

COPYRIGHT AGENCY LIMITED

ABN 53 001 228 799

Directors' Report and Financial
Report

For the year ended 30 June 2017

TABLE OF CONTENTS

Directors' report	1 - 10
Auditor's independence declaration	11
Financial report	
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in accumulated funds	14
Statement of cash flows	15
Notes to financial statements	16 - 30
Directors' declaration	31
Independent auditor's report	32 - 33

DIRECTORS' REPORT

The directors present their report together with the financial report of Copyright Agency Limited for the year ended 30 June 2017 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors' names

The names of the directors in office at any time during or since the end of the year are:

Bronwyn Bancroft

David Barnett

Anthony Bertini

Jane Curry

Adele Ferguson

Jeremy Fisher OAM, till 23 November 2016

Alexander Grant, till 23 November 2016

Helen O'Neill

Lucrezia Russell

Kimberley Williams AM

Christopher Pash, from 24 November 2016

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results and review of operations

Financial results

The company collected and accrued royalties for the year from Australian schools, universities, colleges, government bodies, corporations and overseas collection societies totalling \$144,857,910 (2016: \$137,118,145). With the addition of interest income on funds invested and other minor sources of income, revenues for the year totalled \$147,446,848 (2016: \$139,724,144).

After deducting the costs of running the Copyright Agency, including employee, occupancy and other relevant expenses, the company allocated \$123,875,992 (2016: \$111,326,570) to distribution pools made available for rightsholders who are members of the company, including Australian writers, publishers and visual artists.

The surplus of the company for the year of \$15,950 (2016: \$6,209,029) represents monies retained by the company for potential future expenses and allocated to the future fund and indemnity fund for that purpose.

The company continued its commitment to pay distributions to members on a more timely basis, subject to its underlying principles and policies on equity and during the year distributed cash amounts totalling \$117,827,405 (2016: \$ 115,489,901).

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

DIRECTORS' REPORT

Principal activities

The principal activity of the company during the year was that of a copyright collecting society. No significant change in the nature of these activities occurred during the year.

The company was established in 1974 to act as agent for its member authors and publishers to collectively administer the copying of their works in educational institutions and other organisations. The company commenced business in 1986 and is based in Sydney. The company:

- Was declared by the Commonwealth Attorney General to be the collecting society to administer the statutory licence created under Part VB of the *Copyright Act 1968*, for the copying and communication of copyright material by educational institutions, institutions assisting handicapped readers and institutions assisting intellectually handicapped persons.
- Has been declared by the Copyright Tribunal as the collecting society to administer the statutory licence in Division 2 of Part VII of the *Copyright Act 1968* in relation to government copies of works and published editions of works, other than works included in a sound recording, cinematograph film or a television or sound broadcast.
- Has been appointed by the Australian Government as the collecting society under the *Resale Royalty Right for Visual Artists Act 2009* for collection of resale royalties payable in respect of artworks of eligible artists.
- Has entered into a service agreement with Viscopy Limited to provide management and administrative services to Viscopy Limited and its members and licensees.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Short-term and long-term objectives and strategies

The company's mission is to provide simple ways for people to reproduce, store and share creative content, including words and images, in return for equitable payment to copyright owners. To implement this mission, the company has adopted the following objectives in its current three year plan:

- Serve our members
- Influence policy and advocate for copyright
- Increasing revenues to ensure fair remuneration of members
- Optimise operations

These objectives are to ensure that the *Copyright Act* continues to protect the rights of Australian creators and the company meets the needs of its members at all times.

DIRECTORS' REPORT

Company performance

The company has adopted a strategic plan which details the strategies for achieving these objectives and for measuring the company's performance. These objectives include:

- Legislative outcomes which continue to protect the rights of creators
- Update distribution policies to accord with data received
- Secure statutory licensing revenue and increase corporate licensing
- Improved business systems and reduced operating costs

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

The company is limited by guarantee. No dividends are permitted to be paid under the constitution of the company.

Future Fund

There has been commentary in sections of the media regarding the Future Fund. The Future Fund was established in 2013 in response to issues such as the Australian Law Reform Commission (ALRC) recommendation for radical changes affecting licensing arrangements. In Canada comparable changes to copyright law saw a catastrophic collapse in some licensing revenues. As noted in the Copyright Agency's 2016 financial report, the Fund was established to 'safeguard and manage the rights of members including but not confined to taking such necessary actions in communications, research and advocacy ... to the extent required consistent with the Board's prudent judgement'. The Fund may also be called upon to conduct litigation which is necessary to protect the rights of creators, for example, to clarify the role of exceptions in the *Copyright Act 1968*.

