



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

Annual Financial Report
30 June 2017

Directors' report

For the year ended 30 June 2017

The directors present their report together with the consolidated financial statements of Australasian Mechanical Copyright Owners Society Limited (the "Company") its controlled entity, for the financial year ended 30 June 2017 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

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. In 2014 he was appointed as the Adjunct Professor at the Victoria University College of Business and in 2016 he was elected to the Board of the International Confederation of Music Publishers (ICMP).

Robert Aird

Non-executive Director since 1986

Robert recently retired from his position as 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 which he held for 16 years and remains on the board as Universal's elected representative.

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 management positions at Polygram Records and was Managing Director of Rondor Music (Australia) Pty Ltd when it was an independent company.

Marianna Annas

Non-executive Director since 2011 and Deputy Chair of the Board

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 Australasian Performing Right Association Limited (APRA), 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 Music Australia, 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, Australasian Performing Right Association Limited and is a Director and Chair of the Australasian Music Publishers Association Limited.

Jaime Gough

Non-executive Director since 2015

Jaime is Managing Director at Native Tongue Music Publishing, an independent music publisher with offices in Melbourne, Sydney and Auckland.

After completing a Bachelor of Business (Marketing) and Bachelor of Business (Management) at Monash University, Jaime started working in the family business as Copyright and Royalties manager from the company's inception in 2005, before becoming Creative Manager in 2007 where his role evolved to include A&R, Licensing and International catalogue management. Prior to joining Native Tongue Jaime worked for music licensing company Mana Music and management company Mayday Management, representing The Go-Betweens, Mia Dyson, Renee Geyer and David Bridie.

Jaime is also a board member of AMPAL and has served on the board for non-profit youth music organization The Push.

Peter Hebbes AM

Non-executive Director since 2002

Managing Director and owner of the independent music publishing and business consulting company Hebbes Music Group Pty. Ltd., and a director of CAS Music Australia. He is also a Director of the Australasian Music Publishers Association Limited (AMPAL), Australasian Mechanical Copyright Owners Society (AMCOS), Country Music Association of Australia (CMAA) and a past Director and Deputy Chairman of the Australasian Performing Right Association Limited (APRA). 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 Chairman a current director of Variety "the children's charity" NSW, the co-founder and Trustee of The Golden Stave Foundation and a past board member of Nordoff Robbins Music Therapy Australia. 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 Australasian Music Industry and his extensive charity work.

Clive Hodson

Non-executive Director since 2016

Clive Hodson is the Owner/Director of full service publishing/licensing company Perfect Pitch Publishing which represents both local and international writers and catalogues. Clive was formally the General Manager, Shock Music Publishing (3 yrs) and prior to that Head of ABC Music (5 yrs). Clive's music career has also involved 20 years of senior management positions - A&R and Marketing - within the PolyGram/Universal Group. Clive was elected to the board of the PPCA (as independent labels representative) and the board of AIR (Association of Independent Record Labels) in 2006, the board of AMCOS in 2007 and the board of AMPAL in 2009, retiring in June 2010. Clive lectures in music publishing at both Music Colleges in Sydney and Music Conferences nationally. Clive's career started as a writer/performer in Perth, Western Australia and moved through to the business side of the industry in 1978. He continues to focus on signing and developing careers for writers and performers.

Steve McPherson

Non-executive Director since 2012

Steve is the CEO of Hillsong Music Publishing Australia, SHOUT! Music Publishing and City & Vine Production Music with an extensive background as a performer, producer and songwriter. 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 over 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, General Manager, Kobalt Music Group Asia. As Managing Director, Simon is responsible for Kobalt's publishing, recorded music services, and neighbouring rights businesses, the latter of which were established in 2012 in Australia and New Zealand. In 2016 Simon took on the role of General Manager for Kobalt in Asia, establishing an office in Hong Kong and overseeing development of Kobalt Publishing and other new business. Simon is currently a non-executive director of the Australasian Music Publishers Association Limited.

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 A&R/Marketing Manager and National Promotions Manager. After a brief stint at Warner Music in 1990 as General Manager of East West Records, he returned to Sony to head up the re started publishing company in 1992.

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 Chartered Accountants Australia and New Zealand, 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

Jonathan Carter

Company Secretary since 18 November 2010

Jonathan Carter is General Counsel and Company Secretary of the Australasian Performing Right Association Limited and the Australasian Mechanical Copyright Owners Society Limited.

