



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

Annual Financial Report
30 June 2019

Directors' report

For the year ended 30 June 2019

The Directors present their report together with the consolidated financial statements of Australasian Mechanical Copyright Owners Society Limited (Company) and of the consolidated entity, being the Company and its controlled entity, for the financial year ended 30 June 2019 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 was Managing Director of Mushroom Music Pty Limited from 1986 to 2018 and now acts as Senior Consultant. He is also Deputy Chairman of the Australasian Performing Right Association Limited (APRA) and a Director of the Australasian Music Publishers' Association Limited (AMCOS).

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 (APRA) from 1976 to 1986 in several management positions. He was appointed as the Adjunct Professor at the Victoria University College of Business in 2014, the Board of the International Confederation of Music Publishers (ICMP) in 2016 and the Board of the Independent Music Publishers Forum (IMPF) in 2018.

Bob Aird

Non-executive Director since 1986

Bob 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 Chairman of Hal Leonard Australia Pty Ltd, having previously been the Managing Director of the company since its inception in 1995. He has had a long career in the music industry, having commenced with Yamaha Music Australia in 1976. Philip is also a Director of the Australasian Music Publishers' Association Limited (AMPAL), Innovative Music Australia Pty Ltd and Sheet Music Plus Australia Pty Ltd.

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), 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), the Australasian Music Performance Committee (AMPCOM) and the Country Music Association of Australia (CMAA). 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/Managing Director of Perth based full service Publishing/Licensing company Perfect Pitch Publishing which represents both local and international writers and catalogues. Perfect Pitch has offices in Queensland and Perth. Clive was formally the General Manager, Shock Music Publishing and prior to that Head of ABC Music. Clive's music business career has also involved 20 years in senior management positions – GM, 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 again in 2016 (current) and the board of AMPAL in 2009 (currently Deputy Chair). Clive is a senior accredited lecturer (Certificate of Education – UNSW) in Music Publishing at Music Colleges in Sydney (AIM/TAFE) and Perth (WAAPA/TAFE) and guest speaker/panellist at Music Conferences nationally. Perfect Pitch is a major sponsor of the WAM (West Australian Music) & Fairbridge Youth Quest Songwriter of the Year competitions. His career started (and continues) as a writer/performer in Perth, Western Australia and moved through to the business side of the industry in 1978. Clive is also a registered writer with APRA. 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 songwriters 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. In 2018, Steve completed his MBA through the Australian Institute of Business.

Steve also serves on the Board of Advisors to Christian Copyright Licensing International, is a Director of Australasian Music Publishers' Association Limited (AMPAL) and serves on the Executive of the Church Music Publishers Association (CMPA) in the United States.

Simon Moor

Non-executive Director since November 2013

Simon is the Managing Director of Kobalt Music Group APAC. As Managing Director, Simon is responsible for Kobalt's publishing, recorded music services, and neighbouring rights businesses. Simon established the Australian and New Zealand operations for Kobalt in 2010 and then in 2016 Simon established an office in Hong Kong, overseeing development of Kobalt Publishing and other new business in the Asian Region. Simon is currently a non-executive director of the Australasian Music Publishers' Association Limited (AMPAL).

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 (AMPAL) and the Australasian Performing Right Association Limited (APRA). His not for profit work includes Chair 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 Vice Chair 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 Head of the Legal, Corporate & Policy Division and Company Secretary of the Australasian Performing Right Association Limited and the Australasian Mechanical Copyright Owners Society Limited.

After being admitted to legal practise in 2001, Jonathan was Associate to a Judge of the Federal Court of Australia. He then worked in the intellectual property group of national law firm Allens, before taking in-house legal and management roles at Sony Music Australia and EMI Music Australia. Jonathan sits on the Screenrights Board, the Legal Committee of CISAC, the Steering Committee of Music Rights Australia and Ethics Committee of Genea Ltd.

