

Directors' Report and Financial Report
For the year ended 30 June 2018

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DIRECTORS' REPORT

The directors present their report together with the financial report of Copyright Agency Limited for the year ended 30 June 2018 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

Jason Eades**

Adele Ferguson

Kate Harrison***

Helen O'Neill

Christopher Pash

Lucrezia Russell

Dr Oliver Watts****

Kimberley Williams AM

* Director until 30 November 2017

** Director since 1 December 2017

*** Director since 1 March 2018

**** Director since 1 November 2017

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 \$150,112,766 (2017: \$144,857,910). With the addition of interest income on funds invested and other minor sources of income, revenues for the year totalled \$152,098,001 (2017: \$147,446,848).

After deducting the costs of running the Copyright Agency, including employee, occupancy and other relevant expenses, the company allocated \$128,588,281 (2017: \$124,036,502) to distribution pools made available for rightsholders who are members of the company, including Australian writers, publishers, surveyors and visual artists.

The surplus of the company for the year of \$113,023 (2017: \$15,950) represents monies retained by the company for potential future expenses and allocated to the future fund and indemnity fund for that purpose.

DIRECTORS' REPORT

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 \$123,914,887 (2017: \$ 117,827,405).

Principal activities

The principal activity of the company during the year was that of a copyright collecting society. During the year, the company facilitated an amalgamation with Viscopy Limited, a rights management organisation for visual arts in Australia.

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 is based in Sydney. The company:

- Has been 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.
- Merged with Viscopy Limited by way of scheme of arrangement from 30 November 2017 with the effect that Viscopy Limited ceased to exist and the members of Viscopy Limited automatically became members of the company. Copyright Agency assumed Viscopy's contractual obligations and continues to manage visual arts licensing and related activities on behalf of former Viscopy members.

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.

DIRECTORS' 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
- Ensure fair remuneration of members for use of their work
- 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.

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.

MMO litigation:

Copyright Agency's licensees, media monitoring organisations Isentia Pty Ltd, Meltwater Pty Ltd and Stream Pty Ltd, have each commenced proceedings in the Copyright Tribunal (the Tribunal) in order to seek a licence for their media monitoring activities. Each of these parties has previously been licensed by Copyright Agency, however all have rejected Copyright Agency's proposed new industry model licence and made application to the Tribunal on the basis that, there is no licence scheme currently in operation, they require a licence and Copyright Agency proposes a licence on unreasonable terms.

The Tribunal has ordered that Meltwater and Stream remain on their previous licence agreements during the proceedings and until the final determination of the matter, with a retrospective adjustment. Isentia's application for an interim licence was heard on 10 August 2018 and the Tribunal has reserved its decision.

DIRECTORS' REPORT

Likely developments (continued)

NSW Litigation:

In November 2017, the company started proceedings in the Tribunal against the State of New South Wales. There has not been a remuneration agreement in place between the company and the State of NSW since 1 July 2012. The issues in dispute before the Tribunal are the rate that should be payable by the State for the use of copyright material under the statutory licence for Governments and the method to estimate usage of that material. After Tribunal-ordered mediation failed, the parties are awaiting orders from the Tribunal as to the management of the case, including protocols for dealing with evidence and timing.

Future Fund:

The Future Fund was established in 2013 in response to such issues as the Australian Law Reform Commission recommendation for radical changes affecting licensing arrangements. In Canada comparable changes to Copyright Law saw a catastrophic collapse in some licensing revenues. The Future Fund was built up over several years from interest on licence fees and allocations that were unpaid for four years. As noted in the 2016 Directors' Report, the purpose of the Fund is 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 judgment". Further, the Board noted in the 2017 Directors' Report that "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".

In 2017, the Board reported that it had determined to maintain the Fund but that it would periodically review the need for it and any amounts no longer required for safeguarding members' interests will be returned to members.

The Board has reviewed the operation of the Fund and has determined to reduce the cap on its quantum by \$3 million. This amount will be returned to members over a three year period (\$1m per year) by way of an offset against operating costs in accordance with the Copyright Agency Distribution Policy, which is available on the Copyright Agency website.

