Australasian Performing Right Association Limited
(a company limited by guarantee) and its controlled entity
ABN 42 000 016 099

Annual Financial Report
30 June 2014

Directors' report
For the year ended 30 June 2014

The directors present their report together with the financial statements of the Australasian Performing Right Association Limited (the "Company") and of the consolidated entity, being the Company and its controlled entity, for the financial year ended 30 June 2014 and the independent auditor's report thereon.

Directors

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

Jenny Morris OAM – Chair of the Board

Non-executive Writer Director since 1995. Elected Chair in November 2013.

A writer member of APRA since 1983, Jenny has been a music writer, performer and recording artist since 1980 with three top 5 and four top 20 singles in Australia and similar success in New Zealand. Jenny has recorded nine albums gaining gold, platinum and multi-platinum status in the process and won back to back ARIA awards for best female vocalist.

Robert Aird

Non-executive Publisher Director since 1989.

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

He is also a Director of the Australasian Music Publishers Association Limited and a Director and past chairman of the Australasian Mechanical Copyright Owners Society Limited.

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

David Albert

Non-executive Publisher Director since 2010.

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

Matthew Capper

Non-executive Publisher Director since 2007.

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 Mechanical Copyright Owners Society Limited and is a Director and Chair of the Australasian Music Publishers Association Limited.

Directors' report (continued)

Ian James – Deputy Chair
Non-executive Publisher Director since 1991 and Deputy Chair of the Board.

Ian has been the Managing Director of Mushroom Music Pty Limited since 1986. He is also a Director of the Australasian Mechanical Copyright Owners Society Limited and the Australasian Music Publishers Association Limited.

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

Eric McCusker
Non-executive Writer Director since 1990.

Eric is a songwriter/guitarist who has been involved in the music industry for over 40 years, notably with the band Mondo Rock for whom he wrote 7 Top 40 songs and won Songwriter of the Year, Album of the Year and the APRA Award. Among his songs are *Come Said The Boy, State Of The Heart, Chemistry* and *Summer of '81.*He has had songs covered by Paul Rodgers, Rick Springfield, Tex Perkins and John Farnham who included Eric's song *No-one Comes Close* on the multi-platinum album *Whispering Jack*.

Eric's songs have also charted in the Top 40 in the USA, UK, Germany and Japan. In recent years he has premiered a musical "AVA (at the end of the world)", taught songwriting at Monash University and just completed a capital city tour with Mondo Rock to mark the 33 1/3 Anniversary of the Chemistry album.

Don McGlashan
Non-executive Writer Director since 2010.

Don has been a full-time songwriter, performer, and composer for over 30 years. He has won the Silver Scroll twice: in 1994 for *Anchor Me* and in 2006 for *Bathe In The River*. With his various bands, Blam Blam Blam, The Front Lawn, The Mutton Birds and recent solo work, he has had five top 10 albums, six top 5 singles (including one No. 1, *The Heater*) and received seven Tui awards (including, in 1993, Best Band, Best Single and Best Album with the Mutton Birds). There are five of Don's songs in APRA's 100 best songs of all time.

He also has had an enduring involvement in music for film and TV throughout his career: scoring 14 feature films, including Jane Campion's *An Angel At My Table*, and Toa Fraser's *No. 2* (which won best film score at the NZ Film & TV Awards 2006) , and five TV series, including the long-running drama Street Legal, (which won the TV score award at the same event in 2003), and *This Is Not My Life*, TV1's top drama show in 2010, which also won the "Best Original Music" award in its year of release.

Directors' report (continued)

Don McGlashan (continued)

Don has served on Creative NZ committees across the fields of music, theatre and education, and he was one of the founders of Auckland's artist-run Watershed Theatre, being heavily engaged in the set-up and operation of that venue through the early nineties.

Chris Neal

Non-executive Writer Director since 2000.

A Writer member of APRA since 1972, Chris is a songwriter and screen composer with feature film and TV drama credits spanning 40 years and including such titles as *Turtle Beach, Bodyline, Farscape, GP*, *Emerald City* and *The Shiralee*.

Chris is a founding member and past president of the Australian Guild of Screen Composers and a representative for the interests of composer colleagues since 1987. Chris is also a member of the film industry lobby group informing the Broadcasting Tribunal drafting of Standard TPS 14 which guaranteed the place of Australian music in local content regulation for commercial television.

Mike Perjanik

Non-executive Writer Director since 1985 and Chair of the Board 1990- November 2013.

A writer member of APRA since 1970, Mike has an extensive background in the music industry as a record producer, songwriter and as a composer of contemporary music for television, advertising and film.

He is Managing Director of music production company Mike Perjanik Productions Pty Ltd, currently providing original music for the TV series *Home and Away*.

Damian Trotter

Non-executive Publisher Director since 2000.

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

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

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

Directors' report (continued)

Philip Walker

Non-executive Director since November 2012

Philip is Chairman of Origin Music Group and Chairman of the Sago Group. He graduated with a Bachelor of Business degree from the University of Technology in 1980. 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, the Australasian Mechanical Copyright Owners Society Limited and the Foundation for Life Sciences, a charity doing research and treatment in the area of youth mental health.

Nigel Westlake

Non-executive Writer Director since 2008.

Nigel's career, spanning over three decades, began as a clarinettist touring Australia and the world with many ensembles. He began composing from 1980, receiving offers to write for radio, theatre, circus, TV and film. His film credits include *Miss Potter, Babe, Children of the Revolution* and the IMAX films *Antarctica* and *Imagine*. He writes extensively for the concert hall, receiving commissions to write for orchestras, ensembles and soloists. Nigel has received many awards including 15 AGSC / APRA awards, across both classical and screen categories and the Gold Medal for "Best Original Music" at the New York International Radio Festival. He holds an honorary doctorate awarded in 2013 by the University of NSW.

Company Secretary

Jonathan Carter

Since 18 November 2010

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

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

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

Directors' report (continued)

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		Membership & Distribution Committee		Awards & Grants Committee		Systems Development Committee		Joint Operational Committee	
	A	B	A	B	A	A	B	B	A	B	A	B
Robert Aird	6	6					4	4				
David Albert	5	6	6	6					7	7		
Matthew Capper	6	6			5	6			6	7		
Ian James	5	6			5	6			5	7		
Eric McCusker	5	6	6	6							2	2
Don McGlashan	4	6					3	4				
Jenny Morris (Chair from Nov 2013)^	5	6			5	6						
Chris Neal	6	6			6	6			6	7		
Michael Perjanik (Chair to Nov 2013)	6	6	6	6	1*				7	7	2	2
Damian Trotter	4	6	1*				4	4				
Nigel Westlake	5	6					4	4				
Philip Walker	6	6	5	6					6	7		

A Number of meetings attended
B Number of meetings held during the time the director held office during the year
* The director attended meetings of this committee as an alternative director

^ Jenny Morris attends all Committee meetings where possible, as an observer

Lead Auditors Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 25 and forms part of the Directors' Report for the financial year ended 30 June 2014.

Principal activities

The principal activities of the consolidated entity were the licensing of the public performance and communication of music under its control and the collection of fees in consequence.
There were no significant changes in the nature of activities of the consolidated entity during the year.

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.

