCOS', 'the Company') corporate governance framework, policies and practices can be read at <http://apraamcos.com.au/about-us/governance-and-policy/apra-amcos-corporate-docs/>.

These corporate governance principles also apply to AMCOS's subsidiary company AMCOS New Zealand Limited.

## Lead Auditor's Independence Declaration under Section 307C of the Corporation Act 2001

To: the directors of Australasian Mechanical Copyright Owners Society Limited

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

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG



Anthony Travers

*Partner*

Sydney

1 October 2015

## Independent auditor's report to the members of Australasian Mechanical Copyright Owners Society Limited

We have audited the accompanying financial report of Australasian Mechanical Copyright Owners Society Limited (the Company), which comprises the statements of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1.1 to 6.3 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and the consolidated entity comprising the Company and the entity it controlled at the year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Director's determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1.2, the directors also state, in accordance with Australian Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements of the Company and the consolidated entity comply with International Financial Reporting Standards.

### *Auditor's responsibility*

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

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

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

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

### *Independence*

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

### *Auditor's opinion*

In our opinion:

- (a) the financial report of Australasian Mechanical Copyright Owners Society Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.2.

KPMG

KPMG



Anthony Travers

*Partner*

Sydney

1 October 2015

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## Statement of profit or loss and other comprehensive income For the year ended 30 June 2015

	Section	Consolidated	
		2015 \$'000	2014 \$'000
Revenue from rendering of services	2.1	6,671	7,023
Secretariat expenses	2.1	(456)	(605)
Licensing expenses		(7,304)	(7,867)
Results from operating activities		(1,089)	(1,449)
Finance income	2.4	1,089	1,449
<b>Profit/(loss) before income tax expense</b>		-	-
Income tax benefit /(expense)		-	-
<b>Profit/(loss) for the year</b>		-	-
Other comprehensive income for the year – items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		-	14
<b>Total comprehensive income for the year</b>		-	14

## Statement of financial position As at 30 June 2015

	Section	Consolidated	
		2015 \$'000	2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents	3.7	5,307	7,004
Cash on deposit	3.7	25,699	29,364
Trade and other receivables	3.5	15,654	16,867
		<hr/>	<hr/>
<b>Total current assets</b>		46,660	53,235
		<hr/>	<hr/>
<b>Non-current assets</b>			
Investments		-	-
Property, plant and equipment	3.1	5,968	6,010
Intangibles	3.4	3,281	-
		<hr/>	<hr/>
<b>Total non-current assets</b>		9,250	6,010
		<hr/>	<hr/>
<b>Total assets</b>		55,910	59,245
		<hr/> <hr/>	<hr/> <hr/>
<b>Current liabilities</b>			
Trade and other payables	3.6	4,599	10,197
Licence fees owing but unpaid		50,048	47,871
Deferred income		790	704
		<hr/>	<hr/>
<b>Total liabilities</b>		55,437	58,772
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets</b>		473	473
		<hr/> <hr/>	<hr/> <hr/>
<b>Members' equity</b>			
Retained earnings		386	386
Reserves	3.8	87	87
		<hr/>	<hr/>
<b>Total members' equity</b>		473	473
		<hr/> <hr/>	<hr/> <hr/>

## Statement of changes in equity For the year ended 30 June 2015

	Distribution reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total members' equity \$'000
<b>Consolidated</b>				
Balance at 1 July 2013	85	(12)	386	459
Profit/(loss) for the year	-	-	-	-
Other comprehensive income net of tax	-	14	-	14
Total comprehensive income and expense	-	14	-	14
Balance at 30 June 2014	85	2	386	473
Balance at 1 July 2014	85	2	386	473
Profit/(loss) for the year	-	-	-	-
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income and expense	-	-	-	-
Balance at 30 June 2015	85	2	386	473

## Statement of cash flows

### For the year ended 30 June 2015

	Section	Consolidated	
		2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		75,805	70,646
Royalties paid		(65,054)	(65,809)
Other cash payments in the course of operations		(13,652)	(3,656)
Interest received		1,021	1,438
<b>Net cash provided by operating activities</b>	2.4	(1,880)	2,619
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(3,296)	-
Increase in cash on deposit		3,567	1,998
<b>Net cash used in investing activities</b>		271	1,998
<b>Net (decrease)/increase in cash held</b>		(1,609)	4,617
Cash at the beginning of the financial year		7,004	2,319
Effect of exchange rate fluctuations on cash held		(88)	68
<b>Cash at the end of the financial year</b>	3.7	5,307	7,004

## 1. About this report

### 1.1 Reporting entity

Australasian Mechanical Copyright Owners Society Limited (the “Company”) is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiary (together referred to as the “consolidated entity”).