Potential litigation against Universities Australia

The remuneration agreement between the Company and Universities Australia (on behalf of 39 participating institutions) expires on 31 December 2018. The Company has acted in good faith and used its best efforts to negotiate a commercial agreement addressing the remuneration payable by the universities sector for the copying and communication of copyright material and the appropriate method of sampling to monitor this use. Unfortunately, there is a significant risk that the parties will not have reached an agreement by 31 December 2018 and the Company may be required to initiate proceedings in the Tribunal, requesting that the Tribunal determine the applicable rate and sampling method. Copyright Agency would seek interim orders from the Tribunal at the same time to ensure that its members continue to be paid while the matter is before the Tribunal. It is expected that such litigation would have an impact on the operating expenses of the Company during the next two financial years.

DIRECTORS' REPORT

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.

DIRECTORS' REPORT

Information on directors and company secretary

Bronwyn Bancroft	Director until 30 November 2017
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 Boomali Aboriginal Artists Co-operative, Designer Aboriginals Pty Ltd and the Australian Indigenous Mentoring Experience
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 Asia Pacific, and 30 years in publishing. Other directorships include Pearson Australia Group. Former Chair of Robert Menzies College.
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.
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. Non-executive director of Nano Cellulose Pty Limited. 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, Nominations and Governance, Remuneration and Cultural Fund committees.

DIRECTORS' REPORT

Information on directors and company secretary (continued)

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. 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 2015.
Jason Eades	Director from December 2017
Qualifications	Associate Diploma of Arts - Koorie Studies (Monash University College Gippsland)
Experience	Born and raised on Gunnai country in eastern Victoria. More than 25 years' experience in leadership roles within the Indigenous for purpose sector. Currently holds the position of Director, Consulting with Social Ventures Australia. Non-executive Director at Australian Indigenous Mentoring Experience (AIME), and a member of the Australia Council's Aboriginal and Torres Strait Islander Arts Strategy Panel.
Special responsibilities	Independent director since December 2017. Member of the Cultural Fund Committee.
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, two Gold Quills, two Gold Kennedys, the Graham Perkin Journalist of the Year 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 2015. Member of the Audit and Finance Committee, Nominations and Governance Committee and the Cultural Fund Committee.

DIRECTORS' REPORT

Information on directors and company secretary (continued)

Kate Harrison	Director from March 2018
Qualifications	LLB (Hons) , Masters of Law (Columbia), PhD (Uni of Syd)
Experience	Partner with Gilbert + Tobin law firm. Experience encompasses corporate and commercial litigation, intellectual property advice, commercial licensing and commercialisation across technology industries, media and communications, the music industry, advertising and consumer goods. Also worked on a number of high-profile public inquiries and Royal Commissions. Public policy experience having worked as a senior advisor in Canberra between 2008-2011.
Special responsibilities	Independent director since March 2018. Member of the Cultural Fund and Audit and Finance 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. ASA Board director, serving on its Executive Committee.
Special responsibilities	Australian Society of Authors appointed Director since 2014. Member of Copyright Agency's Cultural Fund committee.
Christopher Pash	Director
Qualifications	BA, GAICD
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. Chair of the Australian Society of Authors. Author of The Last Whale (Fremantle Press, 2008), a narrative non-fiction book about the final days of whaling in Australia.
Special responsibilities	ASA appointed director since November 2016. Member of the Cultural Fund and Education Portal Committees.