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
Bob Aird	6	8			4	6	1	3		
Marianna Annas	8	8					3	3		
Philip Burn	8	8	6	6	6	6			4	4
Matthew Capper	6	8	3*	6	3*	6				
Jaime Gough	8	8	3*	3	4*	4	2*	2		
Peter Hebbes	8	8					3	3		
Clive Hodson	8	8					3	3	4	4
Ian James (Chair)	6	8	4*	6	4*	6				
Steve McPherson	7	8	1	3	1	3	1	1	4	4
Simon Moor	5~	8					0	3	1	4
Damian Trotter	5	8	4	6	5	6				
Philip Walker	7	8	5	6	5	6				

A Number of meetings attended

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

* The director attended some meetings via video or teleconference link

~ Simon Moor was not required to attend the January Joint Board meeting due to a conflict of interest

Notes

Jaime Gough joined AMCOS Audit & Governance Committee and stood down from AMCOS Membership & Distribution Committee in November 2018

Steve McPherson joined AMCOS Membership & Distribution Committee and stood down from AMCOS Audit & Governance Committee in November 2018

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 2019.

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 (APRA) 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	
	2019 \$'000	2018 \$'000
Licence fees billed during the year	117,900	95,942
Movement in amounts owing to members but unpaid during the year	(9,388)	(4,572)
Amounts paid	(96,875)	(81,842)
Net revenue	11,637	9,528
Other revenue		
Management and accounting services income	206	220
Finance income	607	642
	12,450	10,390
Operating expenses	(12,450)	(10,390)
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 2020 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 2019 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 \$22,256 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 2019 membership of the Company comprised 20,544 Full Members (2018: 19,074), resulting in a total guarantee of \$410,880 (2018: \$381,480).

Rounding off

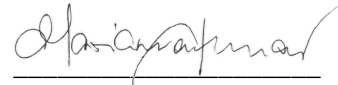
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument amounts in the financial report and Directors' report have been rounded off to the nearest one thousand dollars, unless otherwise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

Dated at Sydney this 19 day of September 2019.

Signed in accordance with a resolution of the Directors:



Ian James



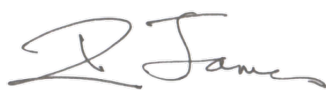
Marianna Annas

Directors' declaration

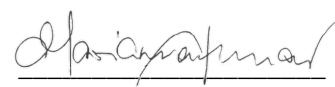
1. In the opinion of the Directors of Australasian Mechanical Copyright Owners Society Limited:
 - (a) the financial statements and notes, set out on pages 16 to 40 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2019 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 19 day of September 2019.



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 Corporations 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 of Australasian Mechanical Copyright Owners Society Limited for the financial year ended 30 June 2019 there have been:

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

KPMG

KPMG

Anthony Travers

Partner

Sydney

19 September 2019



Independent Auditor's Report

To the members of Australasian Mechanical Copyright Owners Society Limited

Opinion

We have audited the **Financial Report** of Australasian Mechanical Copyright Owners Society Limited (the Consolidated Entity).

In our opinion, the accompanying Financial Report of the Consolidated Entity 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 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Consolidated Entity and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity and Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Anthony Travers

Partner

Sydney

19 September 2019

Contents

Financial Statements	
Consolidated statement of profit or loss and other comprehensive income	16
Consolidated statement of financial position	17
Consolidated statement of changes in equity	18
Consolidated statement of cash flows	19
1. About this report	
1.1 Reporting entity	20
1.2 Basis of preparation	20
2. Results for the year	
2.1 Revenue and other income	22
2.2 Royalty distributions and royalties payable	23
2.3 Taxation	23
2.4 Segment reporting	24
2.5 Reconciliation of Cash	24
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 Reserves	31
3.8 Operating leases	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	40

Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2019

	Section	Consolidated	
		2019 \$'000	2018 \$'000
Revenue from rendering of services	2.1	11,843	9,748
Secretariat expenses	2.1	(569)	(876)
Licensing expenses		(11,881)	(9,514)
Results from operating activities		(607)	(642)
Finance income	2.1	607	642
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		6	(5)
Total comprehensive income for the year		6	(5)