After being admitted to practise in 2001, Jonathan worked as an Associate to a Judge of the Federal Court of Australia. 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 is currently President of the Copyright Society of Australia and sits on a number of other committees, including CISAC's Legal Committee, Music Rights Australia's Steering Committee and Genea Ltd's Ethics Committee.

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		Joint Audit & Governance Committee		Membership & Distribution Committee		Print Music & Education Committee	
	A	B	A	B	A	B	A	B	A	B
Robert Aird	6	6			8	11	3	4		
David Albert*	1	2	1	2	4	6				
Marianna Annas	6	6					4	4	1	1
Philip Burn	6	6	3v	5	9v	11			2v	2
Matthew Capper	5	6	5v	5	9v	11				
Jaime Gough	5	6					3v	4		
Peter Hebbes	6	6					4	4		
Clive Hodson	4	4					3	3	1	1
Ian James (Chair)	6	6	5v	5	5v	11				
Steve McPherson	5	6	3	5	4	7	1	1	2	2
Simon Moor	3	6					2	4	0	2
Damian Trotter	4	6	4	5	8	11				
Philip Walker	6	6	5	5	10v	11				

A Number of meetings attended

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

v The director attended some meetings via video or teleconference link

* David Albert retired 23/11/2016

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 2017.

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 Cth., as amended) 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	
	2017 \$'000	2016 \$'000
Licence fees billed during the year	92,830	73,682
Movement in amounts owing to members but unpaid during the year	(10,374)	(5,291)
Amounts paid	(73,209)	(60,951)
Net revenue	9,247	7,440
Other revenue		
Management and accounting services income	230	241
Finance income	720	783
	10,197	8,464
Operating expenses	(10,197)	(8,464)
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 2018 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 2018 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 were no other items, transactions or events 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 \$20,736 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 2017 membership of the Company comprised 17,325 Full Members (2016: 16,054), resulting in a total guarantee of \$346,500 (2016: \$321,080).

Rounding off

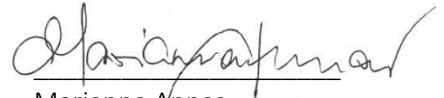
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument amounts in the financial report and Directors' report have been rounded off to the nearest one thousand dollars, unless otherwise stated.

Dated at Sydney this 21st day of September 2017.

Signed in accordance with a resolution of the directors:



Ian James



Marianna Annas

Directors' declaration

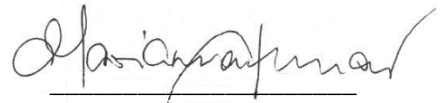
1. In the opinion of the directors of Australasian Mechanical Copyright Owners Society Limited:
 - (a) the financial statements and notes, set out on pages 15 to 39 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2017 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 notes to 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 21st day of September 2017.



Ian James



Marianna Annas

Corporate Governance Statement

The Company's 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 and its controlled entity ('AMCOS')

I declare that, to the best of my knowledge and belief, in relation to the audit of AMCOS for the financial year ended 30 June 2017 there have been:

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



KPMG



Anthony Travers

Partner

Sydney

21 September 2017

Independent Auditor's Report

To the members of Australasian Mechanical Copyright Owners Society Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Australasian Mechanical Copyright Owners 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 Consolidated Entity's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of Financial Position as at 30 June 2017;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- The Directors' Declaration.

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

Basis for opinion

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

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

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

Other Information

Other Information is financial and non-financial information in Australasian Mechanical Copyright Owners 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.

Independent Auditor's Report To the members of Australasian Mechanical Copyright Owners Society Limited

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 Consolidated Entity's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

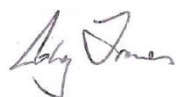
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