DIRECTORS' REPORT

Information on directors and company secretary (continued)

Lucrezia Russell	Director
Qualifications	BA (commerce), CPA
Experience	Former General Manager of John Wiley & Sons Higher Education Division and former Convenor of the APA Tertiary and Professional Committee. Over 20 years in Higher Education publishing. Currently Senior Commissioning Editor for Law and Business Titles at Cambridge University Press.
Special responsibilities	APA appointed Director since 1 July 2010. Convenor of Copyright Agency's Audit and Finance committee and member of its Cultural Fund, Education Portal, and Remuneration Committees.
Dr Oliver Watts	Director
Qualifications	Ba LLB MFA PhD (Syd)
Experience	Artist, curator, Academic. Head Curator of Artbank. Previously Senior Lecturer at the National Institute of Dramatic Art (NIDA) and Lecturer at Sydney College of the Arts (University of Sydney). Has shown internationally and nationally and is currently represented by Chalk Horse gallery and This is No Fantasy (Melbourne). Watt's research centres on the nexus between art and law and has published widely in this area.
Special responsibilities	Artist director since December 2017 under transitional arrangements post-merger with Viscopy. Member of the Cultural Fund Committee.

DIRECTORS' REPORT

Information on directors and company secretary (continued)

Kimberley Lynton Williams

AM

Chair

Qualifications

B.Mus, Hon DLitt

Experience

Media executive, composer and professional executive; former CEO of News Limited, Foxtel, Southern Star, the Australian Film Commission and Musica Viva. Kim Williams has also served as a member and chair of other boards including as Chair of the Sydney Opera House Trust, Musica Viva Australia, Sydney Symphony Orchestra and of the Australian Film Finance Corporation. Currently the Chair of the Thomson Reuters Board of Trustees, the Cranlana Program, the State Library of NSW Foundation (Co-Chair), Mojo Power and VidCorp. Also on the Board of the Myer Foundation, the University of Western Sydney Foundation, Myer Family Investments and, serving as a Commissioner of the Australian Football League.

Special responsibilities

Independent director since January 2015 and Chair since June 2015; Convenor of Copyright Agency's Cultural Fund, Remuneration 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		Education Portal 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	1	1	-	-	1	1	-	-
David Barnett	4	3	3	2	-	-	3	2
Anthony Bertini	4	4	3	3	3	3	-	-
Jane Curry	4	3	-	-	3	2	3	2
Jason Eades	3	3	3	3	3	3	-	-
Adele Ferguson	4	3	3	2	3	2	-	-
Kate Harrison	2	2	-	-	2	2	-	-
Helen O'Neill	4	4	-	-	4	4	-	-
Christopher Pash	4	4	-	-	4	4	1	1
Lucrezia Russell	4	4	3	3	3	3	3	3
Oliver Watts	3	3	-	-	2	2	-	-
Kimberley Williams AM	4	4	3	3	3	3	-	-

The Remuneration Committee and the Nominations and Governance Committees have considered matters throughout the year by email correspondence and telephone conference calls as 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 2018 the number of members was 37,386.

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.

DIRECTORS' REPORT

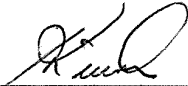
Directors' remuneration

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:

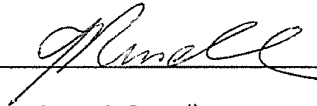
	Base Remuneration \$	Superannuation Contributions \$	Total \$
Bronwyn Bancroft	13,354	-	13,354
David Barnett	29,611	2,813	32,424
Anthony Bertini	32,424	-	32,424
Jane Curry	32,424	-	32,424
Jason Eades	17,416	1,654	19,070
Adele Ferguson	29,611	2,813	32,424
Kate Harrison	10,073	957	11,030
Helen O'Neill	29,611	2,813	32,424
Christopher Pash	29,611	2,813	32,424
Lucrezia Russell	29,611	2,813	32,424
Oliver Watts	17,416	1,654	19,070
Kimberley Williams AM	59,218	5,626	64,843

Signed on behalf of the board of directors.