Directors' report (continued)

Review and results of operations

The net operating income for the year attributable to the members of the Australasian Performing Right Association Limited was:

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Broadcasting, television, general and mechanical revenue	185,023	176,679	163,378	159,164
Management services	7,868	7,336	7,175	6,756
Interest from other parties	1,386	1,625	1,254	1,471
Profit from the sale of non-current assets	60	83	60	81
Other income	161	179	113	80
Domestic revenue	194,498	185,902	171,980	167,552
Distributions received from affiliated societies	27,113	21,766	27,113	21,766
Operating income	221,611	207,668	199,093	189,318
Operating expenses	(28,525)	(25,962)	(24,923)	(22,849)
Expenses of administering AMCOS mandate	(7,883)	(7,314)	(7,299)	(6,717)
Income tax expense attributable to net operating revenue	-	-	-	-
Net operating income after income tax	185,203	174,392	166,871	159,752
Less: Royalties paid and payable to members and affiliated societies	(185,203)	(174,392)	(166,871)	(159,752)
Retained profits at the end of the financial year	-	-	-	-

Objectives

APRA 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.

APRA 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. We will participate heavily in the review of copyright law as it applies to the 'Digital Economy'.

Directors' report (continued)

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

- Delivering increased royalty distributions to members by way of growing our revenue base on the one hand and continuing to seek operational efficiencies to reduce administration costs 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 AMCOS, across the 2015 year.

Likely developments

The consolidated entity will continue licensing the public performance and communication of music under its control and the collection of fees in consequence.
Further information about likely developments in the operations of the consolidated entity and the expected results of these operations in future financial years has not been included in the report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

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 that 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 which apply to the consolidated entity.

Indemnification and insurance of officers

Insurance premiums

Since the end of the previous financial year the Company has paid insurance premiums of $19,000 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.

Directors' report (continued)

Indemnification and insurance of officers (continued)

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.

Members' guarantee

The Company is limited by guarantee. Every member of the Company has a liability to contribute towards any deficiencies in the event of the winding up of the Company, to the extent of twenty dollars per member. At 30 June 2014 the Company had 80,246 (2013: 79,139) members, resulting in a total guarantee of $1,604,920 (2013: $1,582,780).

Rounding off

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

Dated at Sydney, on 25 September 2014.

Signed in accordance with a resolution of the directors:

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J Morris

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I J James

Directors' declaration

1. In the opinion of the directors of the Australasian Performing Right Association Limited ("the Company"):
   (a) the financial statements and notes, set out on pages 28 to 55, are in accordance with the Corporations Act, 2001, including:
      (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2014 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 Note 2(a) in the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Sydney on 25 September 2014.

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J Morris

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I J James

Corporate Governance Statement

Australasian Performing Right Association Limited's ('APRA', 'the Company') corporate governance framework, policies and practices as at 20 February 2014 are described below. These corporate governance principles also apply to APRA's subsidiary company APRA New Zealand Limited.

Framework and practices

APRA is a non-profit company incorporated in New South Wales with liability limited by guarantee. It was formed in 1926 to provide for Australasia a centralised means of :

- Granting licences to those wishing to perform in public or communicate musical works and associated literary works (music); and
- Distributing royalties received pursuant to such licences to composers, songwriters and music publishers that is, its members.

APRA seeks to protect its members' rights and to administer those rights in the most effective and efficient manner possible.

APRA's strategic priorities for 2014 financial year remain the same: to secure an equitable level of payments for music creators and their publishers, provide the strongest defence possible of their rights and the best customer service for both our members and our licensees.

In pursuing these objectives APRA also seeks to operate within a framework of corporate governance that provides a clear, consistent and transparent set of principles and accountability by which the Board and Management agree to be bound in the discharge of their Duties. These principles are contained in this Corporate Governance Statement which supplements APRA's Constitution (Memorandum & Articles of Association) and the members' input (Assignment of Right) agreements. The Corporate Governance Statement is itself supplemented by the Collecting Societies' Code of Conduct and APRA's Distribution Rules and Practices. The Corporate Governance Statement also recognises that, whilst the Company is principally acting for the benefit of its members, it has obligations towards other parties including its licensees, its employees and the public.

This statement and a range of documents referred to in it are available on the Company's website at www.apra-amcos.com.au/about/corporatedocs.aspx. This website is regularly updated and contains copies and summaries of principles and policies referred to in this statement including financial statements, reports on the Collecting Societies' Code of Conduct, diversity and sustainability practices and outcomes.

Board of Directors

Role and responsibilities of the Board

The Board's primary role is the enhancement of member remuneration from the licensing of the public performance and communication of members' works. The Board has a collective responsibility for directing the business activities of APRA to the benefit of its members.

The key responsibilities of the Board include:

- approving the strategic direction of APRA by establishing with management the financial and other key corporate objectives of the Company;
- the adoption and periodic review of APRA's strategic plan, annual budgets, financial statements and royalty distributions including monitoring financial performance against forecast and prior periods;
- the review and adoption of the annual Directors' Report and financial statements ensuring compliance with accounting standards;
- dealing with the allocation of monies in accordance with the Constitution (Article 93) and in particular:
    - determining the methods of entitlement to royalty distributions; and
    - approving the allocation of music grants;
- monitoring the effectiveness of risk management by APRA including satisfying itself through regular reporting and review that appropriate internal control mechanisms are in place and are being implemented;
- maintaining ongoing communication with APRA's external auditor and where appropriate regulatory authorities, to provide reasonable assurance of compliance with all regulatory requirements;
- selecting, appointing and terminating the external auditor subject to the approval of members at the annual general meeting;
- reviewing the evaluation of the external auditor's performance and ongoing independence, undertaken by the Board's Audit and Governance Committee;
- reviewing the social, ethical and environmental impact of APRA's activities, setting standards and monitoring compliance with APRA's sustainability policies and practices;
- the appointment of the Chief Executive Officer and determination of his or her remuneration and performance criteria;
- the endorsement of Senior Management appointments;
- reviewing succession plans for the Chief Executive Officer and Senior Management;
- the admission of members and endorsement of changes in membership status;
- monitoring compliance with the Collecting Societies' Code of Conduct; and
- monitoring Work, Health and Safety issues by regularly reviewing WH&S reporting and related information.

The Board may from time to time delegate functions to Board committees but at all times ensuring the Board committees report on all relevant matters including decisions made which are then endorsed by the Board.

To assist in the execution of its responsibilities the Board has established an Audit and Governance Committee, a Membership and Distribution Committee, an Awards and Music Grants Committee and a Systems Development Committee. These committees have written mandates and operating procedures which are reviewed on a regular basis. The Board has also established a framework for the management of the Company including a system of internal control and the establishment of appropriate ethical standards.

The Board has delegated responsibility for the operation and administration of the Company to the Chief Executive Officer and Senior Management. Responsibilities are delineated by formal authority delegations.

The Board carries out its responsibilities through regular meetings with the Chief Executive Officer and other senior members of management including the Company Secretary and Chief Financial Officer.

Board size and composition

The Board is comprised of individual writer members and representatives of publisher members; currently there is six of each category elected by their respective membership for renewable three-year terms. At all times the six writer members elected are made up of five Australian writer members and one New Zealand writer member elected by their respective membership.

All members of the Board are non-executive.

The Board when filling a casual vacancy considers the mix of skills and the diversity of Board members when assessing the composition of the Board. The Board assesses existing and potential directors' skills to ensure they have appropriate industry expertise in the Company's business activities.

Board Meetings

The number and dates of meetings of the full Board are normally determined at the first meeting after the Annual General Meeting of the Company. The Board currently holds six scheduled meetings each year. This does not preclude the calling of an additional meeting at any time should a particular subject require urgent consideration.