Consolidated statement of financial position As at 30 June 2019

	Section	Consolidated	
		2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents		6,546	16,663
Cash on deposit		3,598	12,004
Trade and other receivables	3.5	78,579	44,122
		<hr/>	<hr/>
Total current assets		88,723	72,789
		<hr/>	<hr/>
Non-current assets			
Property, plant and equipment	3.1	5,814	5,856
Intangibles	3.4	5,163	4,027
		<hr/>	<hr/>
Total non-current assets		10,977	9,883
		<hr/>	<hr/>
Total assets		99,700	82,672
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Trade and other payables	3.6	8,436	2,704
Management fee	3.6	5,633	2,912
Licence fees owing but unpaid	2.2	79,671	70,283
Deferred income		5,483	6,302
		<hr/>	<hr/>
Total liabilities		99,223	82,201
		<hr/> <hr/>	<hr/> <hr/>
Net assets		477	471
		<hr/> <hr/>	<hr/> <hr/>
Members' equity			
Retained earnings		386	386
Reserves	3.7	85	85
Foreign currency translation reserve		6	-
		<hr/>	<hr/>
Total members' equity		477	471
		<hr/> <hr/>	<hr/> <hr/>

Consolidated statement of changes in equity For the year ended 30 June 2019

	Distribution reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total members' equity \$'000
Consolidated				
Balance at 1 July 2017	85	5	386	476
Profit/(loss) for the year	-	-	-	-
Other comprehensive income net of tax	-	(5)	-	(5)
Total comprehensive income and expense	-	-	-	-
Balance at 30 June 2018	85	-	386	471
Balance at 1 July 2018	85	-	386	471
Profit/(loss) for the year	-	-	-	-
Other comprehensive income net of tax	-	6	-	6
Total comprehensive income and expense	-	-	-	-
Balance at 30 June 2019	85	6	386	477

Consolidated statement of cash flows For the year ended 30 June 2019

	Section	Consolidated	
		2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		119,432	91,140
Royalties paid		(135,184)	(88,020)
Other cash payments in the course of operations		(2,320)	(9,377)
Interest received		544	579
Net cash used in operating activities	2.5	(17,528)	(5,678)
Cash flows from investing activities			
Payments for intangibles		(1,139)	(704)
Payments for property, plant and equipment		-	(14)
Reimbursement of costs – CLEF		-	207
Decrease in cash on deposit		8,406	12,245
Net cash provided by investing activities		7,267	11,734
Net (decrease)/increase in cash held		(10,261)	6,056
Cash at the beginning of the financial year		16,663	10,668
Effect of exchange rate fluctuations on cash held		144	(61)
Cash at the end of the financial year		6,546	16,663

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 2019 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 2019 were \$nil (2018: \$nil).

The guarantee of members in the event of the winding up of the Company is \$20 for each member. At 30 June 2019 membership of the Company comprised 20,544 Full Members (2018: 19,074), resulting in a total guarantee of \$410,880 (2018: \$381,480).

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 19 September 2019.

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	
	2019 \$'000	2018 \$'000
<i>Revenue from licence fees</i>		
Owing but unpaid at 1 July to members and affiliated societies	70,283	65,711
Billed during the year	117,900	95,942
	188,183	161,653
Less: Amounts paid during the year to members and affiliated societies	(96,875)	(81,842)
Owing but not paid at 30 June to members and affiliated societies (section 2.2)	(79,671)	(70,283)
	11,637	9,528
Licence fees retained to meet operating expenses	206	220
	11,843	9,748

Interest income

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

	Consolidated	
	2019 \$'000	2018 \$'000
Finance income	607	642
	<u> </u>	<u> </u>

Expenses

Directors fees	325	325
Net foreign exchange loss	54	208
Depreciation	42	143
Other expenses	148	200
	<u> </u>	<u> </u>
	<u>569</u>	<u>876</u>

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	
	2019 \$'000	2018 \$'000
Amounts owing to copyright owners and affiliated societies	79,671	70,283
	<u> </u>	<u> </u>

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 47%). 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 2019 or 2018. The New Zealand subsidiary is taxed in accordance with the company tax law in New Zealand and at 30 June 2019 has a tax liability (NZD) of \$nil (2018: \$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.