Director: _____

Kimberley Williams AM



Director: _____

Lucrezia Russell

Dated this

26

day of

September

2018



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 of Copyright Agency Limited for the financial year ended 30 June 2018 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

Chris Allenby

Partner

Sydney

26 September 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue	2	152,098,001	147,446,848
Less: expenses			
Employee benefits expense	3(b)	(13,299,797	(12,808,632)
)	
Depreciation and amortisation expense	3(c)	(906,800)	(574,191)
Occupancy expense		(639,731)	(578,028)
Consultancy costs		(959,631)	(1,455,813)
Sampling costs		(1,176,696)	(1,304,084)
Legal costs		(404,700)	(340,283)
IT costs		(1,651,033)	(1,170,935)
Marketing and communications		(455,616)	(616,924)
Office running costs		(342,777)	(287,182)
Other expenses		(1,358,442)	(1,550,398)
		(21,195,223)	(20,686,470)
 Payments made from Reserves			
Future Fund Reserve		(35,411)	(160,510)
Indemnity Fund Reserve		(40,823)	(500,956)
		(76,234)	(661,466)
 Net surplus available for distribution		130,826,544	126,098,912
 Less: distributions			
Distribution paid and payable to members	11	(128,588,281	(124,036,50
)	2)
Transfer to Cultural Fund		(2,125,240)	(2,046,460)
Surplus for the year	3(a)	113,023	15,950
Other comprehensive income for the year		-	-
Total comprehensive income before allocations to reserves		113,023	15,950

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	4	1,764,533	7,930,917
Cash on deposit	4	53,534,972	52,112,658
Trade and other receivables	5	4,011,203	5,225,145
Other assets	6	16,760,041	15,688,364
Total current assets		<u>76,070,748</u>	<u>80,957,084</u>
Non-current assets			
Property, plant and equipment	7	2,851,473	2,477,344
Intangible assets	8	1,766,914	-
Total non-current assets		<u>4,618,386</u>	<u>2,477,344</u>
Total assets		<u>80,689,134</u>	<u>83,434,428</u>
Current liabilities			
Payables	9	3,333,272	10,549,227
Provisions	10	1,211,843	846,425
Distributions payable	11	15,315,190	12,462,021
Deferred income	12	40,571,287	40,029,713
Total current liabilities		<u>60,431,592</u>	<u>63,887,386</u>
Non-current liabilities			
Payables	9	633,117	827,922
Provisions	10	282,313	297,108
Total non-current liabilities		<u>915,430</u>	<u>1,125,030</u>
Total liabilities		<u>61,347,022</u>	<u>65,012,416</u>
Net assets		<u>19,342,112</u>	<u>18,422,012</u>
Equity			
Retained earnings	14	-	-
Reserves	14	19,342,112	18,422,012
Total equity		<u>19,342,112</u>	<u>18,422,012</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2018

	Retained earnings \$	Future Fund reserve \$	Indemnity Fund reserve \$	Amalga- mation reserve \$	Other reserves \$	Total equity \$
Balance at 1 July 2016	-	15,461,816	2,944,246	-	-	18,406,062
Surplus for the year	15,950	-	-	-	-	15,950
Payments made from reserves	661,466	(160,510)	(500,956)	-	-	-
Transfer surplus to reserves	(125,732)	124,107	1,625	-	-	-
Transfer from/(to) Distributions Rollover	(551,684)	(316,362)	500,956	-	367,090	-
Balance at 30 June 2017	-	15,109,051	2,945,871	-	367,090	18,422,012
Balance at 1 July 2017	-	15,109,051	2,945,871	-	367,090	18,422,012
Surplus for the year	113,023	-	-	-	-	113,023
Payments made from reserves	76,234	(35,411)	(40,823)	-	-	-
Transfer surplus to reserves	(146,315)	-	146,315	-	-	-
Transfer from/(to) Distributions Rollover	(42,942)	-	-	-	42,942	-
Amalgamation with Viscopy Limited (net of transfer)	-	-	326,498	480,579	-	807,077
Balance at 30 June 2018	-	15,073,640	3,377,861	480,579	410,032	19,342,112

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Cash flow from operating activities			
Cash receipts from customers		149,956,899	144,696,305
Cash distributed to members and payments to suppliers and employees		(154,912,796)	(134,550,768)
Net cash from/(used in) operating activities	15(b)	(4,955,897)	10,145,537
Cash flow from investing activities			
Interest received		2,006,714	1,778,063
Net cash acquired on amalgamation	17	1,196,070	-
Payment for property, plant and equipment		(1,064,667)	(848,406)
Payment for intangible assets		(1,926,290)	-
Increase in cash on deposit	4	(1,422,314)	(7,550,410)
Net cash used in investing activities		(1,210,487)	(6,620,753)
Net increase / (decrease) in cash held		(6,166,384)	3,524,785
Cash at the beginning of the financial year	15(a)	7,930,917	4,406,132
Cash at the end of the financial year	15(a)	1,764,533	7,930,917