Directors are required to:

- devote time to attending Board and Committee meetings and reading Board papers;
- make contributions to decision making;
- maintain confidentiality in relation to Board discussions, papers and deliberations;
- act in the interests of the Company at large; and
- be prepared to represent the Company at all times.

All Directors are normally expected to attend meetings in person but in special circumstances attendance may be made by video or teleconference.

Board committees set their own timetables for meetings according to need.

Minutes of all Board and Committee meetings are kept by the Company Secretary and circulated to directors before the next meeting.

The agenda for meetings is prepared in conjunction with the Chair, Chief Executive Officer and Company Secretary. Standing items include the Chief Executive Officer's report, financial reports, strategic matters, governance and compliance. Board and Committee papers are circulated in advance of the meeting.

The Chief Executive Officer, Chief Financial Officer and General Counsel are expected to attend Board Meetings and make presentations to Board as required. In addition, other senior managers are expected to regularly attend Board meetings and to present reports directly to the Board on matters related to their areas of the Company's activity. Directors have other opportunities, including visits to business offices, for contact with a wider group of employees.

The Board may, where it considers appropriate, convene a meeting without the attendance of the Chief Executive Officer or other management.

Chair

The Chair and Deputy Chair are elected by the full Board at the first meeting following the Annual General Meeting. The tenure of both Chair and Deputy Chair is until the close of the Annual General Meeting following their election, normally one year.

The Chair, or in their absence, the Deputy Chair, will:

- conduct Board meetings in a manner conducive to the participation of all Directors;
- seek to provide clear directions as to the Board's expectations of management;
- be the major point of contact between the Board and the Chief Executive Officer;
- be kept regularly and fully informed by the Chief Executive Officer on all operational matters which may be of relevance and/or interest to the Board; and
- review regularly with the Chief Executive Officer and such other senior managers as the Chief Executive Officer recommends, progress on major projects and significant issues facing the Company.

The Chair and either of, the Deputy Chair or the Chair of the Audit and Governance Committee regularly review and approve the Chief Executive Officer's expenses.

Management

The role of Management is to:

- develop and implement systems which will achieve the Company's strategic objectives;
- manage the day-to-day business operations of the Company; and
- advise the Board, with the assistance of such external professional advisors as required, on matters requiring deliberation or decision-making by the Board.

The Chief Executive Officer

The Chief Executive Officer is appointed by and reports to the Board. The Chief Executive Officer is responsible for ensuring the most efficient allocation of resources in achieving the strategic objectives set by the Board.

The role of the Chief Executive Officer includes:

- leadership of the Management team in the day-to-day management of APRA's operations;
- recruiting Senior Management, subject to endorsement by the Board, determining their remuneration and performance criteria;
- supervising the preparation of the strategic objectives and annual budgets;
- ensuring systems and controls exist to allow for the delegation of responsibilities and for the proper flow of information within management; and
- representing the Company at meetings with Government, CISAC (The International Confederation of Societies of Authors and Composers), collecting societies and trade associations with which the Company has business interests.

The Chief Executive Officer and the Chief Financial Officer review and approve the Senior Managers' expenses in accordance with the Levels of Delegated Authority approved by the Audit and Governance Committee.

The Company Secretary

The Company Secretary is appointed by the Chief Executive Officer, subject to endorsement by the Board as required by the Constitution. The Company Secretary reports to the Chief Executive Officer.

The Company Secretary is responsible for:

- ensuring that the Board complies with the Company's constitution and governance framework and its statutory obligations to regulators;
- ensuring that Board members are provided with appropriate notices of and papers relating to, the Board and Committee meetings; and
- organising the Company's annual general meeting and the election of Directors.

Senior Management

All appointments of Senior Management are made by the Chief Executive Officer and endorsed by the Board.

Senior Management provide annual written confirmation of compliance with the Company's policies.

Formal appraisals are conducted at least annually for all employees including Senior Management. Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of co-operation and constructive dialogue with employees and Senior Management. A formal succession plan is also in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur.

At the time of appointment all employees are required to sign an employment agreement which requires the employee to provide confidentiality undertakings in respect of all information gained through their employment, such information is to remain confidential at all times, both while they are an employee of the Company and thereafter.

A review of Senior Management's remuneration and performance criteria is made by the Audit and Governance Committee during its review of individual expense categories in the annual Budget approval process.

Employees will be reimbursed for expenses properly incurred in the performance of Company duties. The use of Company credit cards for private purposes is not permitted.

Director remuneration

The total sum of Directors' remuneration is determined by a simple resolution of members at the Company's Annual General Meeting. The sum is divided between Directors at the discretion of the Board.

The Board may ask that a review be undertaken by outside experts to assist in a recommendation on the total remuneration payable to Directors.

Directors will also be reimbursed for reasonable costs incurred in attending Board, Committee and other events requiring their presence. Business class is considered appropriate for international air travel and economy class for domestic air travel, subject to protocols determined from time to time by the Audit and Governance Committee and approved by the Board.

Director education

The Company has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning the performance of directors. Directors also have the opportunity to visit Company offices and meet with management to gain a better understanding of business operations.

Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to Company information

The Board has the right on its own behalf or for individual Directors to take independent professional advice, including legal advice, at APRA's cost on matters relating to the Company's business and to assist them in carrying out their responsibilities.

Individual Directors may obtain independent legal advice on issues of actual or potential conflict of interest at the Company's cost, subject to the prior approval of the Chair.

All Directors have access to advice from senior internal legal advisors including the Company's General Counsel.

The Directors have unrestricted access to the Company records and all related information and receive regular detailed financial and operational reports from Senior Management. The Chair and other Directors regularly consult with the Chief Executive Officer, Chief Financial Officer and other senior executives, and may consult with and request additional information from, any of APRA's employees.

Board committees

The Board has appointed the following Committees:

- Audit and Governance
- Membership and Distribution
- Awards and Music Grants
- Systems Development

The Audit and Governance Committee's responsibilities are to:

- review the Corporate Governance Statement
- oversee the integrity of the financial statements and financial reporting systems
- liaise with the external auditors in their annual audit of the financial statements
- review internal control framework and business risks assessment
- monitor the ethical standards for APRA
- oversee compliance with the Collecting Societies' Code of Conduct

The Membership and Distribution Committee's responsibilities are to:

- review the Distribution Rules and Practices, including changes and enhancements
- review and assess member complaints
- review the status of unidentified and dispute accounts
- review significant disputes between members
- determine allocations from the unlogged performance pool
- review and assess the opt out and licence back regime

The Awards and Music Grants Committee's responsibilities are to:

- review and recommend for the approval of the Board the annual expenditure Budget for music grants and awards
- review and recommend changes for the approval of the Board to the rules governing the assessment criteria for awards nominations, awards eligibility and awards categories
- oversee the production of the:
  - APRA Music Awards
  - APRA Screen Music Awards
  - APRA/AMC Art Music Awards
  - Professional Development Awards ('PDA')
  - APRA New Zealand Silver Scroll Awards
  - Song Summit (bi-annual)
- review the music grants rules governing eligibility criteria, application forms and assessment procedures
- review and assess the music grant applications and make determinations on grants made pursuant to Article 95 of the Constitution for promoting the use and/or recognition of Australian and New Zealand music.

The Systems Development Committee's responsibilities are to:

- oversee the development of appropriate technology strategies for the Company
- review the capital expenditure budget for technology systems
- monitor implementation programs for new technology projects

Each Committee meets regularly and as required. Each Committee appoints its own Chair and reports to the full Board at the ensuing Board meeting.