The Company’s controlled entity is the wholly owned subsidiary AMCOS New Zealand Limited, a company incorporated in New Zealand. Royalties received from the subsidiary company during the year ended 30 June 2015 were \$nil (2014: \$nil).

The guarantee of members in the event of the winding up of the Company is \$20 for each member. At 30 June 2015 membership of the Company comprised 15,148 Full Members (2014: 13,530), resulting in a total guarantee of \$302,960 (2014: \$270,600).

#### **Basis of consolidation**

##### *Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has the 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 control commences until the date control ceases. The accounting policies have been changed where necessary to align them with the policies adopted by the consolidated entity.

##### *Transactions eliminated on consolidation*

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

### 1.2 Basis of preparation

#### **Statement of compliance**

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB’s) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 01 October 2015.

#### **Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis as the Company and consolidated entity have no derivatives or financial instruments measured at fair value.

**Principal Activities**

The principal activities of the Company during the course of the financial year were the collection of fees in respect of the licensing of the reproduction in recorded form (including gramophone records, compact discs, audio and video cassettes, films, digital works, and audio-visual music programmes) of music.

**Functional and presentation currency**

The consolidated financial statements have been prepared in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

## 2. Results for the year

### 2.1 Revenue and other income

#### Revenue from rendering of services

Royalty income is defined as the gross licence fees collected by the consolidated entity, from the licensing of the reproduction in recorded form (including gramophone records, compact discs, audio and video cassettes, films, digital works and audio-visual music programmes) of music under its control. The licence fees collected are based on information provided by copyright users. The consolidated entity's ability to verify the accuracy of this information is restricted. However, at the discretion of the consolidated entity, the information is subject to periodic investigation by external consultants acting on behalf of the consolidated entity.

Distributable revenue comprises gross licence fees collected less a fixed commission rate to cover the consolidated entity's expenses. The commission earned by the consolidated entity is disclosed as revenue from rendering of services. The fees are calculated using standard charges per each reproduction sold. The distributable revenue is distributed to copyright owners on a quarterly basis.

	Consolidated	
	2015	2014
	\$'000	\$'000
<i>Revenue from licence fees</i>		
Owing but unpaid at 1 July to members and affiliated societies	47,871	46,870
Billed during the year	68,877	67,471
	116,748	114,341
Less: Amounts paid during the year to members and affiliated societies	(60,132)	(59,547)
Owing but not paid at 30 June to members and affiliated societies (section 2.2)	(50,048)	(47,871)
	6,568	6,923
License fees retained to meet operating expenses	103	100
	6,671	7,023

### Interest income

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

	Consolidated	
	2015 \$'000	2014 \$'000
Finance income	1,089	1,449
	1,089	1,449

### Expenses

Directors fees	182	169
Net foreign exchange loss	-	2
Depreciation	42	42
Other expenses	233	392
	456	605

## 2.2 Royalty distributions and royalties payable

Royalties payable are recognised on the statement of financial position for amounts to be distributed to members in future periods.

	Consolidated	
	2015 \$'000	2014 \$'000
Amounts owing to copyright owners and affiliated societies	50,048	47,871
	50,048	47,871

## 2.3 Taxation

The Income Tax Assessment Act 1997 was amended during the year ended 30 June 2006. Under the "Tax Laws Amendment (2004 Measures No 6) Act 2005 Schedule 2 – Collecting Societies", the Company attained tax exempt status for copyright income, and non-copyright income up to certain limits. As a result the Australian Company is no longer taxed on any copyright income it collects and holds on behalf of members, pending distribution to them. Additionally the Company will not be taxed on non-copyright income to the extent that non-copyright income does not exceed the lesser of:

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

Amounts of non-copyright income above the prescribed limits are taxed at the top marginal tax rate for individuals (currently 46.5%). Non-copyright income did not exceed the prescribed limits in 2015 or 2014.

The New Zealand subsidiary is taxed in accordance with the company tax law in New Zealand and at 30 June 2015 has a tax liability of \$nil (2014: \$nil).