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 1, 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 2018

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018, and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2018 (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 2018

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 2018

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	7-33%	Straight line
Furniture, fixtures and fittings at cost	1-13%	Straight line
Computer equipment at cost	10-40%	Straight line

(h) Impairment of non-financial assets

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 2018

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 2018

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.

(n) Amalgamation reserve

The amalgamation reserve is utilised for amalgamations with other entities. The amount presented is equal to the accumulated fair values of the net assets of the entities acquired. The individual assets and liabilities acquired are presented in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 2: REVENUE		
Revenue from rendering of services	150,112,766	144,857,910
Interest income	1,821,689	1,902,140
Other income	163,546	686,798
	152,098,001	147,446,848

Other income is primarily made up of recoveries of expenditure outlays.

NOTE 3: SURPLUS FOR THE YEAR

(a) Undistributed surplus transferred to reserves

The undistributed surplus for the year represents funds retained by the company for future expenses as shown in the statement of changes in equity:

Transfer to Future Fund reserve	-	124,107
Transfer to Indemnity Fund reserve	146,315	502,581
Payments made from reserves	(76,234)	(661,466)
Transfer from Distributions Rollover	42,942	50,728
	113,023	15,950

(b) Employee benefits expense

Wages and salaries	10,906,711	10,998,608
Directors fees and expenses	398,392	375,699
Contributions to superannuation funds	937,845	932,764
Increase/(decrease) in liability for employee benefits	190,621	(282,391)
Employment taxes and costs	866,228	783,952
	13,299,797	12,808,632

(c) Depreciation and amortisation expenses

Depreciation expenses	492,018	379,520
Amortisation expenses	414,782	194,671
	906,800	574,191

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	600	1,500
Cash at bank	1,763,933	7,929,417
	<u>1,764,533</u>	<u>7,930,917</u>
Cash on deposit	53,534,972	52,112,658
	<u>53,534,972</u>	<u>52,112,658</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	4,011,203	5,225,145
	<u>4,011,203</u>	<u>5,225,145</u>

NOTE 6: OTHER ASSETS

Prepayments	531,837	719,372
Accrued revenue	14,422,748	12,347,822
Bank security deposit	1,805,456	2,621,170
	<u>16,760,041</u>	<u>15,688,364</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 2018

	2018	2017
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	1,378,062	1,378,062
Accumulated amortisation	(538,171)	(339,651)
	839,891	1,038,411
Office equipment, furniture and computer equipment		
At cost	4,015,160	4,035,804
Accumulated depreciation	(2,003,578)	(1,213,105)
	2,011,582	1,438,933
 Total property, plant and equipment	 2,851,473	 2,477,344
(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	1,038,411	1,211,917
Additions	-	21,164
Amortisation expense	(198,520)	(194,670)
Closing carrying amount	839,891	1,038,411
<i>Office equipment, furniture and computer equipment</i>		
Opening carrying amount	1,438,933	818,915
Additions	1,064,667	999,539
Disposals	-	-
Depreciation expense	(492,018)	(379,521)
Closing carrying amount	2,011,582	1,438,933
<i>Total</i>		
Opening carrying amount	2,477,344	2,030,832
Additions	1,064,667	1,020,703
Disposals	-	-
Depreciation and amortisation expense	(690,538)	(574,191)
Closing carrying amount	2,851,473	2,477,344