2.5 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	
	2019 \$'000	2018 \$'000
(Loss)/profit after income tax	-	-
Adjustment for:		
Depreciation	42	143
Amortisation	3	8
Other non-cash items	-	-
	<hr/>	<hr/>
Net cash provided by operating activities before change in assets and liabilities	45	151
Change in assets and liabilities during the financial year:		
(Increase) in trade receivables	(34,215)	(17,152)
Increase in trade and other payables	7,589	6,493
Increase in unpaid licence fees	9,053	4,830
	<hr/>	<hr/>
Net cash used in operating activities	(17,528)	(5,678)
	<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

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Land is not depreciated. Items of property, plant and equipment are depreciated from the date they are ready for use.

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

- Buildings 100 years
- Plant and equipment 3-5 years

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

	\$'000	Consolidated		\$'000
		\$'000	\$'000	
	Land	Building	Plant & Equipment	Total
Cost				
Balance at 1 July 2017	2,000	4,217	24	6,241
Acquisitions	-	-	14	14
Reclassification from intangibles	-	-	101	101
Balance at 30 June 2018	2,000	4,217	139	6,356
Balance at 1 July 2018	2,000	4,217	139	6,356
Acquisitions	-	-	-	-
Reclassification from intangibles	-	-	-	-
Balance at 30 June 2019	2,000	4,217	139	6,356
Depreciation and Impairment Losses				
Balance at 1 July 2017	-	(357)	-	(357)
Depreciation charge for the year	-	(42)	(101)	(143)
Balance at 30 June 2018	-	(399)	(101)	(500)
Balance at 1 July 2018	-	(399)	(101)	(500)
Depreciation charge for the year	-	(42)	-	(42)
Balance at 30 June 2019	-	(441)	(101)	(542)
Carrying amounts				
At 1 July 2017	2,000	3,860	24	5,884
At 30 June 2018	2,000	3,818	38	5,856
At 1 July 2018	2,000	3,818	38	5,856
At 30 June 2019	2,000	3,776	38	5,814

Included in land and buildings are amounts of \$2,000,000 and \$3,776,000 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 2019:

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 \$22.1m (2018: \$22.1m) with remaining payments due under this contract of \$3.5m. 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. Project related costs incurred which are not capital in nature are expensed through profit or loss as they arise. Only those expenses identified as contributing to the future economic benefit of this development are realised as capital in nature.

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.

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 Joint Audit and Governance Committee 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 or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Trade receivables are measured at amortised cost and are subject to impairment. Impairment losses are recognised in profit or loss and reflected in an allowance account against trade receivables. An impairment loss in respect of trade receivables is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

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.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	Consolidated	
	2019	2018
	\$'000	\$'000
Not past due	72,049	41,249
Past due 0-30 days	620	452
Past due 31-120 days	2,352	1,331
Past due 121 days and greater	3,675	1,191
	<hr/>	<hr/>
	78,696	44,223
Impairment provision	(117)	(101)
	<hr/>	<hr/>
	78,579	44,122
	<hr/> <hr/>	<hr/> <hr/>

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

	Consolidated	
	2019	2018
	\$'000	\$'000
Balance at 1 July	(101)	(175)
Impairment loss recognised	(117)	(101)
Provision reversed in the year	101	175
	<hr/>	<hr/>
Balance as at 30 June	(117)	(101)
	<hr/> <hr/>	<hr/> <hr/>

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 2017	3,639
Acquisitions	704
Disposals	-
Transfer to Receivable	(207)
Reclassification to property, plant and equipment	(101)
Balance at 30 June 2018	4,035
Balance at 1 July 2018	4,035
Acquisitions	1,139
Disposals	-
Balance at 30 June 2019	5,174
Amortisation and Impairment Losses	
Balance at 1 July 2017	-
Amortisation charge for the year	(8)
Disposals	-
Balance at 30 June 2018	(8)
Balance at 1 July 2018	(8)
Amortisation charge for the year	(3)
Disposals	-
Balance at 30 June 2019	(11)
Carrying amounts	
At 1 July 2018	4,027
At 30 June 2019	5,163

Transfer to Receivable

The 2018 opening balance of computer software contains aggregated expenses relating to the very 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 this sum before 30 June 2018 and has correctly recognised these expenses in its profit and loss in its financial report for the year ended 30 June 2018.