Income tax expense comprises current and deferred tax and is recognised in statements of profit or loss and other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not recognised: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The measurement of deferred tax reflects the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### *Goods and Services Tax*

Revenues, 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 Australian Tax Office (ATO). 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 ATO is included as a current asset or liability in the statement of financial position.

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.

## 2.4 Segment reporting

The consolidated entity operates in one business segment being the promotion and protection of the interests of music publishers and writers owning or controlling the copyright in musical works. The consolidated entity operates within Australasia and some territories within Asia.

#### **Reconciliation of cash**

For the purposes of the Statements 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 Statements of cash flows is reconciled to the related items in the balance sheets as follows:

### Reconciliation of profit after income tax to net cash provided by operating activities

	Consolidated	
	2015 \$'000	2014 \$'000
(Loss)/profit after income tax	-	-
Adjustment for:		
Depreciation	42	42
Amortisation	15	-
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities before change in assets and liabilities	57	42
Change in assets and liabilities during the financial year:		
Decrease/(increase) in trade receivables	768	(4,733)
(Decrease)/increase in trade and other payables	(5,092)	6,309
Increase in unpaid licence fees	2,387	1,001
	<hr/>	<hr/>
Net cash provided by operating activities	<u>(1,880)</u>	<u>2,619</u>

## 3. Members' assets

### 3.1 Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" in profit or loss.

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

#### Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the consolidated entity. Ongoing repairs and maintenance is expensed as incurred.

#### Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings 100 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

	Consolidated			
	\$'000	\$'000	\$'000	\$'000
	Land	Building	Plant & Equipment	Total
<b>Cost</b>				
Balance at 1 July 2013	2,000	4,217	24	6,241
Acquisitions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2014	2,000	4,217	24	6,241
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 July 2014	2,000	4,217	24	6,241
Acquisitions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	2,000	4,217	24	6,241
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation and Impairment Losses</b>				
Balance at 1 July 2013	-	189	-	189
Depreciation charge for the year	-	42	-	42
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2014	-	231	-	231
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 July 2014	-	231	-	231
Depreciation charge for the year	-	42	-	42
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	-	273	-	273
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Carrying amounts</b>				
At 1 July 2013	2,000	4,028	24	6,052
At 30 June 2014	2,000	3,986	24	6,010
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2014	2,000	3,986	24	6,010
At 30 June 2015	2,000	3,944	24	5,968
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in land and buildings are amounts of \$2,000,000 and \$4,028,000 respectively which represent a 25% interest in the jointly owned land and buildings at Ultimo, Sydney. The asset is jointly owned with Australasian Performing Right Association Limited.

## 3.2 Capital expenditure commitments

The consolidated entity has the following commitments for capital expenditure as at 30 June 2015 (2014: \$nil).

Following its meeting of the Board of Directors held on 24 July 2014, The Company entered into an agreement for the purchase and development of information technology infrastructure. The value of the commitment under this contract is \$15.8m AUD, with total project costs approved by the Board of Directors of \$25.8m AUD. The board considers the delivery of this technology essential to the future operations of the company and its ability to deliver 'best in class' services to members.

This project carries with it significant risks. Primarily, those risks are associated with the possible over-run, or change of scope of the project, both of which could result in costs which exceed those approved by the Board. This risk is mitigated as much as possible with the secondment of a specific team from the business comprised of subject matter experts, joining the contracted party on-site to manage both scope and delivery. Further, the contract entered into is on a fixed price basis for the delivery of a specific set of objectives, with that set of objectives forming part of the contract.

To govern this project a stand-alone governance structure has been created involving all members of the highest ranks of management together with the CEO (the Steering Committee) and the creation of a sub-committee of the Board to oversee the project (the Systems Development Committee). The Systems Development Committee receives regular information from the Steering Committee as to the progress of the project, items of risk identified along its critical path and detailed financial information in respect of project costs.

This project and the resulting technology asset is shared with Australasian Performing Right Association Limited on an ownership basis of 25% interest held by The Company, and 75% held by Australasian Performing Right Association Limited.