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

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



KPMG



Anthony Travers
Partner
Sydney
21 September 2017

Contents

Financial Statements	
Consolidated statement of profit or loss and other comprehensive income	15
Consolidated statement of financial position	16
Consolidated statement of changes in equity	17
Consolidated statement of cash flows	18
1. About this report	
1.1 Reporting entity	19
1.2 Basis of preparation	19
2. Results for the year	
2.1 Revenue and other income	21
2.2 Royalty distributions and royalties payable	22
2.3 Taxation	22
2.4 Segment reporting	23
3. Members' assets	
3.1 Property, plant and equipment	25
3.2 Capital expenditure commitments	27
3.3 Impairment of assets	27
3.4 Intangible assets	28
3.5 Trade and other receivables	30
3.6 Trade and other payables	30
3.7 Cash and cash on deposit	30
3.8 Reserves	31
4. Risk management	
4.1 Use of estimates and judgements	32
4.2 Going concern	32
4.3 Financial instruments	32
4.4 Contingent Liabilities	36
5. Employee remuneration	
5.1 Employee benefits	37
5.2 Related parties	37
6. Other information	
6.1 Parent entity disclosures	38
6.2 Foreign currency treatment	38
6.3 New standards and interpretations not yet adopted	39
6.4 Auditor's remuneration	39

Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2017

	Section	Consolidated	
		2017 \$'000	2016 \$'000
Revenue from rendering of services	2.1	9,477	7,681
Secretariat expenses	2.1	(644)	(595)
Licensing expenses		(9,553)	(7,869)
Results from operating activities		(720)	(783)
Finance income	2.1	720	783
Profit/(loss) before income tax expense		-	-
Income tax benefit /(expense)		-	-
Profit/(loss) for the year		-	-
Other comprehensive income for the year – items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		-	3
Total comprehensive income for the year		-	3

Consolidated statement of financial position As at 30 June 2017

	Section	Consolidated	
		2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	3.7	10,668	7,481
Cash on deposit	3.7	24,366	21,837
Trade and other receivables	3.5	27,082	21,668
		<hr/>	<hr/>
Total current assets		62,116	50,986
		<hr/>	<hr/>
Non-current assets			
Property, plant and equipment	3.1	5,884	5,926
Intangibles	3.4	3,639	3,804
		<hr/>	<hr/>
Total non-current assets		9,523	9,730
		<hr/>	<hr/>
Total assets		71,639	60,716
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Trade and other payables	3.6	2,742	2,102
Management fee	3.6	2,493	2,307
Licence fees owing but unpaid		65,711	55,337
Deferred income		217	494
		<hr/>	<hr/>
Total liabilities		71,163	60,240
		<hr/> <hr/>	<hr/> <hr/>
Net assets		476	476
		<hr/> <hr/>	<hr/> <hr/>
Members' equity			
Retained earnings		386	386
Reserves	3.8	90	90
		<hr/>	<hr/>
Total members' equity		476	476
		<hr/> <hr/>	<hr/> <hr/>

Consolidated statement of changes in equity For the year ended 30 June 2017

	Distribution reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total members' equity \$'000
Consolidated				
Balance at 1 July 2015	85	2	386	473
Profit/(loss) for the year	-	-	-	-
Other comprehensive income net of tax	-	3	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income and expense	-	3	-	3
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	85	5	386	476
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 July 2016	85	5	386	476
Profit/(loss) for the year	-	-	-	-
Other comprehensive income net of tax	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income and expense	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	85	5	386	476
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated statement of cash flows

For the year ended 30 June 2017

	Section	Consolidated	
		2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		94,706	74,793
Royalties paid		(79,988)	(66,787)
Other cash payments in the course of operations		(9,747)	(10,220)
Interest received		549	749
Net cash provided by/(used in)operating activities	2.4	5,520	(1,465)
Cash flows from investing activities			
Payments for intangibles		(563)	(1,232)
Reimbursement of costs – CLEF		759	693
(Increase)/decrease in cash on deposit		(2,529)	4,073
Net cash (used in)/provided by investing activities		(2,333)	3,534
Net increase in cash held		3,187	2,069
Cash at the beginning of the financial year		7,481	5,307
Effect of exchange rate fluctuations on cash held		-	105
Cash at the end of the financial year	3.7	10,668	7,481

1. About this report

1.1 Reporting entity

The Company is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2017 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 2017 were \$nil (2016: \$nil).

The guarantee of members in the event of the winding up of the Company is \$20 for each member. At 30 June 2017 membership of the Company comprised 17,325 Full Members (2016: 16,054), resulting in a total guarantee of \$346,500 (2016: \$321,080).

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 21 September 2017.

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.

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 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.