The Fund was built up over time from interest on licence fees and allocations that were unpaid after four years. In June 2016, only 3.2% of funds allocated in 2012 (from all sources of licence fees) remained unpaid.

The Fund is currently capped at \$15m, and interest on licence fees and any unpaid allocations are now effectively returned to members as an offset against operating costs (as described in the Copyright Agency's Distribution Policy, which is available on the Copyright Agency's website). However, the political environment remains challenging for creators and owners of copyright and the Board has determined to maintain the Fund but will periodically review the need for it. Any amounts no longer required for safeguarding members' interests will be returned to members.

DIRECTORS' REPORT

Viscopy merger

After successfully operating under the Services Agreement with Viscopy since 2012, the Boards' of Copyright Agency and Viscopy respectively, have decided to formally merge their memberships in order to better serve their interests efficiently. The merger will be achieved by way of a scheme of implementation, which will be subject to the approval of ASIC and the Supreme Court. It is contemplated that a new class of member will be created in Copyright Agency, artist members, and that those members will be entitled to elect one additional director to the Copyright Agency board. The scheme of arrangement will require approval of the Viscopy membership to merge with Copyright Agency and the approval of the Copyright Agency membership to change the constitution to add the new class of members and the new director. It is anticipated that both the Viscopy scheme meeting and the Copyright Agency extraordinary general meeting will be held in October. Further information will be provided before those meetings.

Simplification bill

An example of Copyright Agency working collaboratively with its licensees, specifically in the education sector, and achieving legislative outcomes that continue to protect the interests of its members can be seen in the Copyright Amendment [Bill](#), which was passed on 15 June 2017. It implements consensus proposals for simplifying the statutory licence for education, and amendments sought by libraries and people with a print disability. Most amendments will take effect from 22 December 2017, including the simplification of the statutory licence for education.

Information on directors and company secretary

Bronwyn Bancroft

Director

Qualifications

Dip. VComms, Master of Studio Practice, MVA (Painting)

Experience

Australian Artist who has served on the Boards of Viscopy, the National Indigenous Arts Advocacy Association and the National Gallery of Australia. Currently a director of Arts Law Australia and the Australian Indigenous Mentoring Experience and a Director of Designer Aboriginals Pty Ltd (established 1985).

Special responsibilities

Independent Director since 20 November 2008. Member of Copyright Agency's Stakeholder Engagement and Cultural Fund committees and also an observer member of the Art Market Professionals Advisory Panel for the Resale Royalty Scheme managed by Copyright Agency.

David Barnett

Director

Qualifications

BA, P Grad Dip HRM, FAICD

Experience

MD Pearson, Australia and 30 years in publishing. Other directorships include Pearson Australia Group and Robert Menzies College (Chair).

Special responsibilities

Australian Publishers Association appointed Director from 2011. Convenor of Copyright Agency's Education Portal committee and member of its Audit and Finance and Nomination and Governance committees.

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

DIRECTORS' REPORT

Information on directors and company secretary (continued)

Anthony Bertini	Director
Qualifications	BA
Experience	Chair of Thumper One Pty Ltd, an investment and advisory firm with interests in data mining and processing, blockchain technologies, social media platforms, electronic payment gateways, cleantech and biometric security. Co-founder and Chair of Organic Technology Holdings Pty Ltd, a global producer of alternative proteins and pharmaceutical oils. Chair of TBXx3 Pty Ltd, a blockchain solution for securing the global supply chain. Other current directorships include Australian Omega Oils Pty Ltd. Former Australian deal maker UKTI (Global Entrepreneur Program) and CEO and founder of BMC Media, publisher of IPC Magazines Australia; former Group Sales Director of The Bulletin and Australian Business Magazines and co-founder of 350.org Australia
Special responsibilities	Independent director since May 2010. Convenor of Copyright Agency's International Development committee until it was dissolved in 2015. Member of Copyright Agency's Audit and Finance and Cultural Fund committees.
Jane Curry	Director
Qualifications	BSc (Hons)
Experience	Jane has been Managing Director of Weldon Publishing, Macquarie Library, National Book Distributors, Quarto Australia, and published her own list at Pan Macmillan Australia. Jane founded the trade-publishing house Ventura Press in 2002 and Impact Press in 2015. Jane is a Director of the Australian Publishers Association and convenor of the APA's Independent Publishers Committee.
Special responsibilities	Member of the Cultural Fund Committee and the Education Portal Committee. Publisher elected Director since 25 November 2015.
Adele Ferguson	Director
Qualifications	BEcon, BA (Hons)
Experience	Journalist and author with a wide range of experience, including as a business commentator and an investigative reporter for The Sydney Morning Herald, The Age and The Financial Review. Awards include The Gold Walkley, the Gold Quill, the Gold Kennedy awards and a Logie. Author of best-selling unauthorised biography Gina Rinehart: The Richest Woman in the World. On the board of the Melbourne Press Club.
Special responsibilities	Author elected director since 25 November 2015. Member of the Audit and Finance Committee and the Cultural Fund Committee.