All Committee decisions require the endorsement of the Board before implementation.

Ethical decision making and accountability

Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of APRA. APRA is a good corporate citizen and complies with the letter and the spirit of the law and the Collecting Societies' Code of Conduct, whenever it does business.

The expected standards of behaviour by directors, managers and employees to members, licensees and colleagues are set out in the Company's Code of Conduct available on the website at www.apraamcos.com.au. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Collecting Societies Code of Conduct

In July 2002, the Company, along with the other Australian copyright collecting societies, adopted a voluntary Code of Conduct. As a signatory to the code, APRA affirms its commitment to uphold the following standards:

- to treat all members and licensees fairly, honestly, impartially and courteously;
- to make membership open to all eligible writers, owners or controllers of relevant copyrights;
- to be transparent in dealings with members;
- to maintain a clear, accessible distribution policy;
- to offer licensees plain English licences and clear information about licences; and
- to set fair and reasonable licence fees that take into account the value of the copyright material and how it will be used.

Mr Jim Burchett QC, a former Federal Court Judge and Copyright Tribunal President, was the independent Code Reviewer monitoring and reporting on the Societies' compliance with the Code each year until he passed away in September 2012. The Hon K.E.Lindgren AM, QC, was appointed Code Reviewer in November 2012 and has completed the report since that date.

The Code Reviewer's report is posted each year, once it is released and is available, on APRA's website www.apraamcos.com.au.

Conflicts of interest

Directors are expected to observe the highest standards of ethical behaviour. Directors owe fiduciary duties to APRA, including the duties of loyalty, diligence and confidentiality.

Whilst some directors represent particular members of APRA, their duty is to act at all times in the best interests of the Company, that is, in the best interests of all the members of the Company.

Directors may not make an improper use of their position by:

- the use of information obtained or a business opportunity to gain a personal advantage or benefit which belongs to the Company;
- being a party to a business transaction with the Company or a related entity without the full knowledge and approval of the Board; and
- allowing conflicts of interest to arise without advising the Board of the circumstances.

The Corporations Act 2001 prevents a director with a material personal interest in a matter from voting on the matter at a Board meeting or being present while the matter is discussed. Although this restriction does not apply where the directors resolve that the interest should not disqualify the director from voting or being present, APRA's policy is to adopt the general rule in the Corporations Act, so that a director who has a material personal interest in a matter does not receive the relevant Board papers, is not present at the meeting whilst the item is considered and does not vote on the matter.

Directors must give notice to the Board of any material personal interests. The notice must give details of the nature and extent of the interest and the relation of the interest to the affairs of APRA. The notice must be given at a Board meeting as soon as practicable after the director becomes aware of his or her interest in the matter. Disclosure can also be made by way of a standing notice given at a Board meeting.

APRA employees must avoid situations or transactions in which their personal interest could, or might be seen to, conflict with those of APRA. An employee must immediately disclose any potential or perceived conflict of interest to their manager.

An employee must not be involved in any other company or business in any capacity including but not limited to as a director, partner, employee, consultant or agent etc, whether paid or unpaid, if there is a possibility that their personal interests could conflict with those of APRA, unless they first get permission from their departmental director.

Financial reporting

Approach to financial reporting

APRA's approach to financial reporting is based upon the following core principles:

- The financial reports present a true and fair view;
- The accounting methods comply with applicable accounting rules and policies; and
- The external auditor is independent and serves the members' interests.

The Board, through the Audit and Governance Committee, monitors Australian and international developments relevant to these principles, and reviews APRA's practices accordingly.

The role of the Audit and Governance Committee has been documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee are non-executive directors. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

The Committee also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the Committee are elected by the Board.

The external auditors, the Chief Executive Officer, Chief Financial Officer, General Counsel and Head of Revenue are invited to Committee meetings at the discretion of the Committee.

The Chief Executive Officer and the Chief Financial Officer provide assurance in writing to the Board that the financial records of the Company for the financial year have been properly maintained; and the Company's financial reports comply with Australian Accounting Standards and present a true and fair view, in all material respects, of the Company's financial condition and operational results. This statement is required annually.

The responsibilities of the Audit and Governance Committee include:

- approve the annual Budget including the review of individual expense categories and measure performance against Budget on a quarterly basis;
- reviewing financial reports and other information distributed externally;
- monitoring corporate risk assessment processes;
- reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified appropriate and prompt remedial action is taken by management;
- considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence;
- liaising with the external auditors and ensuring that the annual statutory audits are conducted in an effective manner;
- monitoring the establishment of an appropriate internal control framework and considering enhancements;
- monitoring the establishment of appropriate ethical standards;
- monitoring the procedures in place to ensure compliance with the Corporations Act, 2001 and any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission and financial institutions;
- reviewing reports on any major defalcations, fraud and theft from the Company;
- improving the quality of the accounting function; and
- reviewing the declaration from the Company Secretary on compliance with statutory responsibilities.

The Audit and Governance Committee reviews the performance of the external auditors on an annual basis and meets with them during the year to discuss the audit plan, the year-end audit and as required.

External auditor

The external auditor's principal responsibility is to the members of APRA and they remain independent at all times. The role of the external auditor is to provide an independent opinion that APRA's financial reports are true and fair and comply with applicable regulations.

The auditors may only be removed from office by the members at a general meeting.

The Board is made aware of the extent of the auditors' duties and the scope of the work performed in a "Letter of Engagement" issued by the auditors annually. To avoid possible independence or conflict issues the use of the external audit firm for any non-audit services must be assessed and approved in accordance with the pre-approval process determined by the Audit and Governance Committee.

The auditor's remuneration is negotiated at the beginning of each financial year.

The auditors meet at least twice annually with the Audit and Governance Committee, with or without the presence of Senior Management as determined by the Chair of the Committee and at least once annually with the Board.

The auditors attend the annual general meeting to answer questions from members regarding the conduct of its audit, the audit report and financial statements and its independence. The auditors also attend all general meetings of members and act as scrutineers in the event of a ballot.

Risk management

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.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

Risk management policies are established to identify and analyse the risks faced by APRA, 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 APRA's activities. The system is based upon written procedures, policies, guidelines, job descriptions and organisational structures that provide an appropriate division of responsibility and the careful selection and training of qualified personnel.

The Company through its training and management standards and procedures aims 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 APRA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

APRA is exposed to each of the following risks:

- credit risk - represents the loss that would be recognised if a customer or counterparty failed to perform their contractual obligations and arises principally from APRA's receivables from licensees.
- liquidity risk - is the risk that the Company will not be able to meet its obligations as they fall due. APRA'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 Company's reputation.
- market risk - represents the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company'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.
- operational risk - is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company'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.

In addition to and related to these four main types of risk APRA also manages the following risks:

- business risk - the risk arising from the vulnerability of a line of business to adverse changes in the business environment;
- investment risk - the potential for a financial loss arising from the recoverability of short term deposits with major banks;
- insurance risk - the risk of under-estimation of the expected loss of insured events, volatility in the number or severity of insured events and under-estimation of the cost of incurred claims;
- social, governance or environmental risks - the risk of damage to APRA's reputation or financial performance due to failure to recognise or address material existing or emerging sustainability related social, governance or environmental issues; and
- reputation risk – the risk to revenue or expenses from negative public opinion resulting from the loss of reputation or public trust and standing.