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 8: INTANGIBLE ASSETS		
Software		
At cost	1,983,177	-
Accumulated amortisation	(216,262)	-
	1,766,914	-
NOTE 9: PAYABLES		
CURRENT		
Trade creditors	776,644	7,962,443
Accrued expenses	1,895,547	1,570,251
Cultural Fund*	466,275	821,728
Lease incentive	194,806	194,805
	3,333,272	10,549,227
NON-CURRENT		
Lease incentive	633,117	827,922
	633,117	827,922
* Refer description in Note 14		
NOTE 10: PROVISIONS		
CURRENT		
Employee benefits	1,051,843	846,425
Restructuring	160,000	-
	1,211,843	846,425
NON CURRENT		
Employee benefits	282,313	297,108
	282,313	297,108

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$

NOTE 11: DISTRIBUTIONS PAYABLE

CURRENT

Distributions payable to members	15,315,190	12,462,021
	15,315,190	12,462,021

(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	12,462,021	8,094,527
Distribution paid and payable	128,588,281	124,036,502
Payments to members	(123,914,887)	(117,827,405)
Payments in transit and GST	(1,820,225)	(1,841,603)
Closing carrying amount	15,315,190	12,462,021

NOTE 12: DEFERRED INCOME

CURRENT

Deferred revenue	40,571,287	40,029,713
	40,571,287	40,029,713

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

NOTE 13: 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	930,630	888,443
- later than one year and not later than five years	3,314,909	3,972,416
- later than five years	-	267,383
	4,245,539	5,128,242

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 14: EQUITY		
Retained earnings	-	-
Future Fund reserve	15,073,640	15,109,051
Indemnity Fund reserve	3,377,861	2,945,871
Amalgamation reserve	480,579	-
Other reserve	410,032	367,090
	19,342,112	18,422,012

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.

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.

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, LearningField and Screenrights) 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$

NOTE 15: 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	600	1,500
Cash at bank	1,763,933	7,929,417
	1,764,533	7,930,917

(b) Reconciliation of cash flows from operating activities

Surplus for the year	113,023	15,950
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Adjustments and non-cash items

Depreciation and amortisation expense	906,800	574,191
Interest received	(2,006,714)	(1,778,063)
	(986,891)	(1,187,922)

Changes in assets and liabilities

Change in trade and other receivables	1,213,945	(2,110,772)
Change in other assets	(1,071,765)	556,724
Change in trade and other payables	(7,856,551)	7,795,661
Change in provisions	350,623	(282,390)
Change in deferred revenue	541,574	1,006,742
Change in distributions payable	2,853,168	4,367,494
Cash flows from operating activities	(4,955,897)	10,145,537

NOTE 16: RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Compensation received by key management personnel of the company

- short-term employee benefits	889,290	818,835
- post-employment benefits	48,957	67,510
	938,247	886,345

(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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$

NOTE 17: BUSINESS COMBINATION

On 30 November 2017, Copyright Agency Limited (the acquirer) facilitated an amalgamation with Viscopy Limited, a rights management organisation for Visual Arts in Australia.

There was no consideration transferred from Copyright Agency Limited to Viscopy Limited.

Identifiable assets acquired and liabilities assumed (at fair value)

Cash and cash equivalents	1,196,070	-
Trade and other receivables	72,280	-
Trade and other payables	(116,602)	-
Distributions payable	(344,671)	-
	807,077	-

NOTE 18: AUDITORS REMUNERATION

KPMG

Audit and assurance services		
- Audit of the financial report	50,000	50,000
	50,000	50,000
Other non-audit services		
- Technology related services	421,774	26,490
- Other advisory services	397,446	374,854
- Taxation services	5,000	5,000
	824,220	406,344
	874,220	456,344

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2018 that has significantly affected or may significantly affect:


- the operations, in financial years subsequent to 30 June 2018, of the company, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 30 June 2018, of the company.

DIRECTORS' DECLARATION


The directors of the company declare that:

1. The financial statements and notes, as set out on pages 18 to 31, 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 2018 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 26 day of September 2018



Independent Auditor's Report

To the shareholders 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 2018 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 2018
- *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 an audit opinion or any form of assurance conclusion thereon.

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.



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 and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our Auditor's Report.

KPMG

Chris Allenby

Partner

Sydney

26 September 2018