DIRECTORS' REPORT

Information on directors and company secretary (continued)

Jeremy Fisher OAM	Director, till 23 November 2016
Qualifications	DCA, MA, BA Dip DesStud, Dip Ed
Experience	Author and Senior Lecturer, School of Arts, University of New England. Former Executive Director of the Australian Society of Authors. Former General Manager for Harcourt Brace Jovanovich and McGraw-Hill. Board member of Australian Publishers Association 1998-2000 and the Australian Copyright Council 2004-2009.
Special responsibilities	Australian Society of Authors appointed Director since 2010. Convenor of Copyright Agency's Stakeholder Engagement committee and member of its Cultural Fund and International Development committees.
Alexander Grant	Director, till 23 November 2016
Qualifications	BA
Experience	Chief Executive, Hardie Grant Publishing Pty Ltd; director of Hardie Grant Media Pty Ltd; Chair of Hardie Grant Egmont Pty Ltd; director of Hardie Grant Books Pty Ltd; Chair of Hardie Grant London Ltd; Chair of Quadrille Publishing Pty Ltd (UK); former CEO Reed Books UK; former Managing Director Reed Books Australia; past President and Director of Australian Publishers Association; Director of Explore Australia Pty Ltd.
Special responsibilities	Australian Publishers Association appointed Director since 2002 then independent director since November 2009. Member of Copyright Agency's Nomination and Governance, Audit and Finance, Education Portal and Stakeholder Engagement committees.
Helen O'Neill	Director
Qualifications	BA (Hons)
Experience	Journalist with the Sydney Morning Herald, The Australian and Vogue Australia. Author, whose recent books include biographies of Harry Seidler, Florence Broadhurst and the department store David Jones. Co-founder of Curly Swirls Productions.
Special responsibilities	Australian Society of Authors appointed Director since 2014. Member of Copyright Agency's Cultural Fund and Stakeholder Engagement committees.

DIRECTORS' REPORT

Information on directors and company secretary (continued)

Christopher Pash	Director
Qualifications	
Experience	Author, working journalist and media executive. A former Director of Content Strategy at Dow Jones Asia Pacific, CEO of Asia Pulse, a joint venture of Asia news companies, Editor in Charge, Correspondent and Bureau Chief at Australian Associated Press. Chris is a former Director of the Pacific Area Newspaper Publishers' Association and member of the Australian Institute of Company Directors. Author of <i>The Last Whale</i> (Fremantle Press, 2008), a narrative non-fiction book about the final days of whaling in Australia.
Special responsibilities	Australian Society of Authors appointed Director since November 2016 and member of the Cultural Fund Committee.
Kimberley Lynton Williams AM	Chair
Qualifications	B.Mus (Univ Syd), Hon DLitt (Macq Univ)
Experience	Media executive and professional director; former CEO of NewsCorp Australia, Foxtel, Southern Star, the Australian Film Commission and Musica Viva. Kim Williams has also served as a member on many boards including as Chair of the Sydney Opera House Trust, Musica Viva Australia, Sydney Symphony Orchestra and of the Australian Film Finance Corporation. He is a current Commissioner of the AFL. Other current boards include the Deputy Chair of the Thomson Reuters Board of Trustees (currently acting Chair), Chair of the Cranlana Programme and board member of the University of Western Sydney Foundation and the Myer Foundation. He is also director of several private companies: Myer Family Investments, Executive Channel International and serves as Chairman of Mojo Power and VidCorp.
Special responsibilities	Independent director since January 2015 and Chair since June 2015; Convenor of Copyright Agency's Cultural Fund and Nominations and Governance committees and member of its Audit and Finance committee.
Josephine Johnston	Company Secretary
Qualifications	Llb (Hons)
Experience	General Counsel and Company Secretary. Also responsible for the International Team. A corporate lawyer with experience in top tier law firms, senior in-house positions and advising the Crown both as a barrister and solicitor.