## 3.3 Impairment of assets

### Financial assets

A financial asset (including receivables) not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversals are recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

The aging of the Consolidated Entity's trade and other receivables at the reporting date was:

	Consolidated	
	2015 \$'000	2014 \$'000
Not past due	9,141	7,277
Past due 0-30 days	2,448	3,820
Past due 31-120 days	1,690	4,000
Past due 121 days and greater	2,652	1,789
	15,931	16,886
Impairment provision	(277)	(19)
	15,654	16,867

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated	
	2015 \$'000	2014 \$'000
Balance at 1 July	19	(80)
Impairment loss recognised	(277)	(19)
Provision reversed in the year	(19)	80
	(277)	(19)

The reversal in the provision was due to the resolution of disputed balances and increased the amount distributable to members.

### 3.4 Intangible assets

Intangible assets relates to computer software acquired by the Company and the consolidated entity, which have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

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

- capitalised computer software costs                      5 years

	Consolidated	
	2015	2014
	\$'000	\$'000
<b>Computer software</b>		
<b>Cost</b>		
Balance at 1 July 2014	-	-
Acquisitions	3,296	-
Disposals	-	-
	<hr/>	<hr/>
Balance at 30 June 2015	3,296	-
	<hr/> <hr/>	<hr/> <hr/>
<b>Amortisation and Impairment Losses</b>		
Balance at 1 July 2014	-	-
Amortisation charge for the year	15	-
Disposals	-	-
	<hr/>	<hr/>
Balance at 30 June 2015	15	-
	<hr/> <hr/>	<hr/> <hr/>
<b>Carrying amounts</b>		
At 1 July 2014	-	-
At 30 June 2015	3,281	-

### 3.5 Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses (see section 3.3). Trade debtors are normally settled within 60 days.

	Consolidated	
	2015	2014
	\$'000	\$'000
<b>Current assets</b>		
Trade and other receivables	15,931	16,886
Less: Provision for impairment losses	(277)	(19)
	<hr/>	<hr/>
	15,654	16,867
	<hr/> <hr/>	<hr/> <hr/>

### 3.6 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received and are stated at amortised cost. Trade accounts payable are non-interest bearing and are normally settled within 60 days.

	Consolidated	
	2015	2014
	\$'000	\$'000
Trade creditors and accruals	2,971	7,790
Management fee payable to APRA	1,628	2,407
	4,599	10,197
	4,599	10,197

### 3.7 Cash and cash on deposit

	Consolidated	
	2015	2014
	\$'000	\$'000
Cash at bank	5,307	7,004
	5,307	7,004
Cash on deposit	25,699	29,364
	31,006	36,368
	31,006	36,368

Cash on deposit are term deposits with a term of greater than 90 days. Interest rates as at 30 June 2015 are between 3.07% and 3.17% (2014: 3.07% and 3.17%), which are the prevailing interest rates on cash at bank and cash on deposit.

### 3.8 Reserves

#### Distribution reserve

During the financial year ended 30 June 2006, the Australasian Mechanical Copyright Owners Society Limited Board resolved to establish a distribution reserve for the purposes of dealing with the prospect of major projects related to the administration of mechanical rights. The distribution reserve was established by transferring \$640,000 from licence fees owing but unpaid in respect of licensing sources for which no distribution information was available. In the 2012 financial year \$440,000 was transferred from the reserve into retained earnings to fund a loss within the Company arising from an excess of distributions over revenue earned during the year. The closing balance in the reserve is \$85,000 (2014: \$85,000).

#### Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of the foreign operations results to the presentation currency. The closing balance in the reserve for the consolidated entity is \$nil (2014: a credit balance of \$2,000).

## 4. Risk management

### 4.1 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in this note.

### 4.2 Going concern

As at 30 June 2015, consolidated current liabilities exceed consolidated current assets by \$8,777,000 (2014: \$5,537,000). The directors believe it is appropriate to prepare the financial statements on a going concern basis as distributable amounts payable are disclosed as current liabilities as they are payable at call, however in practise a portion of this balance, which the directors expect will exceed the deficiency above, will not be paid in the next twelve months.

### 4.3 Financial instruments

#### Recognition of non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, trade and other payables and royalties payable.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and on call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

#### Financial risk management

##### Overview

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

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, 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 and Governance 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 and Governance 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.

#### *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 specific geographical concentration.

The Audit and Governance Committee has established a credit policy under which defaulting licensees are pursued rigorously with the assistance of a collection agency.

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

### **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 30 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### **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. The currencies the consolidated entity is primarily exposed to, other than the functional currency of the consolidated entity, are Euro, GBP and USD.