The Board reviews and approves the business objectives and long-term strategies and in that context approves the annual Budget. A comprehensive budgeting system is in place and actual performance is monitored and compared against the Budget.

Comprehensive risk management policies and practices have been established to manage business risks including:

- significant capital expenditure and revenue commitments, in accordance with the parameters of the delegated authority approvals policy, receive prior approval by the Board;
- major business risks are identified and assessed to ensure appropriate internal controls are in place to manage the risk;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed within the parameters of the delegated authority approvals policy;
- the quality and integrity of personnel are assessed; and
- financial reporting accuracy and compliance with the financial reporting regulatory framework are monitored.

Written confirmation of compliance with the Company's risk management policies is obtained from Senior Management of all operating departments each year.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to APRA's reputation with 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 operating division. This responsibility is supported by the development of overall Company 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 the Company's standards is supported by regular reviews undertaken by a governance committee of senior executives including the Chief Executive Officer, Chief Financial Officer and General Counsel. The results of reviews are discussed with the management of the operational unit to which they relate and all significant issues arising from these reviews are brought to the attention of the Audit and Governance Committee.

Diversity

APRA is committed to maintaining a work place which encourages diversity including diversity of gender, age, ethnicity, cultural background, sexual orientation and religious beliefs.

The objectives of an inclusive approach in the work place are to:

- develop a work place which reflects the diverse community of our members and licensees and improves their relationship experience with APRA; and
- create a truly inclusive working environment where each individual staff member is able to develop their abilities regardless of gender, age, or cultural background.

APRA has commenced a number of initiatives to achieve these objectives including:

- assessing pay equity on an annual basis; and
- encouraging and supporting the implementation of flexible work policies and practices.

The APRA Board is conscious of the need to increase the proportion of women in leadership roles. At 30 June 2014 the proportion of women employed by APRA was as follows:

- Board of Directors: 8%
- Management roles: 44%
- Total APRA workforce: 54%

APRA also invests in leadership development, further education, mentoring and coaching programs. APRA's reward and recognition scheme is aligned with market practice. The scheme recognises individual and team achievements and a well communicated commitment to maintaining a respectful and collaborative work environment.

Staff surveys are undertaken from time to time to identify specific needs of employees including specific diversity issues.

Corporate sustainability

Sustainability has always been a key consideration in every aspect of APRA's business. Building a strong, financially viable business, maintaining an engaged workforce, investing and connecting with the community and the industry that sustains us and reducing our environmental impact is important to our long term success.

APRA reported on its social, ethical and environmental performance in its first Sustainability Report for 2012, as an internal report only. The report was prepared using the Global Reporting Initiative guidelines. APRA published its first public Sustainability Report for 2013 in conjunction with its full annual report which is available on the Company's website at www.apraamcos.com.au.

Our management and reporting of sustainability aim to address the issues APRA believes are the most material for our business and stakeholders, now and in the future. APRA understands sustainability is an evolving area and seeks to progressively implement the management of sustainability issues into the business as normal practice.

APRA also seeks to contribute to public policy development and debate on issues that affect our members and licensees including copyright, national cultural policy and media convergence.

Member communication and participation

The Board of Directors aims to ensure the members are informed of all major developments affecting the Company's operations. Information is communicated to members as follows:

- the annual report is made available to all members entitled to vote at and attend the annual general meeting. The Board ensures that the annual report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- proposed major changes in the Company which may impact on the articles of association are submitted to a vote of members;
- the Company's Internet website at www.apraamcos.com.au; and
- Company publications, which discuss all issues of interest to members including "APRAP", "Antenna", "Bytes" and "Upbeat".

The Board encourages full participation of members at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the members as single resolutions.

The members are responsible for voting on the appointment of directors.

In addition, the Company provides services to members including:

- disputed ownership resolution procedures;
- membership grievance procedures;
- a free "1800" phone line for interstate members;
- regular meetings, seminars, workshops and other events for members in major capital cities and regional centres; and
- communication by broadcast emails and a membership mobile app.

Privacy and confidentiality

The Company respects the privacy of individuals and the confidentiality of the commercial information owned by its members and its licensees. The Company's privacy policy which is on the Company's website at www.apraamcos.com.au details how the Company maintains, uses and under what circumstances discloses, personal information. The Company equally adheres to the principles of open and accountable administration of its own affairs.

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

To: the directors of the Australasian Performing Right Association Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 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

Cameron Slapp
Partner
Sydney
25 September 2014

Independent auditor's report to the members of the Australasian Performing Right Association Limited

We have audited the accompanying financial report of the Australasian Performing Right Association Limited (the Company), which comprises the statements of financial position as at 30 June 2014, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and the consolidated entity comprising the Company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a) the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements of the company and consolidated entity comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independent auditor's report to the members of the Australasian Performing Right Association Limited (continued)

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

Auditor's opinion
In our opinion:

(a) the financial report of the Australasian Performing Right Association Limited is in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

KPMG

Cameron Slapp
Partner
Sydney
25 September 2014

Statements of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000	The Company 2014 $'000	The Company 2013 $'000
Revenue from rendering of services	5	220,004	205,781	197,666	187,686
Other income	5	1,607	1,887	1,427	1,632
Administration and finance expenses		(7,542)	(6,283)	(6,907)	(5,580)
Mechanical rights expenses		(7,883)	(7,314)	(7,299)	(6,717)
Distribution expenses		(3,082)	(2,305)	(2,696)	(1,791)
Information services expenses		(4,974)	(4,096)	(4,668)	(3,839)
Licensing expenses		(7,629)	(6,733)	(6,113)	(5,945)
Member services expenses		(2,964)	(3,940)	(2,355)	(3,177)
International expenses		(1,375)	(1,461)	(1,311)	(1,445)
Corporate services & communications		(959)	(1,144)	(873)	(1,072)
Royalties paid and payable to members and affiliated societies		(185,203)	(174,392)	(166,871)	(159,752)
Profit before income tax		-	-	-	-
Income tax expense	8	-	-	-	-
Profit for the year		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	-

The statements of profit or loss and other comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 32 to 55.

Statements of financial position
As at 30 June 2014

		Consolidated		The Company	
		2014	2013	2014	2013
		$'000	$'000	$'000	$'000
Current assets					
Cash and cash equivalents	9	17,750	14,633	16,186	12,729
Cash on deposit	9	21,954	25,138	21,021	22,766
Trade and other receivables	10	42,447	38,595	37,289	34,579
Total current assets		82,151	78,366	74,496	70,074
Non-current assets					
Trade and other receivables	10	-	109	-	109
Property, plant and equipment	11	23,836	23,957	21,618	22,589
Intangible assets	12	1,256	906	1,089	906
Total non-current assets		25,092	24,972	22,707	23,604
Total assets		107,243	103,338	97,203	93,678
Current liabilities					
Trade and other payables	13	8,507	7,917	7,588	6,654
Royalties payable	14	95,027	92,050	85,962	83,687
Employee benefits	15	3,146	2,795	3,090	2,761
Total current liabilities		106,680	102,762	96,640	93,102
Non-current liabilities					
Employee benefits	15	563	576	563	576
Total non-current liabilities		563	576	563	576
Total liabilities		107,243	103,338	97,203	93,678
Net assets		-	-	-	-
Members' equity					
Retained earnings		-	-	-	-

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 32 to 55.

Statements of changes in equity
For the year ended 30 June 2014

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Retained earnings and total equity				
Balance at 1 July	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Balance at 30 June	-	-	-	-

The statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 32 to 55.