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	
	2017	2016
	\$'000	\$'000
<i>Revenue from licence fees</i>		
Owing but unpaid at 1 July to members and affiliated societies	55,337	50,046
Billed during the year	92,830	73,682
	148,167	123,728
Less: Amounts paid during the year to members and affiliated societies	(73,209)	(60,951)
Owing but not paid at 30 June to members and affiliated societies (section 2.2)	(65,711)	(55,337)
	9,247	7,440
Licence fees retained to meet operating expenses	230	241
	9,477	7,681

Interest income

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

	Consolidated	
	2017 \$'000	2016 \$'000
Finance income	720	783
	720	783

Expenses

Directors fees	201	180
Net foreign exchange loss	191	155
Depreciation	42	42
Other expenses	210	218
	644	595

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	
	2017 \$'000	2016 \$'000
Amounts owing to copyright owners and affiliated societies	65,711	55,337
	65,711	55,337

2.3 Taxation

Under the “Tax Laws Amendment (2004 Measures No 6) Act 2005 Schedule 2 – Collecting Societies”, the Company is tax exempt with respect to copyright income, and non-copyright income up to certain limits. The Australian Company is no longer taxed on any copyright income it collects and holds on behalf of members, pending distribution to them. Amounts of non-copyright income above the prescribed limits are taxed at the top marginal tax rate for individuals (currently 46.5%). The Company is not 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.

Non-copyright income did not exceed the prescribed limits in 2017 or 2016. The New Zealand subsidiary is taxed in accordance with the company tax law in New Zealand and at 30 June 2017 has a tax liability (NZD) of \$nil (2016: \$nil).

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	
	2017 \$'000	2016 \$'000
(Loss)/profit after income tax	-	-
Adjustment for:		
Depreciation	42	42
Amortisation	14	16
Other non-cash items	(45)	-
	<hr/>	<hr/>
Net cash provided by operating activities before change in assets and liabilities	11	58
Change in assets and liabilities during the financial year:		
(Increase) in trade receivables	(5,414)	(5,892)
Increase/(decrease) in trade and other payables	549	(554)
Increase in unpaid licence fees	10,374	4,923
	<hr/>	<hr/>
Net cash provided by(used in) operating activities	5,520	(1,465)
	<hr/> <hr/>	<hr/> <hr/>

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
Cost				
Balance at 1 July 2015	2,000	4,217	24	6,241
Acquisitions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	2,000	4,217	24	6,241
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 July 2016	2,000	4,217	24	6,241
Acquisitions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	2,000	4,217	24	6,241
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation and Impairment Losses				
Balance at 1 July 2015	-	273	-	273
Depreciation charge for the year	-	42	-	42
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	-	315	-	315
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 July 2016	-	315	-	315
Depreciation charge for the year	-	42	-	42
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	-	357	-	357
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Carrying amounts				
At 1 July 2015	2,000	3,944	24	5,968
At 30 June 2016	2,000	3,902	24	5,926
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2016	2,000	3,902	24	5,926
At 30 June 2017	2,000	3,860	24	5,884

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 2017:

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 \$23.1m AUD (2016: \$17.4m), with total project costs approved by the Board of Directors since 30 June 2017 of \$45.4m AUD (2016: \$38.7m). 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 project frequently reported to and overseen by the Audit and Governance Committees of both APRA and AMCOS.

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	
	2017	2016
	\$'000	\$'000
Not past due	19,781	14,505
Past due 0-30 days	1,743	992
Past due 31-120 days	4,414	3,445
Past due 121 days and greater	1,319	3,493
	27,257	22,435
Impairment provision	(175)	(767)
	27,082	21,668

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

	Consolidated	
	2017	2016
	\$'000	\$'000
Balance at 1 July	(767)	(277)
Impairment loss recognised	(175)	(767)
Provision reversed in the year	767	277
	(175)	(767)

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 \$'000
Computer software Cost	
Balance at 1 July 2015	3,296
Acquisitions	1,232
Transfer to Receivable	(693)
Balance at 30 June 2016	3,835
Balance at 1 July 2016	3,835
Acquisitions	563
Disposals	-
Transfer to Receivable	(759)
Balance at 30 June 2017	3,639
Amortisation and Impairment Losses	
Balance at 1 July 2015	15
Amortisation charge for the year	16
Disposals	-
Balance at 30 June 2016	31
Balance at 1 July 2016	31
Amortisation charge for the year	14
Transfer to Receivable	(45)
Balance at 30 June 2017	-
Carrying amounts	
At 1 July 2016	3,804
At 30 June 2017	3,639

Transfer to Receivable

The 2017 opening balance of computer software contains aggregated expenses relating to the very early stages of mobilising the internal and external project teams and early stage analysis which has now been replaced in latter stages of delivery of the new technology platform. As these incidental operations are not necessary to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management, their associated costs have been invoiced back to Australasian Performing Right Association (APRA). APRA settled most of this sum before 30 June 2017 with the remainder paid immediately after that date. APRA has correctly recognised these expenses in its profit and loss in its financial report for the year ended 30 June 2017.