#### *Interest rate risk*

The consolidated entity is exposed to interest rate risk in relation to its cash and short-term deposit balances. The weighted average interest rate on cash and short-term deposits of \$31,006,000 at 30 June 2015 is 3.07% (2014: \$36,368,000, 3.67%). 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 and operates a subsidiary in New Zealand. It is group policy not to hedge this exposure to foreign exchange risk.

#### **Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the consolidated entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The consolidated entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the consolidated entity's reputation with the overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each operative unit. This responsibility is supported by the development of overall consolidated entity standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with consolidated entity standards is supported by periodic reviews undertaken by a governance committee of senior executives. The results of reviews as discussed with the management of the operational unit to which they relate.

## 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:

	Consolidated	
	2015	2014
	\$'000	\$'000
Trade receivables	15,644	16,718
Other receivables	10	149
Cash, cash equivalents and cash on deposit	31,006	36,368
	46,660	53,235
	46,660	53,235

The consolidated entity's most significant customer, a provider of digital works, accounts for \$3,215,000 of the trade and other receivables carrying amount at 30 June 2015 (2014: \$3,610,000).

### Liquidity risk

The contractual maturities of financial liabilities, as represented by trade and other payables and licence fees owing but unpaid, are all within one year. The carrying amount of these liabilities also represents the contractual cash flows.

### Currency risk

#### *Profile*

The Company and consolidated entity do not have any significant exposure to foreign currency receivables or payables at 30 June 2015: \$nil (30 June 2014: \$nil). The consolidated entity has exposure to the New Zealand dollar due to its investment in the New Zealand subsidiary.

#### *Sensitivity analysis*

A 10 percent strengthening or weakening of the Australian dollar against the New Zealand dollar at 30 June would not have materially increased/ (decreased) the consolidated entity's equity at 30 June 2015 or 30 June 2014.

## Interest rate risk

### Profile

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

	Consolidated Carrying amount	
	2015 \$'000	2014 \$'000
<b>Fixed rate instruments</b>		
Cash on deposit	25,699	29,364
	=====	=====
<b>Variable rate instruments</b>		
Cash at bank	5,307	7,004
	=====	=====

### Sensitivity analysis

If interest rates had changed by plus (or minus) 1% per annum from the year end interest rate, with all other variables held constant, the consolidated entity profit before income tax expense for the year would have been \$53,223 higher / (lower) (2014: \$70,831).

## 5. Employee remuneration

### 5.1 Employee benefits

The consolidated entity does not have any employees.

### 5.2 Related parties

#### Key management personnel compensation

The key management personnel compensation included in directors fees (see note 6) are as follows:

	Consolidated	
	2015 \$'000	2014 \$'000
Short term Director's benefits	182	169

#### Other key management personnel transactions

Director related entities of the Company or its controlled entity may from time to time receive licence fees for the reproduction of music in a recorded form. The licence fee payments are on the same terms and conditions as those made to other members of the Company and its controlled entity.

## 6. Other information

### 6.1 Parent entity disclosures

	2015 \$'000	2014 \$'000
<b><i>Financial performance of the parent entity</i></b>		
Result of parent entity	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
<b><i>Financial position of the parent entity at year end</i></b>		
Current assets	43,516	47,966
Total assets	52,766	53,976
Current liabilities	52,450	53,660
Total liabilities	52,450	53,660
<b><i>Total equity of the parent entity comprising of:</i></b>		
Retained earnings	231	231
Reserves	85	85
Total equity	316	316

#### Parent entity capital commitments

The parent entity is the responsible entity for those commitments disclosed under section 3.2.

### 6.2 Foreign currency treatment

#### 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 sheet date are retranslated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the 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.

#### Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign exchange differences are recognised directly in equity.

### 6.3 New standards and interpretations not yet adopted

There are a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the consolidated entity, except for AASB 9 *Financial Instruments*, which becomes mandatory for the consolidated entity's 2019 consolidated financial statements and could change the classification and measurement of financial assets. The consolidated entity does not plan to adopt this standard early and the extent of the impact has not been determined.

### 6.4 Auditor's remuneration

	Consolidated	
	2015	2014
	\$	\$
<b><i>Audit services:</i></b>		
Auditors of the company - KPMG		
– Audit of the financial report	46,000	43,500
<b><i>Other services:</i></b>		
Auditors of the company - KPMG		
– Taxation	6,000	11,191
– Other services	4,050	4,000
	56,050	58,691
	56,050	58,691