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	
	2019 \$'000	2018 \$'000
Current assets		
Trade and other receivables	78,696	44,223
Less: Provision for impairment losses	(117)	(101)
	78,579	44,122
	78,579	44,122

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	
	2019 \$'000	2018 \$'000
Trade creditors and accruals	8,436	2,704
Management fee payable to APRA	5,633	2,912
	14,069	5,616
	14,069	5,616

3.7 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 (2018: \$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 \$6,000 (2018: \$nil).

3.8 Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. During the year ended 30 June 2019, there were no operating lease expenses recognised in profit or loss in respect of operating leases (2018: \$nil).

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 2019, consolidated current liabilities exceed consolidated current assets by \$10,500,000 (2018: \$9,412,000). 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 equivalents and cash on deposit balances. The weighted average interest rate on cash equivalents and cash on deposits of \$3,587,552 at 30 June 2019 is 2.04% (2018: \$12,004,000, 2.65%). 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	
	2019 \$'000	2018 \$'000
Trade receivables	78,567	43,961
Other receivables	12	161
Cash, cash equivalents and cash on deposit	10,144	28,667
	88,723	72,789
	88,723	72,789

Two of the consolidated entity's most significant customers, providers of digital works and audio streaming, accounts for \$519,084 of the trade and other receivables carrying amount at 30 June 2019 (2018: \$6,900,282).

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 2019: \$nil (30 June 2018: \$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 2019 or 30 June 2018.

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	
	2019 \$'000	2018 \$'000
Fixed rate instruments		
Cash on deposit	3,598	12,004
Cash equivalents	-	-
	=====	=====
Variable rate instruments		
Cash at bank	6,546	16,663
	=====	=====

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 \$65,456 higher/(lower) (2018: \$169,195).

4.4 Contingent liabilities

The Company and its controlled entity were joined as cross-defendants to copyright infringement proceedings in New Zealand during the year ended 30 June 2018. 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 (2018: \$nil).

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	
	2019 \$'000	2018 \$'000
Short term Director's benefits	325	325

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

	2019 \$'000	2018 \$'000
<i>Financial performance of the parent entity</i>		
Result of parent entity	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
<i>Financial position of the parent entity at year end</i>		
Current assets	78,462	65,259
Total assets	89,439	75,142
Current liabilities	89,123	74,826
Total liabilities	89,123	74,826
<i>Total equity of the parent entity comprising of:</i>		
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 accounting standards and interpretations

(a) New accounting standards adopted in the current year

AASB 9 Financial instruments has been adopted for the first time for the year ended 30 June 2019. It has replaced the previous financial instruments guidance including AASB 139 Financial instruments: Recognition and Measurement. The company has performed a review of its classification and measurement of financial assets and liabilities for compliance with AASB 9 and has determined an immaterial impact. Under AASB 9 impairment losses on financial assets, including trade receivables, are now required to be measured using an expected credit loss model rather than the incurred credit loss model. Under the new model, the Company is required to recognise the expected credit loss from possible future default events rather than only the credit losses arising from counterparties with indicators of impairment. The Company has determined that the application of AASB 9's impairment requirements at 30 June 2019 has had an immaterial impact.

(b) New accounting 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 2018, 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. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

(i) 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. In accordance with the AASB's definition, the Company is a not-for-profit entity and therefore AASB 15 is effective for the Company from 1 July 2019. The Company has determined that the expected impact of AASB 15 is not material.

(ii) 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	
	2019	2018
	\$	\$
<i>Audit services:</i>		
Auditors of the company - KPMG		
– Audit of the financial report	56,250	49,350
<i>Other services:</i>		
Auditors of the company - KPMG		
– Taxation	13,000	10,605
– Other services	4,600	4,459
	73,850	64,414
	73,850	64,414