DIRECTORS' REPORT

Meetings of directors

Directors	Directors' meetings		Audit and Finance committee meetings		Cultural Fund committee meetings		Stakeholder Engagement committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Bronwyn Bancroft	5	3	-	-	4	3	1	1
David Barnett	5	3	5	3	-	-	-	-
Anthony Bertini	5	5	5	5	4	4	-	-
Jane Curry	5	5	2	2	4	4	-	-
Adele Ferguson	5	3	5	3	4	2	-	-
Jeremy Fisher OAM	1	1	-	-	2	1	1	1
Alexander Grant	1	1	-	-	1	1	1	1
Helen O'Neill	5	4	3	3	4	3	1	1
Christopher Pash	4	4	-	-	2	2	-	-
Lucrezia Russell	5	5	5	5	4	4	1	1
Kimberley Williams AM	5	5	5	5	4	4	-	-

Directors	Nomination and Governance committee meetings *		Education Portal committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Bronwyn Bancroft	-	-	-	-
David Barnett	-	-	4	2
Anthony Bertini	-	-	-	-
Jane Curry	-	-	4	4
Adele Ferguson	-	-	-	-
Jeremy Fisher OAM	-	-	-	-
Alexander Grant	-	-	1	1
Helen O'Neill	-	-	-	-
Christopher Pash	-	-	-	-
Lucrezia Russell	-	-	4	4
Kimberley Williams AM	-	-	-	-

* There were no meetings of the Nomination and Governance committee during the year. These meetings are only convened when required.

DIRECTORS' REPORT

Members guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$20 each towards meeting any outstanding and obligations of the group. At 30 June 2017 the number of members was 30,594.

Indemnification and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

COPYRIGHT AGENCY LIMITED

ABN 53 001 228 799

DIRECTORS' REPORT

Directors' remuneration

Under Article 38 of Copyright Agency's Constitution, Directors' remuneration is determined by the company in general meeting.

Details of the nature and amount of each element of the emoluments of each director of the company are as follows:

	Base Remuneration \$	Superannuation Contributions \$	Total \$
Bronwyn Bancroft	31,881	-	31,881
David Barnett	29,115	2,766	31,881
Anthony Bertini	31,881	-	31,881
Jane Curry	31,881	-	31,881
Jeremy Fisher	11,465	1,089	12,554
Adele Ferguson	29,115	2,766	31,881
Alexander Grant	12,554	-	12,554
Helen O'Neill	29,115	2,766	31,881
Christopher Pash	17,650	1,677	19,327
Lucrezia Russell	29,115	2,766	31,881
Kimberley Williams AM	58,227	5,532	63,759

Signed on behalf of the board of directors.



Director: _____

Kimberley Williams AM



Director: _____

Lucrezia Russell

Dated this 21 day of September 2017



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

To the Directors of Copyright Agency Limited

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

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

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Chris Allenby'.

Chris Allenby

Partner

Sydney

21 September 2017

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
Revenue	2	147,446,848	139,724,144
Less: expenses			
Employee benefits expense	3(b)	(12,808,632)	(12,815,146)
Depreciation and amortisation expense	3(c)	(574,191)	(1,321,356)
Occupancy expense		(578,028)	(709,824)
Consultancy costs	3(d)	(1,455,813)	(439,397)
Sampling costs		(1,304,084)	(1,222,291)
Legal costs		(340,283)	(306,443)
IT costs		(1,170,935)	(1,003,658)
Marketing and communications		(729,631)	(575,433)
Office running costs		(287,730)	(356,943)
Other expenses	3(e)	(1,597,653)	(1,247,153)
		<u>(20,846,980)</u>	<u>(19,997,645)</u>
Net surplus available for distribution		126,599,868	119,726,499
Less: distributions			
Distribution paid and payable to members	10	(123,875,992)	(111,326,570)
Transfer to Cultural Fund		(2,046,460)	(2,059,943)
Payments made from Reserves	3(a)	(661,466)	(130,957)
Surplus for the year	3(a)	15,950	6,209,029
Other comprehensive income for the year		-	-
Total comprehensive income before allocations to reserves		<u>15,950</u>	<u>6,209,029</u>

The accompanying notes form part of these financial statements.

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	4	7,930,917	4,406,132
Cash on deposit	4	52,112,658	44,562,248
Trade and other receivables	5	5,225,145	3,114,373
Other assets	6	15,688,364	16,245,089
Total current assets		80,957,084	68,327,842
Non-current assets			
Property, plant and equipment	7	2,477,344	2,030,832
Total non-current assets		2,477,344	2,030,832
Total assets		83,434,428	70,358,674
Current liabilities			
Payables	8	10,549,227	2,386,463
Provisions	9	846,425	1,087,440
Distributions payable	10	12,462,021	8,094,527
Deferred income	11	40,029,713	39,022,971
Total current liabilities		63,887,386	50,591,401
Non-current liabilities			
Payables	8	827,922	1,022,727
Provisions	9	297,108	338,484
Total non-current liabilities		1,125,030	1,361,211
Total liabilities		65,012,416	51,952,612
Net assets		18,422,012	18,406,062
Equity			
Retained earnings	13	-	-
Reserves	13	18,422,012	18,406,062
Total equity		18,422,012	18,406,062

The accompanying notes form part of these financial statements.