Statements of cash flows
For the year ended 30 June 2014

	Note	Consolidated		The Company	
		2014	2013	2014	2013
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Cash receipts in the course of operations		237,131	217,409	212,122	196,949
Royalties paid		(190,429)	(177,402)	(171,898)	(162,700)
Cash paid to suppliers and employees		(46,619)	(41,466)	(38,861)	(35,833)
Interest received		1,386	1,625	1,254	1,471
Net cash provided by/(used in) operating activities	21(b)	1,469	166	2,617	(113)
Cash flows from investing activities					
Payments for property, plant and equipment		(1,612)	(948)	(812)	(813)
Payments for intangible assets		(431)	(914)	(247)	(914)
Net proceeds from sale of non-current assets		154	138	154	136
Increase/(decrease) in cash on deposit		3,184	(9,533)	1,745	(9,708)
Net cash provided by/(used in) investing activities		1,295	(11,257)	840	(11,299)
Net increase/(decrease) in cash held		2,764	(11,091)	3,457	(11,412)
Cash at the beginning of the financial year		14,633	25,408	12,729	24,141
Effect of exchange rate fluctuations on cash held		353	316	-	-
Cash at the end of the financial year	21(a)	17,750	14,633	16,186	12,729

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 32 to 55.

Notes to the financial statements

1 Reporting entity

Australasian Performing Right Association Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 16-20 Mountain Street, Ultimo, New South Wales, 2007. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiary APRA New Zealand Limited (together referred to as the 'consolidated entity').

2 Basis of preparation

(a) 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 consolidated financial statements were authorised for issue by the Board of Directors on 25 September 2014.

(b) Basis of measurement

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

(c) Principal activities

The principal activities of the consolidated entity were the licensing of the public performance and communication of music under its control and the collection of fees in consequence. APRA is a non profit making entity.

(d) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

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

(e) 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, 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. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are described in note 19.

Notes to the financial statements

2 Basis of preparation (continued)

(f) Going concern

As at 30 June 2014, consolidated current liabilities exceed consolidated current assets by $24,529,000 (2013: $24,396,000). The Directors believe it is appropriate to prepare the consolidated 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.

(g) Presentation of financial statements

The Company has applied ASIC Class Order 10/654 which permits entities to continue to include parent entity financial statements in their financial reports.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) 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.

(ii) 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.

(b) Foreign currency

(i) 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.

Notes to the financial statements

3 Significant accounting policies (continued)

(ii) 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.

(c) Revenue and other income

(i) Revenue from rendering of services

Licence fee revenue is recognised in the statement of profit or loss and other comprehensive income on an accruals basis in the period over which the licence is issued. For licences where the consolidated entity does not have a requirement to refund monies if the licence is cancelled, revenue is recognised immediately. An accrual is only recognised when the revenue can be estimated reliably.

(ii) Interest income

Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Notes to the financial statements

3 Significant accounting policies (continued)

(f) Property, Plant and Equipment

(i) 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 assets to a working condition for their 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.

(ii) 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.

(iii) 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
- office furniture, fixtures, fittings and equipment 2-40 years

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

(g) 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.

Notes to the financial statements

3 Significant accounting policies (continued)

(g) Intangible assets (continued)

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

(h) 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. Additionally 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.

Income tax expense comprises current and deferred tax and is recognised in profit or loss.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, are not recognised. The measurement of deferred tax reflects the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Financial instruments

(i) 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.

Notes to the financial statements

3 Significant accounting policies (continued)

(i) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

A financial instrument is recognised if the Company or consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company or consolidated entity's contractual rights to the cash flows from the financial assets expire or if the Company or consolidated entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company or consolidated entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company or consolidated entity's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income is discussed in note 3(c)(ii).

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

(ii) Derivative financial instruments

The Company and consolidated entity are exposed to changes in interest rates and foreign exchange rates. Neither the Company nor the consolidated entity use derivative financial instruments to hedge these risks.

(j) Royalty distributions / royalties payable

Distributable revenue of the Company and the consolidated entity comprises gross licence fees collected plus investment income earned on such fees, less administrative expenses. During the year distributable revenue was distributed on a quarterly basis with members receiving payment following the quarters ended 30 September, 31 December, 31 March and 30 June. Payments to affiliated societies are made one month after payments to members.

Distributions to members are made from separate pools based upon the source of revenue (for example, broadly from television, radio, concerts, other). A points system is used whereby credit points are attached to performances based on various criteria including duration and the use and time of broadcasting of the music.

Distributable revenue received which cannot be allocated to a specific pool, is apportioned to those pools, which in the Board's view most accurately reflect the music performed.

Royalty allocations are made to writer and publisher members and affiliated societies in accordance with the Company's and the consolidated entity's rules. In the absence of specific notification of contractual agreement to the contrary, the shares of a musical work are allocated in accordance with the guidelines of the Distribution Rules.

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

Notes to the financial statements

3 Significant accounting policies (continued)

(k) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for short-term employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. These are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company and the consolidated entity expects to pay as at reporting date including related on-costs.

(ii) Long service leave

The provision for employee benefits to long service leave represents the amount of future benefit that employees have earned for their service in the current and prior periods.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on staff turnover history and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the consolidated entity's obligations.

(iii) Superannuation plan

The Company and its controlled entity contribute to various employee defined contribution superannuation funds. Contributions are charged to profit or loss as incurred.

(l) Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses which are discussed in note 3(o)(i). Trade debtors are normally settled within 60 days.

(m) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Company or the consolidated entity. They are initially recognised at fair value, then at amortised cost. Trade accounts payable are normally settled within 60 days.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company or the consolidated entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If material, a provision is determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in the profit or loss.

Notes to the financial statements

3 Significant accounting policies (continued)

(o) Impairment

(i) 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.

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 asset's 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. With financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversals are recognised in profit or loss. With available-for-sale financial assets that are equity securities, the reversals are recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Company and consolidated entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Notes to the financial statements

3 Significant accounting policies (continued)

(o) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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.

(p) Segment reporting

A segment is a distinguishable component of the Company or the consolidated entity that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(q) 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 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company or the consolidated entity, except for AASB 9 *Financial Instruments*, which becomes mandatory for the consolidated entity's 2019 consolidated financial statements and could change the classification and measurement of financial assets. The Company and consolidated entity do not plan to adopt this standard early and the extent of the impact has not been determined.

Notes to the financial statements

4 Members' guarantee

The Company is limited by guarantee. Every member of the Company has a liability to contribute towards any deficiencies in the event of the winding up of the Company, to the extent of twenty dollars per member. At 30 June 2014 the Company had 80,246 (2013: 79,139) members, resulting in a total guarantee of $1,604,920 (2013: $1,582,780).

5 Revenue

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Licence fee revenue from:				
Broadcasting and television	118,744	111,426	103,364	98,862
General and mechanical	66,279	65,253	60,014	60,302
Distributions received from affiliated societies	27,113	21,766	27,113	21,766
	212,136	198,445	190,491	180,930
Management services	7,868	7,336	7,175	6,756
Revenue from rendering of services	220,004	205,781	197,666	187,686
Other income				
Net gain on disposal of property plant and equipment	60	83	60	81
Net foreign exchange gain	48	96	-	-
Other	113	83	113	80
Interest from other parties	1,386	1,625	1,254	1,471
Total other income	1,607	1,887	1,427	1,632

Notes to the financial statements

6 Expenses

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Profit before income tax expense has been arrived at after charging the following items:				
Personnel expenses	27,255	25,705	23,627	22,414
Operating lease rental expense	163	163	162	159
Depreciation	1,798	1,665	1,689	1,601
Amortisation	81	93	64	93

Included in personnel expenses are amounts that the Company and the consolidated entity contributes to a defined contribution superannuation fund. The amount recognised as an expense for the financial year ended 30 June 2014 was $2,215,486 (2013: $1,855.245).