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	
	2017	2016
	\$'000	\$'000
Current assets		
Trade and other receivables	27,257	22,435
Less: Provision for impairment losses	(175)	(767)
	27,082	21,668
	27,082	21,668

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	
	2017	2016
	\$'000	\$'000
Trade creditors and accruals	2,742	2,102
Management fee payable to APRA	2,493	2,307
	5,235	4,409
	5,235	4,409

3.7 Cash and cash on deposit

	Consolidated	
	2017	2016
	\$'000	\$'000
Cash at bank	10,668	7,481
	10,668	7,481
Cash on deposit	24,366	21,837
	24,366	21,837
	35,034	29,318

Cash on deposit are term deposits with a term of greater than 90 days. Interest rates as at 30 June 2017 are between 1.70% and 3.02% (2016: 1.95% and 2.25%), 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 2016, 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 (2016: \$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 \$5,000 (2016: a credit balance of \$5,000).

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 2017, consolidated current liabilities exceed consolidated current assets by \$9,047,000 (2016: \$9,254,000). 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 \$35,034,000 at 30 June 2017 is 2.55% (2016: \$29,318,000, 2.76%). 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	
	2017	2016
	\$'000	\$'000
Trade receivables	27,073	21,658
Other receivables	9	10
Cash, cash equivalents and cash on deposit	35,034	29,318
	62,116	50,986
	62,116	50,986

One of the consolidated entity's most significant customers, a provider of digital works, accounts for \$1,583,753 of the trade and other receivables carrying amount at 30 June 2017 (2016: \$2,690,380).

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 2017: \$nil (30 June 2016: \$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 2017 or 30 June 2016.

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	
	2017 \$'000	2016 \$'000
Fixed rate instruments		
Cash on deposit	24,366	21,837
	=====	=====
Variable rate instruments		
Cash at bank	10,668	7,481
	=====	=====

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 \$107,324 higher / (lower) (2016: \$75,407).

4.4 Contingent liabilities

The Company and its controlled entity have been joined as cross-defendants to copyright infringement proceedings in New Zealand. Under the input agreements with its membership the Company and its controlled entity are indemnified from such proceedings therefore no contingent liability has been recorded (2016: \$nil). As at the date of signing, the hearing has occurred with a decision set to be handed down by the court in October 2017.

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 are as follows:

	Consolidated	
	2017 \$'000	2016 \$'000
Short term Director's benefits	201	180

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

	2017 \$'000	2016 \$'000
<i>Financial performance of the parent entity</i>		
Result of parent entity	-	-
Other comprehensive income	-	-
Total comprehensive income	<u>-</u>	<u>-</u>
<i>Financial position of the parent entity at year end</i>		
Current assets	54,790	43,804
Total assets	<u>64,312</u>	<u>53,534</u>
Current liabilities	63,996	53,218
Total liabilities	<u>63,996</u>	<u>53,218</u>
<i>Total equity of the parent entity comprising of:</i>		
Retained earnings	231	231
Reserves	85	85
Total equity	<u>316</u>	<u>316</u>

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which becomes mandatory for the Company's 2018 financial statements and could change the classification and measurements of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

(i) AASB 9 Financial Instruments.

AASB 9 replaces the existing guidance in AASB 139 Financial Instrument Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

(iii) AASB 16 Leases

AASB 16 Leases removes the lease classification test and required all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet for leases. AASB 16 is effective for annual reporting beginning on or after 1 January 2019. Early adoption will be permitted for entities that also adopt AASB 15 Revenue from contracts with customers. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

6.4 Auditor's remuneration

	Consolidated	
	2017	2016
	\$	\$
Audit services:		
Auditors of the company - KPMG		
– Audit of the financial report	40,928	54,138
Other services:		
Auditors of the company - KPMG		
– Taxation	11,813	34,728
– Other services	4,380	4,250
	57,121	93,116
	57,121	93,116