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Retained earnings \$	Future Fund reserve \$	Indemnity Fund reserve \$	Other reserves \$	Total equity \$
Balance at 1 July 2015		-	9,297,967	2,899,066	-	12,197,033
Surplus for the year		6,209,029	-	-	-	6,209,029
Payments made from reserves	3(a)	130,957	(120,822)	(10,135)	-	-
Transfer surplus to reserves	3(a)	(6,339,986)	6,284,671	55,315	-	-
Balance at 30 June 2016		- 15,461,816	2,944,246	-	-	18,406,062
Balance at 1 July 2016		-	15,461,816	2,944,246	-	18,406,062
Surplus for the year	3(a)	15,950	-	-	-	15,950
Payments made from reserves	3(a)	661,466	(160,510)	(500,956)	-	-
Transfer surplus to reserves	3(a)	(125,732)	124,107	1,625	-	-
Transfers between reserves	3(a)	(551,684)	(316,362)	500,956	367,090	-
Balance at 30 June 2017		- 15,109,051	2,945,871	367,090	-	18,422,012

The accompanying notes form part of these financial statements.

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flow from operating activities			
Cash receipts from customers		144,696,305	142,812,577
Cash distributed to members and payments to suppliers and employees		<u>(134,550,768)</u>	<u>(143,278,733)</u>
Net cash provided by operating activities	14(b)	<u>10,145,537</u>	<u>(466,156)</u>
Cash flow from investing activities			
Interest received		1,778,063	2,313,763
Proceeds from sale of property, plant and equipment		-	5,880
Payment for property, plant and equipment		(848,406)	(1,916,385)
Increase in cash on deposit	4	<u>(7,550,410)</u>	<u>(1,304,641)</u>
Net cash used in investing activities		<u>(6,620,753)</u>	<u>(901,383)</u>
Net increase / (decrease) in cash held		3,524,785	(1,367,539)
Cash at the beginning of the financial year	14(a)	<u>4,406,132</u>	<u>5,773,673</u>
Cash at the end of the financial year	14(a)	<u>7,930,917</u>	<u>4,406,132</u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for the entity Copyright Agency Limited as an individual entity. Copyright Agency Limited is a company limited by guarantee, incorporated and domiciled in Australia. Copyright Agency Limited is a not-for-profit entity for the purpose of preparing the financial statements. The registered office and principal place of business of the company is Level 11, 66 Goulburn Street, Sydney NSW 2000.

A description of the nature of the company's operations and its principal activities is included in the directors' report on page 2, which is not part of this financial report.

The financial report was approved by the directors as at the date of the directors' report.

The following is a summary of the material accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Historical cost convention

The financial report is presented in Australian Dollars and has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Accounting Standards issued but not operative at 30 June 2017

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of the financial report (continued)

Accounting Standards issued but not operative at 30 June 2017 (continued)

AASB 9 Financial Instruments (2014)

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 Financial Instruments: Recognition and Measurement and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The key changes introduced in AASB 9 (2014) are:

- (i) requirements for impairment of financial assets based on a three-stage 'expected loss' approach;
- (ii) limited amendments to classification and measurement of financial assets to add a third measurement category for debt instruments. The new category of fair value through other comprehensive income is added to the existing categories for debt instruments, i.e. amortised cost and fair value through profit or loss; and
- (iii) amendments to AASB 7 Financial Instruments: Disclosures that significantly expand the disclosures required in relation to credit risk.

The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9 (2014).

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions.

AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases

AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will not recognise a front-loaded pattern of expenses for most leases, even when they pay constant rentals. Lessor accounting remains similar to current practice i.e. lessors continue to classify leases as finance and operating leases.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Revenue from rendering services

The company acts as the 'principal' in the collection of licence fees from licensees (customers) as it has the primary responsibility for providing the services and latitude in establishing prices. Revenue from licence fees is recognised on a monthly basis over the time period for which the copying licence has been granted.

Revenue is accrued and recorded when the amount can be measured or estimated reliably (based on the previously executed licence) and is probable of collection. Where the assumptions regarding reliable estimation no longer apply a provision is recorded against the amount of accrued revenue.

Licence fees invoiced but applicable to future periods are recorded as deferred revenue and transferred to revenue in the statement of comprehensive income over the relevant future period.