7 Auditor's remuneration

	Consolidated		The Company	
	2014	2013	2014	2013
	$	$	$	$
Audit services:				
Auditors of the Company - KPMG				
Audit of financial reports	129,500	125,000	110,852	107,000
Other services:				
Auditors of the Company - KPMG				
Taxation services	14,975	17,220	6,000	10,280
Other services	12,000	4,000	12,000	4,000
	156,475	146,220	128,852	121,280

Notes to the financial statements

8 Income tax expense

As disclosed at note 3(h) the Australian Company is tax exempt with respect to copyright income and non-copyright income up to certain limits. Amounts of non-copyright income above the prescribed limits are taxed at the top marginal tax rate for individuals (currently 46.5%). Non-copyright income did not exceed the prescribed limits in 2014 or 2013. The New Zealand subsidiary is taxed in accordance with the company tax law in New Zealand and at 30 June 2014 has a tax liability (NZD) of $nil (2013: $nil).

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
9 Cash, cash equivalents and cash on deposit				
Cash at bank	16,450	5,232	14,886	4,429
Short term deposits	1,300	9,401	1,300	8,300
	17,750	14,633	16,186	12,729
Cash on deposit	21,954	25,138	21,021	22,766
	39,704	39,771	37,207	35,495

Short term deposits are term deposits with a term up to 90 days. Cash on deposit are term deposits with a term of greater than 90 days. Interest rates for the financial year ended 30 June 2014 were between 3.31% and 3.59% (2013: 2.75% and 4.94%), which were the prevailing interest rates on cash at bank, short term deposits and cash on deposit.

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
10 Trade and other receivables				
Current				
Trade and other receivables	41,135	38,975	36,094	34,637
Amounts receivable from AMCOS	2,407	-	2,156	-
Less: Provision for impairment losses	(2,285)	(1,575)	(2,047)	(1,342)
	41,257	37,400	36,203	33,295
Amounts owing by controlled entity	-	-	-	174
Prepayments	1,190	1,195	1,086	1,110
	42,447	38,595	37,289	34,579
Non-current				
Trade and other receivables	-	109	-	109

Notes to the financial statements

11 Property, plant and equipment

	CONSOLIDATED				COMPANY			
	Land	Buildings	Plant & Equipment	Total	Land	Buildings	Plant & Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
Balance as at 1 July 2012	7,058	13,873	10,346	31,277	6,604	13,258	9,937	29,799
Acquisitions	-	-	948	948	-	-	813	813
Disposals	-	-	(656)	(656)	-	-	(622)	(622)
Effect of movements in foreign exchange	37	49	41	127	-	-	-	-
Balance as at 30 June 2013	7,095	13,922	10,679	31,696	6,604	13,258	10,128	29,990
Balance as at 1 July 2013	7,095	13,922	10,679	31,696	6,604	13,258	10,128	29,990
Acquisitions	170	495	947	1,612	-	-	812	812
Disposals	-	-	(322)	(322)	-	-	(322)	(322)
Effect of movements in foreign exchange	54	82	60	196	-	-	-	-
Balance as at 30 June 2014	7,319	14,499	11,364	33,182	6,604	13,258	10,618	30,480
Depreciation								
Balance as at 1 July 2012	-	560	6,089	6,649	-	521	5,846	6,367
Depreciation charge for the year	-	139	1,526	1,665	-	133	1,468	1,601
Disposals	-	-	(601)	(601)	-	-	(567)	(567)
Effect of movements in foreign exchange	-	4	22	26	-	-	-	-
Balance as at 30 June 2013	-	703	7,036	7,739	-	654	6,747	7,401
Balance as at 1 July 2013	-	703	7,036	7,739	-	654	6,747	7,401
Depreciation charge for the year	-	145	1,653	1,798	-	133	1,556	1,689
Disposals	-	-	(228)	(228)	-	-	(228)	(228)
Effect of movements in foreign exchange	-	5	32	37	-	-	-	-
Balance as at 30 June 2014	-	853	8,493	9,346	-	787	8,075	8,862
Carrying amounts								
At 1 July 2012	7,058	13,313	4,257	24,628	6,604	12,737	4,091	23,432
At 30 June 2013	7,095	13,219	3,643	23,957	6,604	12,604	3,381	22,589
At 1 July 2013	7,095	13,219	3,643	23,957	6,604	12,604	3,381	22,589
At 30 June 2014	7,319	13,646	2,871	23,836	6,604	12,471	2,543	21,618

Included in land and buildings are amounts of $6,480,000 and $12,734,000 respectively, which represent a 75% interest in the jointly owned land and buildings at Ultimo, Sydney. The asset is jointly owned with Australasian Mechanical Copyright Owners Society Limited.

Notes to the financial statements

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000

12 Intangible assets

Computer software				
Cost				
Balance at 1 July 2012	1,175	261	1,175	261
Acquisitions	431	914	247	914
Disposals	(37)	-	(37)	-
Balance at 30 June 2013	1,569	1,175	1,385	1,175
Amortisation and Impairment Losses				
Balance at 1 July 2013	269	176	269	176
Amortisation charge for the year	81	93	64	93
Disposals	(37)	-	(37)	-
Balance at 30 June 2014	313	269	296	269
Carrying amounts				
At 1 July 2013	906	85	906	85
At 30 June 2014	1,256	906	1,089	906

13 Trade and other payables

Trade creditors	4,168	4,260	3,379	3,124
Other creditors and accruals	2,741	2,106	2,623	1,996
Deferred income	1,598	1,551	1,576	1,534
Amounts owing to controlled entity	-	-	10	-
	8,507	7,917	7,588	6,654

14 Royalties payable

Royalties owing to members and affiliated societies	95,027	92,050	85,962	83,687

Notes to the financial statements

15 Employee benefits

	Consolidated 2014 $'000	Consolidated 2013 $'000	The Company 2014 $'000	The Company 2013 $'000
Current				
Liability for annual leave	1,102	1,027	1,046	993
Liability for long service leave	2,044	1,768	2,044	1,768
	3,146	2,795	3,090	2,761
Non-current				
Liability for long service leave	563	576	563	576

16 Operating leases

	Consolidated 2014 $'000	Consolidated 2013 $'000	The Company 2014 $'000	The Company 2013 $'000
Leases as lessee				
Non cancellable operating lease rentals are payable as follows:				
Within one year	126	132	125	127
One year or later and no later than five years	109	235	109	235
	235	367	234	362

The consolidated entity leases offices under non-cancellable operating leases expiring from 1 to 5 years. Leases of offices generally provide the Company with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on the Consumer Price Index.

Notes to the financial statements

17 Segment information

The consolidated entity derives the majority of its revenue from its principal activity of licensing the public performance and communication of music under the consolidated entity's control and operates in the following major geographical segments:

	Australasia		Outside Australasia		Total	
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue	192,891	184,015	27,113	21,766	220,004	205,781

Distributable revenue of the consolidated entity comprises gross licence fees collected plus investment income earned on such fees, less administrative expenses. As a result of this distribution policy, the operating profit in each geographical segment is nil. Assets are held within Australasia.