Interest income

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

(c) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(d) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Specific provisions of the Income Tax Assessment Act 1997 (as amended), applicable to copyright collecting societies ensure: (a) copyright income collected and held on behalf of the members, pending allocation to the member; and (b) non copyright income that falls within certain limits; are not subject to income tax.

(e) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(g) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	14-19%	Straight line
Office equipment at cost	7-20%	Straight line
Furniture, fixtures and fittings at cost	1-13%	Straight line
Computer equipment at cost	10-40%	Straight line
Pooled assets less than \$1,000	19-38%	Diminishing value

(h) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangibles

Internally developed software

Internally developed software is initially recorded at the purchase price and amortised on a straight line basis over the period of 5 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable are written off.

Internally developed software has been tested for impairment by determining the recoverable amount of the asset. The recoverable amount of assets is based on value-in-use calculations. These calculations are based on current financial forecasts and projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections are based on past performance and its expectation for the future.

(j) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments

Classification

The company classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(m) Distributions payable

The company holds the net distributable amount for each year in trust for rightsholders of the copyright material. These rightsholders are eligible to receive allocations held on their behalf upon completing necessary documentation regarding entitlement to receive the allocation.

Payments are made as and when the required documentation is completed. Until this stage is reached, all funds are held in trust for the rightsholders up to a period of four years. The Board of Directors may decide that special circumstances exist and continue to hold an allocation in trust for a maximum of two further years. At the expiry of the trust period, allocations that have not been paid are 'rolled over' and applied in accordance with the direction of the Board. These amounts are currently used to offset operating cost deductions from licence fees before distribution.

In administering the licences, the company collects and distributes remuneration payable by various licensees, using a variety of data sources. The distributable amount is the total amount received from licensees for the distribution period after deducting operating expenses (offset by bank interest and unpaid allocations that have been rolled over), providing for taxation if applicable.

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 2: REVENUE		
Revenue from rendering of services	144,857,910	137,118,145
Interest income	1,902,140	2,033,624
Other income	686,798	572,375
	147,446,848	139,724,144
<p>Other income is primarily made up of fees from the Viscopy services agreement, Government grant funds and recoveries of expenditure outlays.</p>		
NOTE 3: SURPLUS FOR THE YEAR		
(a) Undistributed surplus transferred to reserves		
<p>The undistributed surplus for the year represents funds retained by the company for future expenses as shown in the statement of changes in equity:</p>		
Transfer to Future Fund reserve	124,107	6,284,672
Transfer to Indemnity Fund reserve	1,625	55,315
Transfer from Distributions Rollover	551,684	
Payments made from reserves	(661,466)	(130,957)
	15,950	6,209,029
(b) Employee benefits expense		
Wages and salaries	10,998,608	10,874,510
Directors fees and expenses	375,699	402,339
Contributions to superannuation funds	932,764	942,096
Increase/(decrease) in liability for employee benefits	(282,391)	(141,747)
Employment taxes and costs	783,952	737,948
	12,808,632	12,815,146
(c) Depreciation and amortisation expenses		
Depreciation expenses	379,520	397,648
Amortisation expenses	194,671	923,708
	574,191	1,321,356

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2017 2016
\$ \$

NOTE 3: SURPLUS FOR THE YEAR (CONTINUED)

(d) Consultancy costs

Consultancy costs incurred during the year were made up of:

Business transformation	1,103,364	141,443
Business as usual	352,449	297,954
	<u>1,455,813</u>	<u>439,397</u>

Business transformation consultancy costs are mostly in relation to consultancy for new systems, as well as field research in education, and human resource consulting. As part of the overall business transformation program, this expenditure was approved by the Board. A significant proportion of the consultancy expenditure has been to work on plans to replace the fully depreciated older systems that are due to lose maintenance support from suppliers. These new systems will support the business for the foreseeable future and enable the business to progress with digital technology

(e) Other expenses

Other expenses incurred during the year were made up of:

Membership, insurance, bank fees and other	1,067,507	1,040,721
Recruitment	407,212	181,574
Training	122,935	24,858
	<u>1,597,654</u>	<u>1,247,153</u>

Recruitment was driven by the need to recruit specialist skills to plan and build the necessary systems to replace the fully depreciated older systems. Training includes sales training to continue to build on the growing business revenues, and other training to develop the skill sets needed to introduce new systems into the organisation.