The consolidated entity operates in one business segment, being the licensing of public performance and communication of music under its control.

18 Related parties

(a) Transactions with key management personnel

The consolidated entity provides remuneration to key management personnel. In addition contributions are made for key management personnel to defined contribution superannuation funds. Other than loans as noted below, the consolidated entity does not provide any other non-cash benefits to key management personnel.

(b) Key management personnel compensation

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

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Short term employee benefits	3,308	3,673	3,066	3,453
Post employment benefits	207	220	189	204
Other long term benefits	56	10	56	10
	3,571	3,903	3,311	3,667

Notes to the financial statements

18 Related parties (continued)

(c) Loans to key management personnel

Details regarding the outstanding amounts of loans made, guaranteed or secured by any entity in the consolidated entity to key management personnel and their related parties are as follows:

	Consolidated		The Company	
	2014	2013	2014	2013
	$	$	$	$
Loans to key management personnel - unsecured	201,049	198,217	163,743	164,327

These are short term, variable rate loans. The loans are repayable at call. The average interest rate charged during 2014 was 6.45% (2013: 7.40%) in Australia and 5.90% (2013: 5.90%) in New Zealand. Interest is payable monthly.

Interest received on the loans to key management personnel totalled $12,535 (2013: $13,983) for the consolidated entity and $10,401 (2013: $12,094) for the Company.

No amounts have been written down or recorded as allowances as the balances are considered fully recoverable.

(d) Other key management personnel transactions

All directors who held office during the year, or their director related entities, are entitled to distributions calculated in accordance with the Distribution Rules, on the same terms and conditions as other members.

During the previous year a director, Eric McCusker, was paid $7,500 by APRA for consulting services relating to attendance at the CISAC meeting of the International Council of Creators of Music (CIAM) in Paris.

There were no other transactions between the Company or consolidated entity and directors or key management personnel.

(e) Non key management personnel disclosures

APRA provides management services to the Australasian Mechanical Copyright Owners Society Limited and is reimbursed for these services. For details of revenue earned refer to note 5.

(f) Controlled entity

The Company's controlled entity is the wholly owned subsidiary APRA New Zealand Limited, a company incorporated in New Zealand. At 30 June 2014 balances owing by the controlled entity are set out in note 10 and balances owing to the controlled entity are set out in note 13.

Notes to the financial statements

19 Financial instruments

(a) 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 of Directors has established the Audit and Governance Committee which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Overview (continued)

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 geographical concentration. Approximately 33% of the consolidated entity's revenue base is attributable to general licensing where licensee fees are paid at the beginning of the license period, normally twelve months. The Audit and Governance Committee has established a credit policy under which defaulting licensees are pursued rigorously with the assistance of a collection agency.

Notes to the financial statements

19 Financial instruments (continued)

Credit risk (continued)

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. The consolidated entity has additional deposits invested for short terms varying from 30-90 days.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the consolidated entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The currencies the consolidated entity is primarily exposed to, other than the respective functional currencies 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 $39,704,000 at 30 June 2014 was 3.52% (2013: $39,771,000 at 3.59%). 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 the consolidated entity's policy not to hedge this exposure to foreign exchange risk. The New Zealand entity is translated in accordance with the policy at note 3(b).

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.

Notes to the financial statements

19 Financial instruments (continued)

(a) Financial risk management (continued)

Operational Risk (continued)

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 indentified;
- 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 the 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.

(b) Fair values

The carrying value of financial assets and liabilities in the statement of financial position approximate their fair values.

Notes to the financial statements

19 Financial instruments (continued)

(c) 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		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Net trade and other receivables	41,257	37,509	36,203	33,404
Cash, cash equivalents and cash on deposit	39,704	39,771	37,207	35,495
	80,961	77,280	73,410	68,899

Impairment losses

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

Not past due	19,887	6,621	18,644	6,030
Past due 0-30 days	14,923	24,544	14,472	21,218
Past due 31-120 days	2,746	2,757	2,498	2,490
Past due 121 days and greater	5,986	5,162	2,636	5,008
	43,542	39,084	38,250	34,746
Impairment provision	(2,285)	(1,575)	(2,047)	(1,342)
	41,257	37,509	36,203	33,404

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

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at 1 July	(1,575)	(1,545)	(1,342)	(1,324)
Impairment loss recognised	(2,285)	(1,575)	(2,047)	(1,342)
Provision reversed in the year	1,575	1,545	1,342	1,324
Balance as at 30 June	(2,285)	(1,575)	(2,047)	(1,342)

Notes to the financial statements

19 Financial instruments (continued)

(c) Financial transactions (continued)

Liquidity risk

The contractual maturities of financial liabilities, as represented by trade and other payables (note 13) and royalties payable (note 14), 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 exposure to foreign currency receivables or payables at 30 June 2014: $nil (30 June 2013: $nil). The consolidated entity has exposure to the New Zealand dollar due to its control of the New Zealand subsidiary.

Sensitivity

A 10 percent strengthening or weakening of the Australian dollar against the New Zealand dollar at 30 June would not have increased/(decreased) the consolidated entity's equity at 30 June 2014 or 30 June 2013.

Interest rate risk

Profile

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

	Consolidated		The Company	
	2014	2013	2014	2013
Fixed rate instruments				
Short term deposits	1,300	9,401	1,300	8,300
Cash on deposit	21,954	25,138	21,021	22,766
	23,254	34,539	22,321	31,066

	Consolidated		The Company	
	2014	2013	2014	2013
Variable rate instruments				
Cash at bank	16,450	5,232	14,886	4,429

Notes to the financial statements

19 Financial instruments (continued)

(c) Financial transactions (continued)

Financial transactions

Sensitivity analysis

If interest rates had changed by plus (or minus) 1% per annum from the interest rate at the year end, with all other variables held constant, the consolidated entity profit before income tax and royalty payments for the year would have been $186,835 higher/(lower) (2013: $52,318). In the Company the profit before income tax expense for the year would have been $161,861 higher/(lower) (2013: $44,293).

20 Capital expenditure commitments

As at 30 June 2014 the Company had no capital expenditure commitments (2013: $263,364). As at 30 June 2014 the consolidated entity has no capital expenditure commitments (2013: $823,815).

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 $13.0m AUD, with total project costs approved by the Board of Directors of $20.9m AUD.

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

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

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 and the resulting technology asset is shared with Australasian Mechanical Copyright Owners Society Limited on an ownership basis of 75% interest held by The Company, and 25% held by Australasian Mechanical Copyright Owners Society Limited.

Notes to the financial statements

21 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position as follows:

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash and cash equivalents	17,750	14,633	16,186	12,729

(b) Reconciliation of profit after income tax to net cash provided by operating activities

	Consolidated		The Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Profit after income tax	-	-	-	-
Adjustments for:				
(Profit) on sale of non-current assets	(60)	(83)	(60)	(81)
Depreciation	1,798	1,665	1,689	1,601
Amortisation of intangibles	81	93	64	93
Net cash provided by operating activities before change in assets and liabilities	1,819	1,675	1,693	1,613
Change in assets and liabilities:				
(Increase) in trade and other receivables	(3,103)	(8,154)	(2,601)	(7,777)
Increase in trade and other payables	266	2,278	934	1,673
Increase in royalties payable	2,153	4,063	2,275	4,066
Increase in employee benefits	334	304	316	312
Net cash provided by/(used in) operating activities	1,469	166	2,617	(113)