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	1,500	1,500
Cash at bank	7,929,417	4,404,632
	<u>7,930,917</u>	<u>4,406,132</u>
Cash on deposit	52,112,658	44,562,248
	<u>52,112,658</u>	<u>44,562,248</u>
Cash on deposit represents funds invested in term deposits with maturity dates ranging between 3 to 36 months. As these deposits are considered part of the company's investing activities these balances are not cash equivalents for the purposes of the statement of cash flows.		
NOTE 5: RECEIVABLES		
Trade receivables	5,225,145	3,114,373
	<u>5,225,145</u>	<u>3,114,373</u>
NOTE 6: OTHER ASSETS		
Prepayments	719,372	489,672
Accrued revenue	12,347,822	12,479,369
Bank security deposit	2,621,170	3,276,048
	<u>15,688,364</u>	<u>16,245,089</u>

Accrued revenue represents the estimate of revenue receivable from licensees in respect of the relevant financial period but not yet invoiced as well as investment income yet to be credited.

The bank security deposit is a separate bank account containing funds set aside as security for the company's future office lease and other administrative commitments.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	1,378,062	1,356,898
Accumulated amortisation	(339,651)	(144,981)
	1,038,411	1,211,917
Office equipment, furniture and computer equipment		
At cost	4,035,804	3,160,079
Accumulated depreciation	(2,596,871)	(2,341,164)
	1,438,933	818,915
Total property, plant and equipment	2,477,344	2,030,832
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Leasehold improvements</i>		
Opening carrying amount	1,211,917	18,611
Additions	21,164	1,356,898
Amortisation expense	(194,670)	(163,592)
Closing carrying amount	1,038,411	1,211,917
<i>Office equipment, furniture and computer equipment</i>		
Opening carrying amount	818,915	678,088
Additions	999,539	559,487
Disposals	-	(21,012)
Depreciation expense	(379,521)	(397,648)
Closing carrying amount	1,438,933	818,915
<i>Total</i>		
Opening carrying amount	2,030,832	696,699
Additions	1,020,703	1,916,385
Disposals	-	(21,012)
Depreciation and amortisation expense	(574,191)	(561,240)
Closing carrying amount	2,477,344	2,030,832

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 8: PAYABLES		
CURRENT		
Trade creditors	7,962,443	754,944
Accrued expenses	1,570,251	898,464
Cultural Fund*	821,728	538,250
Lease incentive	194,805	194,805
	<u>10,549,227</u>	<u>2,386,463</u>
NON-CURRENT		
Lease incentive	827,922	1,022,727
	<u>827,922</u>	<u>1,022,727</u>

* Refer description in Note 13

NOTE 9: PROVISIONS

CURRENT		
Employee benefits	846,425	1,087,440
	<u>846,425</u>	<u>1,087,440</u>
NON CURRENT		
Employee benefits	297,108	338,484
	<u>297,108</u>	<u>338,484</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 10: DISTRIBUTIONS PAYABLE		
CURRENT		
Distributions payable to members	12,462,021	8,094,527
	12,462,021	8,094,527

(a) Reconciliations

Reconciliation of the distribution payable to members at the beginning and end of the current financial year

Distributions payable to members

Opening carrying amount	8,094,527	14,210,890
Distribution paid and payable	123,875,992	111,326,570
Payments to members	(117,827,405)	(115,489,901)
Payments in transit and GST	(1,681,093)	(1,953,032)
Closing carrying amount	12,462,021	8,094,527

NOTE 11: DEFERRED INCOME

CURRENT

Deferred revenue	40,029,713	39,022,971
	40,029,713	39,022,971

Deferred revenue represents licence fees invoiced and government funding received but applicable to future periods. Deferred revenue is transferred to the statement of comprehensive income over the relevant future period.

NOTE 12: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating leases (in respect of leased premises and office equipment) contracted for but not capitalised in the financial statements:

Payable		
- not later than one year	888,443	852,025
- later than one year and not later than five years	3,972,416	3,835,791
- later than five years	267,383	1,334,626
	5,128,242	6,022,443

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 13: EQUITY		
Retained earnings	-	-
Future Fund reserve	15,109,051	15,461,816
Indemnity Fund reserve	2,945,871	2,944,246
Other reserve	367,090	-
	<u>18,422,012</u>	<u>18,406,062</u>

Retained earnings

Funds held as retained earnings are used for the benefit of members at the discretion of the Board. This includes funds set aside and transferred to the Future Fund and the Indemnity Fund as described below.

Future Fund Reserve

In June 2013, the Board considered the issues which would arise in the event of a sudden and material decrease of revenue following a substantial change to the legislative structure or the unremunerated exceptions in the *Copyright Act 1968*. It was resolved that in order to safeguard and manage the rights of members including but not confined to taking such necessary actions in litigation, communications, research and advocacy, it would establish a Future Fund to provide adequate reserves to resource such activity to the extent required consistent with its prudent judgement. In accordance with Article 74(b)(ii) of the company's Constitution, the Board resolved that amounts equal to the following be paid to the Future Fund, in the order as listed, until the Future Fund reached its target balance:

- a) interest income received after 1 July 2013, after deduction of up to 1.5% for the Cultural Fund;
- b) after 1 July 2013, all unpaid allocations at the end of the relevant trust period of 4 years; and
- c) such other percentage of the company's revenue as the Board at that time considers appropriate.

No further funds were allocated to the Future Fund Reserve in the current financial year and there was a moderate level of drawdown in meeting some advocacy expenses incurred.

Indemnity Fund Reserve

The company has established an Indemnity Fund to compensate rightsholders for use of their content in connection with licences managed by Copyright Agency.

The Indemnity Fund comprises \$445,871.47 paid by licensees under voluntary licence agreements as an indemnity against copyright infringement actions for certain uses of content not covered by the licences, and \$2.5m for other payments to rightsholders arising from licences managed by Copyright Agency. For example, Copyright Agency's Distribution Policy provides for an ex gratia payment to a rightsholder who can establish that their work was substantially copied under a licence, but who received little or no payment for that use (for example, because the use occurred in a school that did not participate in the surveys of copying that were used for distribution).

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2017 **2016**
\$ **\$**

NOTE 13: EQUITY (CONTINUED)

Cultural Fund

Following changes to the company's constitution passed at the 2010 AGM, the Board has agreed to apply an amount not exceeding 1.5% (increased from 1%) of monies received by the company during the financial year from licence and other copying fees (excluding Resale Royalty and LearningField) for:

- a) cultural or benevolent purposes in accordance with regulation 23JM (1) (d) of the Copyright Regulations and Articles 74(b)(iii) and 83(a)(iv) of the company's Constitution and Rules – in the case of equitable remuneration received by the company under the *Copyright Act 1968*; and
- b) special purpose (including cultural and/or charitable purposes) in accordance with Article 73(b) of the company's Constitution and Rules in the case of monies received by the company on behalf of members under its voluntary licence agreements and all other revenue.

The Cultural Fund is shown within the company's payables in the statement of financial position.

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

Cash on hand	1,500	1,500
Cash at bank	7,929,417	4,404,632
	7,930,917	4,406,132

(b) Reconciliation of cash flows from operating activities

Surplus for the year	15,950	6,209,029
----------------------	--------	-----------

Adjustments and non-cash items

Depreciation and amortisation expense	574,191	1,321,356
(Gain)/loss on disposal of property, plant and equipment	-	15,252
Interest received	(1,778,063)	(2,313,763)
	(1,187,922)	5,231,874

Changes in assets and liabilities

Change in trade and other receivables	(2,110,772)	3,270,364
Change in other assets	556,724	(2,484,340)
Change in trade and other payables	7,795,661	(868,984)
Change in provisions	(282,390)	(141,747)
Change in deferred revenue	1,006,742	634,040
Change in distributions payable	4,367,494	(6,116,363)
Cash flows from operating activities	10,145,537	(466,156)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2017
\$

2016
\$

NOTE 15: RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Compensation received by key management personnel of the company

- short-term employee benefits	818,835	814,218
- post-employment benefits	67,510	64,536
	<u>886,345</u>	<u>878,754</u>

(b) Transactions with other related parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The only transactions with related parties during the year were distributions to directors as copyright holders made in accordance with the constitution from declared distribution pools.

NOTE 16: AUDITORS REMUNERATION

KPMG

Audit and assurance services

- Audit of the financial report	50,000	25,000
	<u>50,000</u>	<u>25,000</u>

Other non-audit services

- Technology related services	26,490	57,400
- Other advisory services	374,854	49,674
- Taxation services	5,000	5,000
	<u>406,344</u>	<u>112,074</u>
	<u>456,344</u>	<u>137,074</u>

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the company.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 30, are in accordance with the *Corporations Act 2001*: and
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 

Kimberley Williams AM

Director: 

Lucrezia Russell

Dated this 21 day of September 2017



Independent Auditor's Report

To the members of Copyright Agency Limited

Opinion

We have audited the **Financial Report** of Copyright Agency Limited (the Company).

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

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards- Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2017
- Statement of comprehensive income, Statement of changes in accumulated funds, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

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

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

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

Other Information

Other Information is financial and non-financial information in Copyright Agency Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



Independent auditor's report to the members of Copyright Agency Limited (continued)

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:
[http://www.auasb.gov.au/auditors_files/ar\[3\].pdf](http://www.auasb.gov.au/auditors_files/ar[3].pdf). This description forms part of our Auditor's Report.

KPMG

Chris Allenby

Partner

Sydney

21 September 2017